
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 514B-106, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) Except as provided in the declaration, the bylaws,
4 subsection (b), or other provisions of this chapter, the board
5 may act in all instances on behalf of the association. In the
6 performance of their duties, officers and members of the board
7 shall owe the association a fiduciary duty and exercise the
8 degree of care and loyalty required of an officer or director of
9 a corporation organized under chapter 414D. Any violation by a
10 board or its officers or members of the minimum replacement
11 reserves fund balance required in section 514B-148(b) or the
12 mandatory provisions of section 514B-161 or 514B-162 may
13 constitute a violation of the fiduciary duty owed pursuant to
14 this subsection; provided that a board member may avoid
15 liability under this subsection by indicating in writing the
16 board member's disagreement with such board action or rescinding



1 or withdrawing the violating conduct within forty-five days of
2 the occurrence of the initial violation."

3 SECTION 2. Section 514B-148, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) The association shall assess the unit owners to
6 either fund a minimum of fifty per cent of the estimated
7 replacement reserves assessments or fund one hundred per cent of
8 the estimated replacement reserves assessments when using a cash
9 flow plan; provided that [a]:

10 (1) The balance of the total replacement reserves fund
11 shall be no less than per cent of the tax-
12 assessed value of the project, unless the amount
13 assessed by the association is sufficient to add at
14 least per cent of the tax-assessed value of the
15 project to the total replacement reserves fund in a
16 calendar year; and

17 (2) A new association need not collect estimated
18 replacement reserves assessments until the fiscal year
19 that begins after the association's first annual
20 meeting.

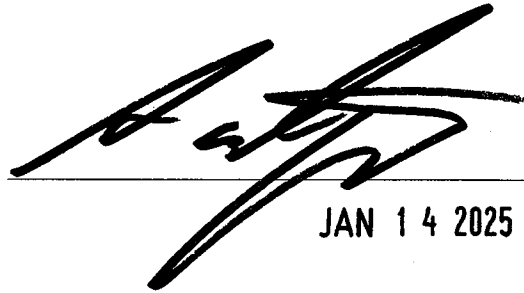
1 For each fiscal year, the association shall collect the amount
2 assessed to fund the estimated replacement reserves assessments
3 for that fiscal year, as determined by the association's plan."

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on September 1,
7 2025.

8

INTRODUCED BY:



JAN 14 2025



Report Title:

Condominium Associations; Condominium Boards; Fiduciary Duty;
Replacement Reserves Funds; Minimum Balance

Description:

Provides that a condominium board's or its officer's or member's failure to maintain the minimum required balance for a condominium's replacement reserves fund may constitute a violation of the fiduciary duty owed. Establishes a minimum balance for a condominium association's replacement reserves fund, with an exception for sufficient assessments. Effective 9/1/2025.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

