
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514A-95.1, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each condominium project or association of apartment
4 owners having more than five apartments shall:

5 (1) Secure a fidelity bond in an amount equal to \$500
6 multiplied by the number of apartments [7] to cover all
7 officers, directors, employees, and managing agents of
8 the association of apartment owners who handle,
9 control, or have custody of the funds of the
10 association of apartment owners; provided that the
11 amount of the fidelity bond required by this paragraph
12 shall not be less than \$20,000 nor greater than
13 \$100,000. The fidelity bond shall protect the
14 association of apartment owners against fraudulent or
15 dishonest acts by persons [7] including any managing
16 agent [7] who have access to the funds of the
17 association of apartment owners. An association of
18 apartment owners shall act promptly and diligently to



1 recover from the fidelity bond required by this
2 section. An association of apartment owners that is
3 unable to obtain a fidelity bond may seek approval for
4 an exemption or a bond alternative from the
5 commission. The commission shall adopt rules
6 establishing the conditions and terms for which it may
7 grant an exemption or a bond alternative~~[7]~~ or permit
8 deductibles. Failure to obtain or maintain a fidelity
9 bond in compliance with this ~~[chapter]~~ paragraph and
10 the rules adopted pursuant ~~[thereto7]~~ to this
11 paragraph, including failure to provide current
12 evidence of ~~[the]~~ fidelity bond coverage in a timely
13 manner to the commission, shall result in non-
14 registration or ~~[the]~~ automatic termination of the
15 association's registration~~[7]~~ unless the association
16 maintains an approved exemption or ~~[a]~~ bond
17 alternative ~~[is presently maintained]~~. Current
18 evidence of a fidelity bond includes a certification
19 statement from an insurance company registered with
20 the department of commerce and consumer affairs
21 certifying that the bond is in effect and meets the



1 requirement of this [~~section~~] paragraph and the rules
2 adopted by the commission;

3 (2) Register with the commission through [~~approval~~]
4 submission of a completed registration application,
5 payment of fees, and submission of any additional
6 information [~~set forth~~] required by the commission.
7 Beginning June 30, 1997, [~~the~~] registration pursuant
8 to this paragraph shall be for a biennial period [~~with~~
9 ~~termination~~] terminating on June 30 of [~~an~~] each
10 odd-numbered year. The commission shall prescribe a
11 deadline date prior to the termination date for the
12 submission of a completed reregistration application,
13 payment of fees, and any additional information [~~set~~
14 ~~forth~~] required by the commission. Any condominium
15 project or association of apartment owners that has
16 not met the submission requirements by the deadline
17 date shall be considered a new applicant for
18 registration and shall be subject to initial
19 registration requirements. Any new condominium
20 project or association of apartment owners shall
21 register within thirty days of the association of
22 apartment owners' first meeting. If the association



1 of apartment owners has not held its first meeting
2 within one year after the recordation of the purchase
3 of the first apartment in the condominium project, the
4 developer or developer's affiliate or the managing
5 agent shall register on behalf of the unorganized
6 association of apartment owners and shall comply with
7 this section, except the fidelity bond requirement for
8 ~~[association]~~ associations of apartment owners. The
9 public information required to be submitted on ~~[any]~~ a
10 completed application form shall include ~~[but not be~~
11 ~~limited to]~~ : evidence of and information on fidelity
12 bond coverage ~~[]~~ ; names and positions of the officers
13 of the association ~~[]~~ ; the name of the association of
14 apartment owners' managing agent, if any ~~[]~~ ; the
15 street and the postal address of the condominium ~~[]~~ ;
16 and the name and current mailing address of a
17 designated officer of the association of apartment
18 owners where the officer can be contacted directly;
19 (3) Submit data on the number of leasehold units in the
20 condominium project or association of apartment
21 owners;



1 ~~[(3)]~~ (4) Pay a nonrefundable application fee and, upon
2 approval, an initial registration fee or a
3 reregistration fee, and the condominium education
4 trust fund fee pursuant to section 514B-72 and rules
5 adopted by the director of commerce and consumer
6 affairs pursuant to chapter 91;

7 ~~[(4)]~~ (5) Register or reregister and pay the required fees
8 by the due date [~~Failure~~]; provided that failure to
9 register or reregister or to pay the required fees by
10 the due date shall result in the assessment of a
11 penalty equal to the amount of the registration or
12 reregistration fee; and

13 ~~[(5)]~~ (6) Report immediately in writing to the commission
14 any changes to the information contained on the
15 registration or reregistration application, the
16 evidence of the fidelity bond, or any other documents
17 ~~[set forth]~~ required by the commission [~~Failure~~];
18 provided that failure to ~~[do so]~~ comply with this
19 section may result in termination of registration and
20 subject the condominium project or the association of
21 apartment owners to initial registration
22 requirements."



1 SECTION 2. Section 514B-103, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each project or association having more than five
4 units shall:

5 (1) Secure and maintain a fidelity bond in an amount for
6 the coverage and terms as required by section
7 514B-143(a)(3). An association shall act promptly and
8 diligently to recover from the fidelity bond required
9 by this ~~[section.]~~ paragraph. An association that is
10 unable to obtain a fidelity bond may seek approval for
11 an exemption, a deductible, or a bond alternative from
12 the commission. Current evidence of a fidelity bond
13 includes a certification statement from an insurance
14 company registered with the department of commerce and
15 consumer affairs certifying that the bond is in effect
16 and meets the requirement of this ~~[section]~~ paragraph
17 and the rules adopted by the commission;

18 (2) Register with the commission through ~~[approval]~~
19 submission of a completed registration application,
20 payment of fees, and submission of any other
21 additional information ~~[set forth]~~ required by the
22 commission. ~~[The registration]~~ Registration pursuant



1 to this paragraph shall be for a biennial period [~~with~~
2 ~~termination~~] terminating on June 30 of each
3 odd-numbered year. The commission shall prescribe a
4 deadline date prior to the termination date for the
5 submission of a completed reregistration application,
6 payment of fees, and any other additional information
7 [~~set forth~~] required by the commission. Any project
8 or association that has not met the submission
9 requirements by the deadline date shall be considered
10 a new applicant for registration and be subject to
11 initial registration requirements. Any new project or
12 association shall register within thirty days of the
13 association's first meeting. If the association has
14 not held its first meeting and it is at least one year
15 after the recordation of the purchase of the first
16 unit in the project, the developer or developer's
17 affiliate or the managing agent shall register on
18 behalf of the association and shall comply with this
19 section, except for the fidelity bond requirement for
20 associations [~~required by~~] pursuant to section
21 [+]514B-143(a)(3) [+]. The public information required
22 [~~to be submitted on any completed~~] for each



1 application form shall include ~~[but not be limited~~
2 ~~to]~~: evidence of and information on fidelity bond
3 coverage, names and positions of the officers of the
4 association~~[]~~; the name of the association's managing
5 agent, if any~~[]~~; the street and the postal address of
6 the condominium~~[]~~; and the name and current mailing
7 address of a designated officer of the association
8 where the officer ~~[can]~~ may be contacted directly;

9 (3) Submit data on the number of leasehold units in each
10 project or association;

11 ~~[+3]~~ (4) Pay a nonrefundable application fee and, upon
12 approval, an initial registration fee, a
13 reregistration fee upon reregistration and the
14 condominium education trust fund fee, as provided in
15 rules adopted by the director of commerce and consumer
16 affairs pursuant to chapter 91;

17 ~~[+4]~~ (5) Register or reregister and pay the required fees
18 by the due date. Failure to register or reregister or
19 pay the required fees by the due date shall result in
20 the assessment of a penalty equal to the amount of the
21 registration or reregistration fee; and



1 [~~5~~] (6) Report promptly in writing to the commission any
2 changes to the information contained on the
3 registration or reregistration application or any
4 other documents required by the commission. Failure
5 to [~~do so~~] comply with this section may result in
6 termination of registration and subject the project or
7 the association to initial registration requirements."

8 SECTION 3. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2050.

11



Report Title:

Condominiums; Leasehold; Reporting Requirements

Description:

Requires condominium projects or associations of apartment owners to submit with their biennial registrations with the real estate commission data on the number of leasehold units in a project or association. Effective 7/1/2050. (SD1)

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

