
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514B-106, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) The declaration may provide for a period of developer
4 control of the association, during which a developer, or persons
5 designated by the developer, may appoint and remove the officers
6 and members of the board. Regardless of the period provided in
7 the declaration, a period of developer control terminates no
8 later than the earlier of:

9 (1) [~~Sixty~~] Thirty days after conveyance of seventy-five
10 per cent of the common interest appurtenant to units
11 that may be created to unit owners other than a
12 developer or affiliate of the developer;

13 (2) [~~Two years~~] One year after the developer has ceased to
14 offer units for sale in the ordinary course of
15 business;

16 (3) [~~Two years~~] One year after any right to add new units
17 was last exercised; or



1 (4) The day the developer, after giving written notice to
2 unit owners, records an instrument voluntarily
3 surrendering all rights to control activities of the
4 association.

5 A developer may voluntarily surrender the right to appoint and
6 remove officers and members of the board before termination of
7 that period, but in that event the developer may require, for
8 the duration of the period of developer control, that specified
9 actions of the association or board, as described in a recorded
10 instrument executed by the developer, be approved by the
11 developer before they become effective."

12 SECTION 2. Section 514B-108, Hawaii Revised Statutes, is
13 amended by amending subsection (e) to read as follows:

14 "(e) The bylaws may be amended at any time by the vote or
15 written consent of at least sixty-seven per cent of all unit
16 owners[-]; provided that, notwithstanding any provisions of this
17 chapter to the contrary, bylaws regarding any management
18 contract may be amended at any time by the vote or written
19 consent of at least fifty-one per cent of all unit owners. Any
20 proposed bylaws together with the detailed rationale for the
21 proposal may be submitted by the board or by a volunteer unit
22 owners group. If submitted by that group, the proposal shall be



1 accompanied by a petition signed by not less than twenty-five
2 per cent of the unit owners as shown in the association's record
3 of ownership. The proposed bylaws, rationale, and ballots for
4 voting on any proposed bylaw shall be mailed by the board to the
5 owners at the expense of the association for vote or written
6 consent without change within thirty days of the receipt of the
7 petition by the board. The vote or written consent, to be
8 valid, must be obtained within three hundred sixty-five days
9 after mailing for a proposed bylaw submitted by either the board
10 or a volunteer unit owners group. If the bylaw is duly adopted,
11 the board shall cause the bylaw amendment to be recorded. The
12 volunteer unit owners group shall be precluded from submitting a
13 petition for a proposed bylaw that is substantially similar to
14 that which has been previously mailed to the owners within three
15 hundred sixty-five days after the original petition was
16 submitted to the board.

17 This subsection shall not preclude any unit owner or
18 volunteer unit owners group from proposing any bylaw amendment
19 at any annual association meeting."

20 SECTION 3. Section 514B-135, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) If entered into before the board elected by the unit
2 owners pursuant to section 514B-106(e) takes office:

3 (1) Any management contract, employment contract, or lease
4 of recreational or parking areas or facilities;

5 (2) Any other contract or lease between the association
6 and a developer or an affiliate of a developer; or

7 (3) Any contract or lease that is not bona fide or was
8 unconscionable to the unit owners at the time entered
9 into under the circumstances then prevailing[+],

10 may be terminated without penalty by the association within a
11 period of one hundred eighty days after the board elected by the
12 unit owners pursuant to section 514B-106(e) takes office, upon
13 not less than ninety days notice to the other party[-]; provided
14 that any management contract or employment contract under
15 paragraph (1) may be terminated without penalty by the
16 association within a period of sixty days after the board
17 elected by the unit owners pursuant to section 514B-106(e) takes
18 office, upon not less than thirty days notice to the other
19 party."

20 SECTION 4. This Act does not affect rights and duties that
21 matured, penalties that were incurred, and proceedings that were
22 begun before its effective date.



1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect upon its approval.

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H.B. NO. 2092

Report Title:

Condominium Boards; Managing Agents

Description:

Allows condominium boards composed of unit owners greater flexibility in: (1) Management contracts signed by developer-controlled condominium boards; and (2) Amending bylaws regarding management contracts.

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