

ACT 225

H.B. NO. 3297

A Bill for an Act Relating to Real Estate.

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

SECTION 1. Section 467-30, Hawaii Revised Statutes, is amended to read as follows:

“§467-30 Licenses and bonding required to operate condominium hotel.
(a) As used in this section, “condominium hotel” includes those apartments in a

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project as defined in section 514A-3 and subject to chapter 514A, [providing] which may provide for customary hotel services including, but not limited to, front desk, restaurant, [daily] maid [and] or linen service, bell service, or telephone switchboard.

(b) Any sole proprietor, partnership, corporation, or other business entity who, in the operation of a condominium hotel engages in any activity set forth in the definitions of "real estate", "real estate broker", and "real estate salesman" in section 467-1 and who also is not a custodian or caretaker shall:

- (1) Obtain a license as a real estate broker in compliance with this chapter and the rules of the commission[.]; and
- (2) [Register as a condominium operator and provide] Provide evidence of bonding to the real estate commission in an amount equal to \$500 multiplied by the aggregate number of units covered by all of the condominium hotel contracts; except that the minimum of the bond required by this paragraph shall not be less than \$20,000 nor greater than \$100,000. The aggregate number of units excludes the number of units owned by the condominium hotel operator either as a sole proprietor, partnership or corporation. The bond shall protect the [owners of the apartments whose apartments are used to provide customary hotel services.] apartment owners against fraudulent or dishonest acts by the condominium hotel operator in handling the apartment owners' funds; and
- (3) Register on a biennial basis as a condominium hotel operator. Registration information shall include, but not limited to, the number of apartment units managed for others as well as the number of apartment units owned by the condominium hotel operator. Any operator failing to register with the real estate commission within three months of the effective date of this section shall be subject to a fine not exceeding an amount equal to \$25 multiplied by the aggregate number of units being utilized as a condominium hotel. Each month or fraction of a month of non-compliance shall be deemed a new and separate violation.
- (4) A registration fee may be assessed by the commission. Such fees required by this subsection shall be as provided in rules adopted by the director of commerce and consumer affairs pursuant to chapter 91. All fees required by this subsection shall be deposited with the director of finance to the credit of the general fund.

(c) Neither a real estate broker license nor a salesperson license shall be required of those employees of any sole proprietor, partnership, corporation, or other business entity performing or facilitating the delivery of customary hotel services as described in this section."

SECTION 2. The real estate licensure requirement as set forth in section 467-30(b)(1) shall be suspended until June 30, 1989. As an alternative to the bonding requirement, the commission may accept the licensure requirement of section 467-30(b)(1) until June 30, 1989.

SECTION 3. For those condominium hotel operators managing for others ten or less condominium units the bonding requirement of section 467-30(b)(2) shall be suspended until June 30, 1989.

SECTION 4. Chapter 514A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§514A- Common expenses; prior late charges. No association of apartment owners shall deduct and apply portions of common expense payments received

from an apartment owner to unpaid late fees (other than amounts remitted by an apartment owner in payment of late fees) unless it delivers or mails a written notice to such apartment owner, at least seven days prior to the first such deduction, which states that:

- (a) Failure to pay late fees will result in the deduction of late fees from future common expense payments, so long as a delinquency continues to exist.
- (b) Late fees shall be imposed against any future common expense payment which is less than the full amount owed due to the deduction of unpaid late fees from such payment.’’

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 6. This Act shall take effect upon its approval.

(Approved June 8, 1988.)

Note

- 1. Edited pursuant to HRS §23G-16.5.