

Honolulu, Hawaii

April 10, 2015

RE: S.B. No. 826  
S.D. 1  
H.D. 2

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

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 826, S.D. 1, H.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 of condominium associations by amending chapter 514B, Hawaii Revised Statutes, to:

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



- (4) Authorize the board of a condominium association to terminate a managing agent's contract upon a majority vote of the association of unit owners;
- (5) 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
- (6) Require the use of standardized forms prescribed or approved by the Real Estate Commission for a condominium unit owner's request for records from an association.

The American Resort Development Association, Community Associations Legislative Action Committee Hawaii, and several concerned individuals supported this measure. The Hawaii Council of Associations of Apartment Owners supported the intent of this measure. Three concerned individuals opposed this measure. The Department of Commerce and Consumer Affairs, Hawaii Real Estate Commission, Associa Hawaii, and two concerned individuals commented on this measure.

Your Committee has amended this measure by:

- (1) Requiring the use of forms prescribed or approved by the Real Estate Commission for both requests for records by unit owners and responses from associations;
- (2) Clarifying that a reduced quorum may be applied at a third annual meeting only if quorum is not achieved at that meeting;
- (3) Clarifying that the termination of a managing agent's contract shall occur within one hundred twenty days after the majority of the unit owners of an association vote to terminate the contract;
- (4) Requiring accrual budgeting and accounting for an association of apartment owners with one hundred or more units;
- (5) Changing the effective date to March 15, 2038, to promote further discussion; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 826, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 826, S.D. 1, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,



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KARL RHOADS, Chair



