

JAN 20 2016

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# A BILL FOR AN ACT

RELATING TO THE CONDOMINIUM EDUCATION TRUST FUND.

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

1           SECTION 1. Section 514B-71, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) The commission shall establish a condominium  
4 education trust fund that the commission shall use for  
5 educational purposes. Educational purposes shall include  
6 financing or promoting:

7           (1) Education and research in the field of condominium  
8 management, condominium project registration, and real  
9 estate, for the benefit of the public and those  
10 required to be registered under this chapter;

11           (2) The improvement and more efficient administration of  
12 associations;

13           (3) Expeditious and inexpensive procedures for resolving  
14 association disputes; [and]

15           (4) Education for unit owners, board members, potential  
16 board members, and employees of managing agents on the



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1           rights and responsibilities of unit owners and board  
 2           members; and  
 3        [~~4~~] (5) Support for mediation of condominium related  
 4           disputes."

5           SECTION 2. Section 514B-72, Hawaii Revised Statutes, is  
 6 amended to read as follows:

7           "**§514B-72 Condominium education trust fund; payments by**  
 8 **associations [~~and~~], developers[~~-~~], and managing agents.** (a)

9 Each project or association with more than five units, including  
 10 any project or association with more than five units subject to  
 11 chapter 514A, shall pay to the department of commerce and  
 12 consumer affairs:

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

19        (2) Beginning with the July 1, 2015, biennium  
 20           registration, an additional annual condominium  
 21           education trust fund fee in an amount equal to the



1 product of \$1.50 times the number of condominium units  
2 included in the registered project or association to  
3 be dedicated to supporting mediation of condominium  
4 related disputes. The additional condominium  
5 education trust fund fee shall total \$3 per unit until  
6 the commission adopts rules pursuant to chapter 91.  
7 On June 30 of every odd-numbered year, any unexpended  
8 additional amounts paid into the condominium education  
9 trust fund and initially dedicated to supporting  
10 mediation of condominium related disputes, as required  
11 by this paragraph, shall be used for educational  
12 purposes as provided in section 514B-71(a)(1), (2),  
13 and (3) [-]; and

14 (3) Beginning with the July 1, 2017, biennium  
15 registration, an additional annual condominium  
16 education trust fund fee in an amount equal to the  
17 product of \$ \_\_\_\_\_ times the number of condominium  
18 units included in the registered project or  
19 association to be dedicated to supporting educational  
20 purposes as provided in section 514B-71(a)(4).



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1           (b) Each developer shall pay to the department of commerce  
2 and consumer affairs the condominium education trust fund fee  
3 for each unit in the project, as prescribed by rules adopted by  
4 the director of commerce and consumer affairs pursuant to  
5 chapter 91. The project shall not be registered and no  
6 effective date for a developer's public report shall be issued  
7 until the payment has been made.

8           (c) In addition to the requirements under sections 514A-95  
9 and 514B-132, each managing agent shall pay a condominium  
10 education trust fund fee for each unit included in the  
11 registered project or association, as prescribed by rules  
12 adopted by the director of commerce and consumer affairs  
13 pursuant to chapter 91. The fee shall be used for educational  
14 purposes as provided in section 514B-71(a)(4).

15           [~~(e)~~] (d) Payments of any fees required under this section  
16 shall be due on or before the registration due date and shall be  
17 nonrefundable. Failure to pay the required fee by the due date  
18 shall result in a penalty assessment of ten per cent of the  
19 amount due and the association shall not have standing to bring  
20 any action to collect or to foreclose any lien for common  
21 expenses or other assessments in any court of this State until



1 the amount due, including any penalty, is paid. Failure of an  
2 association to pay a fee required under this section shall not  
3 impair the validity of any claim of the association for common  
4 expenses or other assessments, or prevent the association from  
5 defending any action in any court of this State.

6 ~~[(d)]~~ (e) The department of commerce and consumer affairs  
7 shall allocate the fees collected under this section, section  
8 514A-40, and section 514A-95.1 to the condominium education  
9 trust fund established pursuant to section 514B-71. The fees  
10 collected pursuant to this section shall be administratively and  
11 fiscally managed together as one condominium education trust  
12 fund established by section 514B-71."

13 SECTION 3. Section 514B-73, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15 "(b) The commission and the director of commerce and  
16 consumer affairs may use moneys in the condominium education  
17 trust fund collected pursuant to sections 514A-40, 514A-95.1,  
18 and 514B-72, and the rules of the commission to employ necessary  
19 personnel not subject to chapter 76 for additional staff  
20 support, to provide office space, and to purchase equipment,  
21 furniture, and supplies required by the commission to carry out



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1 its responsibilities under this part. The director of commerce  
2 and consumer affairs may use moneys in the condominium education  
3 trust fund collected pursuant to sections 514A-40, 514A-95.1,  
4 and 514B-72, and the rules of the commission to employ  
5 additional personnel as needed to enforce this chapter or the  
6 rules of the commission."

7 SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

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

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INTRODUCED BY: *Shiranne Omur Adland*



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**Report Title:**

Condominiums; Condominium Education Trust Fund; Assessment;  
Managing Agents; Associations; Real Estate Commission;  
Enforcement

**Description:**

Adds education for condominium unit owners, board members, potential board members, and employees of managing agents on the rights and responsibilities of condominium unit owners and condominium board members as one of the education purposes supported by the condominium education trust fund. Beginning with the July 1, 2017, biennium registration, imposes an additional annual condominium education trust fund fee dedicated to supporting education for condominium unit owners, board members, potential board members, and employees of managing agents. Imposes a condominium education trust fund fee on managing agents. Permits the department of commerce and consumer affairs to use moneys in the condominium education trust fund to employ additional personnel as needed to enforce condominium laws and rules of the real estate commission.

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

