
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514A-84, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "**§514A-84 Management and contracts; developer, managing**
4 **agent, and association of apartment owners.** (a) If the developer
5 or any affiliate of the developer acts as the first managing agent
6 for the association of apartment owners following its
7 organization, the contract shall not have a term exceeding one
8 year and shall contain a provision that the contract may be
9 terminated by either party thereto on not more than sixty days'
10 written notice. The identity of the managing agent as the
11 developer or the developer's affiliate shall be disclosed to the
12 association of apartment owners no later than the first meeting of
13 the association of apartment owners, which is when the association
14 of apartment owners is organized. An affiliate of, or person
15 affiliated with, a developer is a person that directly or
16 indirectly controls, is controlled by, or is under common control
17 with, the developer.



1 (b) Any developer or affiliate of the developer or a
2 managing agent, who manages the operation of the property from the
3 date of recordation of the first apartment conveyance until the
4 organization of the association of apartment owners, shall comply
5 with the requirements of sections 514A-95.1[~~7~~] and 514A-97[~~7~~ and
6 ~~514A-132,~~] with the exception of the fidelity bond requirement for
7 the association of apartment owners.

8 (c) The developer, affiliate of the developer, managing
9 agent, and the association of apartment owners shall ensure that
10 there is a written contract for managing the operation of the
11 property, expressing the agreements of all parties, including but
12 not limited to financial and accounting obligations, services
13 provided, and any compensation arrangements, including any
14 subsequent amendments. Copies of the executed contract and any
15 amendments shall be provided to all parties to the contract.
16 Prior to the organization of the association of apartment owners,
17 any apartment owner may request to inspect as well as receive a
18 copy of the management contract from the entity that manages the
19 operation of the property.

20 (d) Any management contract with an association that
21 provides for an automatic rollover of the management contract
22 for a period of six months or longer shall require the prior



1 written approval of the board of the rollover term. If the
2 board does not give prior written approval, the management
3 contract shall rollover on a month to month basis until such
4 approval is obtained."

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

7 "[+]§514B-134[+] **Management and contracts; developer,**
8 **managing agent, and association.** (a) Any developer or
9 affiliate of the developer or a managing agent[-] who manages
10 the operation of the property from the date of recordation of
11 the first unit conveyance until the organization of the
12 association, shall comply with the requirements of sections
13 514B-72, 514B-103, and 514B-149.

14 (b) The developer or affiliate of the developer, board,
15 and managing agent shall ensure that there is a written contract
16 for managing the operation of the property, expressing the
17 agreements of all parties including, but not limited to,
18 financial and accounting obligations, services provided, and any
19 compensation arrangements, including any subsequent amendments.
20 Copies of the executed contract and any amendments shall be
21 provided to all parties to the contract. Prior to the
22 organization of the association, any unit owner may request to



1 inspect as well as receive a copy of the management contract
2 from the entity that manages the operation of the property.

3 (c) Any management contract with an association that
4 provides for an automatic rollover of the management contract
5 for a period of six months or longer shall require the prior
6 written approval of the board of the rollover term. If the
7 board does not give prior written approval, the management
8 contract shall rollover on a month to month basis until such
9 approval is obtained."

10 SECTION 3. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 4. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

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H.B. NO. 2793

Report Title:

Condominiums; Management Contract

Description:

Requires that management contracts that automatically rollover for a period of six months or longer shall require the prior written approval of the board of the rollover term.

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