

ACT 27

S.B. NO. 1325

A Bill for an Act Relating to Condominiums.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 514B-3, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““Government money market fund” means any money market fund that invests 99.5 per cent or more of its total assets in cash, the obligations of the United States government, the State of Hawaii, or their respective agencies or repurchase agreements that are collateralized by United States government securities or cash.”

SECTION 2. Section 514B-149, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

- “(c)(1) All funds collected by an association, or by a managing agent for any association, shall be:
 - (A) Deposited in a financial institution, including a federal or community credit union, located in the State, pursuant to a resolution adopted by the board, and whose deposits are insured by an agency of the United States government;
 - (B) Held by a corporation authorized to do business under article 8 of chapter 412;
 - (C) Held by the United States Treasury;
 - (D) Purchased in the name of and held for the benefit of the association through a securities broker that is registered with the Securities and Exchange Commission, that has an office in the State, and the accounts of which are held by member firms of the New York Stock Exchange or National Association of Securities Dealers and insured by the Securities Insurance Protection Corporation; or
 - (E) Placed through a federally insured financial institution located in the State for investment in certificates of deposit issued through the Certificate of Deposit Account Registry Service in federally insured financial institutions located in the United States.
- (2) All funds collected by an association, or by a managing agent for any association, shall be invested only in:
 - (A) Deposits, investment certificates, savings accounts, and certificates of deposit;
 - (B) Obligations of the United States government, the State of Hawaii, or their respective agencies; provided that those obliga-

tions shall have stated maturity dates no more than ten years after the purchase date unless approved otherwise by a majority vote of the unit owners at an annual or special meeting of the association or by written consent of a majority of the unit owners;

- (C) Mutual funds comprised solely of investments in the obligations of the United States government, the State of Hawaii, or their respective agencies; government money market funds; or shares or units of another mutual fund satisfying the requirements of this subparagraph; provided that those obligations shall have stated maturity dates no more than ten years after the purchase date unless approved otherwise by a majority vote of the unit owners at an annual or special meeting of the association or by written consent of a majority of the unit owners; or
- (D) Certificates of deposit issued through the Certificate of Deposit Account Registry Service in an amount at least equal in their market value, but not to exceed their par value, to the amount of the deposit with the depository;

provided that before any investment longer than one year is made by an association, the board must approve the action; and provided further that the board must clearly disclose to owners all investments longer than one year at each year's association annual meeting.

Records of the deposits and disbursements shall be disclosed to the commission upon request. All funds collected by an association shall only be disbursed by employees of the association under the supervision of the association's board. All funds collected by a managing agent from an association shall be held in a client trust fund account and shall be disbursed only by the managing agent or the managing agent's employees under the supervision of the association's board."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved April 25, 2019.)