



# IMANAKA KUDO & FUJIMOTO

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## HAWAII CONDO FAX

A Faxletter on Condominium Development Issues in Hawaii

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Volume 7, Number 3 ❖ June 2005

### CONDO LAW PASSES!!!

Efforts to recodify Hawaii's 40+ year-old condominium law came to fruition yesterday as Governor Linda Lingle signed Senate Bill 1132 into law. The condominium recodification, now Act 93, effects sweeping changes that clarify and simplify the condominium development process. Some of the highlights of the new law include:

- Streamlining the registration process by requiring only one public report as opposed to 4 different kinds of public reports. "Pertinent changes" can now be captured through amendments. Generally, developers will no longer be required to suspend sales pending approval of any amendments.
- Better organizing the statute for ease of use and reference purposes, making the law more readable and understandable to a layperson.
- Clarifying rescission rights that buyers have under contracts to purchase condominium units.
- Allowing for better and more equitable definition of what constitutes the apartment versus what is part of the common elements. Instead of requiring the association to repair and maintain components serving only one apartment, the new law allows for this responsibility to be assigned to the individual apartment owner.
- Creating more flexibility with regard to the permitted uses of common elements.
- Permitting owners to exchange certain limited common elements (i.e., storage units, boat slips) thus adding needed flexibility.

➤ Updating insurance provisions to reflect current available coverages and adding additional requirements to protect owners (i.e., requires liability coverage). It also adds flexibility to allow projects not to cover "betterments" installed by owners to the interior of apartments if it is not in the best interest of the association to do so.

➤ Permitting associations to control the costly risks of water damage and control insurance premiums by allowing the Board to control high-risk components inside of individual apartments.

➤ Allowing funds collected by associations to be invested in financial products through a Hawaii-based securities broker.

For more information on the new condominium recodification please visit the State Legislative website at:

[http://www.capitol.hawaii.gov/sessioncurrent/bills/SB1132\\_cd1\\_.htm](http://www.capitol.hawaii.gov/sessioncurrent/bills/SB1132_cd1_.htm)

*Aia ke ola I ka hana.*

*Life is in labor.*

*Labor produces what is needed.*

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