

JAN 23 2015

## A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

SECTION 1. Chapter 514B, Hawaii Revised Statutes, is amended by adding a new section to subpart B of part VI to be appropriately designated and to read as follows:

**"§514B- Association meetings; failure to obtain a quorum.** (a) If the association is unable to obtain a quorum at its first annual meeting, then the association may continue the annual meeting at least once for no more than ninety days.

(b) If the association does not continue the first meeting pursuant to subsection (a), then the board of directors shall call a continuation of the annual meeting within ninety days.

(c) The quorum requirement at the continued meeting shall be reduced to one-half of the requirement as stated in the bylaws."

SECTION 2. Section 514B-107, Hawaii Revised Statutes, is amended to read as follows:

**"§514B-107 Board; limitations.** (a) Members of the board shall be unit owners or co-owners, vendees under an agreement of



1 sale, a trustee of a trust which owns a unit, or an officer,  
2 partner, member, or other person authorized to act on behalf of  
3 any other legal entity which owns a unit. There shall not be  
4 more than one representative on the board from any one unit.

5 (b) No resident manager or employee of a condominium shall  
6 serve on its board.

7 (c) An owner shall not act as an officer of an association  
8 and an employee of the managing agent retained by the  
9 association. Any owner who is a board member of an association  
10 and an employee of the managing agent retained by the  
11 association shall not participate in any discussion regarding a  
12 management contract at a board meeting and shall be excluded  
13 from any executive session of the board where the management  
14 contract or the property manager will be discussed.

15 (d) Directors shall not expend association funds for their  
16 travel, directors' fees, and per diem, unless owners are  
17 informed and a majority approve of these expenses; provided  
18 that, with the approval of the board, directors may be  
19 reimbursed for actual expenditures incurred on behalf of the  
20 association. The board meeting minutes shall reflect in detail  
21 the items and amounts of the reimbursements.



1 (e) Associations at their own expense shall provide all  
2 board members with a current copy of the association's  
3 declaration, bylaws, house rules, and, annually, a copy of this  
4 chapter with amendments.

5 (f) The directors may expend association funds, which  
6 shall not be deemed to be compensation to the directors, to  
7 educate and train themselves in subject areas directly related  
8 to their duties and responsibilities as directors; provided that  
9 the approved annual operating budget shall include these  
10 expenses as separate line items. These expenses may include  
11 registration fees, books, videos, tapes, other educational  
12 materials, and economy travel expenses. Except for economy  
13 travel expenses within the State, all other travel expenses  
14 incurred under this subsection shall be subject to the  
15 requirements of subsection (d).

16 (g) Notwithstanding any provision in the declaration or  
17 bylaws, the board of an association managed by a managing agent  
18 shall have the authority to employ and terminate a managing  
19 agent, subject to the requirements of subsection (h).

20 (h) A managing agent may be terminated by vote of a  
21 majority of the unit owners at an association meeting. If the



1 employment of a managing agent is terminated, the managing  
2 agent's contract shall continue for no more than three months  
3 from the date of termination and the board shall employ a  
4 different managing agent.

5 (i) A project in which a majority of the units have been  
6 submitted to one or more vacation plans, or in which one or more  
7 units have been submitted to a vacation plan established by the  
8 developer of the project or by an affiliate of the developers,  
9 shall be exempt from the managing agent provisions in  
10 subsections (g) and (h).

11 For purposes of this subsection:

12 "Majority of the units" means units to which are  
13 appurtenant more than 50 per cent of the common interests  
14 appurtenant to all units, other than any commercial units, in  
15 the project.

16 "Vacation plan" means a plan or program that constitutes a  
17 time share plan subject to chapter 514E, or that would  
18 constitute a time share plan subject to chapter 514E but for the  
19 fact that the period during which the owners have the right to  
20 use, occupy, or possess the units in the plan equals or exceeds  
21 sixty days per year."



# S.B. NO. 826

1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2015.

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INTRODUCED BY:

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**Report Title:**

Condominium Associations; Managing Agent; Condominium Boards; Meetings; Quorum; Majority Vote

**Description:**

Establishes provisions for condominium association annual meetings and quorum requirements. Permits the board of an association to employ and discharge the managing agent of an association, subject to a vote of a majority of the unit owners at an association meeting. Provides an exemption for a condominium project in which a majority of the units have been submitted to one or more vacation plans, or in which one or more units has been submitted to a vacation plan established by the developer of the project or by an affiliate of the developers.

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