

JAN 24 2019

A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

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

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

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

12 "(c) (1) All funds collected by an association, or by a
13 managing agent for any association, shall be:

14 (A) Deposited in a financial institution, including a
15 federal or community credit union, located in the
16 State, pursuant to a resolution adopted by the



- 1 board, and whose deposits are insured by an
- 2 agency of the United States government;
- 3 (B) Held by a corporation authorized to do business
- 4 under article 8 of chapter 412;
- 5 (C) Held by the United States Treasury;
- 6 (D) Purchased in the name of and held for the benefit
- 7 of the association through a securities broker
- 8 that is registered with the Securities and
- 9 Exchange Commission, that has an office in the
- 10 State, and the accounts of which are held by
- 11 member firms of the New York Stock Exchange or
- 12 National Association of Securities Dealers and
- 13 insured by the Securities Insurance Protection
- 14 Corporation; or
- 15 (E) Placed through a federally insured financial
- 16 institution located in the State for investment
- 17 in certificates of deposit issued through the
- 18 Certificate of Deposit Account Registry Service
- 19 in federally insured financial institutions
- 20 located in the United States.



1 (2) All funds collected by an association, or by a
2 managing agent for any association, shall be invested
3 only in:
4 (A) Deposits, investment certificates, savings
5 accounts, and certificates of deposit;
6 (B) Obligations of the United States government, the
7 State of Hawaii, or their respective agencies;
8 provided that those obligations shall have stated
9 maturity dates no more than ten years after the
10 purchase date unless approved otherwise by a
11 majority vote of the unit owners at an annual or
12 special meeting of the association or by written
13 consent of a majority of the unit owners;
14 (C) Mutual funds comprised solely of investments in
15 the obligations of the United States government,
16 the State of Hawaii, or their respective
17 agencies; government money market funds; or
18 shares or units of another mutual fund satisfying
19 the requirements of this subparagraph; provided
20 that those obligations shall have stated maturity
21 dates no more than ten years after the purchase



1 date unless approved otherwise by a majority vote
2 of the unit owners at an annual or special
3 meeting of the association or by written consent
4 of a majority of the unit owners; or

5 (D) Certificates of deposit issued through the
6 Certificate of Deposit Account Registry Service
7 in an amount at least equal in their market
8 value, but not to exceed their par value, to the
9 amount of the deposit with the depository;

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

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



S.B. NO. 1325

Report Title:

Condominiums; Associations; Investment

Description:

Clarifies that condominium associations may invest in government money market funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

