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# A BILL FOR AN ACT

RELATING TO PLANNED COMMUNITY ASSOCIATIONS.

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

1       SECTION 1. Section 421J-5, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3       "(e) A director who has a conflict of interest on any  
4 issue before the board shall disclose the nature of the conflict  
5 of interest prior to a vote on that issue at the board meeting,  
6 and the minutes of the meeting shall record the fact that a  
7 disclosure was made. A director's failure to disclose a  
8 conflict of interest shall constitute a breach of the director's  
9 duty of loyalty and the director may be automatically removed  
10 from the board, liable to the association for monetary damages,  
11 and disqualified from future service on the board."

12       SECTION 2. New statutory material is underscored.

13       SECTION 3. This Act shall take effect upon its approval.

14  
INTRODUCED BY:



JAN 25 2022



# H.B. NO. 2281

**Report Title:**

Planned Community Associations; Conflicts of Interest; Damages

**Description:**

Specifies that a director's failure to disclose a conflict of interest shall constitute a breach of the director's duty of loyalty and the director may be automatically removed from the board, liable to the association for monetary damages, and disqualified from future service on the board.

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

