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# A BILL FOR AN ACT

RELATING TO HOMEOWNERS ASSOCIATIONS.

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

- 1           SECTION 1. (a) The auditor shall conduct a study on the  
2 necessity and feasibility of establishing an agency within the  
3 department of commerce and consumer affairs to provide general  
4 regulatory oversight of homeowners associations. As part of the  
5 study, the auditor shall determine the most effective and cost  
6 efficient means to establish an agency that would, at a minimum:
- 7           (1) Focus on the provision of consumer protection services  
8           for homeowners, including the proper use of fees paid  
9           to an association;
- 10          (2) Establish accountability standards and benchmarks for  
11          the selection of vendors by a homeowners association  
12          to provide agreed upon services, as well as for the  
13          vendors used by the association to provide these  
14          services;
- 15          (3) Facilitate mediation, arbitration, and dispute  
16          resolution services in cases of noncompliance or  
17          neglect of appropriate levels of performance,



- 1 including economic performance, for agreed upon  
2 services between the homeowner and the homeowners  
3 association or vendor procured by the association;
- 4 (4) Enforce any statutes, regulations, and administrative  
5 rules governing homeowners associations, including the  
6 enforcement of penalties and determination of  
7 liabilities, as appropriate;
- 8 (5) Have the authority to compel compliance with any  
9 statute, regulation, and administrative rule governing  
10 homeowners associations through legal actions;
- 11 (6) Recommend, to the director of commerce and consumer  
12 affairs, the establishment of any additional penalties  
13 the agency deems necessary to enforce any statute,  
14 regulation, or administrative rule governing  
15 homeowners associations;
- 16 (7) Establish educational programs for homeowners and  
17 disseminate information to homeowners on a homeowner's  
18 rights, including challenging the appropriateness of  
19 fees paid versus services provided and the  
20 availability of mediation and dispute resolution; and



1 (8) Establish regular reporting requirements to the  
2 legislature including agency evaluations, metrics, and  
3 fiscal accountability.

4 (b) As part of the study under subsection (a), the auditor  
5 shall perform a cost benefit analysis on the establishment of an  
6 agency as provided in subsection (a), including initial start-up  
7 costs, year-to-year operational costs, and any other incidental  
8 agency and program maintenance costs.

9 (c) The auditor shall submit a report of its findings and  
10 recommendations, including any proposed legislation, to the  
11 legislature no later than twenty days prior to the convening of  
12 the regular session of 2018.

13 SECTION 2. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so much  
15 thereof as may be necessary for fiscal year 2017-2018 for the  
16 auditor to conduct the study required under this Act.

17 The sum appropriated shall be expended by the office of the  
18 auditor for the purposes of this Act.

19 SECTION 3. This Act shall take effect on July 1, 2030.



**Report Title:**

Homeowners Associations; Consumer Protection; Agency  
Establishment; Study; Appropriation

**Description:**

Requires the Auditor to conduct a study, including a cost analysis, on the necessity and feasibility of establishing an agency within the Department of Commerce and Consumer Affairs to regulate homeowners associations, and to submit a report of its progress to the Legislature prior to the 2018 Regular Session. Appropriates funds. (HB1308 HD3)

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

