
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Chapter 514B, Hawaii Revised Statutes, is
2 amended by adding a new section to subpart B of part VI to be
3 appropriately designated and to read as follows:

4 **"§514B- Association meetings; failure to obtain a**
5 **quorum.** (a) If the association is unable to obtain a quorum at
6 the first annual meeting of the association in any year, then
7 the association shall continue the meeting at least once for no
8 more than ninety days.

9 (b) If the association does not continue the first meeting
10 pursuant to subsection (a), then the board of directors shall
11 call a continuation of the annual meeting within ninety days.

12 (c) The quorum requirement at the continued meeting shall
13 be reduced to one-half of the requirement as stated in the
14 bylaws."

15 SECTION 2. Section 514B-107, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§514B-107 Board; limitations.** (a) Members of the board
18 shall be unit owners or co-owners, vendees under an agreement of



1 sale, a trustee of a trust which owns a unit, or an officer,
2 partner, member, or other person authorized to act on behalf of
3 any other legal entity which owns a unit. There shall not be
4 more than one representative on the board from any one unit.

5 (b) No resident manager or employee of a condominium shall
6 serve on its board.

7 (c) An owner shall not act as an officer of an association
8 and an employee of the managing agent retained by the
9 association. Any owner who is a board member of an association
10 and an employee of the managing agent retained by the
11 association shall not participate in any discussion regarding a
12 management contract at a board meeting and shall be excluded
13 from any executive session of the board where the management
14 contract or the property manager will be discussed.

15 (d) Directors shall not expend association funds for their
16 travel, directors' fees, and per diem, unless owners are
17 informed and a majority approve of these expenses; provided
18 that, with the approval of the board, directors may be
19 reimbursed for actual expenditures incurred on behalf of the
20 association. The minutes shall reflect in detail the items and
21 amounts of the reimbursements.



1 (e) Associations at their own expense shall provide all
2 board members with a current copy of the association's
3 declaration, bylaws, house rules, and, annually, a copy of this
4 chapter with amendments.

5 (f) The directors may expend association funds, which
6 shall not be deemed to be compensation to the directors, to
7 educate and train themselves in subject areas directly related
8 to their duties and responsibilities as directors; provided that
9 the approved annual operating budget shall include these
10 expenses as separate line items. These expenses may include
11 registration fees, books, videos, tapes, other educational
12 materials, and economy travel expenses. Except for economy
13 travel expenses within the State, all other travel expenses
14 incurred under this subsection shall be subject to the
15 requirements of subsection (d).

16 (g) Notwithstanding any provision in the declaration or
17 bylaws, the board of an association managed by a managing agent
18 shall have the authority to employ and terminate a managing
19 agent, subject to the requirements of subsection (h).

20 (h) A managing agent may be terminated by vote of a
21 majority of the unit owners at an association meeting. If the
22 employment of a managing agent is terminated, the managing



1 agent's contract shall continue for no more than three months
2 from the date of termination and the board shall employ a
3 different managing agent.

4 (i) A project in which a majority of the units have been
5 submitted to one or more vacation plans, or in which one or more
6 units have been submitted to a vacation plan established by the
7 developer of the project or by an affiliate of the developers
8 shall be exempt from subsections (g) and (h).

9 For purposes of this subsection:

10 "Majority of the units" means units to which are
11 appurtenant more than fifty per cent of the common interests
12 appurtenant to all units, other than any commercial units, in
13 the project.

14 "Vacation plan" means a plan or program that constitutes a
15 time share plan subject to chapter 514E, or that would
16 constitute a time share plan subject to chapter 514E but for the
17 fact that the period during which the owners have the right to
18 use, occupy, or possess the units in the plan equals or exceeds
19 sixty days per year."

20 SECTION 3. New statutory material is underscored.

21 SECTION 4. This Act shall take effect on July 1, 2014.



Report Title:

Condominium Associations; Managing Agent; Condominium Boards;
Meetings; Quorum; Majority Vote

Description:

Establishes provisions for condominium association annual meetings and quorum requirements. Permits the board of an association to employ and discharge the managing agent of an association, subject to a vote of a majority of the unit owners at an association meeting. Provides an exemption for a condominium project in which a majority of the units have been submitted to one or more vacation plans, or in which one or more units have been submitted to a vacation plan established by the developer of the project or by an affiliate of the developers.
(SD1)

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