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# A BILL FOR AN ACT

RELATING TO CONDOMINIUMS: MAKING VARIOUS TECHNICAL AMENDMENTS  
TO THE HAWAII REVISED STATUTES FOR THE PURPOSE OF  
CORRECTING ERRORS AND REFERENCES, AND CLARIFYING LANGUAGE.

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

1 PART I

2 SECTION 1. In 1961, Hawaii became the first state in the  
3 nation to enact a comprehensive framework recognizing and  
4 incorporating the creation of condominium property regimes (Act  
5 180, Session Laws of Hawaii 1961). Codified as chapter 170A,  
6 Revised Laws of Hawaii, this landmark legislation now stands as  
7 chapter 514A, Hawaii Revised Statutes.

8 The four decades that passed since the establishment of the  
9 Hawaii Horizontal Property Regimes Act have seen enormous  
10 economic growth and population dispersal on a very limited land  
11 base, resulting in a concomitant explosion in the creation of  
12 condominiums throughout the islands that has fostered debate  
13 over the fundamental issues of housing needs, land tenure, and  
14 property rights in the State. The legislature, through the  
15 years, has responded to ever-increasing demands to clarify these  
16 issues as they relate to condominiums through piecemeal



1 amendments to chapter 514A, Hawaii Revised Statutes, resulting  
2 in a cumbersome and overwhelming document.

3 Recognizing the need to clarify and update the condominium  
4 laws in the State, in 2000 the legislature mandated the real  
5 estate commission of the department of commerce and consumer  
6 affairs to conduct a comprehensive review and recodification of  
7 chapter 514A (Act 213, Session Laws of Hawaii 2000, and Act 131,  
8 Session Laws of Hawaii 2003).

9 The results of the commission's study were reported to the  
10 legislature in December, 2003, and included proposed legislation  
11 (S.B. No. 2210 (2004)) that repealed the existing chapter 514A,  
12 replaced it with a new comprehensive condominium law, and made  
13 amendments to existing statutes to conform to this change. The  
14 final version of that measure that passed the legislature and  
15 was signed into law, however, veered significantly from the  
16 original vision of the real estate commission's study. Act 164,  
17 Session Laws of Hawaii 2004, not only removed parts of the new  
18 condominium law, but also retained parts of the existing chapter  
19 514A. The legislature again revisited the issue of condominium  
20 regulation in the 2005, 2006, and 2007 sessions, fine-tuning the  
21 "new" condominium law (codified as chapter 514B) and reinstating  
22 the "old" condominium law (chapter 514A) resulting in two



1 separate chapters on condominiums in the Hawaii Revised  
2 Statutes.

3 The purpose of this Act is to amend various sections of the  
4 Hawaii Revised Statutes to reflect the existence of the two  
5 chapters on condominiums.

6 The substantive portions of this Act are divided into three  
7 parts:

- 8 • Part II amends sections of the Hawaii Revised Statutes  
9 amended by Act 164, Session Laws of Hawaii 2004, to  
10 reinstate references to chapter 514A and its various  
11 sections deleted by that Act;
- 12 • Part III amends statutes that have been enacted or  
13 amended since 2004 and that refer only to chapter 514B  
14 and its sections, to include references to chapter 514A  
15 and its sections; and
- 16 • Part IV amends statutes to conform terminology  
17 differences found between chapters 514A and 514B, Hawaii  
18 Revised Statutes.

19 PART II

20 SECTION 2. The real estate commission's final report to  
21 the legislature on the recodification of chapter 514A, Hawaii  
22 Revised Statutes, recommended that the existing condominium law



1 be repealed and replaced with a new chapter setting forth  
2 updated statutory provisions. S.B. No. 2210 (2004) incorporated  
3 the commission's recommendations. That bill not only proposed  
4 the repeal of chapter 514A and the enactment of its replacement  
5 chapter, but also made numerous amendments to existing sections  
6 of the Hawaii Revised Statutes to change references to chapter  
7 514A and its sections to reflect the new chapter (codified as  
8 chapter 514B, Hawaii Revised Statutes) and its sections. The  
9 final version of S.B. No. 2210 that was enacted (Act 164,  
10 Session Laws of Hawaii 2004) retained both the "old" chapter  
11 514A and the "new" chapter 514B; however, the amendments to  
12 other sections of the Hawaii Revised Statutes in the original  
13 proposed language to change references to chapter 514A and its  
14 sections to chapter 514B and its sections, were not corrected to  
15 reflect this two-chapter scheme. Thus, the various statutes  
16 amended by Act 164 apply only to condominiums under chapter  
17 514B, and not to condominiums under chapter 514A.

18 The purpose of this part is to amend sections of the Hawaii  
19 Revised Statutes amended by Act 164, Session Laws of Hawaii  
20 2004, to reinstate references to chapter 514A and its various  
21 sections, deleted by that Act.



1 SECTION 3. Section 26-9, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By amending subsection (c) to read:

4 "(c) The board of acupuncture, board of public  
5 accountancy, board of barbering and cosmetology, boxing  
6 commission, board of chiropractic examiners, contractors license  
7 board, board of dental examiners, board of electricians and  
8 plumbers, elevator mechanics licensing board, board of  
9 professional engineers, architects, surveyors, and landscape  
10 architects, board of massage therapy, board of medical  
11 examiners, motor vehicle industry licensing board, motor vehicle  
12 repair industry board, board of examiners in naturopathy, board  
13 of nursing, board of examiners in optometry, pest control board,  
14 board of pharmacy, board of physical therapy, board of  
15 psychology, board of private detectives and guards, real estate  
16 commission, board of veterinary examiners, board of speech  
17 pathology and audiology, and any board, commission, program, or  
18 entity created pursuant to or specified by statute in  
19 furtherance of the purpose of this section including but not  
20 limited to section 26H-4, or chapters 484, 514A, 514B, and 514E  
21 shall be placed within the department of commerce and consumer  
22 affairs for administrative purposes."



1           2. By amending subsection (o) to read:

2           "(o) Every person licensed under any chapter within the  
3 jurisdiction of the department of commerce and consumer affairs  
4 and every person licensed subject to chapter 485 shall pay upon  
5 issuance of a license, permit, certificate, or registration a  
6 fee, and a subsequent annual fee, to be determined by the  
7 director and adjusted from time to time to ensure that the  
8 proceeds, together with all other fines, income, and penalties  
9 collected under this section, do not surpass the annual  
10 operating costs of conducting compliance resolution activities  
11 required under this section. The fees may be collected  
12 biennially or pursuant to rules adopted under chapter 91, and  
13 shall be deposited into the special fund established under this  
14 subsection. Every filing pursuant to chapter 514E or section  
15 485-6(15) shall be assessed, upon initial filing and at each  
16 renewal period in which a renewal is required, a fee that shall  
17 be prescribed by rules adopted under chapter 91, and that shall  
18 be deposited into the special fund established under this  
19 subsection. Any unpaid fee shall be paid by the licensed  
20 person, upon application for renewal, restoration, reactivation,  
21 or reinstatement of a license, and by the person responsible for  
22 the renewal, restoration, reactivation, or reinstatement of a



1 license, upon the application for renewal, restoration,  
2 reactivation, or reinstatement of the license. If the fees are  
3 not paid, the director may deny renewal, restoration,  
4 reactivation, or reinstatement of the license. The director may  
5 establish, increase, decrease, or repeal the fees when necessary  
6 pursuant to rules adopted under chapter 91. The director may  
7 also increase or decrease the fees pursuant to section 92-28.

8       There is created in the state treasury a special fund to be  
9 known as the compliance resolution fund to be expended by the  
10 director's designated representatives as provided by this  
11 subsection. Notwithstanding any law to the contrary, all  
12 revenues, fees, and fines collected by the department shall be  
13 deposited into the compliance resolution fund. Unencumbered  
14 balances existing on June 30, 1999, in the cable television fund  
15 under chapter 440G, the division of consumer advocacy fund under  
16 chapter 269, the financial institution examiners' revolving  
17 fund, section 412:2-109, the special handling fund, section  
18 414-13, and unencumbered balances existing on June 30, 2002, in  
19 the insurance regulation fund, section 431:2-215, shall be  
20 deposited into the compliance resolution fund. This provision  
21 shall not apply to the drivers education fund underwriters fee,  
22 section 431:10C-115, insurance premium taxes and revenues,



1 revenues of the workers' compensation special compensation fund,  
2 section 386-151, the captive insurance administrative fund,  
3 section 431:19-101.8, the insurance commissioner's education and  
4 training fund, section 431:2-214, the medical malpractice  
5 patients' compensation fund as administered under section 5 of  
6 Act 232, Session Laws of Hawaii 1984, and fees collected for  
7 deposit in the office of consumer protection restitution fund,  
8 section 487-14, the real estate appraisers fund, section 466K-1,  
9 the real estate recovery fund, section 467-16, the real estate  
10 education fund, section 467-19, the contractors recovery fund,  
11 section 444-26, the contractors education fund, section 444-29,  
12 the condominium management education fund, section 514A-131, and  
13 the condominium education trust fund, section 514B-71. Any law  
14 to the contrary notwithstanding, the director may use the moneys  
15 in the fund to employ, without regard to chapter 76, hearings  
16 officers and attorneys. All other employees may be employed in  
17 accordance with chapter 76. Any law to the contrary  
18 notwithstanding, the moneys in the fund shall be used to fund  
19 the operations of the department. The moneys in the fund may be  
20 used to train personnel as the director deems necessary and for  
21 any other activity related to compliance resolution.





1 As used in this subsection, unless otherwise required by  
2 the context, "compliance resolution" means a determination of  
3 whether:

- 4 (1) Any licensee or applicant under any chapter subject to  
5 the jurisdiction of the department of commerce and  
6 consumer affairs has complied with that chapter;
- 7 (2) Any person subject to chapter 485 has complied with  
8 that chapter;
- 9 (3) Any person submitting any filing required by chapter  
10 514E or section 485-6(15) has complied with chapter  
11 514E or section 485-6(15); or
- 12 (4) Any person has complied with the prohibitions against  
13 unfair and deceptive acts or practices in trade or  
14 commerce[+],

15 and includes work involved in or supporting the above functions,  
16 licensing, or registration of individuals or companies regulated  
17 by the department, consumer protection, and other activities of  
18 the department.

19 The director shall prepare and submit an annual report to  
20 the governor and the legislature on the use of the compliance  
21 resolution fund. The report shall describe expenditures made  
22 from the fund including non-payroll operating expenses."



1           3. By amending subsection (o) to read:

2           "(o) Every person licensed under any chapter within the  
3 jurisdiction of the department of commerce and consumer affairs  
4 and every person licensed subject to chapter 485A or registered  
5 under chapter 467B shall pay upon issuance of a license, permit,  
6 certificate, or registration a fee, and a subsequent annual fee,  
7 to be determined by the director and adjusted from time to time  
8 to ensure that the proceeds, together with all other fines,  
9 income, and penalties collected under this section, do not  
10 surpass the annual operating costs of conducting compliance  
11 resolution activities required under this section. The fees may  
12 be collected biennially or pursuant to rules adopted under  
13 chapter 91, and shall be deposited into the special fund  
14 established under this subsection. Every filing pursuant to  
15 chapter 514E or section [485A-202(a)(26)] shall be assessed,  
16 upon initial filing and at each renewal period in which a  
17 renewal is required, a fee that shall be prescribed by rules  
18 adopted under chapter 91, and that shall be deposited into the  
19 special fund established under this subsection. Any unpaid fee  
20 shall be paid by the licensed person, upon application for  
21 renewal, restoration, reactivation, or reinstatement of a  
22 license, and by the person responsible for the renewal,



1 restoration, reactivation, or reinstatement of a license, upon  
2 the application for renewal, restoration, reactivation, or  
3 reinstatement of the license. If the fees are not paid, the  
4 director may deny renewal, restoration, reactivation, or  
5 reinstatement of the license. The director may establish,  
6 increase, decrease, or repeal the fees when necessary pursuant  
7 to rules adopted under chapter 91. The director may also  
8 increase or decrease the fees pursuant to section 92-28.

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10 known as the compliance resolution fund to be expended by the  
11 director's designated representatives as provided by this  
12 subsection. Notwithstanding any law to the contrary, all  
13 revenues, fees, and fines collected by the department shall be  
14 deposited into the compliance resolution fund. Unencumbered  
15 balances existing on June 30, 1999, in the cable television fund  
16 under chapter 440G, the division of consumer advocacy fund under  
17 chapter 269, the financial institution examiners' revolving  
18 fund, section 412:2-109, the special handling fund, section  
19 414-13, and unencumbered balances existing on June 30, 2002, in  
20 the insurance regulation fund, section 431:2-215, shall be  
21 deposited into the compliance resolution fund. This provision  
22 shall not apply to the drivers education fund underwriters fee,



1 section 431:10C-115, insurance premium taxes and revenues,  
2 revenues of the workers' compensation special compensation fund,  
3 section 386-151, the captive insurance administrative fund,  
4 section 431:19-101.8, the insurance commissioner's education and  
5 training fund, section 431:2-214, the medical malpractice  
6 patients' compensation fund as administered under section 5 of  
7 Act 232, Session Laws of Hawaii 1984, and fees collected for  
8 deposit in the office of consumer protection restitution fund,  
9 section 487-14, the real estate appraisers fund, section 466K-1,  
10 the real estate recovery fund, section 467-16, the real estate  
11 education fund, section 467-19, the contractors recovery fund,  
12 section 444-26, the contractors education fund, section 444-29,  
13 the condominium management education fund, section 514A-131, and  
14 the condominium education trust fund, section 514B-71. Any law  
15 to the contrary notwithstanding, the director may use the moneys  
16 in the fund to employ, without regard to chapter 76, hearings  
17 officers and attorneys. All other employees may be employed in  
18 accordance with chapter 76. Any law to the contrary  
19 notwithstanding, the moneys in the fund shall be used to fund  
20 the operations of the department. The moneys in the fund may be  
21 used to train personnel as the director deems necessary and for  
22 any other activity related to compliance resolution.



1 As used in this subsection, unless otherwise required by  
2 the context, "compliance resolution" means a determination of  
3 whether:

- 4 (1) Any licensee or applicant under any chapter subject to  
5 the jurisdiction of the department of commerce and  
6 consumer affairs has complied with that chapter;
- 7 (2) Any person subject to chapter 485A has complied with  
8 that chapter;
- 9 (3) Any person submitting any filing required by chapter  
10 514E or section [‡]485A-202(a)(26)[‡] has complied  
11 with chapter 514E or section [‡]485A-202(a)(26)[‡];
- 12 (4) Any person has complied with the prohibitions against  
13 unfair and deceptive acts or practices in trade or  
14 commerce; or
- 15 (5) Any person subject to chapter 467B has complied with  
16 that chapter[‡],

17 and includes work involved in or supporting the above functions,  
18 licensing, or registration of individuals or companies regulated  
19 by the department, consumer protection, and other activities of  
20 the department.

21 The director shall prepare and submit an annual report to  
22 the governor and the legislature on the use of the compliance



1 resolution fund. The report shall describe expenditures made  
2 from the fund including non-payroll operating expenses."

3 SECTION 4. Section 237-16.5, Hawaii Revised Statutes, is  
4 amended by amending subsection (e) to read as follows:

5 "(e) As used in this section:

6 "Lease" means the rental of real property under an  
7 instrument in writing by which one conveys real property for a  
8 specified term and for a specified consideration, and includes  
9 the written extension or renegotiation of a lease, and any  
10 holdover tenancy.

11 "Lessee" means one who holds real property under lease, and  
12 includes a sublessee.

13 "Lessor" means one who conveys real property by lease, and  
14 includes a sublessor.

15 "Real property or space" means the area actually rented and  
16 used by the lessee, and includes common elements as defined in  
17 section 514A-3 or 514B-3.

18 "Sublease" includes the rental of real property [~~which~~]  
19 that is held under a lease and is made in a written document by  
20 which one conveys real property for a specified term and for a  
21 specified consideration. [~~Sublease~~] A sublease includes the



1 written extension or renegotiation of a sublease and any  
2 holdover tenancy under the written sublease.

3 "Sublessee" means one who holds real property under a  
4 sublease.

5 "Sublessor" means one who conveys real property by  
6 sublease."

7 SECTION 5. Section 237D-1, Hawaii Revised Statutes, is  
8 amended by amending the definitions of "lease", "let", or  
9 "rental" and "transient accommodations" to read as follows:

10 "Lease", "let", or "rental" means the leasing or renting  
11 of living quarters or sleeping or housekeeping accommodations in  
12 hotels, apartment hotels, motels, condominium property regimes  
13 or apartments defined in chapter 514A or units defined in  
14 chapter 514B, cooperative apartments, rooming houses, or other  
15 places in which lodgings are regularly furnished to transients  
16 for a consideration, without transfer of the title of such  
17 property.

18 "Transient accommodations" [~~mean~~] means the furnishing of a  
19 room, apartment, suite, or the like which is customarily  
20 occupied by a transient for less than one hundred eighty  
21 consecutive days for each letting by a hotel, apartment hotel,  
22 motel, condominium property regime or apartment as defined in



1 chapter 514A, or unit as defined in chapter 514B, cooperative  
2 apartment, or rooming house that provides living quarters,  
3 sleeping, or housekeeping accommodations, or other place in  
4 which lodgings are regularly furnished to transients for  
5 consideration."

6 SECTION 6. Section 302A-1312, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) The department of education shall prepare a six-year  
9 program and financial plan for school repair and maintenance  
10 that shall be:

11 (1) Based on:

12 (A) Estimated preventive and scheduled maintenance  
13 costs;

14 (B) Budgeted recurring maintenance;

15 (C) Health and safety requirements; and

16 (D) Legal mandates;

17 (2) Insofar as is practical, prepared in accordance with  
18 the principles and procedures contained in section  
19 514A-83.6 or 514B-148; and

20 (3) Submitted initially to the legislature not less than  
21 thirty days prior to the convening of the 2002 regular  
22 session, with annual funding requirements for the





1 physical plant operations and maintenance account  
2 submitted not less than thirty days prior to the  
3 convening of the 2002 regular session and each regular  
4 session thereafter;  
5 provided that the governor may incorporate the six-year program  
6 and financial plan required by this subsection into the six-year  
7 program and financial plan required by section 37-69, if the  
8 plan required by this subsection is incorporated without  
9 reductions or restrictions."

10 SECTION 7. Section 378-2.5, Hawaii Revised Statutes, is  
11 amended by amending subsection (d) to read as follows:

12 "(d) Notwithstanding subsections (b) and (c), the  
13 requirement that inquiry into and consideration of a prospective  
14 employee's conviction record may take place only after the  
15 individual has received a conditional job offer, and the  
16 limitation to the most recent ten-year period, excluding the  
17 period of incarceration, shall not apply to employers who are  
18 expressly permitted to inquire into an individual's criminal  
19 history for employment purposes pursuant to any federal or state  
20 law other than subsection (a), including:



- 1 (1) The State or any of its branches, political  
2 subdivisions, or agencies pursuant to [~~section~~]  
3 sections 78-2.7 and 831-3.1 [~~and section 78-2.7~~];
- 4 (2) The department of education pursuant to section  
5 302A-601.5;
- 6 (3) The department of health with respect to employees,  
7 providers, or subcontractors in positions that place  
8 them in direct contact with clients when providing  
9 non-witnessed direct mental health services pursuant  
10 to section 321-171.5;
- 11 (4) The judiciary pursuant to section 571-34;
- 12 (5) The counties pursuant to section 846-2.7;
- 13 (6) Armed security services pursuant to section 261-17(b);
- 14 (7) Providers of a developmental disabilities domiciliary  
15 home pursuant to section 333F-22;
- 16 (8) Private schools pursuant to [~~section~~] sections 302C-1  
17 and 378-3(8) [~~and section 302C-1~~];
- 18 (9) Financial institutions in which deposits are insured  
19 by a federal agency having jurisdiction over the  
20 financial institution pursuant to section 378-3(9);
- 21 (10) Detective agencies and security guard agencies  
22 pursuant to sections 463-6(b) and 463-8(b);



- 1 (11) Employers in the business of insurance pursuant to  
2 section 431:2-201.3;
- 3 (12) Employers of individuals or supervisors of individuals  
4 responsible for screening passengers or property under  
5 ~~[49 U.S.C. §44901]~~ Title 49 United States Code Section  
6 44901 or individuals with unescorted access to an  
7 aircraft of an air carrier or foreign carrier or in a  
8 secured area of an airport in the United States  
9 pursuant to ~~[49 U.S.C. §44936(a)]~~ Title 49 United  
10 States Code Section 44936(a);
- 11 (13) The department of human services pursuant to sections  
12 346-97 and 352-5.5;
- 13 (14) The public library system pursuant to section  
14 302A-601.5;
- 15 (15) The department of public safety pursuant to section  
16 353C-5;
- 17 (16) The board of directors of a cooperative housing  
18 corporation or the manager of a cooperative housing  
19 project pursuant to section 421I-12;
- 20 (17) The board of directors of an association of  
21 ~~[apartment]~~ owners~~[7]~~ under chapter 514A or 514B, or



1 the manager of a condominium project pursuant to  
2 section 514A-82.1 or 514B-133; and

3 (18) The department of health pursuant to section 321-  
4 15.2."

5 SECTION 8. Section 414D-311, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§414D-311 Superseding chapters.** In the event of any  
8 conflict between the provisions of this chapter and the  
9 provisions of chapter 421J, 514A, 514B, or 514E, the provisions  
10 of chapter 421J, 514A, 514B, or 514E shall supersede and control  
11 the provisions of this chapter."

12 SECTION 9. Section 421I-9, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§421I-9 Mediation and arbitration of disputes.** At the  
15 request of any party, any dispute concerning or involving one or  
16 more shareholders and a corporation, its board of directors,  
17 managing agent, resident manager, or one or more other  
18 shareholders relating to the interpretation, application, or  
19 enforcement of this chapter or the corporation's articles of  
20 incorporation, bylaws, or rules adopted in accordance with its  
21 bylaws shall be submitted first to mediation. When all  
22 reasonable efforts for mediation have been made and the dispute



1 is not settled either in conference between the parties or  
2 through mediation, the dispute shall be submitted to arbitration  
3 in the same manner and subject to the same requirements, to the  
4 extent practicable, which now apply to condominium property  
5 regimes under part VII of chapter 514A or section 514B-162."

6 SECTION 10. Section 467-1, Hawaii Revised Statutes, is  
7 amended by amending the definition of "hotel" to read as  
8 follows:

9 "Hotel" includes a structure or structures used primarily  
10 for the business of providing transient lodging for periods of  
11 less than thirty days and which furnishes customary hotel  
12 services, including[~~7~~] but not limited to[~~7~~] front desk,  
13 restaurant, daily maid and linen service, bell service, or  
14 telephone switchboard; provided that for the purposes of this  
15 chapter, apartments or units in a project as defined by section  
16 514A-3 or 514B-3 that provide customary hotel services shall be  
17 excluded from the definition of hotel. The definition of hotel  
18 as set forth in this section shall be in addition to and  
19 supplement the definition of "hotel" as set forth in the various  
20 county ordinances."

21 SECTION 11. Section 484-3, Hawaii Revised Statutes, is  
22 amended by amending subsection (a) to read as follows:



1           "(a) Unless the method of disposition is adopted for the  
2 purpose of evasion of this chapter, or unless the subdivider  
3 files in writing with the director that this chapter shall apply  
4 to the subdivider's subdivision, this chapter shall not apply to  
5 offers or dispositions of an interest in land:

6           (1) By a purchaser of subdivided lands for the purchaser's  
7           own account in a single or isolated transaction;

8           (2) If fewer than twenty separate lots, parcels, units, or  
9           interests in subdivided lands are offered by a person  
10          in a period of twelve months;

11          (3) Where the division of lands is a leasehold  
12          agricultural lot within state agricultural districts  
13          on which no dwelling structures are constructed as  
14          provided in section 205-4.5(e);

15          (4) On which there is a residential, commercial, or  
16          industrial building, or as to which there is a legal  
17          obligation on the part of the seller to construct a  
18          building on the land within two years from the date of  
19          disposition; provided that the obligation to construct  
20          shall not be, directly [†]or[†] indirectly,  
21          transferred to or otherwise imposed upon the  
22          purchaser;



1           (5) To persons who are engaged in, and are duly licensed  
2           to engage in, the business of construction of  
3           buildings for resale, or to persons who acquire an  
4           interest in subdivided lands for the purpose of  
5           engaging, and do engage in, and are duly licensed to  
6           engage in, the business of construction of buildings  
7           for resale;

8           (6) Pursuant to court order;

9           (7) By any government or government agency;

10          (8) As cemetery lots or interests; or

11          (9) Registered as a condominium property regime pursuant  
12          to chapter 514A or 514B."

13          SECTION 12. Section 501-106, Hawaii Revised Statutes, is  
14          amended by amending subsection (a) to read as follows:

15          "(a) No new certificate of title shall be entered, and no  
16          memorandum shall be made upon any certificate of title by the  
17          registrar or assistant registrar, except:

18               (1) In pursuance of any deed or other voluntary  
19               instrument;

20               (2) Upon the recording of a certificate of merger that  
21               merges two or more condominium projects as provided by  
22               section 514A-19 or 514B-46;



1 (3) Upon the recording of an amendment to a declaration of  
2 condominium property regime which alters the  
3 percentage interest of the respective apartment or  
4 unit owners in the common [~~element,~~] elements;

5 (4) In cases expressly provided for in this chapter; or

6 (5) Upon the order of the court, for cause shown."

7 SECTION 13. Section 502C-1, Hawaii Revised Statutes, is  
8 amended by amending the definitions of "common elements" or  
9 "common area," "declaration," and "townhouse" to read as  
10 follows:

11 "Common elements" or "common area" means:

12 (1) The same as "common elements" as defined in section  
13 514A-3 or 514B-3; and

14 (2) Real property within a planned community that is owned  
15 or leased by the association or is otherwise available  
16 for the use of its members or designated as common  
17 area in or pursuant to the declaration.

18 "Declaration" means:

19 (1) The instrument by which property is submitted to  
20 chapter 514A or 514B, as provided in [~~that chapter,~~]  
21 those chapters, and such declaration as from time to  
22 time amended; and





1           (2) Any recorded instrument, however denominated, that  
2           imposes on an association maintenance or operational  
3           responsibilities for the common area and creates the  
4           authority in the association to impose on units, or on  
5           the owners or occupants of the units, any mandatory  
6           payment of money as a regular annual assessment or  
7           otherwise in connection with the provisions,  
8           maintenance, or services for the benefit of some or  
9           all of the units, the owners, or occupants of the  
10          units or the common areas, including any amendment or  
11          supplement to the instrument.

12          "Townhouse" means a series of individual apartments or  
13          units having architectural unity and common elements, with each  
14          apartment or unit extending from ground to roof or from the  
15          first or second floor to roof, and where apartments or units may  
16          share a common wall or be freestanding structures, including  
17          townhouse projects that are created pursuant to chapters 421J,  
18          514A, and 514B [~~and 421J~~], as well as projects that are not  
19          created pursuant to those chapters but are governed by an  
20          association; provided that "townhouse" shall not include any  
21          apartments or units located in a building of more than three  
22          stories."



1 SECTION 14. Section 514C-22, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§514C-22 Power of association of [~~apartment~~] owners to**  
4 **negotiate, purchase, and sell lessor's interest.** (a) The  
5 association of [~~apartment~~] owners under chapter 514A or 514B may  
6 purchase the lessor's interest in the condominium project;  
7 provided that the declaration of condominium property regime  
8 shall either contain or be amended to include a provision  
9 authorizing the board of directors to effectuate such a  
10 purchase. If the lessor is also a condominium unit lessee, the  
11 lessor's lessee interest shall be disregarded in the computation  
12 of the percentage of condominium unit lessees needed to achieve  
13 the vote or written consent required to amend the declaration of  
14 condominium property regime.

15 (b) If the association of [~~apartment~~] owners is authorized  
16 to purchase the lessor's interest pursuant to this section, the  
17 following powers, in addition to any other existing powers,  
18 shall be conferred upon the association [~~of apartment owners~~]:

19 (1) To purchase or otherwise acquire, own, improve, use,  
20 and deal in and with the lessor's interest in the  
21 leased fee interest appurtenant to the various  
22 condominium units in the condominium project and in



1 the various apartment, unit, and ground leases,  
2 including but not limited to the interest of any  
3 sublessor or any or all undivided interests therein;

4 (2) To incur liabilities, borrow money, and secure any of  
5 its obligations by mortgage or pledge of all or any  
6 portion of its property, assessments, and funds to  
7 effectuate acquisition of the lessor's interest;

8 (3) To assess, except as provided in subsection (d), as a  
9 common expense, the expenses incurred in acquiring and  
10 holding the leased fee interest, and to service any  
11 debt associated therewith; and

12 (4) To sell the leased fee interest in a condominium unit  
13 and acquired from the lessor by the association of  
14 [~~apartment~~] owners, to the then condominium unit  
15 lessee or subsequent purchaser of such unit; provided  
16 that if the lessee or subsequent purchaser declines to  
17 purchase the leased fee interest, the leased fee  
18 interest may be sold to other persons so long as  
19 reasonable disclosure is made of the [~~association of~~  
20 ~~apartment owners~~'] association's intent to sell the  
21 leased fee interest to such other persons, and the  
22 disclosure includes a statement that the lessees may



1           have no legal remedy if they subsequently wish to  
2           purchase the leased fee interest and the other persons  
3           refuse to sell or will sell only at a price  
4           unacceptable to the lessees.

5           (c) No condominium unit lessee shall be compelled to  
6           purchase the leased fee interest in such condominium unit and  
7           acquired from the lessor by the association of [~~apartment~~]  
8           owners, but may instead pay lease rent to the association [~~of~~  
9           ~~apartment-owners~~] together with the lessee's share of the common  
10          expenses incurred in acquiring the leased fee interest in the  
11          condominium units in the project including any debt associated  
12          therewith.

13          (d) If some, but not all, lessees have purchased the  
14          leased fee interest in their condominium units directly from the  
15          lessor[~~7~~] (other than purchases by the lessor or the association  
16          of [~~apartment~~] owners), the association [~~of apartment-owners~~]  
17          may undertake the purchase of all or any part of the leased fee  
18          interest in the remaining leasehold condominium units in the  
19          project in accordance with subsection (b); provided that:

20           (1) Sixty-seven per cent of the remaining lessees approve  
21           an amendment to the declaration authorizing the



1 purchase of the leased fee interest by the association  
2 consistent with the requirements of this section;

3 (2) All costs and expenses and all proceeds and benefits  
4 of acquiring and holding the leased fee interest and  
5 to service any debt associated therewith shall be  
6 separately assessed or credited to the condominium  
7 units of the remaining lessees in the same ratio that  
8 the common interest appurtenant to each remaining  
9 lessees' apartment or unit bears to the total common  
10 interest appurtenant to all of the remaining lessees'  
11 condominium units;

12 (3) The association of [~~apartment~~] owners shall sell the  
13 leased fee interest in a condominium unit only to the  
14 lessee of the condominium unit or to the permitted  
15 assigns or successors of the lessee; provided that if  
16 the lessee or the lessee's permitted assigns or  
17 successors decline to purchase the leased fee  
18 interest, the leased fee interest may be sold to other  
19 persons so long as reasonable disclosure is made of  
20 the [~~association of apartment owners'~~] association's  
21 intent to sell the leased fee interest to the other  
22 persons and the disclosure includes a statement that



1 the lessees may have no legal remedy if they  
2 subsequently wish to purchase the leased fee interest  
3 and the other persons refuse to sell or will sell only  
4 at a price unacceptable to the lessees; and

5 (4) The association of [~~apartment~~] owners, through its  
6 board of directors in the exercise of its authority,  
7 may decide not to accept an offer from the lessor to  
8 sell all of the remaining portion of the lessor's  
9 interest to the association [~~of apartment owners~~] on  
10 the basis that the purchase is not financially  
11 feasible or is otherwise not in the best interests of  
12 the association. In that event, the board shall adopt  
13 a resolution containing written findings as to its  
14 reasons for not accepting the offer and shall  
15 distribute the resolution to the remaining lessees.

16 (e) If the association of [~~apartment~~] owners acquires all  
17 of the remaining portion of the lessor's interest in accordance  
18 with subsection (d), any debt associated therewith shall be  
19 secured only by the interests so acquired and by the common  
20 expense assessments upon the condominium units of the remaining  
21 lessees.

22 (f) For purposes of this section:

1       ~~["Remaining lessees" means the lessees of condominium units~~  
2 ~~in a condominium project who have not purchased the leased fee~~  
3 ~~interest in their condominium units as of the effective date of~~  
4 ~~the amendment referred to in subsection (d) (1).~~

5       ~~"Condominium unit" has the same meaning as the term "unit"~~  
6 ~~as defined in section 514B-3.]~~

7       "Condominium unit" has the same meaning as the term  
8 "apartment" or "unit" as defined in section 514A-3 or 514B-3.

9       "Remaining lessees" means the lessees of condominium units  
10 in a condominium project who have not purchased the leased fee  
11 interest in their condominium units as of the effective date of  
12 the amendment referred to in subsection (d) (1).

13       SECTION 15. Section 514E-1, Hawaii Revised Statutes, is  
14 amended by amending the definition of "blanket lien" to read as  
15 follows:

16       "Blanket lien" means any mortgage, deed of trust, option  
17 to purchase, master lease, vendor's lien or interest under a  
18 contract or agreement of sale, or any other lien or encumbrance  
19 that ~~[(i) affects]~~:

20       (1) Affects more than one time share interest either  
21             directly or by reason of affecting an entire time share  
22             unit or the property upon which the time share unit to



1           be used by the purchasers is located[, ~~and (ii)~~  
2           ~~secures~~]; or

3           (2) Secures evidences the obligation to pay money or to sell  
4           or convey the property and that authorizes, permits, or  
5           requires the foreclosure and sale or other defeasance of  
6           the property affected; provided that for the purpose of  
7           this chapter, the following shall not be considered  
8           blanket liens:

9           [~~+1~~] (A) The lien of current real property taxes;

10          [~~+2~~] (B) Taxes and assessments levied by public authority  
11          and that are not yet due and payable;

12          [~~+3~~] (C) A lien for common expenses under chapter 514A or  
13          514B or a lien on an individual time share unit for  
14          similar expenses in favor of a homeowners or community  
15          association;

16          [~~+4~~] (D) An apartment lease or condominium conveyance  
17          document conveying or demising a single condominium  
18          apartment or unit or a lease of a single cooperative  
19          apartment; and

20          [~~+5~~] (E) Any lien for costs or trustee's fees charged by a  
21          trustee holding title to time share units pursuant to  
22          a trust created under section 514E-19; provided that



1 the costs or trustee's fees are not yet due and  
2 payable."

3 SECTION 16. Section 514E-29, Hawaii Revised Statutes, is  
4 amended by amending subsection (d) to read as follows:

5 "(d) Notice of any delinquent lien created pursuant to  
6 subsection (c) shall be recorded in the bureau of conveyances  
7 and upon recordation shall be prior to all other liens, except:

8 (1) Liens for taxes and assessments lawfully imposed by  
9 governmental authority against the time share  
10 interest;

11 (2) All sums unpaid on any mortgage of record encumbering  
12 the time share interest which was recorded prior to  
13 the recordation of a notice of a lien by the  
14 association; and

15 (3) For a time share interest subject to a condominium  
16 property regime, the lien of the association of  
17 [~~apartment~~] owners under chapter 514A or 514B, created  
18 pursuant to section 514A-90 or 514B-146."

19 SECTION 17. Section 516D-1, Hawaii Revised Statutes, is  
20 amended to read as follows:

21 "**§516D-1 Applicability.** This chapter applies to all lands  
22 on which are situated either residential condominium property



1 regimes created under chapter 514A or 514B, or cooperative  
2 housing corporations, which are owned or held privately or by  
3 the State or by the counties, except Hawaiian home lands subject  
4 to [~~Article~~] article XII of the [~~State Constitution~~] Hawaii  
5 Constitution and lands owned or held by the federal government."

6 SECTION 18. Section 521-38, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§521-38 Tenants subject to rental agreement; notice of**  
9 **conversions.** When a period of tenancy is pursuant to any rental  
10 agreement and where a landlord contemplates conversion to a  
11 condominium property regime under chapter 514A or 514B, the  
12 landlord shall provide notice to the tenant at least one hundred  
13 twenty days in advance of the termination of the rental  
14 agreement."

15 SECTION 19. Section 521-71, Hawaii Revised Statutes, is  
16 amended by amending subsection (c) to read as follows:

17 "(c) Before a landlord terminates a month-to-month tenancy  
18 where the landlord contemplates voluntary demolition of the  
19 dwelling units, conversion to a condominium property regime  
20 under chapter 514A or 514B, or changing the use of the building  
21 to transient vacation rentals, the landlord shall provide notice  
22 to the tenant at least one hundred twenty days in advance of the



1 anticipated demolition or anticipated termination. If notice is  
2 revoked or amended and reissued, the notice period shall begin  
3 from the date it was reissued or amended. Any notice provided,  
4 revoked, or amended and reissued shall be in writing. When the  
5 landlord provides notification of termination pursuant to this  
6 subsection, the tenant may vacate at any time within the one-  
7 hundred-twenty-day period between the notification and the  
8 termination date, but the tenant shall notify the landlord of  
9 the date the tenant will vacate the dwelling unit and shall pay  
10 a prorated rent for that period of occupation."

11 PART III

12 SECTION 20. Since the 2004 landmark legislation that  
13 enacted the new condominium law (chapter 514B, Hawaii Revised  
14 Statutes), numerous sections of the Hawaii Revised Statutes have  
15 been enacted or amended that contain references only to the new  
16 condominium regulatory scheme in chapter 514B, Hawaii Revised  
17 Statutes. As Hawaii now has two condominium laws, many of these  
18 provisions should be amended to apply to both condominiums under  
19 the "old" chapter 514A as well as under the "new" chapter 514B.

20 The purpose of this part is to amend sections of the Hawaii  
21 Revised Statutes that have been enacted or amended since the  
22 2004 condominium legislation and that refer only to chapter



1 514B, Hawaii Revised Statutes, to include reference to chapter  
2 514A, Hawaii Revised Statutes.

3 SECTION 21. Section 235-7, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) There shall be excluded from gross income, adjusted  
6 gross income, and taxable income:

7 (1) Income not subject to taxation by the State under the  
8 Constitution and laws of the United States;

9 (2) Rights, benefits, and other income exempted from  
10 taxation by section 88-91, having to do with the state  
11 retirement system, and the rights, benefits, and other  
12 income, comparable to the rights, benefits, and other  
13 income exempted by section 88-91, under any other  
14 public retirement system;

15 (3) Any compensation received in the form of a pension for  
16 past services;

17 (4) Compensation paid to a patient affected with Hansen's  
18 disease employed by the State or the United States in  
19 any hospital, settlement, or place for the treatment  
20 of Hansen's disease;

21 (5) Except as otherwise expressly provided, payments made  
22 by the United States or this State, under an act of



- 1 Congress or a law of this State, which by express  
2 provision or administrative regulation or  
3 interpretation are exempt from both the normal and  
4 surtaxes of the United States, even though not so  
5 exempted by the Internal Revenue Code itself;
- 6 (6) Any income expressly exempted or excluded from the  
7 measure of the tax imposed by this chapter by any  
8 other law of the State, it being the intent of this  
9 chapter not to repeal or supersede any express  
10 exemption or exclusion;
- 11 (7) Income received by each member of the reserve  
12 components of the Army, Navy, Air Force, Marine Corps,  
13 or Coast Guard of the United States of America, and  
14 the Hawaii national guard as compensation for  
15 performance of duty, equivalent to pay received for  
16 forty-eight drills (equivalent of twelve weekends) and  
17 fifteen days of annual duty, at an:
- 18 (A) E-1 pay grade after eight years of service;  
19 provided that this subparagraph shall apply to  
20 taxable years beginning after December 31, 2004;



- 1 (B) E-2 pay grade after eight years of service;  
2 provided that this subparagraph shall apply to  
3 taxable years beginning after December 31, 2005;
- 4 (C) E-3 pay grade after eight years of service;  
5 provided that this subparagraph shall apply to  
6 taxable years beginning after December 31, 2006;
- 7 (D) E-4 pay grade after eight years of service;  
8 provided that this subparagraph shall apply to  
9 taxable years beginning after December 31, 2007;  
10 and
- 11 (E) E-5 pay grade after eight years of service;  
12 provided that this subparagraph shall apply to  
13 taxable years beginning after December 31, 2008;
- 14 (8) Income derived from the operation of ships or aircraft  
15 if the income is exempt under the Internal Revenue  
16 Code pursuant to the provisions of an income tax  
17 treaty or agreement entered into by and between the  
18 United States and a foreign country; provided that the  
19 tax laws of the local governments of that country  
20 reciprocally exempt from the application of all of  
21 their net income taxes, the income derived from the



1 operation of ships or aircraft that are documented or  
2 registered under the laws of the United States;

3 (9) The value of legal services provided by a prepaid  
4 legal service plan to a taxpayer, the taxpayer's  
5 spouse, and the taxpayer's dependents;

6 (10) Amounts paid, directly or indirectly, by a prepaid  
7 legal service plan to a taxpayer as payment or  
8 reimbursement for the provision of legal services to  
9 the taxpayer, the taxpayer's spouse, and the  
10 taxpayer's dependents;

11 (11) Contributions by an employer to a prepaid legal  
12 service plan for compensation (through insurance or  
13 otherwise) to the employer's employees for the costs  
14 of legal services incurred by the employer's  
15 employees, their spouses, and their dependents;

16 (12) Amounts received in the form of a monthly surcharge by  
17 a utility acting on behalf of an affected utility  
18 under section 269-16.3 shall not be gross income,  
19 adjusted gross income, or taxable income for the  
20 acting utility under this chapter. Any amounts  
21 retained by the acting utility for collection or other  
22 costs shall not be included in this exemption; and



1           (13) One hundred per cent of the gain realized by a fee  
2           simple owner from the sale of a leased fee interest in  
3           units within a condominium project, cooperative  
4           project, or planned unit development to the  
5           association of [~~apartment~~] owners under chapter 514A  
6           or 514B, or the residential cooperative corporation of  
7           the leasehold units.

8           For purposes of this paragraph:

9                     ~~["Fee simple owner" shall have the same meaning~~  
10                    ~~as provided under section 516-1; provided that it~~  
11                    ~~shall include legal and equitable owners;~~

12                    ~~"Legal and equitable owner", and "leased fee~~  
13                    ~~interest" shall have the same meanings as provided~~  
14                    ~~under section 516-1; and~~

15                    ~~"Condominium project" and "cooperative project"~~  
16                    ~~shall have the same meanings as provided under section~~  
17                    ~~514C-1."]~~

18                    "Condominium project" and "cooperative project"  
19                    shall have the same meanings as provided under section  
20                    514C-1."





1           "Fee simple owner" shall have the same meaning as  
2           provided under section 516-1; provided that it shall  
3           include legal and equitable owners.

4           "Legal and equitable owner", and "leased fee  
5           interest" shall have the same meanings as provided  
6           under section 516-1."

7           SECTION 22. Section 281-1, Hawaii Revised Statutes, is  
8 amended by amending the definitions of "condominium hotel" and  
9 "premises" or "licensed premises" to read as follows::

10            "Condominium hotel" means an establishment consisting of  
11 one or more buildings that includes:

12           (1) Guest rooms that are apartments, as defined in section  
13           514A-3, or units, as defined in section 514B-3, which  
14           are used to provide transient lodging for periods of  
15           less than thirty days under a written contract with  
16           the owner of [a] the apartment or unit in the  
17           condominium hotel operation;

18           (2) Guest rooms that are units, owned or managed by the  
19           condominium hotel operator providing transient lodging  
20           for periods of less than thirty days, which are  
21           offered for adequate pay to transient guests; and



1           (3) A suitable and adequate kitchen and dining room, where  
2           meals are regularly prepared and served to guests and  
3           other customers.

4 A "condominium hotel" does not include a hotel that may be part  
5 of a condominium property regime established under chapter 514A  
6 or 514B, that does not have guest rooms that are separate  
7 apartments, as defined in section 514A-3, or units, as defined  
8 in section 514B-3.

9           "Premises" or "licensed premises" means the building and  
10 property that houses the establishment for which a license has  
11 been or is proposed to be issued; provided that in the case of  
12 class 12 hotel license, "premises" includes the hotel premises;  
13 provided further that in the case of a class 15 condominium  
14 hotel license, "premises" includes apartments, as defined in  
15 section 514A-3, or units, as defined in section 514B-3, that are  
16 used to provide transient lodging for periods of less than  
17 thirty days under a written contract with the owner or owners of  
18 each unit in, and common elements for access purposes as  
19 established by the declaration of condominium property regime  
20 of, the condominium hotel; and provided further that if an  
21 establishment is in a retail shopping complex the businesses of  
22 which have formed a merchants association, "premises" means the



1 establishment. As used in this definition, "establishment"  
2 means a single physical location where the selling of liquor  
3 takes place."

4 SECTION 23. Section 485A-202, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) The following transactions are exempt from the  
7 requirements of sections 485A-301 to 485A-305 and 485A-504:

8 (1) An isolated nonissuer transaction, whether or not  
9 effected by or through a broker-dealer;

10 (2) A nonissuer transaction by or through a broker-dealer  
11 registered[~~r~~] or exempt from registration under this  
12 chapter, and a resale transaction by a sponsor of a  
13 unit investment trust registered under the Investment  
14 Company Act of 1940, in a security of a class that has  
15 been outstanding in the hands of the public for at  
16 least ninety days, if, at the date of the transaction:

17 (A) The issuer of the security is engaged in  
18 business, the issuer is not in the organizational  
19 stage or in bankruptcy or receivership, and the  
20 issuer is not a blank check, blind pool, or shell  
21 company that has no specific business plan or  
22 purpose or has indicated that its primary



- 1 business plan is to engage in a merger or  
2 combination of the business with, or an  
3 acquisition of, an unidentified person;
- 4 (B) The security is sold at a price reasonably  
5 related to its current market price;
- 6 (C) The security does not constitute the whole or  
7 part of an unsold allotment to, or a subscription  
8 or participation by, the broker-dealer as an  
9 underwriter of the security or a redistribution;
- 10 (D) A nationally recognized securities manual or its  
11 electronic equivalent designated by rule adopted  
12 or order issued under this chapter or a record  
13 filed with the Securities and Exchange Commission  
14 that is publicly available and contains:
- 15 (i) A description of the business and operations  
16 of the issuer;
- 17 (ii) The names of the issuer's executive officers  
18 and the names of the issuer's directors, if  
19 any;
- 20 (iii) An audited balance sheet of the issuer as of  
21 a date within eighteen months before the  
22 date of the transaction or, in the case of a



1 reorganization or merger when the parties to  
2 the reorganization or merger each had an  
3 audited balance sheet, a pro forma balance  
4 sheet for the combined organization; and

5 (iv) An audited income statement for each of the  
6 issuer's two immediate previous fiscal years  
7 or for the period of existence of the  
8 issuer, whichever is shorter, or, in the  
9 case of a reorganization or merger when each  
10 party to the reorganization or merger had  
11 audited income statements, a pro forma  
12 income statement; [~~and~~]

13 and

14 (E) Any one of the following requirements is met:

15 (i) The issuer of the security has a class of  
16 equity securities listed on a national  
17 securities exchange registered under Section  
18 6 of the Securities Exchange Act of 1934 or  
19 designated for trading on the National  
20 Association of Securities Dealers' Automated  
21 Quotation System;



- 1           (ii) The issuer of the security is a unit  
2                   investment trust registered under the  
3                   Investment Company Act of 1940;
- 4           (iii) The issuer of the security, including its  
5                   predecessors, has been engaged in continuous  
6                   business for at least three years; or
- 7           (iv) The issuer of the security has total assets  
8                   of at least \$2,000,000 based on an audited  
9                   balance sheet as of a date within eighteen  
10                  months before the date of the transaction  
11                  or, in the case of a reorganization or  
12                  merger when the parties to the  
13                  reorganization or merger each had such an  
14                  audited balance sheet, a pro forma balance  
15                  sheet for the combined organization;
- 16       (3) A nonissuer transaction by or through a broker-dealer  
17           registered or exempt from registration under this  
18           chapter in a security of a foreign issuer that is a  
19           margin security defined in regulations or rules  
20           adopted by the Board of Governors of the Federal  
21           Reserve System;



- 1           (4) A nonissuer transaction by or through a broker-dealer  
2           registered or exempt from registration under this  
3           chapter in an outstanding security if the guarantor of  
4           the security files reports with the Securities and  
5           Exchange Commission under the reporting requirements  
6           of Section 13 or 15(d) of the Securities Exchange Act  
7           of 1934 (15 United States Code 78m or 78o(d));
- 8           (5) A nonissuer transaction by or through a broker-dealer  
9           registered or exempt from registration under this  
10          chapter in a security that:
- 11          (A) Is rated at the time of the transaction by a  
12          nationally recognized statistical rating  
13          organization in one of its four highest rating  
14          categories; or
- 15          (B) Has a fixed maturity or a fixed interest or  
16          dividend, if:
- 17          (i) A default has not occurred during the  
18          current fiscal year or within the three  
19          previous fiscal years or during the  
20          existence of the issuer and any predecessor  
21          if less than three fiscal years, in the



- 1 payment of principal, interest, or dividends  
2 on the security; and
- 3 (ii) The issuer is engaged in business, is not in  
4 the organizational stage or in bankruptcy or  
5 receivership, and is not and has not been  
6 within the previous twelve months a blank  
7 check, blind pool, or shell company that has  
8 no specific business plan or purpose or has  
9 indicated that its primary business plan is  
10 to engage in a merger or combination of the  
11 business with, or an acquisition of, an  
12 unidentified person;
- 13 (6) A nonissuer transaction by or through a broker-dealer  
14 registered or exempt from registration under this  
15 chapter effecting an unsolicited order or offer to  
16 purchase;
- 17 (7) A nonissuer transaction executed by a bona fide  
18 pledgee without the purpose of evading this chapter;
- 19 (8) A nonissuer transaction by a federal covered  
20 investment adviser with investments under management  
21 in excess of \$100,000,000, acting in the exercise of





- 1 discretionary authority in a signed record for the  
2 account of others;
- 3 (9) A transaction between the issuer or other person on  
4 whose behalf the offering is made and an underwriter,  
5 or among underwriters;
- 6 (10) A transaction in a note, bond, debenture, or other  
7 evidence of indebtedness secured by a mortgage or  
8 other security agreement if:
- 9 (A) The note, bond, debenture, or other evidence of  
10 indebtedness is offered and sold with the  
11 mortgage or other security agreement as a unit;
- 12 (B) A general solicitation or general advertisement  
13 of the transaction is not made; and
- 14 (C) A commission or other remuneration is not paid or  
15 given, directly or indirectly, to a person not  
16 registered under this chapter as a broker-dealer  
17 or as an agent;
- 18 (11) A transaction by an executor, administrator of an  
19 estate, personal representative, sheriff, marshal,  
20 receiver, trustee in bankruptcy, guardian, or  
21 conservator;
- 22 (12) A sale or offer to sell to:



- 1 (A) An institutional investor;
- 2 (B) A federal covered investment adviser; or
- 3 (C) Any other person exempted by rule adopted or
- 4 order issued under this chapter;
- 5 (13) Any transaction pursuant to a sale or an offer to sell
- 6 securities of an issuer, if the transaction is part of
- 7 an issue in which:
  - 8 (A) There are no more than twenty-five purchasers
  - 9 (other than those designated in paragraph (12)),
  - 10 wherever located, during any twelve consecutive
  - 11 months;
  - 12 (B) The issuer reasonably believes that all
  - 13 purchasers (other than those designated in
  - 14 paragraph (12)), wherever located, are purchasing
  - 15 for investment purposes and not with the view to,
  - 16 or for sales in connection with, a distribution
  - 17 of the security. The purchase shall be presumed
  - 18 to be made with a view to distribute and not to
  - 19 invest if any resale of a security sold in
  - 20 reliance on this exemption is within twelve
  - 21 months of sale, except a resale pursuant to a
  - 22 registration statement effective under section



- 1           485A-301, or to an accredited investor pursuant  
2           to an exemption available under this chapter;
- 3           (C) No commission, discount, or other remuneration is  
4           paid or given, directly or indirectly, to a  
5           person, other than a broker-dealer or agent  
6           registered under this chapter, for soliciting a  
7           prospective purchaser in this [~~State,~~] state; and
- 8           (D) The securities of the issuer are not offered or  
9           sold by general solicitation or any general  
10          advertisement or other advertising medium;
- 11       (14) A transaction under an offer to existing security  
12       holders of the issuer, including persons [~~that~~] who at  
13       the date of the transaction are holders of convertible  
14       securities, options, or warrants, if a commission or  
15       other remuneration, other than a standby commission,  
16       is not paid or given, directly or indirectly, for  
17       soliciting a security holder in this [~~State,~~] state;
- 18       (15) (A) A transaction involving the offer or sale of a  
19       security by an issuer to an accredited investor  
20       that meets the following requirements:
- 21           (i) The issuer reasonably believes that the sale  
22           is to persons who are accredited investors;



- 1           (ii) The issuer is not in the development stage,  
2                   without specific business plan or purpose;
- 3           (iii) The issuer has not indicated that the  
4                   issuer's business plan is to engage in a  
5                   merger or acquisition with an unidentified  
6                   company or companies, or other entity or  
7                   person; and
- 8           (iv) The issuer reasonably believes that all  
9                   purchasers are purchasing for investment  
10                  purposes and not with the view to, or for  
11                  sales in connection with, a distribution of  
12                  the security. The purchase shall be  
13                  presumed to be made with a view to  
14                  distribute and not to invest if any resale  
15                  of a security sold in reliance on this  
16                  exemption is within twelve months of sale,  
17                  except a resale pursuant to a registration  
18                  statement effective under section 485A-301,  
19                  or to an accredited investor pursuant to an  
20                  exemption available under this chapter;
- 21           (B) The exemption under this paragraph shall not  
22                  apply to an issuer if the issuer; any affiliated



1 issuer; any beneficial owner of ten per cent or  
2 more of any class of the issuer's equity  
3 securities; any issuer's predecessor, director,  
4 officer, general partner, or promoter presently  
5 connected in any capacity with the issuer; and  
6 any underwriter or partner, director, or officer  
7 of the underwriter of the securities to be  
8 offered:

9 (i) Within the last five years has filed a  
10 registration statement that is the subject  
11 of a currently effective registration stop  
12 order entered by any state securities  
13 administrator or the Securities and Exchange  
14 Commission;

15 (ii) Within the last five years has been  
16 convicted of any criminal offense in  
17 connection with the offer, purchase, or sale  
18 of any security, or involving fraud or  
19 deceit;

20 (iii) Is currently subject to any state or federal  
21 administrative enforcement order or judgment  
22 entered within the last five years, finding



1 fraud or deceit in connection with the  
2 purchase or sale of any security; or  
3 (iv) Is currently subject to any order, judgment,  
4 or decree of any court of competent  
5 jurisdiction, entered within the last five  
6 years, temporarily, preliminarily, or  
7 permanently restraining or enjoining such  
8 party from engaging in or continuing to  
9 engage in any conduct or practice involving  
10 fraud or deceit in connection with the  
11 purchase or sale of any security;

12 (C) Subparagraph (B) shall not apply if:

13 (i) The party subject to the disqualification is  
14 licensed or registered to conduct  
15 securities-related business in the state in  
16 which the order, judgment, or decree  
17 creating the disqualification was entered  
18 against such party;

19 (ii) Before the first offer under this exemption,  
20 the commissioner, or the court or regulatory  
21 authority that entered the order, judgment,  
22 or decree waives the disqualifications; or



1 (iii) The issuer establishes that the issuer did  
2 not know and in the exercise of reasonable  
3 care, based on a factual inquiry, could not  
4 have known that a disqualification existed  
5 under this paragraph; and

6 (D) An issuer claiming the exemption under this  
7 paragraph, within fifteen days after the first  
8 sale in this [~~State,~~] state, shall file with the  
9 commissioner a notice of transaction, a consent  
10 to service of process, a copy of the offering  
11 circular or similar document provided to the  
12 accredited investor and a \$200 filing fee.

13 For the purposes of this paragraph, "accredited  
14 investor" shall have the same meaning as provided in  
15 Rule 501(a) adopted under the Securities Act of 1933  
16 (17 Code of Federal Regulations 230.501(a));

17 (16) An offer to sell, but not a sale, of a security not  
18 exempt from registration under the Securities Act of  
19 1933 if:

20 (A) A registration or offering statement or similar  
21 record as required under the Securities Act of  
22 1933 has been filed, but is not effective, or the



- 1 offer is made in compliance with Rule 165 adopted  
2 under the Securities Act of 1933 (17 Code of  
3 Federal Regulations 230.165); and
- 4 (B) A stop order of which the offeror is aware has  
5 not been issued against the offeror by the  
6 commissioner or the Securities and Exchange  
7 Commission, and an audit, inspection, or  
8 proceeding that is public and that may culminate  
9 in a stop order is not known by the offeror to be  
10 pending;
- 11 (17) An offer to sell, but not a sale, of a security exempt  
12 from registration under the Securities Act of 1933 if:
- 13 (A) A registration statement has been filed under  
14 this chapter, but is not effective;
- 15 (B) A solicitation of interest is provided in a  
16 record to offerees in compliance with a rule  
17 adopted by the commissioner under this chapter;  
18 and
- 19 (C) A stop order of which the offeror is aware has  
20 not been issued by the commissioner under this  
21 chapter and an audit, inspection, or proceeding





- 1                   that may culminate in a stop order is not known  
2                   by the offeror to be pending;
- 3       (18) A transaction involving the distribution of the  
4           securities of an issuer to the security holders of  
5           another person in connection with a merger,  
6           consolidation, exchange of securities, sale of assets,  
7           or other reorganization to which the issuer, or its  
8           parent or subsidiary and the other person, or its  
9           parent or subsidiary, are parties;
- 10       (19) A rescission offer, sale, or purchase under section  
11           485A-510;
- 12       (20) An offer or sale of a security to a person not a  
13           resident of this [~~State~~] state and not present in this  
14           [~~State~~] state if the offer or sale does not constitute  
15           a violation of the laws of the state or foreign  
16           jurisdiction in which the offeree or purchaser is  
17           present and is not part of an unlawful plan or scheme  
18           to evade this chapter;
- 19       (21) Employees' stock purchase, savings, option, profit-  
20           sharing, pension, or similar employees' benefit plan,  
21           including any securities, plan interests, and  
22           guarantees issued under a compensatory benefit plan or



1 compensation contract, contained in a record,  
2 established by the issuer, its parents, its  
3 majority-owned subsidiaries, or the majority-owned  
4 subsidiaries of the issuer's parent for the  
5 participation of their employees, including offers or  
6 sales of such securities to:

7 (A) Directors; general partners; trustees, if the  
8 issuer is a business trust; officers;  
9 consultants; and advisors;

10 (B) Family members who acquire the securities from  
11 those persons through gifts or domestic relations  
12 orders;

13 (C) Former employees, directors, general partners,  
14 trustees, officers, consultants, and advisors if  
15 those individuals were employed by or providing  
16 services to the issuer when the securities were  
17 offered; and

18 (D) Insurance agents who are exclusive insurance  
19 agents of the issuer, or the issuer's  
20 subsidiaries or parents, or who derive more than  
21 fifty per cent of their annual income from those  
22 organizations;



- 1           (22) A transaction involving:
- 2                   (A) A stock dividend or equivalent equity
- 3                           distribution, whether or not the corporation or
- 4                           other business organization distributing the
- 5                           dividend or equivalent equity distribution is the
- 6                           issuer, if nothing of value is given by
- 7                           stockholders or other equity holders for the
- 8                           dividend or equivalent equity distribution other
- 9                           than the surrender of a right to a cash or
- 10                          property dividend if each stockholder or other
- 11                          equity holder may elect to take the dividend or
- 12                          equivalent equity distribution in cash, property,
- 13                          or stock;
- 14                   (B) An act incident to a judicially approved
- 15                           reorganization in which a security is issued in
- 16                           exchange for one or more outstanding securities,
- 17                           claims, or property interests, or partly in such
- 18                           exchange and partly for cash; or
- 19                   (C) The solicitation of tenders of securities by an
- 20                           offeror in a tender offer in compliance with Rule
- 21                           162 adopted under the Securities Act of 1933 (17
- 22                           Code of Federal Regulations 230.162);



1       (23) A nonissuer transaction in an outstanding security by  
2           or through a broker-dealer registered or exempt from  
3           registration under this chapter, if the issuer is a  
4           reporting issuer in a foreign jurisdiction designated  
5           by this paragraph or by rule adopted or order issued  
6           under this chapter; has been subject to continuous  
7           reporting requirements in the foreign jurisdiction for  
8           not less than one hundred eighty days before the  
9           transaction; and the security is listed on the foreign  
10          jurisdiction's securities exchange that has been  
11          designated by this paragraph or by rule adopted or  
12          order issued under this chapter, or is a security of  
13          the same issuer that is of senior or substantially  
14          equal rank to the listed security or is a warrant or  
15          right to purchase or subscribe to any of the  
16          foregoing. For purposes of this paragraph, Canada,  
17          together with its provinces and territories, is a  
18          designated foreign jurisdiction and the Toronto Stock  
19          Exchange, Inc., is a designated securities exchange.  
20          After an administrative hearing in accordance with  
21          chapter 91, the commissioner, by rule adopted or order  
22          issued under this chapter, may revoke the designation



1 of a securities exchange under this paragraph, if the  
2 commissioner finds that revocation is necessary or  
3 appropriate in the public interest and for the  
4 protection of investors;

5 (24) Any offer or sale by or through a real estate broker  
6 or real estate salesperson licensed under the laws of  
7 this State, of a security issued on or after  
8 July 1, 1961, by a corporation organized under the  
9 laws of this State, the holder of which is entitled  
10 solely by reason of the holder's ownership thereof, to  
11 occupy for dwelling purposes a house, or an apartment  
12 in a building, owned or leased by such corporation;  
13 provided that the issuer of the security shall apply  
14 for the exemption to the commissioner on such form and  
15 containing such information as the commissioner may  
16 prescribe. If the commissioner finds that the  
17 business applicant's proposed plan and the proposed  
18 issuance of securities are fair, just, and equitable,  
19 that the applicant intends to transact its business  
20 fairly and honestly, and that the securities that the  
21 applicant proposes to issue and the method to be used  
22 by the applicant in issuing or disposing of the



1 securities will not, in the opinion of the  
2 commissioner, work a fraud upon the purchaser thereof,  
3 the commissioner shall issue to the applicant a permit  
4 authorizing the applicant to issue and dispose of the  
5 securities in this [~~State~~] state in the manner  
6 provided herein and in such amounts and for such  
7 consideration as the commissioner may provide in the  
8 permit. Otherwise, the commissioner shall deny the  
9 application and refuse the permit and notify the  
10 applicant of the decision in writing, subject to  
11 appeal as provided in section 485A-609. In any permit  
12 issued under this paragraph, the commissioner may  
13 require the deposit in escrow or impoundment of any or  
14 all securities, the proceeds from the sale thereof,  
15 approval of advertising material, and any of the  
16 conditions as set forth in section 485A-304(f). The  
17 commissioner may act as escrow holder for securities  
18 required to be deposited in escrow by the  
19 commissioner's order or as a necessary signatory on  
20 any account in which impounded proceeds from the sale  
21 of escrowed securities are deposited;



1 (25) Any offer or sale by or through a real estate broker  
2 or real estate salesperson licensed under the laws of  
3 this State of an apartment or unit in a condominium  
4 project, and a rental management contract relating to  
5 the apartment[~~7~~] or unit, including an interest in a  
6 partnership formed for the purpose of managing the  
7 rental of apartments or units if the rental management  
8 contract or the interest in the partnership is offered  
9 at the same time as the apartment or unit is offered.

10 For the purposes of this paragraph, the terms  
11 "apartment", "unit", "condominium", and "project"  
12 shall have the meanings prescribed in section 514A-  
13 3[~~7~~] or 514B-3; and

14 (26) Any transaction not involving a public offering within  
15 the meaning of Section 4(2) of the Securities Act of  
16 1933 (15 United States Code 77d), but not including  
17 any transaction specified in the rules and regulations  
18 thereunder."

19 SECTION 24. Section 521-3, Hawaii Revised Statutes, is  
20 amended by amending subsection (d) to read as follows:

21 "(d) [~~A unit owners' association under chapter~~] An  
22 association of owners under chapter 514A or 514B shall have



1 standing to initiate and prosecute a summary proceeding for  
2 possession against a tenant residing in the condominium project  
3 who repeatedly violates the association's governing documents or  
4 the rights of other occupants to quiet enjoyment and whose  
5 landlord refuses to act; provided that in such cases, the  
6 landlord shall be named as an additional party defendant."

7 PART IV

8 SECTION 25. There are fundamental differences between  
9 chapters 514A and 514B, Hawaii Revised Statutes, including  
10 changes in terminology. An "apartment" under chapter 514A is a  
11 "unit" under chapter 514B, and an "association of apartment  
12 owners" under chapter 514A is a "unit owners' association" under  
13 chapter 514B. Numerous statutory provisions in the Hawaii  
14 Revised Statutes delineate the powers and duties, rights and  
15 responsibilities of condominium owners and associations using  
16 terminology of common usage rather than referring to specific  
17 sections or chapters of the Hawaii Revised Statutes. To clarify  
18 that these provisions apply to both condominiums and owners  
19 under chapter 514B, as well as condominiums and owners under  
20 chapter 514A, these sections should be amended to include terms  
21 used in both chapters.





1           The purpose of this part is to make amendments to sections  
2 of the Hawaii Revised Statutes to conform to the terminology  
3 used in chapters 514A and 514B, Hawaii Revised Statutes.

4           SECTION 26. Section 237-24.3, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           "**§237-24.3 Additional amounts not taxable.** In addition to  
7 the amounts not taxable under section 237-24, this chapter shall  
8 not apply to:

9           (1) Amounts received from the loading, transportation, and  
10 unloading of agricultural commodities shipped for a  
11 producer or produce dealer on one island of this  
12 [~~State~~] state to a person, firm, or organization on  
13 another island of this [~~State.~~] state. The terms  
14 "agricultural commodity", "producer", and "produce  
15 dealer" shall be defined in the same manner as they  
16 are defined in section 147-1; provided that  
17 agricultural commodities need not have been produced  
18 in the [~~State,~~] state;

19           (2) Amounts received from sales of:

20           (A) Intoxicating liquor as the term "liquor" is  
21 defined in chapter 244D;



- 1 (B) Cigarettes and tobacco products as defined in  
2 chapter 245; and
- 3 (C) Agricultural, meat, or fish products;  
4 to any person or common carrier in interstate or  
5 foreign commerce, or both, whether ocean-going or air,  
6 for consumption out-of-state on the shipper's vessels  
7 or airplanes;
- 8 (3) Amounts received by the manager, submanager, or board  
9 of directors of:
- 10 (A) An association of [~~apartment~~] owners of a  
11 condominium property regime established in  
12 accordance with chapter 514A or 514B; or
- 13 (B) A nonprofit homeowners or community association  
14 incorporated in accordance with chapter 414D or  
15 any predecessor thereto and existing pursuant to  
16 covenants running with the land,  
17 in reimbursement of sums paid for common expenses;
- 18 (4) Amounts received or accrued from:
- 19 (A) The loading or unloading of cargo from ships,  
20 barges, vessels, or aircraft, whether or not the  
21 ships, barges, vessels, or aircraft travel  
22 between the [~~State~~] state and other states or



- 1 countries or between the islands of the [~~State~~]  
2 state;
- 3 (B) Tugboat services, including pilotage fees  
4 performed within the [~~State~~] state, and the  
5 towage of ships, barges, or vessels in and out of  
6 state harbors, or from one pier to another; and
- 7 (C) The transportation of pilots or governmental  
8 officials to ships, barges, or vessels offshore;  
9 rigging gear; checking freight and similar  
10 services; standby charges; and use of moorings  
11 and running mooring lines;
- 12 (5) Amounts received by an employee benefit plan by way of  
13 contributions, dividends, interest, and other income;  
14 and amounts received by a nonprofit organization or  
15 office, as payments for costs and expenses incurred  
16 for the administration of an employee benefit plan;  
17 provided that this exemption shall not apply to any  
18 gross rental income or gross rental proceeds received  
19 after June 30, 1994, as income from investments in  
20 real property in this [~~State~~] state; and provided  
21 further that gross rental income or gross rental  
22 proceeds from investments in real property received by



1 an employee benefit plan after June 30, 1994, under  
2 written contracts executed prior to July 1, 1994,  
3 shall not be taxed until the contracts are  
4 renegotiated, renewed, or extended, or until after  
5 December 31, 1998, whichever is earlier. For the  
6 purposes of this paragraph, "employee benefit plan"  
7 means any plan as defined in section 1002(3) of title  
8 29 of the United States Code, as amended;

9 (6) Amounts received for purchases made with United States  
10 Department of Agriculture food coupons under the  
11 federal food stamp program, and amounts received for  
12 purchases made with United States Department of  
13 Agriculture food vouchers under the Special  
14 Supplemental Foods Program for Women, Infants and  
15 Children;

16 (7) Amounts received by a hospital, infirmary, medical  
17 clinic, health care facility, pharmacy, or a  
18 practitioner licensed to administer the drug to an  
19 individual for selling prescription drugs or  
20 prosthetic devices to an individual; provided that  
21 this paragraph shall not apply to any amounts received



1 for services provided in selling prescription drugs or  
2 prosthetic devices. As used in this paragraph:

3 "Prescription drugs" are those drugs defined  
4 under section 328-1 and dispensed by filling or  
5 refilling a written or oral prescription by a  
6 practitioner licensed under law to administer the drug  
7 and sold by a licensed pharmacist under section 328-16  
8 or practitioners licensed to administer drugs; and

9 "Prosthetic device" means any artificial device  
10 or appliance, instrument, apparatus, or contrivance,  
11 including their components, parts, accessories, and  
12 replacements thereof, used to replace a missing or  
13 surgically removed part of the human body, which is  
14 prescribed by a licensed practitioner of medicine,  
15 osteopathy, or podiatry and which is sold by the  
16 practitioner or which is dispensed and sold by a  
17 dealer of prosthetic devices; provided that  
18 "prosthetic device" shall not mean any auditory,  
19 ophthalmic, dental, or ocular device or appliance,  
20 instrument, apparatus, or contrivance;



- 1           (8) Taxes on transient accommodations imposed by chapter  
2           237D and passed on and collected by operators holding  
3           certificates of registration under that chapter;
- 4           (9) Amounts received as dues by an unincorporated  
5           merchants association from its membership for  
6           advertising media, promotional, and advertising costs  
7           for the promotion of the association for the benefit  
8           of its members as a whole and not for the benefit of  
9           an individual member or group of members less than the  
10          entire membership;
- 11          (10) Amounts received by a labor organization for real  
12          property leased to:
- 13               (A) A labor organization; or
- 14               (B) A trust fund established by a labor organization  
15               for the benefit of its members, families, and  
16               dependents for medical or hospital care, pensions  
17               on retirement or death of employees,  
18               apprenticeship and training, and other membership  
19               service programs.
- 20          As used in this paragraph, "labor organization" means  
21          a labor organization exempt from federal income tax



1 under section 501(c)(5) of the Internal Revenue Code,  
2 as amended;

3 (11) Amounts received from foreign diplomats and consular  
4 officials who are holding cards issued or authorized  
5 by the United States Department of State granting them  
6 an exemption from state taxes; and

7 (12) Amounts received as rent for the rental or leasing of  
8 aircraft or aircraft engines used by the lessees or  
9 renters for interstate air transportation of  
10 passengers and goods. For purposes of this paragraph,  
11 payments made pursuant to a lease shall be considered  
12 rent regardless of whether the lease is an operating  
13 lease or a financing lease. The definition of  
14 "interstate air transportation" is the same as in 49  
15 [~~U.S.C.~~] United States Code 40102."

16 SECTION 27. Section 467-30, Hawaii Revised Statutes, is  
17 amended as follows:

18 1. By amending subsections (a) and (b) to read:

19 "(a) As used in this section, "condominium hotel" includes  
20 those apartments or units in a project as defined in section  
21 514A-3 or 514B-3 and subject to chapter 514A or 514B, which are



1 used to provide transient lodging for periods of less than  
2 thirty days.

3 (b) All condominium hotel operators shall register with  
4 the commission as a sole proprietor, partnership, limited  
5 liability company, or corporation and shall:

6 (1) Register by submitting a completed commission  
7 application form with the commission requested  
8 information, receive commission approval prior to  
9 conducting condominium hotel activity, and re-register  
10 on or before the commission prescribed deadline prior  
11 to the registration expiration date. The registration  
12 and re-registration shall expire on December 31 of an  
13 even-numbered year. Registration information shall  
14 include but not be limited to the number of apartments  
15 or units managed for others as well as the number of  
16 apartments or units owned by the condominium hotel  
17 operator. Any operator failing to register with the  
18 commission shall be subject to a fine not exceeding an  
19 amount equal to \$25 multiplied by the aggregate number  
20 of apartments or units being [~~utilized~~] used as a  
21 condominium hotel. Each month or fraction of a month





1 of noncompliance shall be deemed a new and separate  
2 violation;

3 (2) Obtain and keep current a fidelity bond from an  
4 insurance company authorized to issue fidelity bonds  
5 by the insurance division of the department of  
6 commerce and consumer affairs. The fidelity bond  
7 shall be in an amount equal to \$500 multiplied by the  
8 aggregate number of apartments or units in the  
9 condominium hotel operation; provided that the minimum  
10 amount of the fidelity bond required by this paragraph  
11 shall not be less than \$20,000 nor greater than  
12 \$100,000. The aggregate number of apartments or units  
13 excludes the number of apartments or units owned by  
14 the condominium hotel operator either as a sole  
15 proprietor, partnership, limited liability company, or  
16 corporation or those apartments or units included in a  
17 registered time share plan managed by a registered  
18 time share plan manager. The fidelity bond shall  
19 cover all of the condominium hotel operator's  
20 employees handling or having custody and control of  
21 either the condominium hotel operator's or the  
22 apartment or unit owner's funds, or both. Upon request



1 by the commission, the condominium hotel operator  
2 shall provide evidence of a current fidelity bond or a  
3 certification statement from an insurance  
4 representative of an insurance company authorized by  
5 the insurance division of the department of commerce  
6 and consumer affairs certifying that the fidelity bond  
7 is in effect and meets the requirements of this  
8 section and the rules adopted by the commission. The  
9 commission may adopt rules establishing conditions and  
10 terms by which it may grant a bond alternative or  
11 permit deductibles. No condominium hotel operator  
12 shall be exempt from the fidelity bond requirement;  
13 and

14 (3) Pay an application fee and an initial registration or  
15 a re-registration fee as provided in rules adopted by  
16 the director of commerce and consumer affairs pursuant  
17 to chapter 91, which fees shall be deposited with the  
18 director of commerce and consumer affairs to the  
19 credit of the compliance resolution fund established  
20 pursuant to section 26-9(o);

21 provided that this section shall not apply to persons who are  
22 subject to section 467-2."



1           2. By amending subsection (e) to read:

2           "(e) As used in this section, "operating a condominium  
3 hotel" includes the management of the apartments or units in a  
4 condominium project for purposes of providing transient lodging,  
5 and includes the renting or leasing of condominium apartments or  
6 units directly or indirectly from the apartment or unit owners  
7 for purposes of providing transient lodging. The condominium  
8 hotel operator shall provide a written contract to the owner or  
9 owners of each apartment or unit under the condominium hotel  
10 operation, expressing the exact agreements of each party  
11 including all financial and accounting obligations, and the  
12 notification requirements of subsection (g)."

13           3. By amending subsections (g), (h), and (i) to read:

14           "(g) The registered condominium hotel operator:

15           (1) Shall not provide or offer lodgings thirty days or  
16 longer;

17           (2) Shall not be licensed as a real estate broker or a real  
18 estate salesperson;

19           (3) Shall not conduct any other activities contained in the  
20 definition of the term "real estate broker";



1 (4) Shall appoint an employee or principal to have direct  
2 management and responsibility over condominium hotel  
3 operations; and

4 (5) Shall provide evidence of written notification to all  
5 representing apartment or unit owners of the provisions  
6 of this section including the nonapplicability of the  
7 real estate recovery fund.

8 (h) Any condominium hotel operator aggrieved by the  
9 fraudulent or dishonest acts of an employee shall act promptly  
10 and diligently to recover from the fidelity bond required by  
11 this section. The condominium hotel operator shall apply all  
12 proceeds received from the fidelity bond against all losses  
13 incurred by apartment or unit owners due to fraudulent or  
14 dishonest acts by employees. If more than one apartment or unit  
15 owner suffers a loss, the condominium hotel operator shall  
16 divide the proceeds among the [~~apartment~~] owners in proportion  
17 to each [~~apartment~~] owner's loss.

18 (i) All persons handling or having custody and control of  
19 either the condominium hotel operator's or the apartment or unit  
20 owner's funds shall be either employees of the condominium hotel  
21 operator or principals of the condominium hotel operator."

1 SECTION 28. Section 501-20, Hawaii Revised Statutes, is  
2 amended by amending the definition of "apartment lease" to read  
3 as follows:

4 "Apartment lease" means an apartment or unit lease, a  
5 condominium conveyance document, an apartment or unit deed and  
6 ground lease, or other instrument which has been registered  
7 pursuant to section 501-121 and which leases or subleases a  
8 condominium apartment or unit or its appurtenant undivided  
9 interest in the land of a condominium project established or  
10 existing under [~~the condominium property act~~] chapter 514A or  
11 514B or at common law."

12 SECTION 29. Section 501-105, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§501-105 Grantee's address, etc., to be stated.** Every  
15 deed or other voluntary instrument presented for recording shall  
16 contain or have indorsed upon it the full name or names, if more  
17 than one, and the address of the grantee or other person  
18 acquiring or claiming an interest under the instrument and every  
19 document shall also contain or have indorsed upon it a statement  
20 that the grantee is married or unmarried, and if married, the  
21 statement shall give the name in full of the husband or wife.  
22 Whenever the grantee is a corporation or partnership, the



1 document shall contain or have indorsed upon it the state where  
 2 the entity is registered and the entity's address. All names  
 3 and addresses shall also be entered on all certificates.  
 4 Notices and processes issued in relation to registered land in  
 5 pursuance of this chapter may be served upon any person in  
 6 interest by mailing the same to the address so given, and shall  
 7 be binding whether such person resides within or without the  
 8 [~~State.~~] state.

9 Any deed conveying one or more but not all lots or all  
 10 interests in a lot appurtenant to apartments or units in a  
 11 condominium [~~property regime~~] project in a certificate shall  
 12 contain full memoranda relating to easements, rights-of-way, and  
 13 all other liens and encumbrances affecting the particular lot,  
 14 lots, interest appurtenant to an apartment[~~]~~ or unit, or  
 15 interests appurtenant to apartments or units conveyed. If the  
 16 deed affects all of the land or interests appurtenant to  
 17 apartments or units in a certificate of title, encumbrances may  
 18 be referred to by reference."

19 SECTION 30. Section 501-241, Hawaii Revised Statutes, is  
 20 amended as follows:

21 1. By amending subsection (b) to read:



1           (b) Without limiting the generality of subsection (a),  
2 the following instruments need not be registered pursuant to  
3 this chapter to be effective and shall be recorded in the bureau  
4 of conveyances pursuant to chapter 502:

- 5           (1) An assignment or other instrument transferring a  
6 leasehold time share interest;
- 7           (2) A mortgage or other instrument granting a lien on a  
8 leasehold time share interest;
- 9           (3) An agreement of sale for the sale of a leasehold time  
10 share interest. Any such agreement of sale shall be  
11 subject to section 502-85 and shall not be subject to  
12 section 501-101.5;
- 13           (4) A lien or notice of lien pertaining to a leasehold  
14 time share interest in favor of a time share owners  
15 association, an association of [~~apartment~~] owners[~~7~~]  
16 under chapter 514A or 514B, or a similar homeowner's  
17 association;
- 18           (5) A judgment, decree, order of court, attachment, writ,  
19 or other process against a leasehold time share  
20 interest;
- 21           (6) A mechanic's or materialman's lien or other lien upon  
22 a leasehold time share interest;



- 1           (7) A lis pendens or notice of pendency of action, notice,  
2           affidavit, demand, certificate, execution, copy of  
3           execution, officer's return, or other instrument  
4           relating to a leasehold time share interest and  
5           otherwise required or permitted to be recorded or  
6           registered in connection with the enforcement or  
7           foreclosure of any lien, whether by way of power of  
8           sale pursuant to [~~a power of sale under~~] section 667-  
9           5, or otherwise;
  
- 10          (8) A power of attorney given by the owner of a leasehold  
11          time share interest or the vendor or vendee under an  
12          agreement of sale for the sale of a leasehold time  
13          share interest, a mortgagee or other lienor having a  
14          mortgage or lien upon a leasehold time share interest,  
15          or another party holding a claim or encumbrance  
16          against or an interest in a leasehold time share  
17          interest; or
  
- 18          (9) An instrument assigning, extending, continuing,  
19          dissolving, discharging, releasing in whole or in  
20          part, reducing, canceling, extinguishing, or otherwise  
21          modifying or amending any of the foregoing  
22          instruments."





1           2. By amending subsection (e) to read:

2           "(e) Notwithstanding subsections (a), (b), and (c), the  
3 following instruments shall be registered by recording the  
4 instrument with the assistant registrar and by a brief  
5 memorandum thereof made by the assistant registrar upon the  
6 certificate of title, and signed by the assistant registrar:

7           (1) The apartment or unit lease, and any amendments  
8           thereto, and any cancellation or extinguishment  
9           thereof;

10          (2) Any deed or other instrument conveying the fee  
11          interest in registered land and any other instrument  
12          encumbering or otherwise dealing with the fee interest  
13          in registered land, including but not limited to a  
14          mortgage of the fee interest, an assignment of the  
15          lessor's interest in a lease, or the designation,  
16          grant, conveyance, transfer, cancellation, relocation,  
17          realignment, or amendment of any easement encumbering  
18          the fee interest;

19          (3) If the apartment or unit lease is a sublease, any  
20          assignment or other conveyance of the sublessor's  
21          estate or any other leasehold estate which is superior  
22          to the apartment or unit lease, and any other



1 instrument mortgaging, encumbering, or otherwise  
 2 dealing with the sublessor's estate or any other  
 3 estate which is prior and superior to the leasehold  
 4 time share interest;

5 (4) Any other instrument assigning, modifying, canceling,  
 6 or otherwise dealing with an interest in registered  
 7 land [~~which~~] that is:

8 (A) Less than an estate in fee simple; and  
 9 (B) Prior or superior to the lessee's interest in a  
 10 leasehold time share interest;

11 (5) The declaration of condominium property regime or  
 12 similar declaration by whatever name denominated, the  
 13 bylaws of the association of [~~apartment~~] owners[~~7~~]  
 14 under chapter 514A or 514B, the condominium map, any  
 15 declaration of annexation or deannexation, any  
 16 declaration of merger and any instrument effecting a  
 17 merger, and any amendments to any of the foregoing and  
 18 any cancellation or extinguishment thereof;

19 (6) Any declaration of covenants, conditions, and  
 20 restrictions, or similar instrument, by whatever name  
 21 denominated, encumbering the fee, the bylaws of any  
 22 homeowners association, any declaration of annexation

1 or deannexation, any amendments and supplements  
2 thereto, and any cancellation or extinguishment  
3 thereof;

4 (7) Any declaration of covenants, conditions,  
5 restrictions, or similar instrument, by whatever name  
6 denominated, establishing the time share plan, the  
7 bylaws of the time share owners association, any  
8 declaration of annexation or deannexation, any  
9 amendments and supplements thereto, and any  
10 cancellation or extinguishment thereof; and

11 (8) Any notice of time share plan, any declaration of  
12 annexation or deannexation, any amendments thereto,  
13 and any cancellation or extinguishment thereof."

14 SECTION 31. Section 508D-3, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "**§508D-3 Exemptions.** This chapter shall not apply to the  
17 following sales of residential real property:

- 18 (1) Sale to a co-owner;  
19 (2) Sale to a spouse, parent, or child of the seller;  
20 (3) Sale by devise, descent, or court order;  
21 (4) Sale by operation of law, including[7] but not limited  
22 to[7] any transfer by foreclosure, bankruptcy, or



1 partition, or any transfer to a seller's creditor  
2 incident to a deed (or assignment) in lieu of  
3 foreclosure, workout, or the settlement or partial  
4 settlement of any preexisting obligation of a seller  
5 owed a creditor and any later sale of residential real  
6 property by such creditor;

7 (5) Sale by a lessor to a lessee resulting from conversion  
8 of leased land to fee simple;

9 (6) Initial sale of new residential real property pursuant  
10 to chapter 484 under a current public offering  
11 statement or chapter 484 exemption;

12 (7) Sales of condominium apartments or units accompanied  
13 by delivery of an unexpired developer's public report;  
14 or

15 (8) Sale of time share interests as defined under chapter  
16 514E."

17 SECTION 32. Section 514C-1, Hawaii Revised Statutes, is  
18 amended by amending the definition of "condominium unit lessee"  
19 to read as follows:

20 "Condominium unit lessee" means an individual or  
21 individuals owning or leasing a condominium apartment or unit  
22 situated on leasehold land."



1 SECTION 33. Section 514C-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[~~f~~]**§514C-2**[+] **Right of first refusal.** When the leased  
4 fee interest in land under a condominium project or cooperative  
5 project or any part thereof is to be sold to any party other  
6 than the association of owners or the cooperative housing  
7 corporation, the seller shall first provide the board of  
8 directors of the association of owners or the cooperative  
9 housing corporation with written notice delivered or mailed by  
10 registered or certified mail, return receipt requested, postage  
11 prepaid, to any two of the president, vice-president, or  
12 managing agent (if any), of its intent to sell that interest,  
13 together with a complete and correct copy of the purchaser's  
14 written offer, which offer shall contain the full and complete  
15 terms thereof. The association of [~~apartment~~] owners or  
16 cooperative housing corporation shall have a right of first  
17 refusal to purchase that leased fee interest for the same price  
18 as is contained in the written purchase offer."

19 SECTION 34. Section 514C-5, Hawaii Revised Statutes, is  
20 amended to read as follows:

21 "**§514C-5 Offer to other prospective purchasers; time**  
22 **limit.** No lessor shall sell the leased fee interest in any land



1 under a condominium project or cooperative project containing  
2 one or more residential units or any part thereof to any party  
3 other than the association of [~~apartment~~] owners or cooperative  
4 housing corporation for that project until a right of first  
5 refusal for the purchase of that interest has been offered as  
6 required by this part and has been rejected in writing by the  
7 board of directors, except in the case of sales to individual  
8 condominium unit lessees or cooperative unit lessees, which  
9 shall be subject to the requirements of section 514C-6.5;  
10 provided that an offer made pursuant to sections 514C-2, 514C-3,  
11 and 514C-6.5 shall be deemed to be rejected if not accepted in  
12 writing by the board of directors of the condominium project or  
13 the cooperative housing corporation within one hundred twenty  
14 days of its receipt of the written notice from the seller, as  
15 evidenced by the return receipts, or if the sale, through no  
16 fault of the seller, has not closed upon the purchase of one  
17 hundred per cent of the interest being sold within one hundred  
18 eighty days of receipt by the board of directors of such written  
19 notice, as evidenced by the return receipts. In the event that  
20 closing is delayed due to any fault of the seller, the deadline  
21 for closing shall be extended for a period of time equal to the  
22 delay caused by [+]~~the~~[+] seller."



1 SECTION 35. Section 514C-6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§514C-6 Powers of association of [~~apartment~~] owners and**  
4 **cooperative housing corporation.** (a) The association of  
5 [~~apartment~~] owners under chapter 514A or 514B, or cooperative  
6 housing corporation may purchase the leased fee interest in the  
7 land; provided that at least sixty-seven per cent of the  
8 condominium unit lessees or cooperative unit lessees approve of  
9 the purchase. If the seller is also a condominium unit lessee  
10 or cooperative unit lessee, the seller's interest shall be  
11 disregarded in the computation to achieve the sixty-seven per  
12 cent requirement. As used herein:

- 13 (1) Sixty-seven per cent of the condominium unit lessees  
14 means the lessees of units to which sixty-seven per  
15 cent of the common interests are appurtenant; and  
16 (2) Sixty-seven per cent of the cooperative unit lessees  
17 means shareholders having at least sixty-seven per  
18 cent of the shares in the cooperative housing  
19 corporation.

20 [+](b)[+] If the association of [~~apartment~~] owners or  
21 cooperative housing corporation accepts the seller's offer to  
22 purchase the leased fee interest in the land, the following



1 powers, in addition to any other powers, shall be conferred upon  
2 the association of owners or cooperative housing corporation:

3 (1) To purchase or otherwise acquire, own, improve, use,  
4 and otherwise deal in and with the leased fee interest  
5 to the land or any or all undivided interests therein;

6 (2) To incur liabilities, borrow money, and secure any of  
7 its obligations by mortgage or pledge of all or any  
8 portion of its property, assessments, and funds;

9 (3) To assess, in a fair and equitable manner, the  
10 condominium unit lessees or cooperative unit lessees  
11 for the expenses incurred in acquiring the leased fee  
12 interest to the land, or to service any debt  
13 associated therewith; and

14 (4) To sell the leased fee interest appurtenant to a  
15 condominium apartment or unit to any condominium unit  
16 lessee or subsequent purchaser of such unit.

17 [†](c)[†] No conveyance of the leased fee interest to or  
18 by an association of owners or cooperative housing corporation,  
19 and no borrowing, mortgage, or pledge by an association of  
20 owners or cooperative housing corporation shall be invalid  
21 because it was without capacity or power to do such an act or to  
22 make or receive such conveyance, transfer, or loan.





1       [+] (d) [+] No condominium unit lessee shall be compelled to  
2 participate in the purchase of the leased fee interest of the  
3 property, but may instead pay lease rent to the association of  
4 owners."

5       SECTION 36. Section 514C-6.5, Hawaii Revised Statutes, is  
6 amended to read as follows:

7       "**§514C-6.5 Sales to individual lessees.** Notwithstanding  
8 any other provision in this part to the contrary, a lessor may  
9 sell the leased fee interest in any land under a condominium  
10 project or cooperative project or any part thereof to individual  
11 condominium unit lessees or cooperative unit lessees; provided  
12 that the following requirements have been complied with:

13       (1) No individual lessee shall be obligated to enter into  
14 a contract to purchase without having been afforded a  
15 period of at least ninety days within which to  
16 consider the offer made by the lessor; provided that  
17 the individual lessee may enter into a contract to  
18 purchase before the ninety days expires if the  
19 individual lessee so desires. The lessee shall  
20 further have the right to terminate such contract to  
21 purchase without penalty for a period of ninety days  
22 from the date the contract was first entered into;



1           (2) At the time any offer to sell the leased fee interest  
2           is communicated to the lessee by the lessor, the  
3           association of owners or cooperative housing  
4           corporation shall be provided with written notice  
5           delivered or mailed by registered or certified mail,  
6           return receipt requested, postage prepaid, to any two  
7           of the president, vice-president, or managing agent  
8           (if any), of the lessor's intent to sell the interest,  
9           together with a complete and correct copy of the  
10          offer, which offer shall contain the full and complete  
11          terms thereof. Except as provided in paragraph (3),  
12          where the board of directors of the association of  
13          [~~apartment~~] owners or cooperative housing corporation  
14          has written authorization to represent its members,  
15          then the association of owners or cooperative housing  
16          corporation shall have a right of first refusal to  
17          purchase that leased fee interest for the same price  
18          as is contained in the written purchase offer;  
19          provided that the offer shall be deemed to be rejected  
20          if not accepted in writing by the board of directors  
21          of the condominium project or the cooperative housing  
22          corporation within one hundred twenty days of its

1 receipt of written notice from the seller, as  
2 evidenced by the return receipts;

3 (3) Any board of directors of the association of  
4 [~~apartment~~] owners or cooperative housing corporation  
5 may fully or partially waive its right of first  
6 refusal at any time with written notice to the lessor;  
7 provided that it shall waive its right of first  
8 refusal with respect to the leased fee interest  
9 appurtenant to a lessee's apartment at the written  
10 request of the lessee. The legislature hereby gives  
11 the board of directors of the association of  
12 [~~apartment~~] owners or cooperative housing corporation  
13 the authority to exercise the foregoing waiver without  
14 having to amend any bylaws, charter, or other  
15 governing documents;

16 (4) Notwithstanding any provision contained in any bylaws,  
17 [~~or~~] any amendment thereto, or written  
18 authorization[~~7~~] authorizing the board of directors of  
19 the association of [~~apartment~~] owners or cooperative  
20 housing corporation to represent the individual  
21 lessees in the lease-to-fee conversion, each  
22 [~~individual~~] lessee shall have the right to represent



1            [~~himself or herself~~] oneself in such lease-to-fee  
2            conversion by giving written notice of such desire to  
3            the lessor and the board of directors; and  
4            (5) After the lessor (or its agent or representative) has  
5            been able to hold one meeting with the lessees and has  
6            been able to provide a written summary of the meeting  
7            to the lessees, then for a period of ninety days  
8            thereafter, the lessor, its agents, employees, and  
9            representatives, shall not initiate communication with  
10           the lessees regarding the offer, although such parties  
11           may respond to inquiries made by lessees."

12           SECTION 37. Section 516D-11, Hawaii Revised Statutes, is  
13           amended by amending subsection (a) to read as follows:

14           "(a) Except as otherwise provided [~~for~~] in this section,  
15           for any sale of a condominium or a cooperative residential  
16           leasehold apartment[~~7~~] or unit, no later than ten calendar days  
17           after the acceptance of the deposit, receipt, offer, and  
18           acceptance contract (DROA) or other similar contract, the  
19           seller, either directly or through the seller's agent, shall  
20           provide to the buyer for the buyer's approval and acceptance one  
21           of the following lease documents which provide the major  
22           provisions of the lease, such as the length of the lease, lease



1 rent terms, lease rent renegotiation dates, how renegotiated  
2 lease rents will be calculated, and surrender clause provisions:

- 3 (1) Master lease and any amendments thereto; [~~or~~]  
4 (2) Apartment or unit lease and any amendments thereto; or  
5 (3) For initial buyers of condominium apartments or units  
6 only, an unexpired preliminary, final or supplemental  
7 condominium property regime public report.

8 A sale for the purposes of this subsection shall not be deemed  
9 to include any transfer to a co-owner, or to a spouse, parent,  
10 or child of the seller, or to any transfer by devise, descent,  
11 court order, or by operation of law, including[~~7~~] but not  
12 limited to[~~7~~] any transfer by foreclosure, bankruptcy, or  
13 partition sale. Upon receipt of the applicable lease document,  
14 the buyer shall have ten calendar days to review, accept or  
15 reject the terms of the lease."

16 SECTION 38. Section 521-52, Hawaii Revised Statutes, is  
17 amended by amending subsection (d) to read as follows:

18 "(d) If the dwelling unit is an apartment or unit in a  
19 condominium property regime, the tenant shall comply with the  
20 bylaws of the association of [~~apartment~~] owners under chapter  
21 514A or 514B and if the dwelling unit is an apartment in a



1 cooperative housing corporation, the tenant shall comply with  
2 the bylaws of the corporation."

3 SECTION 39. Section 667-5.5, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§667-5.5 Foreclosure notice.** Notwithstanding any law or  
6 agreement to the contrary, any person who forecloses on a  
7 property within a planned community [~~association~~], a condominium  
8 apartment[~~7~~] or unit, or an apartment in a cooperative housing  
9 project shall notify, by way of registered or certified mail,  
10 the board of directors of the planned community association, the  
11 association of [~~apartment~~] owners of the condominium[~~7~~] project,  
12 or the cooperative housing project in which the property to be  
13 foreclosed is located, of the foreclosure at the time  
14 foreclosure proceedings are begun. The notice, at a minimum,  
15 shall identify the property, condominium apartment[~~7~~] or unit,  
16 or cooperative apartment which is the subject of the foreclosure  
17 and identify the name or names of the person or persons bringing  
18 foreclosure proceedings. This section shall not apply when the  
19 planned community association, condominium association[~~7~~] of  
20 owners, or cooperative housing corporation is a party in a  
21 foreclosure action. This section shall not affect civil  
22 proceedings against parties other than the planned community



1 association, association of [~~apartment~~] owners, or cooperative  
2 housing corporation."

3 SECTION 40. Section 672E-4, Hawaii Revised Statutes, is  
4 amended by amending subsection (c) to read as follows:

5 "(c) Within thirty days following any proposal for  
6 inspection under subsection (b)(2), the claimant shall provide  
7 access to:

8 (1) Inspect the premises;

9 (2) Document any alleged construction defects; and

10 (3) Perform any testing required to evaluate the nature,  
11 extent, and cause of the asserted construction defect,  
12 and the nature and extent of any repair or replacement  
13 that may be necessary to remedy the asserted  
14 construction defect;

15 provided that if the claimant is an association of [~~apartment~~]  
16 owners[~~,-~~] under chapter 514A or 514B, the claimant shall have  
17 forty-five days to provide such access. If access to an  
18 individual condominium apartment or unit is necessary, and the  
19 association is unable to obtain such access, then the  
20 association shall have a reasonable time to provide access. If  
21 destructive testing is required, the contractor shall give  
22 advance notice of tests and return the premises to its pre-



1 testing condition. If inspection or testing reveals a condition  
2 that requires additional testing to fully and completely  
3 evaluate the nature, cause, and extent of the construction  
4 defect, the contractor shall provide notice to the claimant of  
5 the need for additional testing. [~~Claimant~~] The claimant shall  
6 provide additional access to the premises. If a claim is  
7 asserted on behalf of owners of multiple dwellings, or multiple  
8 owners of units within a multi-family complex, the contractor  
9 shall be entitled to inspect each of the dwellings or units."

10 PART V

11 SECTION 41. This Act shall be amended to conform to all  
12 other acts passed by the legislature during the regular session  
13 of 2008, whether enacted before or after the effective date of  
14 this Act, unless the other acts specifically provide otherwise.

15 SECTION 42. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 43. Upon its approval, this Act shall take effect  
18 retroactive to July 1, 2006; provided that:

- 19 (1) Section 3(2) shall be repealed on June 30, 2008;  
20 (2) Section 3(3) and section 23 shall take effect on July  
21 1, 2008; and





1           (3) The amendments to section 237-24.3, Hawaii Revised  
2           Statutes, made by section 26 of this Act shall not be  
3           repealed when that section is reenacted on December  
4           31, 2009, by section 4 of Act 239, Session Laws of  
5           Hawaii 2007.



**Report Title:**

Condominium Housekeeping Bill

**Description:**

Amends various provisions of the Hawaii Revised Statutes relating to condominiums for the purpose of correcting errors and references, and clarifying language. (HB2691 HD1)

