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Hawai‘i Condominium Bulletin

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Alternative Financing Option for Condo Associations By Jenna Seagle



Thanks to the leadership of Senator Keohokalole, Representative Matayoshi and members of the Senate Committee on Commerce & Consumer Protection and the House Committee on Consumer Protection & Commerce, working with the Hawaii Insurance Division, a new condominium loan program is under development by the Hawaii Green Infrastructure Authority ("HGIA"). The Condominium Loan Program aims to assist condominium associations that are unable to qualify for financing from local commercial banks and credit unions. Through the program, HGIA provides affordable loans to support necessary repairs and maintenance for the association's projects.

[Act 296, SLH 2025](#), was signed into law on July 7, 2025, enabling HGIA to develop a direct financing and credit enhancement program for qualified condominium associations. The program is currently going through the administrative rule-making process and is anticipated to launch in Spring 2026. Once launched, funds will be available until June 2027.

After the Lahaina wildfires, many condominium projects across the state experienced significant increases in insurance premiums, if they were able to qualify for insurance at all. The condominium loan program was created as part of the state's efforts to stabilize the property insurance market by reducing the risk of future claims through proactive maintenance and upgrades. Upgrades are intended to reduce risk, making buildings more insurable and helping them return to the insurance market. The loan program targets projects unable to secure financing from traditional sources like banks or credit unions.

Message from the Chair

Aloha,

Can you believe the year is almost over? The Holiday season is here, and we hope it brings good cheer for all condominium owners.

In this Winter edition (or what passes for Winter in Hawai'i) of our Condominium Bulletin, you'll find a variety of topics including mediation and what to look for when buying a condominium., Our main article, graciously written by Jenna Seagle, Community Outreach Officer at the Hawai'i Green Infrastructure Authority, focuses on the upcoming condominium infrastructure loan program. We're also covering a Hawai'i Supreme Court ruling that greatly expands no-cost document access to owners trying to sell their units, a development that should brighten many condominium sellers' month like a warm glowing red light in a blizzard.

The "Ask the Condo Specialist" discusses a federal court ruling that fined a Hawai'i condominium association and real estate agent a combined \$162,500 for violating a disabled owner's right to fair housing. A ruling also imposed mandatory training and consent decrees subject to federal oversight. Associations should review their obligations to adhere to the Federal Fair Housing Act.

The Akamai Buyer reminds prospective buyers to consider the impact of how many units are in a condominium development prior to making an offer. Both big and small developments have their benefits and drawbacks to consider. Think of it as choosing between an intimate Christmas dinner with your small group of friends, or a large banquet hall gathering with all your in-laws, and extended cousins.

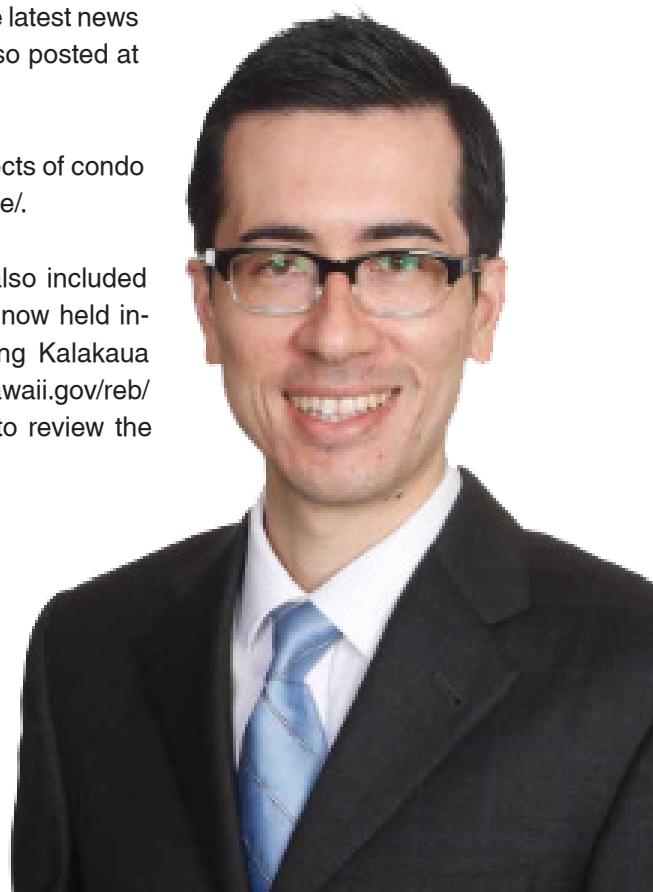
We've also included summaries of condominium mediations that were conducted in the last few months.

Keep up with the current condo news, issues, legislative action affecting condos, and educational events being held for the condo community by signing up for the Commission's quarterly email subscription service. Sign up is available at the following link: <http://cca.hawaii.gov/reb/subscribe>. By signing up you'll get the latest news for the condo community emailed directly to your inbox. The emails are also posted at the Real Estate Branch website.

To view any of our short and informative educational videos on various aspects of condo living, click the link here <https://cca.hawaii.gov/reb/hawaii-condo-living-guide/>.

A calendar of the Real Estate Commission's 2025 meeting schedule is also included inside. All are welcome to attend any of the monthly meetings which are now held in-person, primarily in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor. Click the link here https://cca.hawaii.gov/reb/agendas_minutes/ to visit our website to get the upcoming agenda and to review the minutes from prior meetings.

John R. Love
Chair, Condominium Review Committee

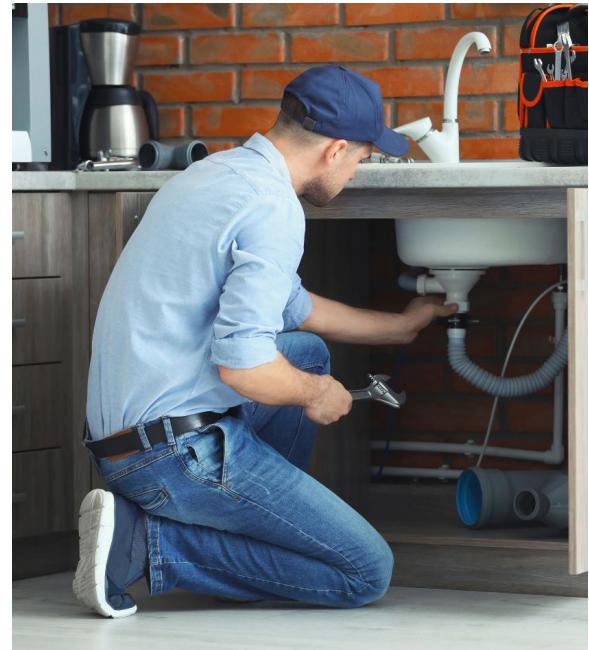


Alternative Financing Option for Condo Associations (cont. from page 1)

Loan proceeds may be used for deferred maintenance and repairs, including (1) installing, repairing, or replacing fire sprinklers or other fire safety measures; (2) repairing or replacing pipes; (3) repairing or replacing the roof; or (4) any other qualifying improvements approved by HGIA.

In order to qualify for the new loan program, the condominium project must receive at least one adverse action letter from a financial institution denying their requested loan. The condominium association must also agree to obtain full replacement property and hurricane insurance after the repairs are completed.

The bill also established a condominium loan loss reserve program, incentivizing community development financial institutions (CDFIs) to provide loans to condominium associations at competitive rates and terms for the purpose of maintenance and repairs. This program lowers the financial risk for CDFIs that lend to condominium association projects. It uses state funds to create a loan loss reserve, which can cover the first portion of any loss if a borrower defaults. This credit enhancement gives lenders more confidence to finance projects that might otherwise be considered too risky.



The program is expected to launch in Spring 2026. Interested condominium associations can contact HGIA for more information and to be placed on a distribution list for future updates.

Jenna Seagle is the Community Outreach Officer at the Hawai'i Green Infrastructure Authority (HGIA), where she aims to connect underserved communities with accessible financing and clean energy solutions. With a background in community engagement and environmental management, Jenna is passionate about supporting people through sustainable solutions and building climate resilience across Hawai'i.

Hawaii Green Infrastructure Authority

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Mediation Case Summaries

From September of 2025 through November of 2025, the following condominium mediations or arbitrations were conducted pursuant to Hawai'i Revised Statutes §§ 514B-161 and 514B-162.5 and subsidized by the Real Estate Commission ("Commission") for registered condominium associations. The Mediation Center of the Pacific conducted additional condominium mediations through the District Courts while mediation providers conducted community outreach in their respective communities.

Mediation exists not only to facilitate conflict resolution, but to also educate the parties involved as to the intricacies of the condominium law, their association's governing documents, and the strengths and weaknesses of their respective arguments. While the Commission strives for every mediation to resolve the conflicts, not every mediation will come to an agreement. That does not necessarily mean mediation has failed, as it also serves to reduce costly litigation.

The Commission subsidizes up to \$600 for qualified facilitative mediations and up to \$3,000 for qualified evaluative mediations for qualified associations. Should a mediation not come to an agreement once that subsidy money is exhausted, no agreement is noted in Commission records. However, the Commission is aware that parties often come to agreements through continued unsubsidized mediation.

Dispute Prevention and Resolution, Inc.

AOOU vs Owner	Dispute over the interpretation of the bylaws on approved flooring	Mediated to Agreement
Owner vs AOUO	Dispute over the interpretation of the bylaws and house rules on approved flooring	No Agreement
AOOU vs Owner	Dispute over the interpretation of the declaration and bylaws regarding water damage	No Agreement
AOOU vs Owner	Dispute over the interpretation of the bylaws and house rules on aggressive animals	Mediated to Agreement
Owner vs AOUO	Dispute over the interpretation of the governing documents related to financial management, reserves, and vendor contracts	Mediated to Agreement
Owner vs AOUO & Owner	Dispute over the interpretation of the bylaws regarding noise mitigation regarding health and safety	No Agreement

Mediation Center of the Pacific

Owner vs AOUO	Dispute over the interpretation of the bylaws related to fees and fines	Mediated to Agreement
Owner vs AOUO	Dispute over the interpretation of the governing documents related to maintenance, pipes, and repairs	No Agreement
Owner vs AOUO	Dispute over the interpretation of the declaration and bylaws regarding water damage and leaks	No mediation, neither party participated
Owner vs AOUO	Dispute over the interpretation of the bylaws and house rules regarding fines and fees	No Agreement
Owner vs Property Management Company	Dispute over the interpretation of the declaration and bylaws regarding water damage and leaks	No mediation, owner withdrew
Owner vs AOUO	Dispute over the interpretation of the bylaws and house rules regarding right of owners to participate in board meetings, access to records, and capital expenditures	No Agreement
Owner vs AOUO	Dispute over the interpretation of the bylaws regarding fees and fines	No mediation, neither party participated
Owner vs AOUO	Dispute over the interpretation of the declaration and bylaws regarding water damage and leaks	No Agreement

Mediation Case Summaries (cont. from page 4)

Lou Chang

Owner vs AOUO

Dispute over the interpretation of the governing documents over insurance and common area damages No Agreement

To consult with any of our subsidized private mediation services, contact one of the following providers:

Mediation Center of the Pacific, Inc.

1301 Young Street, 2nd Floor
Honolulu, HI 96814
Tel: (808) 521-6767
Fax: (808) 538-1454
Email: mcp@mediatehawaii.org

Ku'ikahi Mediation Center

101 Aupuni St. Ste. 1014 B-2
Hilo, HI 96720
Tel: (808) 935-7844
Fax: (808) 961-9727
Email: info@hawaiimediation.org

Dispute Prevention and Resolution

1003 Bishop Street, Suite 1155
Honolulu, HI 96813
Tel: (808) 523-1234
Website: <http://www.dprhawaii.com/>

DCCA's New Phone Number!

Starting December 22, 2025, the Real Estate Branch, as well as other DCCA offices are moving to a central call center, reached at **1-844-808-DCCA (3222)**. The Real Estate Branch and **ALL CONDOMINIUM RELATED ISSUES** may be reached through this new number. If you have a condominium inquiry, please request the call center to connect you to the Real Estate Branch. The existing contact numbers for the Real Estate Branch will be phased out over time. Thank you for your understanding and patience with this new call center.

Ask the Condominium Specialist

Q: Should my association agents and employees know their Federal Fair Housing Act obligations?

A: Absolutely. The Federal Fair Housing Act (FHA) applies to many condominiums. As such, association agents and employees must understand their responsibilities under the law to reduce their risk of legal liability.

In a recent case, [United States of America v Kailua Village Condominium Association \("KVCA"\)](#), actions taken by the seller and association's agents and employees resulted in a combined penalty of \$162,500 and placed them under strict federal oversight.

The case involves a prospective buyer with paraplegia who uses a wheelchair. During the escrow period, while living in the unit under an early occupancy agreement, plaintiff requested reasonable accommodations at his own expense: an accessible parking space, a temporary ramp to his unit, and permission to install an accessible toilet. The association's on-site manager refused these requests, failed to comply with federal accessibility requirements, and engaged in discriminatory and verbal harassing behavior. As a result, plaintiff withdrew from the purchase and filed suit with the U.S. Department of Justice.

Rather than proceed to trial, KVCA and the other defendants settled. In addition to the monetary penalty, they agreed to comprehensive consent decrees that included:

- Mandatory fair housing training for agents and employees;
- Adoption of a fair housing policy subject to federal approval;
- Clear written policies and signage regarding reasonable modifications and accommodations;
- Records retention requirements; and
- Strict prohibitions against disability discrimination.

Avoid a similar fate by educating your association agents and employees on their mandatory obligations under the [Federal Fair Housing Act](#).

How many units are there and who lives in them?

Condominiums can range from small, cozy, two-unit single-family homes to large buildings with five-hundred or a thousand units. Knowing the size of a project can help you gauge how costs for repairs are shared among owners. For example, in a twelve-unit project that includes amenities like a pool, elevators, tennis courts, and multi-level parking means, each unit owner will bear a substantially higher share of the repair and maintenance expenses compared to owners in a project with hundreds of units. Conversely, larger projects tend to have substantially more foot, elevator, and vehicular traffic, especially if they have a high level of occupancy. Small condominium projects may have trouble finding owners willing to serve on the board simply due to a limited number of owners, which may impact the association's ability to function effectively.

Prospective buyers should carefully consider the number of units in a project and how that might impact costs before making an offer. It's also important to inquire about the current owner-occupancy rate. A high percentage of investor-owned units can sometimes lead to tension between investor owners and owner-occupants, especially when setting priorities for the association. This dynamic is more noticeable in resort hotel condominiums, where owner-occupancy rates may fall under 20%, and in some cases, under 10%. In such scenarios, owner-occupants may find it difficult to address concerns or implement changes.

Condominium Law Update: Supreme Court Case, Frederick T. Caven, Jr. vs Certified Management, Inc. Associa Hawaii ([SCWC-19-0000047](#))

Condominium associations have a legal obligation to provide significant number of documents to owners pursuant to §§[514B-152](#) to [154.5](#), Hawai'i Revised Statutes ("HRS"). This Hawai'i Supreme Court case expands the type of documents that must now be provided at no cost via a download site.

This case stems from a condominium owner in the Regency at Poipu Kai Condominium Association, Frederick T. Caven, Jr., who brought an action against the association's managing agent, Associa Hawaii, over fees related to the Project Information Form RR105c ("Form RR105c") and a Statement of Account ("SOA"). These documents are generally part of the closing documents required during the sale of a condominium unit, cooperative, planned development community, or other homeowner organization property in a community association.

Caven filed suit arguing that Associa Hawaii unlawfully charged unit owners unreasonable and excessive fees for the documents that, as the managing agent of the association, it was required to maintain pursuant to chapter 514B, HRS. Associa countered by claiming that Form RR105c and the SOA were not subject to chapter 514B, HRS, and that the "no charge for electronic download" clause of [§514B-154.5\(e\)](#), HRS, applied only to associations and not to managing agents. This case went to an appellate court and eventually the Hawai'i Supreme Court.

The Supreme Court of Hawai'i, on September 5th, 2025, concluded that:

"Associa had a duty, pursuant to HRS §§ [514B-152](#) and [-154.5](#) to make the Project Information Form RR105c and the Statement of Account for the Regency at Poipu Kai Association of Apartment Owners available to Caven, regardless of whether they are regularly maintained by the association or the managing agent. We further conclude that where a managing agent makes such documents available for download through an internet site, they must do so at no cost to the unit owner or the owner's authorized agent."

The Supreme Court of Hawai'i's ruling has significant implications on how condominium associations and their agents can provide and charge for documents, including Form RR105c and SOAs. Boards and their agents should immediately review their processes and fees to ensure compliance with this landmark decision.

Please note that this ruling does not apply outside of condominiums. Claims against the Poipu Kai Association, a planned community association, were dismissed as they did not fall under chapter 514B, HRS. The Regency at Poipu Kai Condominium Association is located within the Poipu Kai Association.

2025 Real Estate Commission Meeting Schedule

Real Estate Commission – 9:00 a.m.

Monday, December 22, 2025

Until further notice, Laws & Rules Review Committee, Condominium Review Committee, and Education Review Committee Meeting items will be discussed at the Real Estate Commission Meetings. Real Estate Commission Meetings will be held in-person in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor.

Meeting dates, locations and times are subject to change without notice. Please visit the Commission's website at www.hawaii.gov/hirec or call the Real Estate Commission Office at (808) 586-2643 to confirm the dates, times and locations of the meetings.

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