

JAN 25 2023

A BILL FOR AN ACT

RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING.

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

1 SECTION 1. The legislature finds that due to the effects
2 of climate change and the establishment of more stringent
3 structural facility maintenance requirements, it is more
4 important than ever that homeowners' associations, planned
5 community associations, cooperative housing corporations, and
6 condominium unit owners' associations are properly managed to
7 protect the life and safety of residents.

8 The legislature further finds that an estimated three
9 hundred sixty thousand people in the State, or about one in four
10 persons, live in a property managed by these types of
11 associations. These individuals live in projects governed by
12 volunteer boards of directors who often have limited expertise
13 in financing, property management, or engineering. Therefore,
14 it is crucial that the professional managers hired to manage the
15 day-to-day operations of the associations possess the
16 specialized knowledge and expertise required to properly service
17 these entities.



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1 One way to ensure that these professional managers are
2 qualified is by establishing licensing requirements for the
3 profession. The establishment of licensing requirements will
4 increase accountability, improve the safety of residents,
5 guests, and property, and will help to standardize the long-term
6 repair and maintenance obligations among homeowners'
7 associations and planned community associations, cooperative
8 housing corporations, and condominium unit owners' associations.
9 Empowering a licensing board to monitor this profession will
10 also help to ensure these entities and individual unit owners
11 better understand the long-term financial obligations required
12 for these types of ownership structures.

13 Accordingly, the purpose of this Act is to establish
14 licensing and regulation requirements for managers of
15 homeowners' associations, planned community associations,
16 cooperative housing corporations, and condominium unit owners'
17 associations.

18 SECTION 2. The Hawaii Revised Statutes is amended by
19 adding a new chapter to title 25 to be appropriately designated
20 and to read as follows:



1 "CHAPTER

2 MANAGERS OF HOMEOWNERS ASSOCIATIONS, PLANNED COMMUNITY

3 ASSOCIATIONS, COOPERATIVE HOUSING CORPORATIONS, AND UNIT OWNERS'

4 ASSOCIATIONS

5 § -1 Definitions. As used in this chapter:

6 "Association" includes homeowners' associations and planned
7 community associations under chapter 421J, cooperative housing
8 corporations under chapter 421I, and condominium unit owners'
9 associations under chapter 514B.

10 "Association manager" means any person, regardless of that
11 person's title, who is hired or contracted by an association to
12 oversee the daily operations of the association, including
13 managing the association's budget, collecting dues, managing
14 delinquencies, bookkeeping, maintaining common areas, performing
15 site inspections, complying with applicable laws, hiring
16 association employees, updating and maintaining insurance
17 policies, enforcing governing documents, performing dispute
18 resolution, and managing vendors.

19 "Board" means the association manager licensing board.

20 "Department" means the department of commerce and consumer
21 affairs.



1 § -2 **License required.** (a) Beginning July 1, 2025, it
2 shall be unlawful for any person to be employed or contracted by
3 an association as an association manager without having first
4 obtained a license as provided in this chapter.

5 (b) Any person who violates this section shall be subject
6 to a fine of not more than \$ for each separate offense.
7 Each day of each violation shall constitute a separate offense.

8 § -3 **Exemptions.** This chapter shall not apply to any
9 employee or contractor of an association manager who works under
10 the supervision or direction of a person who is licensed under
11 this chapter.

12 § -4 **Association manager licensing board; established;
13 organization; powers.** (a) There is established within the
14 department for administrative purposes the association manager
15 licensing board.

16 (b) The board shall consist of members,
17 including association managers having at least five
18 years of experience providing services to associations preceding
19 their appointment and private citizens who are not
20 affiliated with the association industry.



1 (c) In addition to any other powers and duties authorized
2 by law, the board may:

3 (1) Establish licensure requirements for association
4 managers;

5 (2) Grant, deny, or renew licenses to association
6 managers;

7 (3) Adopt, amend, or repeal rules, pursuant to chapter 91,
8 not inconsistent with the law, as may be necessary to
9 administer, coordinate, and enforce the licensure of
10 association managers pursuant to this chapter;

11 (4) Take disciplinary action against an entity for
12 violation of this chapter or any rules adopted
13 pursuant to this chapter;

14 (5) Develop and adopt rules relating to the provision of
15 services by association managers;

16 (6) Adopt a code of ethics to address permissible and
17 prohibited activities of licensees; and

18 (7) Promote the standardization of the long-term repair
19 and maintenance obligations among homeowners'
20 associations and planned community associations under
21 chapter 421J, cooperative housing corporations under



1 chapter 421I, and condominium unit owners'
2 associations under chapter 514B, to help ensure that
3 these entities and individual unit owners better
4 understand the long-term financial obligations
5 required with respect to these types of ownership
6 structures.

7 § -5 **License fees.** The department may collect a license
8 fee in an amount determined by the department to be reasonably
9 necessary to reimburse the department for the costs incurred in
10 establishing and administering the association manager licensure
11 program pursuant to this chapter and conducting any periodic
12 inspections.

13 § -6 **Association managers recovery fund; established.**

14 (a) The board may establish and maintain an association
15 managers recovery fund from which any person injured by an act,
16 representation, transaction, or conduct of a duly licensed
17 association manager, which is in violation of this chapter or
18 the rules adopted pursuant to this chapter, may recover, by
19 order of the circuit court or district court of the judicial
20 circuit where the violation occurred, an amount of not more than
21 \$ per contract, regardless of the number of persons



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1 injured under the contract, for damages sustained by the act,
2 representation, transaction, or conduct. Recovery from the fund
3 shall be limited to the actual damages suffered by the claimant,
4 including court costs and fees as set by law, and reasonable
5 attorney fees as determined by the court; provided that recovery
6 from the fund shall not be awarded to persons injured by an act,
7 representation, transaction, or conduct of an association
8 manager whose license was suspended, revoked, forfeited,
9 terminated, or in an inactive status at the time the claimant
10 entered into the contract with the association manager.

11 (b) When any person applies for an association manager
12 license, the person shall pay, in addition to any original
13 license fee collected pursuant to section -6, a fee of
14 \$ for deposit into the association managers recovery
15 fund as provided in rules adopted by the department pursuant to
16 chapter 91. If the board does not issue the license, these fees
17 shall be returned to the applicant."

18 SECTION 3. This Act shall take effect on July 1, 2023.

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INTRODUCED BY: Carol Johnson



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Report Title:

DCCA; Homeowners' Associations; Planned Community Associations; Cooperative Housing Corporations; Unit Owners' Associations; Managers; Licensing; Recovery Fund

Description:

Creates licensure and regulation requirements for managers of homeowners' associations, planned community associations, cooperative housing corporations, and unit owners' associations in the State. Establishes an Association Manager Licensing Board within the Department of Commerce and Consumer Affairs.

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

