

1 company, investment bank, credit union, or nontraditional
2 financial institution.

3 "Loan" includes a line of credit.

4 "Qualified condominium association" means a condominium
5 association that meets the eligibility requirements under
6 section -6 and the rules adopted by the authority.

7 "Participating community development financial institution"
8 means a community development financial institution
9 participating in the condominium loan loss reserves program.

10 "Reserve account" means an account established in a
11 participating community development financial institution on
12 approval of the authority in which money is deposited to serve
13 as a reserve to reimburse a participating community development
14 financial institution for losses on loans enrolled in the
15 condominium loan loss reserves program.

16 § -2 **Powers; rulemaking.** In addition to any other
17 powers authorized by law, the authority may:

18 (1) Contract with any community development financial
19 institution for services, including servicing or
20 administering loans pursuant to this part;



- 1 (2) Adopt rules pursuant to chapter 91 to effectuate this
- 2 chapter, including but not limited to rules relating
- 3 to:
- 4 (A) Determinations of any other maintenance or
- 5 repairs that qualify for financing or refinancing
- 6 under this chapter;
- 7 (B) The establishment of interest rates chargeable by
- 8 the authority for direct loans under this part
- 9 and by the participating community development
- 10 financial institutions for loans under part II;
- 11 (C) The establishment of restrictions on the terms,
- 12 maturities, collateral, and other requirements
- 13 not inconsistent with this part;
- 14 (D) Procedures for validating a qualified condominium
- 15 association's compliance with the obligation to
- 16 increase its replacement reserves balance;
- 17 (E) Determinations of eligibility of a community
- 18 development financial institution to participate
- 19 in the condominium loan loss reserves program;
- 20 (F) Eligibility participation criteria for loans
- 21 issued by an eligible community development



1 financial institution to a qualified condominium
2 association; and

3 (G) The authorization of a consortium of community
4 development financial institutions to participate
5 in the condominium loan loss reserves program
6 subject to condominium loan loss reserves program
7 guidelines.

8 § -3 **Condominium loan program.** There is established
9 within the authority the condominium loan program to provide
10 qualified condominium associations with low-cost financing, or
11 refinancing for loans previously obtained, for maintenance or
12 repair projects in accordance with this part.

13 § -4 **Condominium loan revolving fund.** (a) There is
14 established in the state treasury the condominium loan revolving
15 fund, into which shall be deposited:

- 16 (1) Moneys received as repayment of loans and interest
17 payments as provided in this chapter;
- 18 (2) Appropriations made by the legislature to the
19 condominium loan revolving fund; and
- 20 (3) All interest and investment earnings credited to the
21 assets of the fund.



1 (b) Moneys in the condominium loan revolving fund shall be
2 expended by the authority for:

- 3 (1) The purposes of providing loans and credit
4 enhancements in accordance with this chapter; and
5 (2) Paying administrative costs of the condominium loan
6 program.

7 § -5 **Loans; limitations and conditions.** (a) Loans
8 under this chapter shall be for financing, or refinancing
9 previous loans that were used for, the following maintenance or
10 repairs in a condominium project:

- 11 (1) Installing, repairing, or replacing fire sprinklers or
12 other fire safety measures;
13 (2) Repairing or replacing the pipes;
14 (3) Repairing or replacing the roof; or
15 (4) Any other maintenance or repairs the authority deems
16 qualified for the loans.

17 (b) The loan agreement shall require that the qualified
18 condominium association increase its replacement reserves fund
19 balance over the term of the loan and terms.

20 § -6 **Loans; eligibility.** The authority may make loans
21 directly to condominium associations that:



- 1 (1) Has received at least one letter from a financial
2 institution declining its eligibility for a loan to
3 address maintenance or insurance coverage issues; and
4 (2) Has obtained full replacement insurance coverage or
5 intends to do so as a condition of any financing
6 received.

7 § -7 **Annual reports.** The authority shall submit a
8 report to the legislature no later than twenty days prior to the
9 convening of each regular session that details the progress of
10 the condominium loan program, aggregate data on the loans issued
11 under this part, and the balance of the condominium loan
12 revolving fund.

13 § -8 **Gifts and grants.** The authority may accept gifts,
14 grants, and donations from any source for the purposes of this
15 chapter.

16 **PART II. CREDIT ENHANCEMENT THROUGH LOAN LOSS RESERVES**

17 § -11 **Condominium loan loss reserves program.** (a)
18 There is established within the authority the condominium loan
19 loss reserves program to incentivize community development
20 financial institutions, in accordance with this part, to provide
21 loans at competitive rates and terms to condominium associations



1 for the purpose of allowing condominium associations to make
2 necessary maintenance or repairs.

3 (b) The authority shall use moneys in the condominium loan
4 revolving fund to make deposits into a participating community
5 development financial institution's reserve account in an amount
6 specified by this part to be a source of moneys the
7 participating community development financial institution may
8 receive as reimbursement for losses attributable to loans in the
9 condominium loan loss reserves program.

10 § -12 **Participating community development financial**
11 **institutions; reserve account.** (a) To participate in the
12 condominium loan loss reserves program, an eligible community
13 development financial institution shall enter into a
14 participation agreement with the authority that sets out the
15 terms and conditions under which the authority will make
16 contributions to the community development financial
17 institution's reserve account and specifies the criteria for a
18 loan to qualify as a loan under this part.

19 (b) On approval by the authority and after a community
20 development financial institution enters into a participation
21 agreement with the authority, the authority shall establish a



1 reserve account at a participating community development
2 financial institution making a loan under this part and deposit
3 an amount equal to five per cent of the original loan amount.
4 The reserve account shall be used by the authority to cover any
5 losses arising from a default of the loan made by the
6 participating community development financial institution under
7 this part or as otherwise provided by this part.

8 (c) When a participating community development financial
9 institution makes a loan enrolled in the condominium loan loss
10 reserves program, the participating community development
11 financial institution shall pay to the authority a fee equal to
12 fifty basis points of the amount deposited into the reserve
13 account to support the loan, which the authority shall deposit
14 into the reserve account, and annually thereafter. The
15 participating community development financial institution may
16 recover from the borrower all or part of the amount the
17 participating community development financial institution is
18 required to pay under this subsection in any manner agreed to by
19 the financial institution and borrower.

20 (d) For each loan under this part made by a participating
21 community development financial institution, the financial



1 institution shall provide executed loan documents to the
2 authority, within the period prescribed by the authority,
3 including the amount of fees received from the borrower.

4 **§ -13 Loans.** (a) Except as otherwise provided by this
5 chapter, the authority shall not determine the recipient,
6 amount, or interest rate of a loan under this part or the fees
7 or other requirements related to the loan.

8 (b) To qualify as a loan under this part, a loan shall:

9 (1) Be made to a condominium association;

10 (2) Meet the limitations and conditions under
11 section -5; and

12 (3) Meet other criteria established by the authority by
13 rules adopted pursuant to chapter 91.

14 (c) For a line of credit to qualify for participation in
15 the condominium loan loss reserves program, a line of credit
16 shall:

17 (1) Be an account at a participating community development
18 financial institution under which the community
19 development financial institution agrees to lend money
20 to a qualified condominium association from time to



1 time to finance one or more projects that are
2 authorized by this chapter; and

3 (2) Contain the same restrictions, to the extent possible,
4 that are placed on a loan that is not a line of
5 credit.

6 (d) A loan under this part may be sold on the secondary
7 market under conditions as may be determined by the
8 participating community development financial institution with
9 the consent of the authority.

10 (e) When enrolling a loan in the condominium loan loss
11 reserves program, a participating community development
12 financial institution may specify an amount to be covered under
13 the condominium loan loss reserves program that is less than the
14 amount allowed under section -12(b).

15 § -14 Limitations on state contribution to reserve
16 account. The maximum aggregate amount the authority may retain
17 on deposit in a reserve account shall not exceed per cent
18 of the aggregate outstanding principal balance of enrolled
19 loans. On a regular basis, no less than annually, the authority
20 shall withdraw from a reserve account the amounts in excess and
21 deposit that amount into the condominium loan revolving fund. A



1 withdrawal of money authorized under this section shall not
2 reduce an active reserve account to an amount that is less than
3 the aggregate amount allowed under this section.

4 **§ -15 State's rights with respect to reserve account.**

5 (a) All of the money in a reserve account established under
6 this part is property of the State.

7 (b) The State is entitled to earn interest on the amount
8 of contributions made by the authority, borrower, and
9 participating community development financial institution to a
10 reserve account under this part. On a regular basis, no less
11 than annually, the authority shall withdraw from a reserve
12 account the amount of the interest earned by the State. The
13 authority shall deposit the amount withdrawn under this section
14 into the condominium loan revolving fund.

15 (c) The authority shall withdraw from the participating
16 community development financial institution's reserve account
17 the total amount in the account and any interest earned on the
18 account and deposit the amount into the condominium loan
19 revolving fund when:

20 (1) A participating community development financial
21 institution is no longer eligible to participate in



1 the condominium loan loss reserves program or a
2 participation agreement entered into under this part
3 expires without renewal by the authority or
4 institution; and

5 (2) The participating community development financial
6 institution has no outstanding loans under this part.

7 **§ -16 Participating community development financial**
8 **institution's annual reports.** A participating community
9 development financial institution shall submit an annual report
10 to the authority. The report shall:

11 (1) Provide information regarding outstanding principal
12 balance of the loans under this part, loan losses, and
13 any other information on loans under this part the
14 authority considers appropriate;

15 (2) Include a copy of the participating community
16 development financial institution's most recent
17 financial statement; and

18 (3) Include information regarding the condominium
19 associations with loans under this part.

20 **§ -17 Authority's annual report; audits.** (a) The
21 authority shall submit to the legislature an annual status



1 report on the condominium loan loss reserves program's
2 activities.

3 (b) The condominium loan revolving fund shall be audited
4 at least annually by a firm of independent certified public
5 accountants selected by the authority and provide the results of
6 the audit to the department and legislature.

7 § -18 **State liability prohibited.** The State shall not
8 be liable to a participating community development financial
9 institution for payment of the principal, the interest, or any
10 late charges on a loan made by a participating community
11 development financial institution to a qualified condominium
12 association under this part."

13 SECTION 2. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so
15 much thereof as may be necessary for fiscal year 2025-2026 and
16 the same sum or so much thereof as may be necessary for fiscal
17 year 2026-2027 to be deposited into the condominium loan
18 revolving fund.

19 SECTION 3. There is appropriated out of the condominium
20 loan revolving fund the sum of \$ or so much thereof as
21 may be necessary for fiscal year 2025-2026 and the same sum or



1 so much thereof as may be necessary for fiscal year 2026-2027 to
2 implement the condominium loan program.

3 The sums appropriated shall be expended by the Hawaii green
4 infrastructure authority for the purposes of this Act.

5 SECTION 4. This Act shall take effect on July 1, 2025.



Report Title:

Hawaii Green Infrastructure Authority; Condominiums; Condominium Loan Program; Condominium Loan Loss Reserves Program; Appropriation

Description:

Establishes the Condominium Loan Program to provide condominium associations with low-cost financing, or refinance previously obtained loans, for maintenance or repair projects. Establishes the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations for the purpose of allowing condominium associations to make necessary maintenance or repairs. Appropriates funds. (HD1)

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