

## 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: SPECIAL ASSESSMENTS

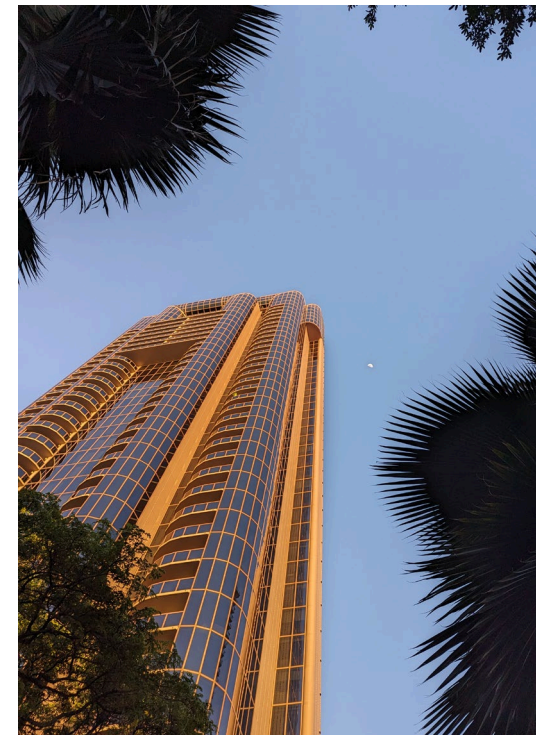
Real Estate Branch  
335 Merchant Street #333  
Honolulu, HI 96813

## CONDOMINIUM:

## SPECIAL ASSESSMENTS

*Real Estate Branch  
Department of Commerce and  
Consumer Affairs*

*October 2018*



## Special Assessments



A condominium is a form of community living where residents agree to share various aspects of a property to gain larger

benefits. Sometimes, a community has unforeseen expenses, or did not save enough reserve money to cover known future expenses. In this case, the board will often resort to special assessments.

Special assessments are extra charges assessed to owners to cover large expenses. They are becoming more common as many condominium projects in Hawaii contain aging buildings and infrastructure. Corroded aging pipes are commonly a cause of special assessments. Some associations have maintained low maintenance fees which have led to underfunded reserves insufficient to cover repairs.

## Payment & Financing

Typically, special assessments are used to cover special expenses that range from natural disaster cleanup and mitigation, unplanned price increases in building repairs, lawsuits, or unexpected structural failures.

A board will typically get several repair quotes and then offer several financing options to the



association. Boards generally need association approval via a vote to borrow to pay for the special assessment, which will be reflected in higher maintenance fees for the term of the loan.

Should the association vote against financing, the board will typically levy a one-time special assessment on all units. This option is usually a larger immediate financial burden upon unit owners than the longer loan period.

A board owes a fiduciary duty and thus rarely will do nothing in the event of a need for a special assessment. Any inaction puts the directors and the association at substantial risk of liability and may render the project uninsurable. Property values may also decline.

## What Can I Do as an Owner?

Special assessments are legal and an emergency way of financing necessary expenses. Condominium owners can help reduce the need for special assessments by maintaining good management,

helping maintain the buildings, and reporting damage or potential risk of damage quickly. It is cheaper to mitigate flaking paint than to replace crumbling concrete.

A good board that maintains transparent, fair, respectful, and equitable governance can reduce the possibility of a lawsuit. Keeping owners aware with publicly posted notices, making sure everyone has a copy of the governing documents, budgets, agendas, and minutes can reduce the chance of a civil action. When owners feel that their concerns are heard and taken care, they are less likely to sue.



Owners can also keep informed about the reserve studies and project's financial statements to help their board determine if maintenance fees are adequate. Over time, the cost of repairs, materials, and labor increases and updating a reserve study and maintenance fees to cover the projected cost increases can help prevent or reduce a special assessment.

Read more on the Real Estate Branch's website for budgeting and reserves under the [condominium owner's section](#).