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# A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1           SECTION 1. The legislature finds that mediation is an  
2 informal, inexpensive, and confidential process for resolving  
3 disputes quickly. Mediation may be particularly advantageous in  
4 a condominium setting because of the potential to preserve or to  
5 restore harmony within a condominium community.

6           The legislature further finds that fees paid into the  
7 condominium education trust fund come from condominium owners  
8 and developers. Dedicating a portion of the fund to support the  
9 mediation of condominium related disputes will benefit  
10 condominium owners and associations.

11           The purpose of this Act is to:

12           (1) Add support for mediation of condominium related  
13 disputes as one of the educational purposes that shall  
14 be supported by the condominium education trust fund;

15           (2) Beginning with the July 1, 2015, biennium  
16 registration, impose an additional annual condominium  
17 education trust fund fee dedicated to supporting  
18 mediation of condominium related disputes and specify



1 the total fee into the condominium education trust  
2 fund. The additional fee shall be in addition to any  
3 fee prescribed by rules adopted by the director of  
4 commerce and consumer affairs pursuant to chapter 91,  
5 Hawaii Revised Statutes; and

6 (3) Require the real estate commission to make adjustments  
7 to the condominium education trust fund to ensure  
8 adequate funds are available for mediation of  
9 condominium related disputes and any mediation  
10 requests are fully accommodated prior to the  
11 commencement of the additional annual condominium  
12 education trust fund fee.

13 SECTION 2. Section 514B-71, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "[~~f~~]**§514B-71**[~~f~~] **Condominium education trust fund.** (a)

16 The commission shall establish a condominium education trust  
17 fund that the commission [~~may~~] shall use for educational  
18 purposes. Educational purposes shall include financing or  
19 promoting:

20 (1) Education and research in the field of condominium  
21 management, condominium project registration, and real



1 estate, for the benefit of the public and those  
 2 required to be registered under this chapter;  
 3 (2) The improvement and more efficient administration of  
 4 associations; [~~and~~]  
 5 (3) Expeditious and inexpensive procedures for resolving  
 6 association disputes[~~-~~]; and  
 7 (4) Support for mediation of condominium related disputes.  
 8 (b) The commission [~~may~~] shall use [~~any and~~] all moneys in  
 9 the condominium education trust fund for purposes consistent  
 10 with subsection (a)."

11 SECTION 3. Section 514B-72, Hawaii Revised Statutes, is  
 12 amended by amending subsection (a) to read as follows:

13 "(a) Each project or association with more than five  
 14 units, including any project or association with more than five  
 15 units subject to chapter 514A, shall pay to the department of  
 16 commerce and consumer affairs [~~a~~]:

17 (1) A condominium education trust fund fee within one year  
 18 after the recordation of the purchase of the first  
 19 unit or within thirty days of the association's first  
 20 meeting, and thereafter, on or before June 30 of every  
 21 odd-numbered year, as prescribed by rules adopted  
 22 pursuant to chapter 91[~~-~~]; and



1       (2) Beginning with the July 1, 2015, biennium  
2       registration, an additional annual condominium  
3       education trust fund fee in an amount equal to the  
4       product of \$1 times the number of condominium units  
5       included in the registered project or association to  
6       be dedicated to supporting mediation of condominium  
7       related disputes. The additional condominium  
8       education trust fund fee shall total \$3 per unit until  
9       the commission adopts rules pursuant to chapter 91.  
10       On June 30 of every odd-numbered year, any unexpended  
11       additional amounts paid into the condominium education  
12       trust fund and initially dedicated to supporting  
13       mediation of condominium related disputes, as required  
14       by this paragraph, shall be used for educational  
15       purposes as provided in section 514B-71(a)(1), (2),  
16       and (3)."

17       SECTION 4. Between the effective date of this Act and  
18 July 1, 2015, the real estate commission, pursuant to section  
19 514B-71(a)(4), Hawaii Revised Statutes, shall continue to budget  
20 an amount and expend moneys from the condominium education trust  
21 fund specifically to support mediation of condominium related  
22 disputes utilizing professionally trained mediators for those



1 parties and disputes specified in section 514B-161, Hawaii  
2 Revised Statutes. If a fiscal year budgeted amount for  
3 mediation is fully expended and the commission receives  
4 additional requests for condominium education trust fund  
5 subsidies for the mediation of condominium related disputes, the  
6 commission may expend the budgeted amount allocated to other  
7 educational purposes for mediation of condominium related  
8 disputes. The commission and professional vocational licensing  
9 division of the department of commerce and consumer affairs  
10 shall make adjustments, as needed, to their budgets to meet the  
11 requirements of this section.

12 SECTION 5. The department of commerce and consumer affairs  
13 professional and vocational licensing division's budget ceiling  
14 shall be amended to reflect the additional annual condominium  
15 education trust fund fee required by section 514B-72(a)(2),  
16 Hawaii Revised Statutes, and paid into the condominium education  
17 trust fund, established by section 514B-71, Hawaii Revised  
18 Statutes. On June 30 of every odd-numbered year, any unexpended  
19 additional amounts paid into the condominium education trust  
20 fund and initially dedicated to supporting mediation of  
21 condominium related disputes, as required by section  
22 514B-72(a)(2), Hawaii Revised Statutes, shall be used for



1 educational purposes as provided in section 514B-71(a)(1), (2),  
2 and(3), Hawaii Revised Statutes.

3 SECTION 6. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Condominiums; Condominium Education Trust Fund; Mediation

**Description:**

Adds support for mediation of condominium related disputes as one of the educational purposes supported by the condominium education trust fund. Beginning with the July 1, 2015, biennium registration, imposes an additional annual condominium education trust fund fee dedicated to supporting mediation of condominium related disputes. Specifies the total fee payable into the condominium education trust fund. Requires the real estate commission to make adjustments to the condominium education trust fund to ensure adequate funds are available for mediation of condominium related disputes and any mediation requests are fully accommodated prior to the commencement of the additional annual condominium education trust fund fee. Effective 07/01/50. (SD2)

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

