
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514B-132, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) Every managing agent shall be considered a fiduciary
4 with respect to any property managed by that managing agent.
5 If a managing agent or any of its affiliated entities desires to
6 lease any part of the managed property, the managing agent shall
7 obtain a third-party professional real estate appraisal that
8 determines the current lease value of the subject property prior
9 to the approval of the proposed lease. A managing agent and any
10 of its affiliated entities shall not employ an employee of the
11 association."

12 SECTION 2. Section 514B-134, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "~~§514B-134~~ **Management and contracts; developer,**
15 **managing agent, and association.** (a) Any developer or
16 affiliate of the developer or a managing agent, who manages the
17 operation of the property from the date of recordation of the
18 first unit conveyance until the organization of the association,



1 shall comply with the requirements of sections 514B-72,
2 514B-103, and 514B-149.

3 (b) The developer or affiliate of the developer, board,
4 and managing agent shall ensure that there is a written contract
5 for managing the operation of the property, expressing the
6 agreements of all parties including, but not limited to,
7 financial and accounting obligations, services provided, and any
8 compensation arrangements, including any subsequent amendments.
9 Copies of the executed contract and any amendments shall be
10 provided to all parties to the contract. Prior to the
11 organization of the association, any unit owner may request to
12 inspect as well as receive a copy of the management contract
13 from the entity that manages the operation of the property.

14 (c) A developer, affiliate of the developer, or board
15 shall consider a minimum of two bids from licensed real estate
16 managing agents prior to executing a contract for the management
17 of the operation of the property."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2006.

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SB. NO. 2668

Report Title:

Condominiums; Managing Agent

Description:

Requires a managing agent wishing to lease part of the managed property to obtain a third party appraisal and prohibits its co-employment of an AOA employee. Requires the consideration of a minimum of 2 bids for the property management contract.

