

ACT 57

S.B. NO. 1874-84

A Bill for an Act Relating to Horizontal Property Regimes.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 514A-84, Hawaii Revised Statutes, is amended to read as follows:

“§514A-84 Management contracts; developer. (a) If the developer or any affiliate of the developer acts as the first managing agent for the association of apartment owners following its organization, the contract shall not have a term exceeding one year and shall contain a provision that the contract may be terminated by either party thereto on not more than sixty days' written notice. The identity of the managing agent as the developer or its affiliate shall be disclosed to the association of apartment owners no later than the first meeting of the association. An affiliate of, or person affiliated with, a developer is a person that directly or indirectly controls, is controlled by, or is under common control with, the developer.

(b) A managing agent employed or retained [for] by one or more condominium projects shall provide evidence of a fidelity bond in an amount equal to \$250 multiplied by the aggregate number of units covered by all of the agent's condominium management contracts; provided that the minimum amount of bond required by this subsection shall not be less than \$10,000 nor greater than \$50,000.

(c) If a project chooses not to have a managing agent, a fidelity bond in an amount equal to \$250 multiplied by the number of units in the project shall be secured for all individuals handling the project's funds; provided that the minimum amount of bond required by this subsection shall not be less than \$10,000 nor greater than \$50,000.

(d) The funds in the general operating account of the condominium association shall not be commingled with funds of other activities such as lease rent collections and rental operations, nor shall the managing agent commingle

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any association funds with its own funds. Rental operation shall not include the rental or leasing of common elements that is conducted on behalf of the board of directors of the association of apartment owners.

(e) A managing agent employed or retained by one or more condominium projects may dispose of the records of any condominium project which are more than five years old without liability if the managing agent first provides the board of directors of the condominium project affected with written notice of the managing agent's intent to dispose of the records if not retrieved by the board of directors within 60 days, which notice shall include an itemized list of the records which the managing agent intends to dispose of."

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

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

(Approved April 18, 1984.)