
A BILL FOR AN ACT

RELATING TO ASSOCIATIONS.

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

1 SECTION 1. (a) The auditor shall conduct a study on the
2 necessity and feasibility of establishing an agency within the
3 department of commerce and consumer affairs to provide general
4 regulatory oversight of homeowners associations. As part of the
5 study, the auditor shall determine the most effective and cost
6 efficient means to establish an agency that would, at a minimum:

7 (1) Focus on the provision of consumer protection services
8 for homeowners, including the proper use of fees paid
9 to an association, such as special assessment fees;

10 (2) Establish accountability standards and benchmarks for
11 the selection of vendors by a homeowners association
12 to provide agreed upon services, as well as for the
13 vendors used by the association to provide these
14 services;

15 (3) Facilitate mediation, arbitration, and dispute
16 resolution services in cases of noncompliance or
17 neglect of appropriate levels of performance,



1 including economic performance, for agreed upon
2 services between the homeowner and the homeowners
3 association or vendor procured by the association;

4 (4) Enforce any statutes, regulations, and administrative
5 rules governing homeowners associations, including the
6 enforcement of penalties and determination of
7 liabilities, as appropriate;

8 (5) Have the authority to compel compliance with any
9 statute, regulation, or administrative rule governing
10 homeowners associations through legal actions;

11 (6) Recommend, to the director of commerce and consumer
12 affairs, the establishment of any additional penalties
13 the agency deems necessary to enforce any statute,
14 regulation, or administrative rule governing
15 homeowners associations;

16 (7) Establish educational programs for homeowners and
17 disseminate information to homeowners on a homeowner's
18 rights, including challenging the appropriateness of
19 fees paid versus services provided and the
20 availability of mediation and dispute resolution;



(8) Establish regular reporting requirements to the legislature including agency evaluations, metrics, and fiscal accountability; and

(9) Have the authority to conduct an audit of the bylaws of an association to ensure compliance with any applicable laws governing association bylaws.

(b) As part of the study under subsection (a), the auditor shall perform a cost-benefit analysis on the establishment of an agency as provided in subsection (a), including initial start-up costs, year-to-year operational costs, and any other incidental agency and program maintenance costs.

(c) The auditor shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2020.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2018-2019 for the auditor to conduct the study required under this Act.

The sum appropriated shall be expended by the office of the auditor for the purposes of this Act.



1 SECTION 3. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to read "J. F. Cull", written over a horizontal line.

JAN 23 2018



H.B. NO. 2531

Report Title:

Homeowners Associations; Consumer Protection Agency Study;
Appropriation

Description:

Requires the Auditor to conduct a study, including a cost-benefit analysis, on establishing an agency within the Department of Commerce and Consumer Affairs to regulate homeowners associations and to submit a report to the Legislature. Appropriates funds.

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

