

HAWAII GREEN INFRASTRUCTURE AUTHORITY
State of Hawai'i

Minutes of Public Hearing for the
Proposed Adoption of Chapter 15-___, Hawaii Administrative Rules (HAR), entitled
“Financing for Condominiums”

Wednesday, March 25, 2026 – 11:00 a.m.

Conference Room #436 and Video Conference

250 S. Hotel Street

Honolulu, Hawai'i 96813

ATTENDANCE

Staff Present: Gwen Yamamoto Lau, Tim Wong, Jenna Seagle, Charles Wall, Latrisha Nakasone

In-Person Attendees: Gregory Misakian

Virtual Attendees: Mike Onofrietti (Hawaii Insurers Council), Alison Ueoka (Hawaii Insurers Council), Tricia Murakami (Department of Commerce and Consumer Affairs' Insurance Division)

I. CALL TO ORDER

Gwen Yamamoto Lau, Executive Director of the Hawaii Green Infrastructure Authority called the public hearing to order at 11:00 a.m.

This hearing is being held pursuant to the provisions of Hawaii Revised Statutes (HRS) Chapter 91, Administrative Procedure, and Chapter 92, Public Agency Meetings and Records, to offer members of the public an opportunity to comment on the proposed adoption of Chapter 15-___, Hawai'i Administrative Rules, entitled “Financing for Condominiums.”

Required public notices for this hearing were published in the Honolulu Star Advertiser, Hawaii Tribune Herald, West Hawaii Today, and the Garden Island on February 20, 2026.

The notice was also posted on the Hawaii Green Infrastructure Authority website and the State of Hawaii eCalendar.

A copy of the proposed rules was made available at no cost in advance of this hearing by contacting the Hawaii Green Infrastructure Authority by phone or email, or by visiting our office at 250 South Hotel Street, Honolulu, Hawai'i 96814. Upon request, one copy of the proposed rules was mailed at no cost. Copies of the proposed rules were also available in the "About Us" section of the Hawaii Green Infrastructure Authority's website at <https://gems.hawaii.gov/about-us/>.

II. Purpose of the Proposed Rules

Executive Director Yamamoto Lau stated that the purpose of the hearing is to offer members of the public an opportunity to comment on the proposed Rules in accordance with the requirements of HRS Chapter 91, specifically Section 91-3, relating to the procedures for adoption of rules.

The proposed Rules to establish a framework of the Condominium Loan Program and Condominium Loan Loss Reserves Program are new.

III. Overview of Rules and Hearing Procedures

Prior to opening the floor for comments, Executive Director Yamamoto Lau provided a brief overview of the Rules, as presented in the attached PowerPoint slides.

Before opening the floor for comments, Executive Director Yamamoto Lau briefly reviewed the procedures for the hearing:

- Testimony may be submitted in writing or orally.
- Individuals wishing to provide oral testimony were asked to raise their hand.
- Upon recognition, speakers were asked to state their name for the record and indicate any organization they represent before providing comments.
- To allow all interested persons an opportunity to speak, testimony may be limited to approximately three minutes per speaker.

IV. Public Testimony

All interested persons were invited to provide testimony.

Gregory Misakian, an individual, provided oral testimony re-emphasizing the points in his submitted written testimony. The written testimony is attached.

Mike Onofrietti, representing the Hawaii Insurers Council, provided oral testimony re-emphasizing the points in his submitted written testimony. The written testimony is attached.

Executive Director Yamamoto Lau stated that the Hawaii Green Infrastructure Authority received additional written testimony. The additional written testimony are attached.

Executive Director Yamamoto Lau stated that persons wishing to submit written testimony may still do so by emailing dbedt.greenbank@hawaii.gov or by mailing it to P.O. Box 2359, Honolulu, Hawai'i 96804. All additional written testimony and comments must be received by 10:00 a.m. on Monday, March 30, 2026, to be considered by the Hawaii Green Infrastructure Authority's Board for discussion and final decision at its board meeting scheduled later that afternoon.

All testimony and written statements received will become part of the official rulemaking record.

V. ADJOURNMENT

Executive Director Yamamoto Lau thanked all participants for their testimony and comments. She asked if there were any further comments. Hearing none, she adjourned the hearing at 11:15 a.m.

Financing for Condominiums Hawai'i Administrative Rules

Public Hearing

Hawaii Green Infrastructure Authority

March 25, 2026



Hawaii Green
Infrastructure Authority

Hawaii Green Infrastructure Authority

- Constituted in November 2014, Act 211 (SLH 2013) - provided a framework to establish a State administered clean energy financing Authority to administer the Green Energy Market Securitization (GEMS) and Green Energy Money \$aver On-Bill Financing Programs
 - Inclusive financing for underserved ratepayers (low and moderate-income households, renters, nonprofits and small businesses) to adopt solar PV and install energy efficiency retrofits



Additional Enabling Legislation - Programs

- Act 107, SLH 2021 to administer financing programs, like the Federally funded State Small Business Credit Initiative **HI-CAP Collateral Support, CDFI Loan Pool and Loans Programs**
- Act 40, SLH 2024 to establish a **Solar Hui Investment Program** enabling multi-family property owners, including Condo unit owners, to co-invest in solar+storage installed on ALICE rooftops
- Act 41, SLH 2024, elevating the **HI C-PACER** financing program to a state-level program for clean energy and resilience projects
- Act 296, SLH 2025 to establish **Condo Association Loan and Loan Loss Reserve Programs**



Loan Program

- To provide non-traditional financing for Condo Associations unable to access traditional financing.
- Loans to install, repair or replace fire sprinklers or other fire safety measures; repair or replace pipes, roofs or other necessary retrofits needed to lower the risk profile of the condominium project.
- Loans may be in the form of a (1) Participation loan with a Community Development Financial Institution (CDFI); (2) co-lending with a CDFI; or (3) single loan from HGIA.



Eligibility & Loan Requirements

- Applicant must be a Condominium Association (AOAO);
- The AOAO must have received at least one letter from a financial institution declining its eligibility for a loan to address maintenance or insurance coverage issues;
- The AOAO must have sufficient cash flow to repay the loan;
- The AOAO agrees to increase its replacement reserve fund balances over the term of the loan; and
- The AOAO agrees to obtain full replacement property and hurricane insurance coverage upon the completion of the repair and maintenance work.



Funding Source, Rate, Term & Deadline

- Funding Source: \$20.0 million reimbursable general obligation bond, which must be repaid to the state
- Interest Rate: Shall be determined and pegged to the rate charged for the reimbursable general obligation bond used to capitalize this loan fund, of no less than 200 basis points over the bond rate;
- Term: The maximum term shall not exceed 20 years;
- Closing Deadline: No new loans shall be issued after 6/30/2027.



Other Requirements

- Prevailing Wages: For any loan over \$2,000, the Contractor must pay prevailing wages pursuant to Chapter 104, HRS, the State Wage and Hours law.
- The AOAO shall submit annual audited financial statements and other reports as may be required.



Loan Loss Reserve Fund Program

- Provides credit enhancements to take first losses to encourage CDFIs to make loans to AOAOs.
- 5% of each loan shall be pooled to cover up to 75% of losses for a charged off loan.
- Eligibility and loan purpose requirements mirror that of the Loan Program.
- Participating CDFIs will be listed on HGIA's website



Mahalo!

For more information, please contact:

Phone: 808-587-3868

Email: dbedt.greenbank@hawaii.gov

P.O. Box 2359, Honolulu, HI 96804



Hawaii Green
Infrastructure Authority

TESTIMONY

Submitted for the Hawaii Green Infrastructure Authority (HGIA) Hearing

Date: March 25, 2026, at 11:00 AM

From: Gregory Misakian (as an individual)

C: (415) 871-8141

Email: greg.misakian@sbcglobal.net

Submitted: 3/24/26

My Background

I currently serve as:

- ❖ President, Kokua Council
- ❖ Vice President, Hawaii Alliance for Retired Americans (HARA)
- ❖ Director, Keoni Ana AOA
- ❖ Member, Good Government Caucus
- ❖ Member, Kupuna Caucus

I previously served on the Waikiki Neighborhood Board from Jan. 2023 to June 2025.

I have been advocating for condominium owners in Hawaii since 2021, when I realized how bad things were here as an owner and from speaking with many other owners. I have a good understanding of HRS 514B and associated laws that govern condominium associations and management companies that oversee them. I also have experience with condominium issues in California for many years as Power of Attorney for a condominium owner in San Francisco, and have a good understanding of California's Davis-Stirling laws.

With the passing of Act 189 in 2023, the Hawaii State Legislature recognized that Hawaii has numerous unresolved issues related to disputes within condominium associations that require better laws to protect the public from unwarranted assessments, fines, legal fees, and retaliation.

Act 189 established a Condominium Property Regime (CPR) Task Force to study and make recommendations on issues within Hawaii's condominium laws, including disputes, board governance, and dispute resolution, with reports due to the legislature. The CPR Task Force published their formal findings and recommendations to the Legislature in December of 2023, and the Legislature passed on the baton to the Legislative Reference Bureau in the 2024 session with the passing of Act 43, which provided funding for a study and research report on condominium issues and how they are addressed in five pre-selected States (California, Delaware, Florida, Massachusetts, and Nevada). This report, at a cost of over \$300,000,

was published in November 2025 and confirmed that some States have Ombudsman's Offices to assist the public with disputes, and some have additional enforcement elements. Ironically, this report did not include a review of Hawaii, which begs the question why not.

What is well known from years of testimony, numerous reports previously published, the December 2023 CPR Task Force report, and the Legislature via Act 189 (2023) and Act 43 (2024), is that the current structure in Hawaii to address condominium issues and disputes is not working. Hawaii urgently needs to shift to a better and more consumer friendly model, or face continuing discourse, more unnecessary condominium related litigation, and more homeowners at risk of losing their homes or facing unaffordable legal fees.

Better consumer protections are needed to ensure that condominium associations, their Boards, and their Managing Agents are compliant with the laws that govern condominium associations, including governing documents and HRS 514B statutes.

While Hawaii urgently needs an Ombudsman's Office for Condominium Owners and Associations, the loan program administered by the HGIA is something I do not support.

With limited time to summarize all of the reasons I am against the proposed loan program, the main reasons are the following:

- 1) The proposed type of loan (C-PACER) has been seen as predatory in the past.
- 2) The loan will be a super priority loan against the property taxes of all of the individual units of the association, creating more problems for condominium owners when they attempt to refinance or sell their condominiums, and adding risk of foreclosure associated with the loan.
- 3) Misinformation regarding these loans has been provided in the past, and transparency within the HGIA is a concern.
- 4) With higher maintenance fees required by more long-term debt, many condominium owners who cannot afford the higher costs will be at risk of losing their homes. Kupuna on fixed budgets will be at the most risk.

The State of Hawaii does not need a flawed loan program administered by the HGIA that will further burden condominium associations with more long-term debt and higher maintenance fees. The State of Hawaii urgently needs an Ombudsman's Office for condominium owners and associations, and leadership that recognizes the real issues within associations.

Respectfully,

Gregory Misakian

TESTIMONY OF MICHAEL ONOFRIETTI

STATE OF HAWAII GREEN INFRASTRUCTURE AUTHORITY (HGIA) PROPOSED ADOPTION OF CHAPTER 15-___, HAWAII ADMINISTRATIVE RULES “FINANCING FOR CONDOMINIUMS”

Wednesday, March 25, 2026
11:00 a.m.

My name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council (HIC) submits the following specific objections and suggested amendments to the proposed “Chapter 15-___, Hawaii Administrative Rules, entitled ‘Financing For Condominiums’”:

A. It is HIC’s position that, in at least two sections, the proposed rules are phrased in ways that exceed the authority of an administrative agency like the Hawaii Green Infrastructure Authority (HGIA) by directing other departments of the State government to perform certain acts.

1. §15-___-3(a) on page ___-5 of the proposed rules requires the director of finance to issue reimbursable general obligation bonds, with a term no less than twenty years, in the sum of \$20,000,000. However, HIC contends that HGIA is not legally authorized to direct the director of finance to issue the bonds. Rather, HGIA is only authorized to receive, deposit and use the bond funds for eligible condominium association loans as set forth in §15-___-3(b). Therefore, it is HIC’s position that subsection (a) of §15-___-3 should be deleted.

2. Similarly, §15-__-4(a) on page __-5 of the proposed rules requires the insurance commissioner to transfer the sum of \$5,000,000 from the hurricane reserve trust fund to the condominium loan revolving fund. However, HGIA is not legally authorized to direct the insurance commissioner to transfer any funds, including funds from the hurricane reserve trust fund. HGIA is only authorized to receive, deposit and use the funds after transfer to capitalize the Condominium Loan Program and the Condominium Loan Loss Reserve Program as spelled out in §15-__-4(b). Therefore, it is HIC's position that subsection (a) of §15-__-4 should be deleted from the proposed rule.

B. HIC requests that the word "insurance" be inserted into §15-__-6(a)(4) on page __-6 of the proposed rules, such that §15-__-6(a)(4) would read as follows:

- (4) Any other maintenance or repairs the authority deems qualified for the loans that will lower the insurance risk profile of the condominium project.

C. §15-__-10 Consideration and review of applications. Subsections (a) and (b) conflict because subsection (a) describes certain underwriting criteria, while (b) points to a Condominium Loan Program Guide that is supposed to contain the same or similar underwriting criteria. An important note is that the language in these draft rules is subject to public hearing, comment and administrative decision-making before the rules are promulgated. The separate Condominium Loan Program Guide is not subject to any public review process and is therefore not transparent.

HIC suggests that subsection (a) outline all underwriting criteria and be amended to include all relevant information so the authority can make sound lending decisions focused on timely loan repayment. Furthermore, subsection (b) should be deleted.

Subsection (a) would read as follows:

"Only complete loan applications will be considered for financing. The authority shall not approve a loan unless the applicant provides reasonable assurance that the loan can and will

be repaid pursuant to its terms. Reasonable assurance of repayment shall be based upon consideration of the following:

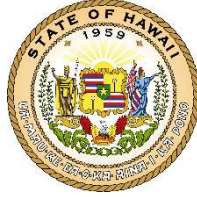
- 1) The applicant's record of past audited statements of cash receipts and disbursements;
- 2) Statements for the immediately preceding twelve months of the condominium association's replacement reserves account, savings, account, checking account, and all other accounts maintained at any financial institution;
- 3) Aging of receivables including maintenance fees, other fees, assessments, loans, and fines, including the amounts outstanding and duration of the delinquencies;
- 4) The details of any ground leases, encumbrances, liens, and easements;
- 5) Building inspection reports;
- 6) Loss, claim, and litigation history of the condominium association for the immediately preceding five years;
- 7) Written plans and time tables for completion of the maintenance or repair projects for which the direct loan application is submitted;
- 8) The estimated fair market value of the buildings, other improvements, and other tangible or intangible property serving as collateral for the direct loan;
- 9) The nature, interest rate, and balance of any other loan or line of credit for which the condominium association is a borrower or guarantor; and
- 10) Any other information requested by the authority directly or indirectly related to the authority's evaluation of the creditworthiness of the condominium association."

D. §15-__-10(c) on page __-9 of the proposed rules provides, on the one hand, that "[a]n applicant shall not be required to pay any fees in connection with submitting an application." On the other hand, the proposed rule requires an applicant "to pay typical closing costs, including title searches, loan documentation costs, loan fees, and recording costs, for an approved loan." HIC suggests that applicants should bear all fees, starting with the application and ending with the closing of the loan. Requiring payment of an application fee would encourage applicants to ensure that their applications and information "provid[ing] reasonable assurance that the loan can and will be repaid pursuant to its terms" [see §15-__-

10(a) on page __-8] will be complete and in order. Waiving the payment of an application fee would encourage incomplete documentation and likely would increase the administrative burden and costs to HGIA.

E. HIC requests that the proposed rules be revised to include a provision requiring the HGIA to repay the \$5,000,000 transferred from the hurricane reserve trust fund to the condominium loan revolving fund. Hawaii Revised Statutes § 431P-16(g) explicitly provides that “[m]oneys in the hurricane reserve trust fund or in trust or custodial accounts, created for the benefit of the fund’s secured parties, shall be expended by the Hawaii hurricane relief fund or its authorized designee and used solely for the purpose of this chapter [431P].” The hurricane relief fund’s ability to satisfy this statutory mandate will be hampered until the return of the \$5,000,000 transferred from the hurricane reserve trust fund to the condominium loan revolving fund.

Thank you for the opportunity to testify.



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
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March 20, 2026

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

SCOTT K. SAIKI
INSURANCE COMMISSIONER

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' Insurance Division (the "Division"). The Division appreciates the opportunity to provide comments on the proposed administrative rules entitled, "Financing for Condominiums".

I recognize the significant and ongoing challenges within Hawaii's property insurance market, particularly as they relate to older condominium properties with deferred maintenance, increasing catastrophe exposure, and constrained insurer capacity. These conditions have made it increasingly difficult for certain properties to obtain and maintain affordable coverage. Efforts that support building improvements and reduce loss exposure are an important component of improving long-term insurability.

From an insurance regulatory perspective, I respectfully offer the following observations.

1. UNDERWRITING FRAMEWORK AND RISK ASSESSMENT

The proposed rules contemplate that underwriting standards will be developed through a program guide and applied administratively, rather than codified within the rules themselves. From a risk management perspective, the degree of specificity in underwriting standards is directly correlated with loan performance and long-term program sustainability.

In similar programs, greater specificity in underwriting standards has often been associated with more consistent outcomes. This may include minimum reserve funding thresholds tied to reserve studies, objective building condition assessments (such as engineering or structural reports), and standardized financial metrics (i.e. delinquency rates, cash flow

coverage ratios). Codifying these elements at a high level – while allowing operational flexibility in the program guide – would provide clearer guardrails and align the program more closely with private market underwriting practices.

Additionally, because eligibility is triggered in part by a prior denial from a financial institution, the rules could benefit from clarifying how such denials are evaluated. For example, the rules could require documentation of the basis for denial and distinguish between credit-related denials and risk-related denials. This would help ensure that the program is not systematically aggregating higher-risk profiles without corresponding risk mitigation measures.

2. ALIGNMENT OF PROGRAM OBJECTIVES WITH INSURANCE UNDERWRITING

The proposed rules appropriately contemplate that financing will support repairs and improvements intended to improve a property's ability to obtain full replacement property and hurricane insurance coverage.

In practice, however, the relationship between capital improvements and insurance availability is not always direct. While certain upgrades – such as fire safety systems, roof replacement, or other building envelope improvements – may positively influence underwriting outcomes, other factors remain central to insurer decision-making. These include geographic catastrophe exposure, prior loss experience, construction type, and broader market conditions, including reinsurance availability.

Improvements in building conditions are an important component of insurability, but not the sole determinant. Also, it may be worth considering prioritizing projects that demonstrably linked to improved insurability, rather than broadly allowing repairs deemed to lower risk. This would help ensure that program funds are directed toward outcomes that materially affect insurance availability, rather than improvements that may have limited underwriting impact.

Accordingly, the program may also wish to consider including in its proposed rules the maintenance of alignment between financed improvements and insurer underwriting practices. Such feedback loops between financing activity and insurance market response allow for ongoing collaboration as conditions evolve.

To better align the program with insurance market realities, the rules could incorporate a requirement for pre- and post-project insurance feasibility assessments. For example, applicants could be required to obtain a certification or opinion from a licensed insurance producer or risk professional regarding the likelihood of obtaining coverage upon completion of the proposed improvements. Similarly, the authority could coordinate with insurers to identify which types of repairs or upgrades most directly impact underwriting eligibility and pricing.

Where improvements do not result in access to private market coverage, properties may continue to rely on alternative or residual insurance mechanisms, which can have implications for overall market capacity and risk distribution.

3. RISK PROFILE OF PARTICIPATING PROPERTIES

The eligibility framework for the program contemplates participation by condominium associations that have been unable to obtain financing through private lenders.

From an insurance standpoint, these properties may also present characteristics that are more difficult to underwrite, including deferred maintenance, structural concerns, or adverse loss history. In other jurisdictions, programs serving similar segments have observed that outcomes are closely tied to how these risk characteristics are evaluated and managed over time.

Where programs incorporate consistent approaches to assessing building condition, reserve adequacy, and loss exposure, insurance outcomes tend to be more predictable. Conversely, where risk characteristics are more variable, results may differ across properties.

4. POTENTIAL FOR ADVERSE SELECTION DYNAMICS

Programs that are designed to serve applicants who are unable to obtain financing through traditional channels can, over time, exhibit characteristics similar to last-resort market mechanisms. In those contexts, participation may become concentrated among properties with more complex risk profiles, including deferred maintenance, structural concerns, or limited access to private capital.

This type of concentration can give rise to adverse selection dynamics where higher-risk properties are more likely to enter and remain within a program, while lower-risk properties continue to be served by the private market. In other jurisdictions, similar patterns have been

observed in both financing and insurance programs, particularly where eligibility is closely tied to prior denials in private markets.

Over time, the composition of the participating pool can influence not only program outcomes, but also broader market interactions, including how risk is distributed across private and residual insurance markets. Programs that remain attentive to these dynamics – through ongoing evaluation of participant characteristics and outcomes – have, in some cases, been better positioned to maintain alignment with overall market stability.

As participation becomes more concentrated among higher-risk properties, these dynamics may also influence broader insurance market outcomes, particularly in segments that serve as insurers of last resort.

In closing, I appreciate the intent of the proposed rules and the effort to address the challenges facing condominium associations in Hawaii. Efforts that improve building condition and reduce loss exposure are important to supporting a stable and functioning insurance market.

Continued alignment between financing initiatives and insurance underwriting practices, along with ongoing monitoring of market outcomes, will be important to ensure that these efforts achieve their intended purpose over time.

Sincerely,



SCOTT K. SAIKI
Insurance Commissioner

From: [Christopher Cumming](#)
To: [DBEDT Greenbank](#)
Subject: [EXTERNAL] Public Testimony: Financing for Condominiums
Date: Tuesday, March 24, 2026 4:18:32 PM

Hello,

Although I believe that the Condominium Loan Program and the Condominium Loan Loss Reserves Program are necessary to address access-to-capital issues, I have concerns regarding the proposed eligibility requirements.

Although §15-____-9 requires an applicant to make every effort to obtain a loan, §15-____-8 requires only one letter from a financial institution declining its eligibility for a loan. Meanwhile, programs like The Hawaii Hurricane Relief Fund require applicants to be rejected by at least two insurance providers before becoming eligible.

A requirement that the applicant has applied for at least two loans previously does not impose an unreasonable burden on AOAOs. Requiring at least two rejected loan applications will ensure that applicants are actually making “every effort to obtain a loan.”

Thank you.