

JAN 21 2010

A BILL FOR AN ACT

RELATING TO CONDOMINIUM BOARDS OF DIRECTORS.

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

1 SECTION 1. Section 514A-82, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The bylaws shall provide for at least the following:

4 (1) Board of directors:

5 (A) The election of a board of directors;

6 (B) The number of persons constituting the board;
7 provided that condominiums with more than one
8 hundred individual apartment units shall have an
9 elected board of not less than nine members
10 unless not less than sixty-five per cent of all
11 apartment owners vote by mail ballot, or at a
12 special or annual meeting, to reduce the minimum
13 number of directors;

14 (C) That for the initial term of office, directors
15 shall serve for a term of [~~three~~] two years or
16 the term as specified by the bylaws or until
17 their successors have been elected or appointed;



1 provided that no person shall serve as a director
2 for more than two consecutive years without a
3 period of at least one year between terms of
4 service;

- 5 (D) The powers and duties of the board;
- 6 (E) The compensation, if any, of the directors; and
- 7 (F) Whether or not the board may engage the services
- 8 of a manager or managing agent, or both, and
- 9 specifying which of the powers and duties granted
- 10 to the board by this chapter or otherwise may be
- 11 delegated by the board to either or both of them;

12 (2) Method of calling meetings of the apartment owners;
13 what percentage, if other than a majority of apartment
14 owners, constitutes a quorum; what percentage,
15 consistent with this chapter, is necessary to adopt
16 decisions binding on all apartment owners and that
17 votes allocated to any area that constitutes a common
18 element under section 514A-13(h) shall not be cast at
19 any association meeting, regardless of whether it is
20 so designated in the declaration;

21 (3) Election of a president from among the board of
22 directors who shall preside over the meetings of the

- 1 board of directors and of the association of apartment
2 owners;
- 3 (4) Election of a secretary who shall keep the minute book
4 wherein resolutions shall be recorded;
- 5 (5) Election of a treasurer who shall keep the financial
6 records and books of account;
- 7 (6) Operation of the property, payment of the common
8 expenses, and determination and collection of the
9 common charges;
- 10 (7) Manner of collecting common expenses, expenses, costs,
11 and fees recoverable by the association under section
12 514A-94, and any penalties and late charges;
- 13 (8) Designation and removal of personnel necessary for the
14 maintenance, repair, and replacement of the common
15 elements;
- 16 (9) Method of adopting and amending administrative rules
17 governing the details of the operation and use of the
18 common elements;
- 19 (10) The restrictions on and requirements respecting the
20 use and maintenance of the apartments and the use of
21 the common elements, not set forth in the declaration,
22 as are designed to prevent unreasonable interference



1 with the use of their respective apartments and of the
2 common elements by the several apartment owners;

3 (11) The first meeting of the association of apartment
4 owners shall be held not later than one hundred eighty
5 days after recordation of the first apartment
6 conveyance; provided forty per cent or more of the
7 project has been sold and recorded. If forty per cent
8 of the project is not sold and recorded at the end of
9 one year, an annual meeting shall be called; provided
10 ten per cent of the apartment owners so request;

11 (12) All members of the board of directors shall be owners,
12 co-owners, vendees under an agreement of sale, or an
13 officer of any corporate owner of an apartment. The
14 partners in a general partnership and the general
15 partners of a limited partnership shall be deemed to
16 be the owners of an apartment for this purpose. There
17 shall not be more than one representative on the board
18 of directors from any one apartment;

19 (13) A director shall not cast any proxy vote at any board
20 meeting, nor shall a director vote at any board
21 meeting on any issue in which the director has a
22 conflict of interest;

1 (14) No resident manager of a condominium shall serve on
2 its board of directors;

3 (15) The board of directors shall meet at least once a
4 year;

5 (16) All association and board of directors meetings shall
6 be conducted in accordance with the most current
7 edition of Robert's Rules of Order;

8 (17) All meetings of the association of apartment owners
9 shall be held at the address of the condominium
10 project or elsewhere within the State as determined by
11 the board of directors; and

12 (18) Penalties chargeable against persons for violation of
13 the covenants, conditions, or restrictions set forth
14 in the declaration, or of the bylaws and
15 administrative rules adopted pursuant thereto, method
16 of determination of violations, and manner of
17 enforcing penalties, if any."

18 SECTION 2. Section 514B-107, Hawaii Revised Statutes, is
19 amended to read as follows:

20 **"§514B-107 Board; limitations.** (a) Members of the board
21 shall be unit owners or co-owners, vendees under an agreement of
22 sale, a trustee of a trust which owns a unit, or an officer,



1 partner, member, or other person authorized to act on behalf of
2 any other legal entity which owns a unit. There shall not be
3 more than one representative on the board from any one unit.

4 (b) No resident manager or employee of a condominium shall
5 serve on its board.

6 (c) An owner shall not act as an officer of an association
7 and an employee of the managing agent retained by the
8 association. Any owner who is a board member of an association
9 and an employee of the managing agent retained by the
10 association shall not participate in any discussion regarding a
11 management contract at a board meeting and shall be excluded
12 from any executive session of the board where the management
13 contract or the property manager will be discussed.

14 (d) Directors shall not expend association funds for their
15 travel, directors' fees, and per diem, unless owners are
16 informed and a majority approve of these expenses; provided
17 that, with the approval of the board, directors may be
18 reimbursed for actual expenditures incurred on behalf of the
19 association. The minutes shall reflect in detail the items and
20 amounts of the reimbursements.

21 (e) Associations at their own expense shall provide all
22 board members with a current copy of the association's



1 declaration, bylaws, house rules, and, annually, a copy of this
2 chapter with amendments.

3 (f) The directors may expend association funds, which
4 shall not be deemed to be compensation to the directors, to
5 educate and train themselves in subject areas directly related
6 to their duties and responsibilities as directors; provided that
7 the approved annual operating budget shall include these
8 expenses as separate line items. These expenses may include
9 registration fees, books, videos, tapes, other educational
10 materials, and economy travel expenses. Except for economy
11 travel expenses within the State, all other travel expenses
12 incurred under this subsection shall be subject to the
13 requirements of subsection (d).

14 (g) No person shall serve as a director for more than two
15 consecutive years without a period of at least one year between
16 terms of service."

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

19 SECTION 4. This Act shall take effect on July 1, 2010.

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INTRODUCED BY:  _____



Report Title:

Condominium Associations; Board of Directors; Term Limits

Description:

Imposes term limits of no more than two consecutive years for members of the board of directors of a condominium association.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

