



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**GOV. MSG. NO. 1291**

July 1, 2014

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 1, 2014, the following bill was signed into law:

HB2401 HD2 SD2 CD1

RELATING TO CONDOMINIUMS  
**ACT 188 (14)**

Sincerely,

NEIL ABERCROMBIE  
Governor, State of Hawaii

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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 a large percentage  
2 of persons in Hawaii live in condominiums and are members of  
3 their condominium unit owners' association. The legislature  
4 further finds that under existing statute, condominium unit  
5 owners are entitled to receive a variety of documents, records,  
6 and information from a condominium association, board, or  
7 managing agent within thirty days of receipt of the unit owner's  
8 written request. However, the legislature also finds that  
9 references to releasing these required documents, records, and  
10 information appear throughout chapter 514B, Hawaii Revised  
11 Statutes, which may lead to confusion among unit owners.

12 Therefore, the purpose of this Act is to create a new  
13 section under chapter 514B, Hawaii Revised Statutes, that:

14 (1) Clarifies the documents, records, and information that  
15 must be made available to any unit owner and the unit  
16 owner's authorized agents; and

17 (2) Specifies that all documents, records, and information  
18 shall be provided to a unit owner no later than thirty





- 1        (1) All financial and other records sufficiently detailed  
2        in order to comply with requests for information and  
3        disclosures related to the resale of units;
- 4        (2) An accurate copy of the declaration, bylaws, house  
5        rules, if any, master lease, if any, a sample original  
6        conveyance document, and all public reports and any  
7        amendments thereto;
- 8        (3) Detailed, accurate records in chronological order of  
9        the receipts and expenditures affecting the common  
10       elements, specifying and itemizing the maintenance and  
11       repair expenses of the common elements and any other  
12       expenses incurred and monthly statements indicating  
13       the total current delinquent dollar amount of any  
14       unpaid assessments for common expenses;
- 15       (4) All records and the vouchers authorizing the payments  
16       and statements kept and maintained at the address of  
17       the project, or elsewhere within the State as  
18       determined by the board, subject to section 514B-152;
- 19       (5) All signed and executed agreements for managing the  
20       operation of the property, expressing the agreement of  
21       all parties, including but not limited to financial  
22       and accounting obligations, services provided, and any



1           compensation arrangements, including any subsequent  
2           amendments;  
3       (6) An accurate and current list of members of the  
4           condominium association and the members' current  
5           addresses and the names and addresses of the vendees  
6           under an agreement of sale, if any. A copy of the  
7           list shall be available, at cost, to any unit owner or  
8           owner's authorized agent who furnishes to the managing  
9           agent, resident manager, or the board a duly executed  
10          and acknowledged affidavit stating that the list:  
11        (A) Shall be used by the unit owner or owner's  
12           authorized agent personally and only for the  
13           purpose of soliciting votes or proxies or for  
14           providing information to other unit owners with  
15           respect to association matters; and  
16        (B) Shall not be used by the unit owner or owner's  
17           authorized agent or furnished to anyone else for  
18           any other purpose;  
19        (7) The association's most current financial statement, at  
20           no cost or on twenty-four-hour loan, at a convenient  
21           location designated by the board;

- 1        (8) Meeting minutes of the association, pursuant to  
2        section 514B-122;
- 3        (9) Meeting minutes of the board, pursuant to section  
4        514B-126, which shall be:
- 5        (A) Available for examination by unit owners or  
6        owners' authorized agents at no cost or on  
7        twenty-four-hour loan at a convenient location at  
8        the project, to be determined by the board; or
- 9        (B) Transmitted to any unit owner or owner's  
10       authorized agent making a request for the minutes  
11       within fifteen days of receipt of the request by  
12       the owner or owner's authorized agent; provided  
13       that:
- 14       (i) The minutes shall be transmitted by mail,  
15       electronic mail transmission, or facsimile,  
16       by the means indicated by the owner or  
17       owner's authorized agent, if the owner or  
18       owner's authorized agent indicated a  
19       preference at the time of the request; and
- 20       (ii) The owner or owner's authorized agent shall  
21       pay a reasonable fee for administrative



1 costs associated with handling the request,  
2 subject to section 514B-105(d);

3 (10) Financial statements, general ledgers, the accounts  
4 receivable ledger, accounts payable ledgers, check  
5 ledgers, insurance policies, contracts, and invoices  
6 of the association for the duration those records are  
7 kept by the association, and any documents regarding  
8 delinquencies of ninety days or more shall be  
9 available for examination by unit owners or owners'  
10 authorized agents at convenient hours at a place  
11 designated by the board; provided that:

12 (A) The board may require unit owners or owners'  
13 authorized agents to furnish to the association a  
14 duly executed and acknowledged affidavit stating  
15 that the information is requested in good faith  
16 for the protection of the interests of the  
17 association, its members, or both; and

18 (B) Unit owners or owners' authorized agents shall  
19 pay for administrative costs in excess of eight  
20 hours per year;



- 1        (11) Proxies, tally sheets, ballots, unit owners' check-in  
2        lists, and the certificate of election subject to  
3        section 514B-154(c);
- 4        (12) Copies of an association's documents, records, and  
5        information, whether maintained, kept, or required to  
6        be provided pursuant to this section or section  
7        514B-152, 514B-153, or 514B-154;
- 8        (13) A copy of the management contract from the entity that  
9        manages the operation of the property before the  
10       organization of an association; and
- 11       (14) Other documents requested by a unit owner or owner's  
12       authorized agent in writing; provided that the board  
13       shall give written authorization or written refusal  
14       with an explanation of the refusal within thirty  
15       calendar days of receipt of a request for documents  
16       pursuant to this paragraph.
- 17       (b) Subject to section 514B-105(d), copies of the items in  
18       subsection (a) shall be provided to any unit owner or owner's  
19       authorized agent upon the owner's or owner's authorized agent's  
20       request; provided that the owner or owner's authorized agent  
21       pays a reasonable fee for duplication, postage, stationery, and  
22       other administrative costs associated with handling the request.





1        (c) Notwithstanding any provision in the declaration,  
2 bylaws, or house rules providing for another period of time, all  
3 documents, records, and information listed under subsection (a),  
4 whether maintained, kept, or required to be provided pursuant to  
5 this section or section 514B-152, 514B-153, or 514B-154, shall  
6 be provided no later than thirty days after receipt of a unit  
7 owner's or owner's authorized agent's written request, unless a  
8 lesser time is provided pursuant to this section or section  
9 514B-152, 514B-153, or 514B-154, and except as provided in  
10 subsection (a)(14).

11        (d) Any documents, records, and information, whether  
12 maintained, kept, or required to be provided pursuant to this  
13 section or section 514B-152, 514B-153, or 514B-154, may be made  
14 available electronically to the unit owner or owner's authorized  
15 agent if the owner or owner's authorized agent requests such in  
16 writing.

17        (e) An association may comply with this section or section  
18 514B-152, 514B-153, or 514B-154 by making the required  
19 documents, records, and information available to unit owners or  
20 owners' authorized agents for download through an internet site,  
21 at the option of each unit owner or owner's authorized agent and  
22 at no cost to the unit owner or owner's authorized agent.



1        (f) Any fee charged to a unit owner or owner's authorized  
2 agent to obtain copies of the association's documents, records,  
3 and information, whether maintained, kept, or required to be  
4 provided pursuant to this section or section 514B-152, 514B-153,  
5 or 514B-154, shall be reasonable; provided that a reasonable fee  
6 shall include administrative and duplicating costs and shall not  
7 exceed \$1 per page, or portion thereof, except that the fee for  
8 pages exceeding eight and one-half inches by fourteen inches may  
9 exceed \$1 per page.

10       (g) This section shall apply to condominiums organized  
11 under chapter 514A or 514B.

12       (h) Nothing in this section shall be construed to create  
13 any new requirements for the release of documents, records, or  
14 information."

15       SECTION 3. Section 514B-61, Hawaii Revised Statutes, is  
16 amended by amending subsections (b) and (c) to read as follows:

17       "(b) If it appears that any person has engaged, is  
18 engaging, or is about to engage in any act or practice in  
19 violation of this part, part V, section 514B-103, 514B-132,  
20 514B-134, 514B-149, sections 514B-152 to 514B-154, section  
21 514B-\_\_\_\_\_, or any of the commission's related rules or orders,  
22 the commission, without prior administrative proceedings, may



1 maintain an action in the appropriate court to enjoin that act  
2 or practice or for other appropriate relief. The commission  
3 shall not be required to post a bond or to prove that no  
4 adequate remedy at law exists in order to maintain the action.

5 (c) The commission may exercise its powers in any action  
6 involving the powers or responsibilities of a developer under  
7 this part, part V, section 514B-103, 514B-132, 514B-134,  
8 514B-149, ~~[or]~~ sections 514B-152 to 514B-154 ~~[-]~~, or section  
9 514B-\_\_\_\_\_."

10 SECTION 4. Section 514B-65, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 "[+]§514B-65[+] Investigative powers. If the commission  
13 has reason to believe that any person is violating or has  
14 violated this part, part V, section 514B-103, 514B-132,  
15 514B-134, 514B-149, sections 514B-152 to 514B-154, section  
16 514B-\_\_\_\_\_, or the rules of the commission adopted pursuant  
17 thereto, the commission may conduct an investigation of the  
18 matter and examine the books, accounts, contracts, records, and  
19 files of all relevant parties. For purposes of this  
20 examination, the developer and the real estate broker shall keep  
21 and maintain records of all sales transactions and of the funds  
22 received by the developer and the real estate broker in



1 accordance with chapter 467 and the rules of the commission, and  
2 shall make the records accessible to the commission upon  
3 reasonable notice and demand."

4 SECTION 5. Section 514B-66, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 " [4] §514B-66 [7] **Cease and desist orders.** In addition to  
7 its authority under sections 514B-67 and 514B-68, whenever the  
8 commission has reason to believe that any person is violating or  
9 has violated this part, part V, section 514B-103, 514B-132,  
10 514B-134, 514B-149, sections 514B-152 to 514B-154, section  
11 514B-\_\_\_\_\_, or the rules of the commission adopted pursuant  
12 thereto, it may issue and serve upon the person a complaint  
13 stating its charges in that respect and containing a notice of a  
14 hearing at a stated place and upon a day at least thirty days  
15 after the service of the complaint. The person served has the  
16 right to appear at the place and time specified and show cause  
17 why an order should not be entered by the commission requiring  
18 the person to cease and desist from the violation of the law or  
19 rules charged in the complaint. If the commission finds that  
20 this chapter or the rules of the commission have been or are  
21 being violated, it shall make a report in writing stating its  
22 findings as to the facts and shall issue and cause to be served



1 on the person an order requiring the person to cease and desist  
2 from the violations. The person, within thirty days after  
3 service upon the person of the report or order, may obtain a  
4 review thereof in the appropriate circuit court."

5 SECTION 6. Section 514B-68, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[+]§514B-68[+] Power to enjoin. Whenever the commission  
8 believes from satisfactory evidence that any person has violated  
9 this part, part V, section 514B-103, 514B-132, 514B-134,  
10 514B-149, sections 514B-152 to 514B-154, section 514B-, or  
11 the rules of the commission adopted pursuant thereto, it may  
12 conduct an investigation of the matter and bring an action  
13 against the person in any court of competent jurisdiction on  
14 behalf of the State to enjoin the person from continuing the  
15 violation or doing any acts in furtherance thereof."

16 SECTION 7. Section 514B-69, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "[+]§514B-69[+] Penalties. (a) Any person who violates  
19 or fails to comply with this part, part V, section 514B-103,  
20 514B-132, 514B-134, 514B-149, [~~ex~~] sections 514B-152 to  
21 514B-154, or section 514B-, shall be guilty of a misdemeanor  
22 and shall be punished by a fine not exceeding \$10,000, or by



1 imprisonment for a term not exceeding one year, or both. Any  
2 person who violates or fails to comply with any rule, order,  
3 decision, demand, or requirement of the commission under this  
4 part, part V, section 514B-103, 514B-132, 514B-134, 514B-149,  
5 [~~or~~] sections 514B-152 to 514B-154, or section 514B-, shall  
6 be punished by a fine not exceeding \$10,000.

7 (b) In addition to any other actions authorized by law,  
8 any person who violates or fails to comply with this part,  
9 part V, section 514B-103, 514B-132, 514B-134, 514B-149, sections  
10 514B-152 to 514B-154, section 514B-, or the rules of the  
11 commission adopted pursuant thereto, shall also be subject to a  
12 civil penalty not exceeding \$10,000 for any violation. Each  
13 violation shall constitute a separate offense."

14 SECTION 8. Section 514B-152, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "[~~§~~514B-152 [~~§~~] Association records; generally. The  
17 association shall keep financial and other records sufficiently  
18 detailed to enable the association to comply with requests for  
19 information and disclosures related to resale of units. Except  
20 as otherwise provided by law, all financial and other records  
21 shall be made [~~reasonably~~] available pursuant to section  
22 514B- for examination by any unit owner and the owner's



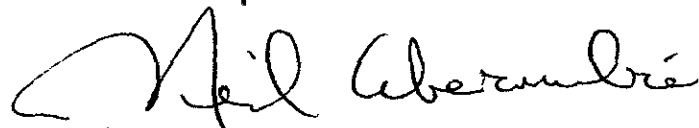
1 authorized agents. Association records shall be stored on the  
2 island on which the association's project is located; provided  
3 that if original records, including but not limited to invoices,  
4 are required to be sent off-island, copies of the records shall  
5 be maintained on the island on which the association's project  
6 is located."

7 SECTION 9. This Act does not affect rights and duties that  
8 matured, penalties that were incurred, and proceedings that were  
9 begun before its effective date.

10 SECTION 10. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 11. This Act shall take effect on July 1, 2014.

APPROVED this 1 day of JUL, 2014



GOVERNOR OF THE STATE OF HAWAII

