



Building the Future of Client Services

Jarrett Walters, President

At Hawaiian Properties, continuous improvement isn't a slogan—it's an active commitment. Over the past several months, we've been investing across people, processes, and technology to strengthen how we serve our clients today while preparing for what's next.

A major milestone in that journey has been the launch of Freshdesk and Freshcaller, which now provide a single, integrated platform to track and manage client inquiries across email and phone. Every request is captured, measured, and monitored—giving us better visibility, stronger accountability, and richer analytics to continuously refine our service delivery. We are actively working to utilize this data to identify methods to truly tighten up our support delivery.

Equally important, we have more than doubled our Customer Care capacity, allowing us to respond more quickly, resolve issues more effectively, and ensure no request falls through the cracks as volumes grow. As our business grows, our ability to service it must grow as well. We will continuously monitor our response times as well as the feedback we receive regarding the satisfaction of our issue resolution. This will allow us to be nimble and flexible as we strive to tailor our service to the communities we serve.

These enhancements are just one part of a broader transformation. We are midstream on several additional technology initiatives designed to streamline workflows, improve coordination across teams, and elevate the overall client experience. Together, these efforts position Hawaiian Properties to deliver best-in-class service not only today—but well into the future.

Our focus remains clear: continuous improvement, thoughtful investment, and an unwavering commitment to our clients. We look forward to sharing more progress as these initiatives continue to take shape.

Mahalo for your continued trust.

Save the Date: August 26, 2026

Annual Board Member Seminar



Hawaiian Properties will be hosting our Annual Board Member Seminar on **August 26, 2026**. This seminar will bring together board members and industry professionals for valuable discussions, insights, and updates relevant to our communities. We look forward to connecting with everyone and sharing more information soon—additional details will be provided at a later date.



August 26, 2026



11:00AM- 2:30PM



**Ala Moana Hotel -
Hibiscus Ballroom**



Fannie Mae & Freddie Mac Change Reserve Requirements for Condominiums Including Elimination of Cash Flow Plans

By Richard S. Ekimoto, Esq.

On March 18, 2026, Fannie Mae and Freddie Mac announced changes to their lending guidelines in **Lender Letter LL-2026-03¹** and **Freddie Mac Bulletin 2026-C²**. This article focuses on the changes to the reserve requirements for condominium projects.

The Fannie Mae and Freddie Mac changes to their reserve requirements for condominium associations includes:

- Budgets for condominium associations must have reserve contributions equal to at least 15% of their annual budgeted income assessment. This is up from the current 10% requirement. The new 15% requirement will be effective on January 4, 2027.
- If the condominium association doesn't meet the annual reserve contribution requirement (currently at least 10%, but increasing to at least 15% on January 4, 2027), it must have a reserve study demonstrating that it has sufficient reserves. Sufficient reserves is *the highest recommended reserve allocation amount in the reserve study. More importantly, the baseline funding method does not qualify for sufficient reserves.* The baseline funding method is the "option that allows the reserve cash balance to approach but never fall below zero." In Hawaii, baseline funding method is referred to as "cash flow analysis". *In other words, cash flow analysis, will not be allowed by Fannie Mae and Freddie Mac unless the association is funding reserves at the 10% or 15% requirement.* Fannie Mae and Freddie Mac are encouraging its lenders to implement the requirements for sufficient reserves immediately, however, they must do so no later than August 3, 2026.

Hawaii condominium associations are required by **Hawaii Revised Statutes ("HRS") §514B-148(a)(5)** to conduct a reserve study. HRS §514B-148(a)(8) allows the reserve funds to be calculated on a "percent funded or cash flow plan".



However, in light of the Fannie Mae and Freddie Mac guidelines, any unit in a condominium association that relies on a cash flow plan to meet the statutory reserve requirements would not qualify for Fannie Mae and Freddie Mac loans unless the association is reserving at the 10% funding requirement or next year's increased 15% funding requirement. Not being qualified for standard Fannie Mae or Freddie Mac loans may have an adverse effect on association members' ability to obtain loans or sell their units.

Fannie Mae and Freddie Mac back about 75% of all residential mortgage loans in the United States. The percentages are probably slightly lower in Hawaii. However, some lenders rely on the Fannie Mae and Freddie Mac guidelines even if they do not plan to sell their loans to Fannie Mae or Freddie Mac.

Condominium association should check whether their current budget meets the current 10% funding requirement and the impact the changes to reserve requirements by Fannie Mae and Freddie Mac might affect unit mortgages in the Project. Since lenders have been encouraged to implement the new reserve requirements immediately, your project may soon be disqualified for Fannie Mae and Freddie Mac loans. In addition, when developing next year's budget, condominium associations should consider the impact of both these changes by Fannie Mae and Freddie Mac.

Continued on page 5.



Budget Season: Forecasting with Intention

Kanani Kaopua, Sr. Vice President

As we enter budget season, take a deep breath and remember the process is not about perfection, it is about preparation. Your budget is a best-guess forecast, grounded in reality and guided by recent history. Not ancient history, just the last 12-18 months. That is the standard, and it is enough.

START WITH WHAT YOU KNOW:

Utility rates are rising, factor in the known increases. Do your research, visit the websites for the Board of Water Supply, HECO, and Hawaii Gas.

Contract amounts are actual numbers, use them. Engage with your contract service providers periodically, review your contracts annually, and know when to factor in scheduled increases. This helps prevent sticker shock when a contractor, like your landscaper, returns with a 20 percent fee hike. Operational plans and R&M (repairs and maintenance) should be realistic, not aspirational.

Insurance premiums, while they've climbed steeply over the past 12 to 18 months, we're starting to see a slight easing. Premiums aren't increasing as dramatically as they were, and in some cases, they're even dipping. Engage with your insurance professionals early on in the budget process to provide you with estimated forecasts, keep in mind that actual premium information is subject to change as your renewal date nears.

Employee Salaries and Bonuses, if you are fortunate enough to have a dependable, common-sense team that keeps your association running smoothly, pay them well. Otherwise, be prepared to lose them. Competitive compensation is not just a line item; it is an investment in stability and service quality.

Working with your reserve professional at the beginning of the budget cycle is ideal, it gives the board and management time to review the study, revisit components, and finalize the report in time to use it as a reliable planning tool.

When reviewing your 12-month history of expenses, look closely for anomalies. For example, a one-time water leak that caused a spike in your water and sewer billing, or an unexpected parking garage gate repair that was not covered under a service plan or warranty. These types of events should not necessarily be factored into your average, but they should be acknowledged. Why? Because they represent the kinds of unforeseen repairs that could happen again. Planning for the unexpected is part of responsible budgeting.

Lean on your experts. This includes your professional reserve specialist, who will help ensure your reserve study is current and your funding plan is sound. But don't stop there, reach out to your service providers too. The vendors who maintain your elevators, landscaping, HVAC systems, pool equipment, and more. Ask for their recommendations on upcoming repairs or maintenance needs. Their insights are invaluable when planning for the fiscal realities of those systems. They know your property, they know your wear and tear, and they know what is coming down the pipeline.

Continued on page 4.

Mahalo for Visiting Us!



Hawai'i Buildings, Facilities & Property Management Expo

Thank you to all the board members, on-site managers, vendors, and industry partners who stopped by our booth at the Hawaii Buildings, Facilities & Property Management Expo. Your time, conversations, and continued support made this year's event especially meaningful, and we truly appreciate the opportunity to connect and strengthen our relationships within the industry.

Budget Season: Forecasting with Intention (continued from page 3)

Kanani Kaopua, Sr. Vice President

Do you have a capital project on the horizon? Start searching for a consultant now and budget for their services. Whether it is a roof replacement, a major plumbing upgrade, or a full repaint of the property, you will want professional guidance. And do not forget to bump up your legal budget, you will need it for contract reviews and legal opinions, especially when defining areas of responsibility or authority that are not clearly outlined in your governing documents. Legal clarity is key to avoiding disputes and ensuring smooth execution.

This is not just your money, it is the collective investment of every owner in your community. That is why Hawaii condo law requires conservative investing. You are not here to become a stockbroker; you are here to be a responsible steward. So yes, review your reserve investment accounts, make sure you are earning the best interest yields available within the bounds of the law. Be mindful, be conservative, and be compliant.

But do not overthink it. Plug in the numbers, move on. You always have next year to revise, revisit, and refine. Budgeting is a rhythm, not a race. Do your best, stay grounded, and trust the process.

Remember, you are not expected to be 100 percent accurate. You are expected to be reasonable. Use recent data. Avoid hypotheticals. Do not go down the rabbit hole. Use what you know, lean on your experts, and move forward with confidence.

OVERVIEW:

- ✓ **Utility Forecasts:** Review 12–18-month history, apply known rate increases.
- ✓ **Contracted Services:** Use actual contract amounts, confirm renewal terms.
- ✓ **Repairs and Maintenance:** Consult service providers for upcoming needs.
- ✓ **Insurance Premiums:** Engage insurance professionals early, request estimates.
- ✓ **Employees:** Allocate merit-based increases for the good ones, or someone else will.
- ✓ **Reserve Contributions and Expenditures:** Work with your reserve specialist, finalize study before budget prep.
- ✓ **Anomalies in Expense History:** Identify one-time events, exclude from averages, note for future planning.
- ✓ **Capital Projects:** Budget for consultants and related services.
- ✓ **Legal Support:** Increase legal budget for contract reviews and governance clarity.
- ✓ **Investment Review:** Ensure reserve accounts are earning competitive, compliant interest.
- ✓ **Final Tip:** Aim for practicality, not perfection. There is always next year.

Easter Spirit Friday - Pastel Palette



Hawaiian Properties hosts monthly Spirit Fridays as a fun and meaningful way to celebrate and share our core values, fostering connection and team engagement across the company. In April, we embraced the season with a festive Easter theme, featuring a soft pastel palette that brought color and cheer to the workplace. Employees also enjoyed coffee and pastries together, creating a welcoming space to connect, recharge, and strengthen relationships.

Fannie Mae & Freddie Mac Change Reserve Requirements for Condominiums Including Elimination of Cash Flow Plans (continued from page 2)

By Richard S. Ekimoto, Esq.

Condominium associations should also check the funding recommendations in their reserve study. If the association's reserve study includes a recommendation for both of the two statutory requirements for replacement reserves (cash flow funding at 100% and 50% funding on a percent funded basis) and the Association does not meet the 10% funding requirement or next year's 15 funding requirement, the association would need to meet the 50% funding recommendation to qualify for Fannie Mae and Freddie Mac loans for its members. Moreover, if it also includes a recommendation for say 60% funding on a percent funded basis, the association would need to comply with the 60% funding recommendation unless the association reserved at the 10% or 15% level.

1. Although the Lender Letter was issued by Fannie Mae, it also states that the "changes are in alignment with Freddie Mac and in coordination with U.S. Federal Housing (FHFA)".
2. Although the Bulletin was issued on March 18, 2026, it was not initially available online.

Link to article: <https://hawaiicondolaw.com/fed/fannie-mae-freddie-mac-change-reserve-requirements-for-condominiums-including-elimination-of-cash-flow-plans/>



HP Celebrates Admin Professionals Day!

We appreciate you!



Administrative Professionals Day is a special opportunity to celebrate and sincerely thank the dedicated professionals who bring care, organization, and heart to everything they do. Your support, patience, and commitment help keep our teams running smoothly, often through countless efforts behind the scenes. We are deeply grateful for all that you do and for the positive impact you make each day. Happy Administrative Professionals Day, and thank you for being such an important part of our team.

Join us on Instagram, Facebook, and LinkedIn for company news and updates.



Instagram



Facebook



LinkedIn