



## Learn more about the Real Estate Branch (REB) of the Department of Commerce and Consumer Affairs

Check out the REB website [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec) for more information and some frequently asked questions.

- What services does the REB provide to the condominium community?
- Where can I get help with association disputes?
- What laws apply to my condominium association?
- How do I get a copy of my association documents?
- How do I obtain a real estate license?
- What are the laws and rules for real estate licensees?

## Real Estate Branch

### About Us

The Real Estate Branch, as part of the Professional and Vocational Licensing Division, assists the Real Estate Commission in carrying out its responsibility for the education, licensure and discipline of real estate licensees; registration of condominium projects, condominium associations, condominium managing agents, and condominium hotel operators; and intervening in court cases involving the real estate recovery fund.

### Subscribe

Receive emails on relevant condominium educational materials. Sign up now at <http://cca.hawaii.gov/reb/subscribe/>

### Contact Us

Condominium Hotline: 1-844-808-DCCA (3222), Ext #1 then #8  
Hours: 9:00 AM – 3:00 PM  
Email: [hirec@dcca.hawaii.gov](mailto:hirec@dcca.hawaii.gov)  
Web: [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec)

*This brochure is for informational purposes only and not intended for the purpose of providing legal advice. Information provided is subject to change.*



### CONDOMINIUM: DISSOLVING A CONDOMINIUM

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## CONDOMINIUM:

## DISSOLVING A CONDOMINIUM

*Real Estate Branch  
Department of Commerce and  
Consumer Affairs*

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## Dissolving a Condominium

There are times when the condominium status no longer aligns with the needs of developers or unit owners.

Whether it be a tragedy that destroys the project, or a developer decides to pursue a new direction, chapter 514B, HRS, contains key provisions for removing a property from the condominium law.

The information provided is for informational purposes only and should not be taken as legal advice. Owners and developers should consult legal professionals before taking any action.

### Section 514B-47, HRS

Generally, removal is used when: (1) a developer plans to redevelop the project not as a condominium; (2) the development has been granted subdivision approval, subsequently subdividing units into their own parcels; or (3) the property has been substantially destroyed.

Part or all of the property can be removed from the condominium, provided at least eighty percent of the common interest and all lienholders of the affected units consent and execute a duly recorded

instrument reflecting the removal, pursuant to [§514B-47\(a\)\(1\), HRS](#).

Removal of the entire property requires the recording of an instrument to dissolve the declaration, bylaws, and condominium map. The property then reverts to its pre-condominium status with common ownership in proportion to each owner's share of the common interest. Be aware that not acquiring the consent of all lienholders may result in mortgages being called in and possible foreclosure proceedings being filed.

When only some of units are removed from a condominium, the removed units are dissolved and ownership of the removed property typically converts to common ownership in proportion to each owner's share of the common interest, pursuant to [§514B-47\(b\), HRS](#).

The dissolved units' share of AOOU liabilities, reserve funds, and how maintenance of common elements are to be handled and paid for should be negotiated prior to removal. Furthermore, it is unclear how the removed units would be treated for real property tax purposes if they were not previously subdivided but are also no longer a part of the condominium.

The Real Estate Commission is unaware of any partially dissolved condominium where the removed units were not previously subdivided parcels. Consult your respective county's real property tax, permitting, planning, building, and subdivision offices for guidance.

Upon dissolution of a condominium, send a copy of the removal documents to the Hawaii Real Estate Branch to de-register the condominium project.

In the event of the substantial destruction of the common elements with no timely scheduled reconstruction, the property shall be subject to an action by any owner or lienholder to a court-ordered sale of the property, pursuant to [§514B-47\(a\)\(2\), HRS](#). The net proceeds will be divided among the owners in proportion to common interest, with payments first to the respective lienholders. Once sold, the property ceases to be a condominium property regime and owners' interest in the property end.

### Professional Legal Advice

Removal of a property from the condominium law can be a complicated venture. Consult legal professionals prior to taking any action.