

## ACT 187

S.B. NO. 505

A Bill for an Act Relating to Condominiums.

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

SECTION 1. The legislature finds that mediation is an informal, inexpensive, and confidential process for resolving disputes quickly. Mediation may be particularly advantageous in a condominium setting because of the potential to preserve or to restore harmony within a condominium community.

The legislature further finds that fees paid into the condominium education trust fund come from condominium owners and developers. Dedicating a portion of the fund to support the mediation of condominium related disputes will benefit condominium owners and associations.

The purpose of this Act is to:

- (1) Add support for mediation of condominium related disputes as one of the educational purposes that shall be supported by the condominium education trust fund;
- (2) Beginning with the July 1, 2015, biennium registration, impose an additional annual condominium education trust fund fee dedicated to supporting mediation of condominium related disputes and specify the total fee into the condominium education trust fund. The additional fee shall be in addition to any fee prescribed by rules adopted by the director of commerce and consumer affairs pursuant to chapter 91, Hawaii Revised Statutes; and
- (3) Require the real estate commission to make adjustments to the condominium education trust fund to ensure adequate funds are available for mediation of condominium related disputes, and enable the commission to fully accommodate any mediation requests received prior to the commencement of the additional annual condominium education trust fund fee.

SECTION 2. Section 514B-71, Hawaii Revised Statutes, is amended to read as follows:

“~~[[§514B-71]]~~ **Condominium education trust fund.** (a) The commission shall establish a condominium education trust fund that the commission ~~[may]~~ shall use for educational purposes. Educational purposes shall include financing or promoting:

- (1) Education and research in the field of condominium management, condominium project registration, and real estate, for the benefit of the public and those required to be registered under this chapter;
- (2) The improvement and more efficient administration of associations; ~~[and]~~
- (3) Expedient and inexpensive procedures for resolving association disputes~~[-]; and~~
- (4) Support for mediation of condominium related disputes.

(b) The commission ~~[may]~~ shall use ~~[any and]~~ all moneys in the condominium education trust fund for purposes consistent with subsection (a).”

SECTION 3. Section 514B-72, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Each project or association with more than five units, including any project or association with more than five units subject to chapter 514A, shall pay to the department of commerce and consumer affairs [a]:

- (1) A condominium education trust fund fee within one year after the recordation of the purchase of the first unit or within thirty days of the association’s first meeting, and thereafter, on or before June 30 of every odd-numbered year, as prescribed by rules adopted pursuant to chapter 91[-]; and
- (2) Beginning with the July 1, 2015, biennium registration, an additional annual condominium education trust fund fee in an amount equal to the product of \$1.50 times the number of condominium units included in the registered project or association to be dedicated to supporting mediation of condominium related disputes. The additional condominium education trust fund fee shall total \$3.00 per unit until the commission adopts rules pursuant to chapter 91. On June 30 of every odd-numbered year, any unexpended additional amounts paid into the condominium education trust fund and initially dedicated to supporting mediation of condominium related disputes, as required by this paragraph, shall be used for educational purposes as provided in section 514B-71(a)(1), (2), and (3).”

SECTION 4. Between the effective date of this Act and July 1, 2015, the real estate commission, pursuant to section 514B-71(a)(4), Hawaii Revised Statutes, shall continue to budget an amount and expend moneys from the condominium education trust fund specifically to support mediation of condominium related disputes utilizing professionally trained mediators for those parties and disputes specified in section 514B-161, Hawaii Revised Statutes. If a fiscal year budgeted amount for mediation is fully expended and the commission receives additional requests for condominium education trust fund subsidies for the mediation of condominium related disputes, the commission may expend the budgeted amount allocated to other educational purposes for mediation of condominium related disputes. The commission and professional vocational licensing division of the department of commerce and consumer affairs shall make adjustments, as needed, to their budgets to meet the requirements of this section.

As used in this section, “professionally trained mediators” includes retired judges and individuals who have professional mediation training which shall include appropriate knowledge of mediation procedures, ethics, standards, and responsibilities.

SECTION 5. The department of commerce and consumer affairs professional and vocational licensing division’s budget ceiling shall be amended to reflect the additional annual condominium education trust fund fee required by section 514B-72(a)(2), Hawaii Revised Statutes, and paid into the condominium education trust fund, established by section 514B-71, Hawaii Revised Statutes. On June 30 of every odd-numbered year, any unexpended additional amounts paid into the condominium education trust fund and initially dedicated to supporting mediation of condominium related disputes, as required by section 514B-72(a)(2), Hawaii Revised Statutes, shall be used for educational purposes as provided in section 514B-71(a)(1), (2), and (3), Hawaii Revised Statutes.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2013.

(Approved June 25, 2013.)