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June 30, 2026

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

Enclosed is a copy of the "Final Report for Act 189, Condominium Property Regime Task Force" pursuant to act 189 Session Laws of Hawaii 2023.

In accordance with section 93-16(a), HRS, a copy of this report will be transmitted to the Legislative Reference Bureau Library and viewable electronically at https://cca.hawaii.gov/reports/working-groups-and-task-forces/. Copies will also be transmitted to the State Publications Distribution Center and the University of Hawaii pursuant to section 93-3, HRS.

Sincerely,

Nadine Y Ando

NADINE Y. ANDO
Director

Enclosure

c: Legislative Reference Bureau Library (1 hard copy)
State Publications Distribution Center (2 hard copies, 1 electronic copy)
University of Hawaii (1 hard copy)

Final Report for Act 189, SLH 2023 - Condominium Property Regime Task Force

Date: June 26, 2026

To: 34th Legislature of Hawaii

From: Condominium Property Regime Task Force

Subject: Final Report on Act 189, SLH 2023

Act 189, Session Laws of Hawaii 2023, established the Condominium Property Regime Task to develop recommendations to the Legislature. Task Force members sought and received information from the Department of Commerce and Consumer Affairs and several members of the public submitted written testimony and presented oral comments during hybrid remote and in-person meetings held by the Task Force. Links to the Task Force meetings and written materials are posted on the Department of Commerce and Consumer Affairs' website at: https://cca.hawaii.gov/reports/working-groups-and-task-forces/.

The Condominium Property Regime Task Force respectfully provides the Legislature the following recommendations:

1. Expand the authority of RICO and the REC by amending chapter 514B, HRS, to make statutory rights enforceable through reviewable standards, practical enforcement mechanisms, and meaningful remedies that deter misconduct, provide real relief to owners, and promote personal accountability for knowing violations by responsible decision makers. (5 Ayes; 2 Noes: Nerney, Thiele; 1 Excused: Quinlan)

2. Requesting the Department of Commerce and Consumer Affairs to levy a more robust series of minimum monetary fines and sanctions with increasing tiers or exponential penalties for repeat offenders regarding condominium unit owners' access to documents. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

3. Amend chapter 514B, HRS, to improve timely and affordable access to governing documents and other records essential to an association's physical, financial, legal operations, by strengthening enforcement for timely production, ensuring charges are reasonable, removing unfair technological and procedural barriers, reviewing affidavit requirements, and assessing whether the current allowance of 8 free hours of document examination is adequate. (5 Ayes; 1 No: Nerney; 1 Abstained: Lopez; 1 Excused: Quinlan)

4. Require mandatory continuing education courses for real estate licensees that include condominium sales, management, and point-of-sale topics. (7 Ayes; 1 Excused: Quinlan)

5. Recommend the Legislature amend chapter 467, HRS, to address consumer financial literacy and education about the general nature of condominium ownership. (7 Ayes; 1 Excused: Quinlan)

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6. Request that the State Auditor conducts a sunrise review on the licensure of community managers or similar titles under a new regulatory framework for the existing real estate licensing framework. (7 Ayes; 1 Excused: Quinlan)

7. Amend chapter 514B, HRS, to require associations to require internal dispute-resolution procedures that include basic due-process standards and that such procedures be provided annually to owners. (7 Ayes; 1 Excused: Quinlan)

8. Recommend that the State revise Hawaii Revised Statutes section 514B-104(a)(11) to expressly preserve Act 195's priority of payments protections by requiring owner payments to be applied first to unpaid common expense assessments, maintaining attorney's fees, collection costs, fines, penalties, interest, and other charges as subordinate to those assessments; and clarifying that an owner's right to challenge a disputed fine, penalty, attorney's fee, collection cost, or related collection action through an available dispute resolution process shall not be conditioned on prior payment of the disputed amount. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

9. Recommend proposed revisions to expand Hawaii Revised Statutes section 514B-104(a)(11) with two new subparagraphs, A and B:

   (11) "Impose charges and penalties, including late fees and interest, for late payment of assessments and levy reasonable fines for violations of the declaration, bylaws, rules, and regulations of the association, either in accordance with the bylaws or, if the bylaws are silent, pursuant to a resolution adopted by the board, [~~that establishes a fining procedure that states the basis for the fine and allows an appeal to the board of the fine with notice and an opportunity to be heard and providing~~] subject to compliance with subparagraph (A). [~~that if the fine is paid, the unit owner shall have the right to initiate a dispute resolution process as provided by sections 514B-161, and 514B-162, or by filing a request for an administrative hearing under a pilot program administered by the department of commerce and consumer affairs.~~]

      (A) Except during emergency situations where a threat to personal health and safety on the property is discovered, any association imposing fines or penalties under this paragraph shall comply with the following minimum procedures:

         (i) The association shall issue a written warning describing the alleged violation, including the date, time, location, and the specific provision of chapter 514B, the applicable Hawaii administrative rules, or the association's declaration, bylaws, or rules alleged to have been violated.

         (ii) The unit owner shall be afforded at least fourteen days, or another reasonable period determined by the board, to cure the alleged violation.

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(iii) If the violation is not cured within the period provided, or is repeated, the association may issue a written notice of fine or penalty, which shall cite the specific provision violated and inform the unit owner of the right to appeal.

(iv) Upon a timely written request for appeal, the association shall suspend collection of the fine or penalty until the appeal is concluded, the violation is repeated, or sixty days have passed from the request. The association shall appoint an appeals committee of three unit owners, at least two of whom shall not be board members, to review the submissions of both parties and issue a written report to the board.

(v) The board shall review the submissions of both parties and issue a final written determination.

(vi) A unit owner who contests the board's final determination may request review by the Commission. If the Commission determines that the association did not comply with this subparagraph, the fine or penalty shall be invalidated and the association shall be prohibited from collecting that charge; provided that the association may initiate a new fining process in compliance with this paragraph; and provided further that the association may appeal the Commission's determination to a court of competent jurisdiction.

(B) Each association that imposes fines or penalties under this paragraph shall adopt and maintain written internal dispute resolution procedures consistent with, and incorporating, subparagraph (A). The internal procedures shall:

(i) Describe the steps an owner must follow to dispute a violation or penalty, including notice, cure opportunity, appeal rights, and timelines consistent with subparagraph (A);

(ii) Identify the role and composition of the appeals committee required under subparagraph (A)(v);

(iii) Require written decisions at each stage of the process;

(iv) Be provided annually to all unit owners and upon request; and

(v) Be followed by the association in any enforcement action under this paragraph.

(vi) Failure to adopt or comply with the internal dispute resolution procedures required under this subparagraph shall constitute noncompliance under subparagraph (A)(vi)."

(6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

10. Recommend that the State require condominium associations to submit their current governing documents as part of the biennial registration process, and that those

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documents be maintained with the registration materials so owners, boards, regulators, and policymakers have access to the operative documents governing each association. The initial submission shall include all governing documents; subsequent submissions shall include only amended or restated documents. The biennial registration form shall also be amended to include: (1) type of structure (building, townhouse, single-family), which may be removed after the initial biennial registration; (2) property website address; and (3) encouragement of enforcement for failure to provide or update required information. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

Respectfully submitted,
Condominium Property Regime Task Force

Philip Nerney, Chair

Lila Mower, Vice Chair

The CAI Hawaii Legislative Action Committee
Presents the

2026 Legislative Update

CAI Hawaii
COMMUNITY ASSOCIATIONS INSTITUTE

Review and Analysis of Legislative Enactments and Trends

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WELCOME TO THE 2026 CAI LEGISLATIVE UPDATE WEBINAR

Thank you for participating in today's review of the 2026 legislative session. Your interest is appreciated. Some bills and issues are sampled on this page. More will be discussed.

Approximately 50 bills were on CAI's tracking list at the outset of the 2026 legislative session. The number of bills that passed and are directly applicable to all associations is, as usual, far less. Vigilance accounts for that.

Requests to amend statutes affecting community associations generally come from two directions. There are bills from industry professionals whose experience informs potential improvements. There are also bills from industry critics. Attacks on self-governance are never ending.

Condominium Property Regime Task Force meetings have largely served as a venue for complaints about associations and about industry professionals. The final Task Force report has yet to be written at the time of this writing. It will be available by the seminar date and discussed at the seminar.

Separately, there was a citizen proposal submitted to the Honolulu Charter Commission recommending that:

> There should be an agency that has over sight on how HOA's conduct themselves and provide a vehicle for condo owners to submit complaints and seek resolution to condo management issues. There is a liquor commission. There ought to be a condo commission who can audit HOA operations.

As of the time this is written, it is expected that the proposal may fail simply on the basis that state law preempts certain regulatory efforts by counties when state law applies. Still, it is notable that the effort to overcome self-governance manifests in many forms.

The most directly impactful bills to pass this year relate to cumulative voting and to reserves. Hawaii Administrative Rules concerning reserves have also been updated. Separately, Fannie Mae and Freddie Mac have changed reserve and lending requirements. The Condominium Association Loan Program established last year is now operational. A bill to override a recent Supreme Court of Hawaii decision regarding condominium association documents went unheard.

As usual, the seminar presents information only and not legal advice. Please consult with your attorney for advice specific to your situation. Also, keep in mind that these materials are prepared before the veto deadline.

The Governor may veto one or more of the bills addressed herein.

ASSOCIATION BILLS

HB 1678 HD1 SD1 CD1 This bill clarifies that cumulative voting rights apply to all candidates, including write-ins:

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

SECTION 1. Section 421J-3.2, Hawaii Revised Statutes, is amended to read as follows:

"[[]§421J-3.2[]] **Cumulative voting for directors.** (a) [If the association documents provide for cumulative voting by members,] If an election is to be held by cumulative voting pursuant to the bylaws, members may so vote, by multiplying the number of votes the members are entitled to cast by the number of positions for whom they are entitled to vote, and [cast the product for a single candidate or distribute the product among two or more candidates.] give all of the votes to one candidate or distribute the individual votes among any or all of the candidates. The candidates receiving the highest number of votes under this section, up to the total number of positions to be filled, shall be deemed elected, and shall be given the longest term.

(b) Unless otherwise provided in the association documents, cumulative voting shall not be permitted.

(c) A director elected by cumulative voting may be removed by the members with or without cause if the requirements of section 421J-3.3 are met.

(d) As used in this section, "candidate" means a nominee or write-in candidate."

SECTION 2. Section 514B-124.5, Hawaii Revised Statutes, is amended to read as follows:

"[[]§514B-124.5[]] **Voting for elections; cumulative voting.** (a) [If the bylaws provide for cumulative voting for an election at a meeting,] If an election is to be held by cumulative voting pursuant to the bylaws, each unit owner present in person or represented by proxy shall have a number of votes equal to the unit owner's voting percentage multiplied by the number of positions to be filled at the election.

(b) Each unit owner shall be entitled to cumulate the individual votes of the unit owner and give all of the votes to one [nominee] candidate or distribute the votes among any or all of the [nominees.] candidates.

(c) The [nominee or nominees] candidate or candidates receiving the highest number of votes under this section, up to the total number of positions to be filled, shall be deemed elected and shall be given the longest term.

(d) This section shall not prevent the filling of vacancies on the board of directors in accordance with this chapter and the association's governing documents.

(e) As used in this section, "candidate" means a nominee or write-in candidate."

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

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

HB 1824 HD1 SD1 CD1 allows condominium associations with fewer than twenty units and a building or buildings of no more than two stories, to waive the requirement for a third-party reserve study review upon a majority vote of unit owners, subject to conditions:

SECTION 1. The legislature finds that Hawaii's condominium and homeowners' association reserve requirements are intended to promote financial transparency, long-term planning, and the protection of unit owners from unexpected special assessments.

The legislature further finds that while third-party reserve study reviews can be an effective tool for larger and more complex associations, the cost of obtaining such reviews may impose a disproportionate financial burden on very small associations with simple infrastructure, limited shared components, and active owner oversight. For these associations, the expense of a mandatory third-party reserve study review may exceed other essential annual operating costs and reduce funds available for actual maintenance and repair of common elements.

The legislature notes that existing law already recognizes the distinction between large and small associations by permitting associations comprised of fewer than twenty units to waive certain audit and financial verification requirements by a vote of unit owners. The legislature finds that a similar, narrowly tailored approach is appropriate with respect to the triennial third-party reserve study review requirement.

The purpose of this Act is to provide limited flexibility for small associations, while preserving transparency and owner protections, by allowing associations with fewer than twenty units and a building or buildings of no more than two stories, to waive the requirement for a third-party reserve study review upon a majority vote of unit owners; provided that certain requirements are met, but prohibiting associations from waiving this requirement for consecutive periods.

SB 2061 SD2 HD2 CD1 affects certain condominium units under the jurisdiction of the Hawaii Community Development Authority:

> Clarifies the Ninety-Nine Year Leasehold Program by: (1) allowing the Hawaii Community Development Authority to prohibit renting, advertising for rent, or using for any other purpose other than owner-occupied residential use a residential condominium unit, by rule, rather than statutorily; (2) exempting the design, development, and construction contracts from procurement requirements, subject to prevailing wage requirements for laborers and mechanics; (3) requiring HCDA to adopt rules to implement an initial sales period during which residential condominium units are offered only to eligible buyers for owner-occupied residential use; (4) authorizing the sale of a residential condominium unit that is not subject to an income restriction and was not sold within a certain period to be sold to other buyers, as determined by rule by HCDA, without an owner-occupancy requirement; (5) requiring HCDA to adopt rules that require at least sixty per cent of residential condominium units to be income restricted; and (6) requiring HCDA to establish rules to require buyback pricing similar to other state agencies' existing pricing formulas.

INSURANCE BILLS

HB2282 HD1 SD1 CD1 This bill responds to concerns about insurance denials and premium increases.

> Beginning 1/1/2027, requires insurers to provide explanation of premium increases upon request; clarifies grounds for denial, suspension, and revocation of an adjuster or independent bill reviewer license; clarifies procedures for denying, suspending, and revoking an insurance producer license; and amends the notice requirements for cancellation or nonrenewal of a property insurance policy. Clarifies the date on which purchase groups are required to pay an annual service fee.

The emphasis on licensee discipline is striking and consumes much of the bill's text. The changes most relevant to the public are found in Section 1 and Section 5. Section 1 reads as follows:

> SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to article 10, part II, to be appropriately designated and to read as follows:
>
> "**§431:10- Explanation of premium increase.** Insurers shall reasonably explain changes in premium upon written request by the policyholder for any premium increase at renewal."

Section 5 amends Hawaii Revised Statutes ("HRS") §431:10-226.5 by adding a section (c):

> "**§431:10-226.5 Notice of cancellation or nonrenewal; notice of cancellation or nonrenewal for policies of property insurance.** ***
>
> (c) All notices of cancellation or nonrenewal shall clearly state the specific reason or reasons for cancellation or nonrenewal."

SB2964 SD1 HD1 CD1 This bill enables consumers to cause an insurer to consider information about improvements made to insured residential property.

> Requires homeowners insurance producers to notify policyholders that they may submit information regarding improvements made to the insured residential property, which shall then be submitted to the homeowners insurer. Requires homeowners insurers to reevaluate the replacement cost estimate based on the information submitted by a policyholder, and offer the policyholder the option to purchase additional coverage to cover the full amount of the replacement cost estimate. Establishes administrative penalties for violations.

TRANSIENT VACATION RENTALS

HB 1960 HD2 SD1 CD1 Human trafficking is the subject but transient accommodation employers are required to provide training regarding human trafficking. The following definitions are relevant:

> (h) For purposes of this section:
>
> "Contract worker" means an individual employed by a transient accommodations third-party contractor who, pursuant to a contract for services with a transient accommodations employer, has contact with guests or access to guest rooms of the transient accommodations.
>
> "Employee" means an individual employed by a transient accommodations employer who has contact with guests or access to guest rooms of the transient accommodations.
>
> "Transient accommodations" has the same meaning as in section 237D-1.
>
> "Transient accommodations employer" means an employer that owns, operates, manages, or controls transient accommodations located in the State, and:
>
> (1) Employs one or more employees; or
>
> (2) Contracts with a transient accommodations third-party contractor for the services of one or more contract workers.
>
> "Transient accommodations third-party contractor" means any person who, for a fee or other valuable consideration exacted, charged, or received, furnishes or supplies contract workers for placement with a transient accommodations employer upon request."

New requirements include (without limitation) that:

> "**§353C- Human trafficking awareness; transient accommodations sector; training; records; signage; reporting; penalties.** (a) No later than December 1, 2027, every transient accommodations employer or transient accommodations third-party contractor shall provide human trafficking awareness training developed or approved pursuant to section 28- to its employees and contract workers, as applicable, within one hundred

eighty days of employment or placement, as applicable, and at least every two years thereafter.

Moreover:

(d) No later than September 1, 2027, every transient accommodations employer and transient accommodations third-party contractor shall develop and implement a human trafficking prevention policy that shall:

(1) Apply to all of its employees and contract workers, as applicable; and

(2) Include procedures for the reporting of suspected human trafficking to the National Human Trafficking Hotline or to a local law enforcement agency.

Thus, among other things, anyone who has contact with guests or access to guest rooms must receive required training. Good faith statutory compliance provides immunity. Violators are subject to daily fines of $100.

(e) A transient accommodations employer or its employee or a transient accommodations third-party contractor or its contract worker who in good faith complies with this section or reports suspected human trafficking pursuant to policies adopted pursuant to this section shall not be subject to civil or criminal liability for any act or omission arising out of or related to human trafficking committed by a third party, unless the employer, third-party contractor, employee, or contract worker knowingly assists in the commission of human trafficking.

(f) Any transient accommodations employer or transient accommodations third-party contractor who violates this section shall be fined no more than $100 for each separate offense. Each day the violation continues shall constitute a separate offense. Any action taken to impose or collect the penalty provided for in this subsection shall be considered a civil action.

It is important for anyone engaged in providing transient accommodations to carefully review and understand the requirements of this bill.

<u>SB 2031 SD2 HD1 CD1</u> also affects short-term rentals. Specifically:

> <u>(a) It shall be an unfair or deceptive act or practice in violation of section 480-2 and a violation of this part for any business to advertise, display, or offer any price of a covered good or service without clearly and conspicuously disclosing the total price.</u>

Short-term rentals are affected because:

> <u>"'Covered good or service' means:</u>
>
> <u>(1) Live-event tickets; or</u>
>
> <u>(2) Short-term lodging, including temporary sleeping accommodations at a hotel, motel, inn, short-term rental, vacation rental, or other place of lodging."</u>

HRS Section 480-2 provides: "**§480-2 Unfair competition, practices, declared unlawful.** (a) Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are unlawful." According to HRS Section 480-13(b):

> "(b) Any consumer who is injured by any unfair or deceptive act or practice forbidden or declared unlawful by section 480-2:
>
> (1) May sue for damages sustained by the consumer, and, if the judgment is for the plaintiff, the plaintiff shall be awarded a sum not less than $1,000 or threefold damages by the plaintiff sustained, whichever sum is the greater, and reasonable attorney's fees together with the costs of suit; provided that where the plaintiff is an elder, the plaintiff, in the alternative, may be awarded a sum not less than $5,000 or threefold any damages sustained by the plaintiff, whichever sum is the greater, and reasonable attorney's fees together with the costs of suit. In determining whether to adopt the $5,000 alternative amount in an award to an elder, the court shall consider the factors set forth in section 480-13.5; and
>
> (2) May bring proceedings to enjoin the unlawful practices, and if the decree is for the plaintiff, the plaintiff shall be awarded reasonable attorney's fees together with the costs of suit."

Violators will be exposed to triple damages (with a $1,000 minimum) <u>plus</u> potentially substantial attorney's fees. The legislature acted because it found that: "Drip pricing is most prevalent in practices involving fees for live-event tickets and short-term lodging and other temporary sleeping accommodations, such as hotels, motels, inns, short-term rentals, and vacation rentals."

<u>DISCRIMINATION</u>

<u>SB 2268 SD2 HD1 CD1</u> will apply to new establishments. "'New establishment' means a place of public accommodation or public entity construction that is planned and designed after July 31, 2027." Among other things, the bill provides that:

> **§489-B Universal changing accommodations; required.** (a) Each new establishment shall provide, at a minimum, one universal changing accommodation within the building in a restroom for public use, as follows:
>
> (1) Two universal changing accommodations for establishments utilizing gender-designated restrooms; provided that at least one is designated for or accessible by women and at least one is designated for or accessible by men; or
>
> (2) One universal changing accommodation that is accessible to people of any gender identity or expression.
>
> (b) Each new establishment shall conspicuously post signage indicating the location of each universal changing accommodation.

HRS §489-2 provides, in relevant part, that:

> "Place of public accommodation" means a business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind whose goods, services, facilities, privileges, advantages, or accommodations are extended, offered, sold, or otherwise made available to the general public as customers, clients, or visitors. By way of example, but not of

limitation, place of public accommodation includes facilities of the following types: ***
An inn, hotel, motel, or other establishment that provides lodging to transient guests;

SB 2727 HD1 CD1 provides as follows:

> SECTION 1. The legislature finds that Hawaii has a strong, historic commitment to civil rights. The legislature further finds that the extension to the statute of limitations provided by this Act would ensure that individuals in Hawaii have greater access to civil-rights protections that reflect the community values of the State: fairness, dignity, and inclusion. The legislature also finds that this extension provides individuals with a more reasonable timeframe to recognize, report, and seek redress for unlawful discrimination under Hawaii state law.
> The purpose of this Act is to extend the statute of limitations for filing complaints with the Hawaii civil rights commission to one year.
> SECTION 2. Section 368-11, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:
> "(c) No complaint shall be filed after the expiration of [one hundred eighty days] one year after the date:
> (1)Upon which the alleged unlawful discriminatory practice occurred; or
> (2) of the last occurrence in a pattern of ongoing discriminatory practice."
> SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.
> SECTION 4. This Act shall take effect upon its approval.

This bill doubles the amount of time to file a discrimination complaint.

SB 2852 SD1 HD2 CD1 addresses digital discrimination by providing that:

> "(c) It shall be a discriminatory practice to deny a person with a disability full and equal enjoyment of the goods, services, facilities, privileges, advantages, or accommodations of a place of public accommodation, or information related to the goods, services, facilities, privileges, advantages, or accommodations, by requiring the use of

information and communication technology that is not accessible to the person."

MISCELLANEOUS

HB 1721 HD2 SD2 CD1 addresses expedited permitting.

> SECTION 1. The legislature finds that, to address the State's ongoing housing shortage, Act 295, Session Laws of Hawaii 2025 (Act 295), established an expedited permitting process for single-family and multi-family residential projects. However, since its implementation, stakeholders have raised concerns that ambiguities in Act 295 regarding additional insurance requirements, indemnification obligations, and certification language may inadvertently create uninsurable conditions, discouraging architects and engineers from participating in the expedited permitting process.
>
> The legislature believes that clarifying these provisions will ensure that design professionals are not required to assume liabilities beyond what their professional liability insurance can cover, thereby improving participation and supporting the State's broader goal of accelerating housing production.
>
> Accordingly, the purpose of this Act is to:
>
> (1) Clarify certain provisions under Act 295 relating to insurance, indemnification, and certain certificate of occupancy requirements for purposes of expedited permits; and
>
> (2) Require state or county inspectors to inspect all projects with expedited permits.

Let your design professional know about this change.

HB 1823 HD2 SD2 CD2 creates a targeted permitting exemption from CZMA requirements.

> SECTION 1. The legislature finds that the federal Coastal Zone Management Act establishes a national framework for states and territories to consider when managing coastal resources and determining potential impacts on those resources. The Act also authorizes the federal government to provide financial assistance to support coastal

management efforts.

The legislature further finds that the Coastal Zone Management Act's permitting framework is intended to regulate special management area development while allowing certain activities to proceed without unnecessary delay. These activities, expressly excluded from the statutory definition of "development", are not intended to be subject to special management area use permit requirements.

The legislature also finds that it is in the public interest to streamline the delivery of essential public infrastructure, which may be accomplished, in part, by creating a targeted permitting exemption for projects that have been determined, under chapter 343, Hawaii Revised Statutes, to be exempt from the preparation of an environmental assessment or to have no significant environmental impact.

Accordingly, the purpose of this Act is to apply a definition of "development", as it pertains to special management areas, in certain counties of the State to exempt from special management area use permit requirements all activities that are not included in that definition, including certain federal-, state-, or county-funded, authorized, or implemented infrastructure and improvement projects that are exempt from an environmental assessment or for which a finding of no significant impact has been issued.

Section 2 applies the bill to "counties with a population between one hundred fifty thousand and two hundred thousand," which means the County of Maui.

HB 1946 HD2 SD2 promotes expedited review and approval of time share plan registrations.

SECTION 1. The legislature finds that time share accommodations form an important component of Hawaii's visitor industry and provide a consistent and steady stream of visitors and revenue for the State's overall economy.

The legislature further finds that the time share industry itself has matured so that many of Hawaii's time share units are now associated with international hotel and lodging companies that hold reputable and recognized brands.

The legislature also finds that the State's existing time share registration requirement for developers requires filing for renewal of registrations and filing when there are amendments to time share plans. However, review and approval of these registrations are often significantly delayed, which creates a burden on the time share industry and its ability to maintain and attract time share owners and consumers. Delays in the approval of amendments also prevent consumers from receiving the most current information about purchases of time shares.

Accordingly, the purpose of this Act is to:

(1) Provide that applications for registration renewals required by section 514E-10, Hawaii Revised Statutes, shall be deemed approved thirty days after receipt of all required documents, unless the director of commerce and consumer affairs issues a deficiency letter within that period; and

(2) Provide that any amendment to a required time share plan registration shall be deemed approved by operation of law on the sixtieth day after the amendment is submitted to the director of commerce and consumer affairs, unless the director issues a deficiency letter within that period.

HB 2021 HD2 SD2 CD1 This bill:

Establishes safe riding behaviors for electric bicycles. Prohibits the operation of high-speed electric devices in certain locations. Establishes labeling and signage requirements for electric bicycles. Prohibits the operation of a moped or electric motorcycle in certain locations. Amends the definition of "bicycle" for purposes of county vehicular taxes. Defines "electric bicycle" in place of "low-speed electric bicycle". Authorizes the seizure of non-road-legal or nonconforming electric bicycles and high-speed electric devices. Defines "electric micro-mobility device" and requires the same regulations as electric foot scooters. Prohibits a person under the age of sixteen from operating a class 2 or class 3 electric bicycle without direct supervision. Authorizes a person to ride an electric bicycle on a sidewalk under certain circumstances. Prohibits a person from operating a bicycle or electric foot scooter under the age of eighteen without a helmet. Repeals the requirement that moped drivers use bicycle lanes. Substitutes the term

"motor scooter" with the term "motor-driven cycle".

This may help if there are problems in your community.

<u>**HB 2089 (Act 6)**</u> is one for the lawyers.

> Establishes a fixed disposition deadline requiring the Supreme Court to decide an application for certiorari within 60 days after the application is filed. Applies prospectively to cases in which the judgment or dismissal order of the Intermediate Court of Appeals was filed on or after the effective date of this Act.

The Intermediate Court of Appeals generally hears appeals available as a matter of right. Certiorari review by the Supreme Court of Hawaii is discretionary.

<u>**HB 2095 HD2 SD2 CD1**</u> is another one.

> Appropriates supplemental funds for the Judiciary for the fiscal biennium beginning 7/1/2025 and ending 6/30/2027.

<u>**HB 2137 HD3 SD2 CD1**</u> concerns deepfake technology. Be aware of AI capabilities.

> SECTION 1. The legislature finds that deepfake technology enables the realistic digital imitation of an individual's voice, face, likeness, and performance. The legislature further finds that malicious uses of deepfake technology have been documented in identity theft, fraud, election interference, cyberbullying, and non-consensual pornography. Victims often face reputational, financial, and emotional harm, with detection rates for the use of deepfake imitations as low as sixty-two per cent even among experts.
> The legislature additionally finds that federal law addresses limited scenarios of the malicious use of deepfake technology, including explicit content targeting minors, but leaves broad gaps in consumer and reputational protection. Furthermore, the legislature finds that the State has a compelling interest in preventing fraud, identity theft, defamation, and emotional distress while also protecting lawful speech. Moreover, the legislature finds that it is important to protect Hawaii residents from identity-based harm caused by the malicious use of artificial intelligence (AI) while safeguarding constitutional rights to free expression, parody, satire, and journalism.
> Therefore, the purpose of this Act is to:
> (1) Prohibit certain harmful uses of AI-generated personal likenesses; and
> (2) Provide civil remedies for individuals injured by unauthorized AI-generated realistic digital imitations.

<u>**HB 2279 HD1 SD1 CD1**</u> expands the opportunity for expungement of certain arrest records that may impact employment.

> SECTION 1. The legislature finds that in *Barker v. Young*, 153 Hawaii 144 (2023), the Hawaii supreme court clarified that a person who is arrested for or charged with a crime as a felony, misdemeanor, or petty misdemeanor, but is later convicted of a violation for that incident, is eligible for an expungement of that person's arrest record.
> The Hawaii supreme court held that "[a]a]plying rules of statutory interpretation, we hold that under the plain language of HRS §§ 831-3.2(a) and 701-107(7), a person arrested for or charged with a crime (including a petty misdemeanor), but convicted of a violation, is eligible for arrest record expungement because a 'violation' is not a 'crime'".
> The presence of an arrest on an individual's record may interfere with the individual's ability to receive housing, employment, or other opportunities. The expungement of that record is an appropriate action when the arrest led to a conviction for a "violation", which is not considered a "crime".
> The purpose of this Act is to amend the expungement orders law to clarify that a person who is arrested for or charged with a crime but convicted of a violation is eligible for expungement of their arrest record for that incident.

<u>**SB 888 SD2 HD2 CD1**</u> was passed in recognition that household security devices may store information wanted by law enforcement.

> Prohibits operators of smart household security devices from sharing user data with law enforcement agencies unless the user consents, the law enforcement agency obtains a judicial warrant, or there is an emergency situation involving a clear and present danger

of imminent death or great bodily harm. Prohibits operators from requiring users to consent to the sharing of data with law enforcement agencies as a condition of using a smart household security device. Allows the Department of the Attorney General to bring a civil action against operators who violate certain requirements.

Requiring user consent preserves constitutional norms.

SB 2866 SD1 HD1 CD1 makes the state rent supplement program for kupuna permanent.

> SECTION 1. The legislature finds that the state rent supplement program for kupuna administered by the Hawaii public housing authority has helped prevent some of the State's vulnerable elderly residents from facing eviction and becoming homeless. In total, the program has provided about three hundred at-risk kupuna with monthly rental assistance of less than $500 per month. In 2024, the legislature funded the program with $1,000,000 and in 2025, the legislature extended the program's sunset date from 2026 to 2028. The legislature believes that the program should now be made permanent.
> Accordingly, the purpose of this Act is to make the state rent supplement program for kupuna permanent.

Let eligible kupuna know.

SB 2892 SD1 HD1 CD1 appropriates money to address feral chickens.

> SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of $50,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the city and county of Honolulu to facilitate the receipt, handling, and humane disposition of feral chickens that have already been caught. The sum appropriated shall be expended by the city and county of Honolulu for the purposes of this Act.
> SECTION 2. This Act shall take effect on July 1, 2026.

Feral chickens have become more prevalent in some communities.

SB 2983 SD1 HD1 CD1 criminalizes cutting trees on state or county land. Take note if your project abuts government land.

> SECTION 1. Chapter 708, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:
> "**§708- Criminal destruction of a tree on state or county property.** (1) A person commits the offense of criminal destruction of a tree on state or county property if, by means other than fire, the person intentionally or knowingly fells, injures, or destroys a tree growing or standing upon state or county property so as to substantially diminish the value of the tree, or substantially damages the potential value of a tree growing or standing upon state or county property, without the consent of the State or county on which the tree stands.
> (2) Criminal destruction of a tree on state or county property is a misdemeanor.
> (3) In addition to any penalty prescribed in this chapter, a person found guilty of violating this section shall also be required to

pay to the State or county an amount equal to the replacement value of the tree, as determined by an arborist designated by the appropriate state or county agency."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

Contact the relevant agency or department if government trees adversely affect your land.

SB 3025 SD2 HD3 is worth noting by families burdened by medical debt.

> Requires the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for residents of the State, subject to the availability of program funds. Requires a report to the Legislature. Appropriates funds.

Medical debt can sometimes be purchased at a discount.

SB 3255 SD1 HD2 CD1 allows for rounding in cash transactions.

> SECTION 1. The legislature finds that the United States Treasury has stopped minting the penny for general circulation, which has created a shortage for many businesses in the State. To protect the ability of businesses in the State to accept cash payments and make change, rounding to the nearest five cents should be permissible by law to address this urgent issue.
>
> Accordingly, the purpose of this Act is to enable cash transaction rounding.
>
> SECTION 2. Chapter 481B, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:
>
> "**§481B-____ Cash transaction rounding.** (a) Notwithstanding any law to the contrary, any person selling goods or services in a cash transaction, entering into any other transaction that results in a payment or transfer of cash between the parties to the transaction, or paying cash wages to an employee as compensation, may round the payment in the following manner for any person seeking to make payment with legal tender:
>
> (1) In any case in which the total transaction amount ends with one cent, two cents, six cents, or seven cents as the final digit, the amount of cents in the sum shall be rounded down to the nearest amount divisible by five;
>
> (2) In any case in which the total transaction amount ends with three cents, four cents, eight cents, or nine cents as the final digit, the amount of cents in the sum shall be rounded up to the nearest amount divisible by five; and
>
> (3) Notwithstanding paragraph (1) to the contrary, in any case in which the total transaction amount totals one cent or two cents, the transaction shall be rounded up to five cents.
>
> (b) Subsection (a) shall not apply to any transaction for which payment is made by any demand or negotiable instrument, electronic


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fund transfer, check, gift card, money order, credit card, or other like instrument or method.

(c) Notwithstanding section 480-2 or any other law to the contrary, no person may bring a private action to enforce this section.

(d) Any person who engages in cash transaction rounding pursuant to this section shall not be subject to section 486-116.

(e) For the purposes of this section, "total transaction amount" includes fees, surcharges, and taxes."

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2026.

This one is just for fun.

THE CAVEN DECISION

The Supreme Court of Hawaii issued a summary disposition order regarding the statutory obligation to produce certain condominium documents on September 5, 2025 in Caven v. Certified Mgmt., SCWC-19-0000047. The decision includes, in relevant part, the following:

> HRS § 514B-152 requires condominium associations to "keep financial and other records sufficiently detailed to enable the association to comply with requests for information and disclosures related to resale of units" and to make those records "available pursuant to section 514B-154.5 for examination by any unit owner and the owner's authorized agents." HRS § 514B-154.5(a), in turn, requires managing agents, such as Associa, to "ma[k]e available to any unit owner and the owner's authorized agents" "documents, records, and information, whether maintained, kept, or required to be provided pursuant to this section or section 514B-152."
>
> Read together, HRS §§ 514B-152 and -154.5 require managing agents to make available to a unit owner sufficiently detailed financial and other records relating to the resale of units. On their face, these statutorily mandated disclosures are not limited to pre-existing documents. *See* HRS § 514B-154.5(a) (requiring disclosure of "documents, records, and information, whether maintained, kept, or required to be provided" under the subsection). Because both the Form RR105c and the SOA are "information and disclosures related to [the] resale of units" within the meaning HRS § 514B-152, Associa had a duty to make them available to Caven, whether or not they are documents that are regularly maintained by Associa or Regency AOAO.

The RR105c is not an association document. The court's interpretation of the condominium statute nonetheless means that it must be completed. At whose expense should that be done?

SB 2301 was introduced to address the Caven decision. The proposed statutory change was contained in underlined words in Section 2:

> SECTION 2. Section 514B-152, Hawaii Revised Statutes, is amended to read as follows:
>
> **"§514B-152 Association records; generally.** The association shall keep financial and other records sufficiently detailed to enable the association to comply with requests for information and disclosures related to resale of units[.]; provided that no association or managing agent shall be required to provide a document that is not already in existence, or to complete any form, for the purpose of facilitating any specific resale transaction. Except as otherwise provided by law, all required financial and other records shall be made available pursuant to section 514B-154.5 for examination by any unit owner and the owner's authorized agents. Association records shall be stored on the island on which the association's project is located; provided that if original records, including but not limited to invoices, are required to be sent off-island, copies of the records shall be maintained on the island on which the association's project is located."

The bill was not heard so the Caven decision appears to control.

HAWAII ADMINISTRATIVE RULES

The Hawaii Administrative Rules concerning condominiums have been updated. The prior rules contained in Chapter 16-107 have been repealed. Chapters 16-119.1 through 16-119.8 have been adopted. The 94 pages long rules are omitted here. A link to the rules follows:

https://cca.hawaii.gov/wp-content/uploads/2026/04/HAR_119.1-119.8-C.pdf

Chapter 16-119.6, concerning reserves, will be the focus of attention for the seminar.

FANNIE MAE/FREDDIE MAC POLICY CHANGES

What Fannie Mae & Freddie Mac's Latest Policy Changes Mean for Condominium Associations, Lenders, and Homeowners
By © Dawn Bauman, CAE | Mar 18, 2026. [NOTE: Ms. Bauman is the CEO of CAI.]

Article starts on next page.

What Fannie Mae & Freddie Mac's Latest Policy Changes Mean for Condominium Associations, Lenders, and Homeowners

On March 18, Fannie Mae and Freddie Mac issued a significant update to their project standards and property insurance requirements. These changes reflect the realities of today's housing market and focus on the long-term financial sustainability of condominium communities based on Fannie Mae and Freddie Mac criteria, which aren't always aligned with actual financial stability and performance.

These updates, outlined in Lender Letter LL-2026-03, are designed to simplify certain processes, respond to insurance market challenges, and strengthen the financial health of condominium communities.

For community associations, board members, managers, and business partners, these changes are important and, in some cases, consequential.

A Shift Toward Project Reviews

One of the most notable changes is the "retirement" of the limited review process, which will be fully eliminated for loans with application dates on or after Aug. 3. Eliminating limited review is a consequential change for the condominium market.

Historically, limited review represented roughly 40% of all project reviews. Doing away with it shifts a significant portion of transactions toward a more rigorous full review process. This transition will require substantially more documentation and formal lender questionnaires for nearly all condominium sales, which will increase the administrative burden on community associations, managers, and volunteer leaders.

Without thoughtful implementation and support, this change has the potential to slow transactions and place additional strain on already constrained communities.

Moving forward, lenders will rely on either:

- Full review or
- Waiver of project review

There is expanded eligibility for a waiver of project review to include projects with up to 10 units, providing greater flexibility for smaller communities.

Additionally, the long-standing investor concentration limit (50%) has been eliminated, and Florida-specific review requirements for new, attached condominium projects also are being retired.

These changes shift greater responsibility to lenders and associations to demonstrate that condominium projects are financially sound based on Fannie Mae and Freddie Mac guidelines.

Stronger Financial Expectations for Condominium Communities

Fannie Mae & Freddie Mac are increasing the minimum reserve funding requirement from 10% to 15% of the annual budget effective Jan. 4, 2027.

15% budget allocation is not required if a condominium association has a reserve study that has been conducted or updated within the last three years and the association is following the highest recommended level of funding (baseline is not allowed).

Boards, managers, and reserve providers should begin evaluating reserve funding now. These requirements may result in:

- Increased assessments.
- Adjustments to long-term financial planning.
- Greater scrutiny during the lending process.

Insurance Requirements Adapt to Market Realities

Fannie Mae and Freddie Mac also made meaningful adjustments to property insurance requirements in response to rising premiums and limited availability in many markets.

Key updates include:

- Elimination of strict replacement cost documentation requirements.
- Removal of the requirement to insure roofs at full replacement cost.
- Greater flexibility in how coverage sufficiency is determined.

For condominium associations:

- The inflation guard requirement has been removed.
- A new maximum deductible of $50,000 per unit will apply beginning July 1.

At the unit level:

- Owners must carry insurance (usually in the form of an H06 policy) when gaps exist in the master policy or when deductibles apply.
- Coverage must align with either interior exposure or the master policy deductible.

These changes acknowledge the challenges associations face in today's insurance market, while still maintaining a baseline of protection. However, the new deductible cap may create compliance challenges for communities currently carrying higher deductibles.

New Responsibilities for Servicers—and Increased Communication

The update also introduces new expectations for loan servicers including:

- Annual verification of insurance coverage.

- Monitoring for reductions in coverage.
- A new requirement to remind borrowers annually to maintain insurance.

These changes take full effect by Jan. 1, 2027.

Expect more consistent communication around insurance coverage and increased oversight throughout the life of the loan.

What Community Associations Should Do Now

- Review your reserve study and funding levels.
- Evaluate your insurance coverage and deductibles.

Prepare to provide this information in lender questionnaires for upcoming sales in your condominium community.

- Engage your management team (CMCA®, AMS®, PCAM® and AAMC® company), insurance professionals (CIRMS®), reserve professionals (RS™), and legal advisors (CCAL™ fellows).
- Begin planning for compliance with 2026 and 2027 implementation timelines.

Condominium communities are strongly encouraged to proactively confirm their eligibility status with Fannie Mae and Freddie Mac by reviewing current ineligible project lists. If your community now meets the insurance coverage, visit these websites to begin the process with Fannie Mae and Freddie Mac.

Taking these steps can help restore access to conventional financing, support property values, and ensure buyers and owners benefit from a more competitive and accessible lending environment.

As always, CAI will continue to monitor implementation and provide resources to support community associations navigate these evolving requirements.

CONDOMINIUM ASSOCIATION LOAN PROGRAM

PROGRAM OVERVIEW

HGIA's Condominium Association Loan Program and Loan Loss Reserve Program provides financing andcredit enhancements to support AOAOs in completing essential maintenance and repair projects. ThePrograms assist AOAOs unable to obtain financing from traditional financial institutions to implement repairsthat will reduce risk and improve insurability. Both the Loan Program and Loan Loss Reserve Program sharethe same borrower eligibility and allowable uses focused on fire safety, plumbing, roofing, and other risk-re-ducing repairs and maintenance.

Program Timeline: Act 296, Session Laws of Hawai'i (SLH) 2025, was signed on July 7, 2025, enablingHGIA to develop direct financing and credit enhancements for qualified AOAOs.

Governor Green approved the
Administrative Rules
on May 7, 2026. New loan commitments using Act 296,SLH 2025 funds may be made through June 30, 2027, based on funding availability.

ELIGIBLE BORROWERS

To qualify, a condominium association must:

- Be located in the State of Hawai'i
- Be an existing AOAO (not a new development)
- Have received at least one adverse action letterdeclining loan approval from a traditional lenderrequested to address maintenance or insurancecoverage issues
- Commit to obtaining full replacement property and hurricane insurance once repairs are completed

ELIGIBLE LOAN PURPOSES

Financing may support new loans or refinancing (withadditional project funding) for essential repair work,including:

1. Fire sprinkler or other fire-safety system upgrades
2. Pipe repair or replacement
3. Roof repair or replacement
4. Other maintenance or repairs that will reduce therisk profile of the condominium project

FINANCING OPTIONS

DIRECT LOANS (HGIA)

•Single-loan structure: HGIA finances the entireproject directly as thesole lender.

•Two-loan structure: Aparticipating lender mayprovide a senior loanwhile HGIA offers asubordinate loan to fillthe gap.

•Please refer to CondoAssociation LoanProduct Sheet for details.

PARTICIPATION LOANS (HGIA + PARTICIPATINGLENDER)

A Community DevelopmentFinancial Institution (CDFI) orig-inates the loan, and HGIA pur-chases a portion of the loan tomitigate CDFI risk and improveCDFI loan feasibility.

LOAN LOSS RESERVE (CREDITENHANCEMENT)

The Condominium Loan LossReserve Program will help CDFIs offer more loans toAOAOs by reducing lender risk.HGIA will contribute reservefunds to take first losses, in-creasing lender confidence andexpanding access to financing.

HOW TO APPLY FOR BORROWERS

- **Condominium Loan Program (Direct & Participation Loans):**

For direct financing, interested condominium associations should complete a Condo Association Loan Application and submit said application to dbedt.c-pace@hawaii.gov. Upon receipt,HGIA will send you a link to upload the rest of the documents and information requiredon the along with the requested documents and information on the checklist (top of theapplication form).

PARTICIPATING LENDERS (CDFIS)

CDFIs may participate in the Direct Financingand/or Loan Loss Reserve Programs by executinga participation agreement with HGIA that sets reserve account terms and conditions.

Contact HGIA to learn more and apply as a Participating Lender.

This page summarizes proposed administrative rules for the Condominium Loan Program and Loan Loss ReserveProgram. Final adopted rules may differ; HGIA will update program materials accordingly.