

STAND. COM. REP. NO.

1201

Honolulu, Hawaii

March 27, 2015

RE: S.B. No. 826
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 826, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to enhance the effectiveness and efficiency of self-governance in condominium living by amending chapter 514B, Hawaii Revised Statutes, to:

- (1) Require that a duly noticed annual meeting be held at a location convenient and easily accessible to a majority of condominium unit owners;
- (2) Allow for two subsequent duly noticed adjourned annual meetings if there is no quorum present at the initial annual meeting and a reduced quorum requirement if quorum is not met at the third duly noticed adjourned annual meeting;
- (3) Limit association business at an annual meeting conducted with a reduced quorum to the adoption of a tax resolution and the election of a board of directors for positions that have expired or are expiring;



- (4) Restrict the time between the originally-noticed adjourned annual meeting and the reduced-quorum adjourned annual meeting to no longer than ninety days;
- (5) Authorize the board of a condominium association to terminate a managing agent's contract upon a majority vote of the association of unit owners;
- (6) Require a condominium association with fifty or more units to prepare its budget on an accrual basis in accordance with generally accepted accounting principles; and
- (7) Require the use of standardized forms prescribed or approved by the commission for the condominium unit owner's request for records and the association's response to the request for records.

Associa, Palehua Townhouse Association, and an individual testified in support of this measure. The Community Associations Institute testified in support of the intent of this measure. The American Resort Development Association testified in opposition to this measure. The Real Estate Commission, Department of Commerce and Consumer Affairs, Marriott Vacations Worldwide Corporation, and a few individuals provided comments on this measure.

Your Committee has amended this measure by:

- (1) Specifying that the annual association meeting and adjourned annual meeting include electing a member as determined pursuant to section 514B-107(a), Hawaii Revised Statutes;
- (2) Amending the language concerning the adjourned annual meetings in the event that quorum cannot be obtained in the annual meeting;
- (3) Amending the procedures regarding the termination of a managing agent's contract;
- (4) Exempting certain projects from the new provisions concerning the employment, renewal, and termination of a managing agent's contract;



- (5) Specifying that all association meetings be held at the address of the condominium or elsewhere within the State as determined by the board and at a site on the island where the association is located that is convenient and readily accessible;
- (6) Deleting the requirement that any response to a written request by a unit owner or unit owner's agent be made on forms prescribed, or approved, by the Real Estate Commission;
- (7) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 826, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 826, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



