

1 The hotline shall be operated by the commission for the purpose
2 of providing condominium unit owners with legal information in
3 matters relating to disputes with a condominium's board of
4 directors.

5 (b) The hotline shall be toll free and available Monday
6 through Friday during normal business hours, excluding state and
7 federal holidays.

8 (c) The commission may charge a reasonable fee for
9 individuals requesting assistance from the hotline; provided
10 that the fee shall be waived for low-income individuals. To
11 qualify as low-income, an individual shall have an annual
12 household income (before taxes) that is below the following
13 amounts:

- 14 (1) \$25,290, for a household size of one;
15 (2) \$34,096, for a household size of two;
16 (3) \$42,902, for a household size of three;
17 (4) \$51,708, for a household size of four;
18 (5) \$60,514, for a household size of five;
19 (6) \$69,320, for a household size of six;
20 (7) \$78,126, for a household size of seven; and
21 (8) \$86,968, for a household size of eight.



1 For households with more than eight people, the commission shall
 2 adjust the qualifying annual household income amount by adding
 3 \$8,843 per additional person to the dollar amount listed in
 4 paragraph (8).

5 (d) Attorneys may volunteer to answer calls to the hotline
 6 and provide legal information. The supreme court shall adopt
 7 rules necessary to qualify this service for pro bono credit.

8 (e) The hotline shall be funded by the condominium
 9 education trust fund established pursuant to section 514B-71."

10 SECTION 3. Section 514B-71, Hawaii Revised Statutes, is
 11 amended by amending subsection (a) to read as follows:

12 "(a) The commission shall establish a condominium
 13 education trust fund that the commission shall use for
 14 [~~educational~~] the following purposes[-]:

15 (1) Educational purposes, which shall include financing or
 16 promoting:

17 [~~(1)~~] (A) Education and research in the field of
 18 condominium management, condominium project
 19 registration, and real estate, for the benefit of the
 20 public and those required to be registered under this
 21 chapter;



1 SECTION 6. Chapter 514B, Hawaii Revised Statutes, is
2 amended by adding a new section to part IV to be appropriately
3 designated and to read as follows:

4 "§514B- Condominium education trust fund; ethics
5 training course; board of directors. (a) The real estate
6 commission shall establish, design, supervise, and administer an
7 online ethics training course and examination that is designed
8 specifically for the members of the board of directors of a
9 residential project or association of twenty or more residential
10 units, including any residential project or association of
11 twenty or more residential units that is subject to chapter
12 514A.

13 (b) The ethics training course shall include:
14 (1) Explanations and discussions of applicable ethics
15 laws;
16 (2) Specific technical and legal requirements;
17 (3) The underlying purposes and principles of ethics laws;
18 (4) Examples of practical application of the laws and
19 principles; and
20 (5) A question-and-answer participatory segment regarding
21 common problems and situations.



1 The real estate commission shall be responsible for developing
2 the methods and preparing any materials necessary to implement
3 the course; provided that any online videos used shall include
4 codes or questions to be randomly inserted in order to maintain
5 the viewer's ongoing attention.

6 (c) The real estate commission shall:

7 (1) Procure the services of a third party provider,
8 through the procurement code, to administer the ethics
9 training course and examination;

10 (2) Reimburse the third party provider through funds in
11 the condominium education trust fund; and

12 (3) Obtain from each resident manager or managing agent,
13 the names and addresses, including e-mail addresses,
14 of the members of a board of directors to whom this
15 chapter applies and notify the members, through the
16 Internet and regular mail, that they are required to
17 take the online course and pass its examination.

18 (d) Each member of the board of directors of a residential
19 project or association of twenty or more residential units,
20 including any residential project or association of twenty or
21 more residential units that is subject to chapter 514A, shall be



1 required to take and satisfactorily complete the online ethics
2 course as a condition of eligibility to serve on the board of
3 directors."

4 SECTION 7. Section 514A-82, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) The bylaws shall provide for at least the following:

7 (1) Board of directors:

8 (A) The election of a board of directors;

9 (B) The number of persons constituting the board;

10 provided that condominiums with more than one

11 hundred individual apartment units shall have an

12 elected board of not less than nine members

13 unless not less than sixty-five per cent of all

14 apartment owners vote by mail ballot, or at a

15 special or annual meeting, to reduce the minimum

16 number of directors;

17 (C) That for the initial term of office, directors

18 shall serve for a term of three years or the term

19 as specified by the bylaws or until their

20 successors have been elected or appointed;

21 (D) The powers and duties of the board;



- 1 (E) The compensation, if any, of the directors; [~~and~~]
- 2 (F) Whether or not the board may engage the services
- 3 of a manager or managing agent, or both, and
- 4 specifying which of the powers and duties granted
- 5 to the board by this chapter or otherwise may be
- 6 delegated by the board to either or both of them;
- 7 and
- 8 (G) For a residential condominium of twenty or more
- 9 residential dwelling units, explanation of the
- 10 requirement under section 514B- (d) that each
- 11 member of the board of directors of that
- 12 residential condominium take and satisfactorily
- 13 complete the online ethics course offered by the
- 14 real estate commission;
- 15 (2) Method of calling meetings of the apartment owners;
- 16 what percentage, if other than a majority of apartment
- 17 owners, constitutes a quorum; what percentage,
- 18 consistent with this chapter, is necessary to adopt
- 19 decisions binding on all apartment owners and that
- 20 votes allocated to any area that constitutes a common
- 21 element under section 514A-13(h) shall not be cast at

1 any association meeting, regardless of whether it is
2 so designated in the declaration;

3 (3) Election of a president from among the board of
4 directors who shall preside over the meetings of the
5 board of directors and of the association of apartment
6 owners;

7 (4) Election of a secretary who shall keep the minute book
8 wherein resolutions shall be recorded;

9 (5) Election of a treasurer who shall keep the financial
10 records and books of account;

11 (6) Operation of the property, payment of the common
12 expenses, and determination and collection of the
13 common charges;

14 (7) Manner of collecting common expenses, expenses, costs,
15 and fees recoverable by the association under section
16 514A-94, and any penalties and late charges;

17 (8) Designation and removal of personnel necessary for the
18 maintenance, repair, and replacement of the common
19 elements;



- 1 (9) Method of adopting and amending administrative rules
2 governing the details of the operation and use of the
3 common elements;
- 4 (10) The restrictions on and requirements respecting the
5 use and maintenance of the apartments and the use of
6 the common elements, not set forth in the declaration,
7 as are designed to prevent unreasonable interference
8 with the use of their respective apartments and of the
9 common elements by the several apartment owners;
- 10 (11) The first meeting of the association of apartment
11 owners shall be held not later than one hundred eighty
12 days after recordation of the first apartment
13 conveyance; provided forty per cent or more of the
14 project has been sold and recorded. If forty per cent
15 of the project is not sold and recorded at the end of
16 one year, an annual meeting shall be called; provided
17 ten per cent of the apartment owners so request;
- 18 (12) All members of the board of directors shall be owners,
19 co-owners, vendees under an agreement of sale, or an
20 officer of any corporate owner of an apartment. The
21 partners in a general partnership and the general



1 partners of a limited partnership shall be deemed to
2 be the owners of an apartment for this purpose. There
3 shall not be more than one representative on the board
4 of directors from any one apartment;

5 (13) A director shall not cast any proxy vote at any board
6 meeting, nor shall a director vote at any board
7 meeting on any issue in which the director has a
8 conflict of interest;

9 (14) No resident manager of a condominium shall serve on
10 its board of directors;

11 (15) The board of directors shall meet at least once a
12 year;

13 (16) All association and board of directors meetings shall
14 be conducted in accordance with the most current
15 edition of Robert's Rules of Order;

16 (17) All meetings of the association of apartment owners
17 shall be held at the address of the condominium
18 project or elsewhere within the State as determined by
19 the board of directors; and

20 (18) Penalties chargeable against persons for violation of
21 the covenants, conditions, or restrictions set forth



1 in the declaration, or of the bylaws and
2 administrative rules adopted pursuant thereto, method
3 of determination of violations, and manner of
4 enforcing penalties, if any."

5 SECTION 8. Section 514B-71, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) The commission shall establish a condominium
8 education trust fund that the commission shall use for
9 educational purposes. Educational purposes shall include
10 financing or promoting:

- 11 (1) Education and research in the field of condominium
12 management, condominium project registration, and real
13 estate, for the benefit of the public and those
14 required to be registered under this chapter;
- 15 (2) The improvement and more efficient administration of
16 associations;
- 17 (3) Expeditious and inexpensive procedures for resolving
18 association disputes; ~~and~~
- 19 (4) Support for mediation of condominium related
20 disputes ~~[-]~~; and



1 (5) Ethics training courses for members of the boards of
2 directors of residential condominiums of twenty or
3 more residential units."

4 SECTION 9. Section 514B-108, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) The bylaws shall provide for at least the following:

7 (1) The number of members of the board and the titles of
8 the officers of the association;

9 (2) Election by the board of a president, treasurer,
10 secretary, and any other officers of the association
11 the bylaws specify;

12 (3) The qualifications, powers and duties, terms of
13 office, and manner of electing and removing directors
14 and officers and the filling of vacancies; provided
15 that for a residential condominium of twenty or more
16 residential dwelling units, an explanation of the
17 requirement under section 514B- (d) that each member
18 of the board of directors of that residential
19 condominium take and satisfactorily complete the
20 online ethics course offered by the real estate
21 commission;

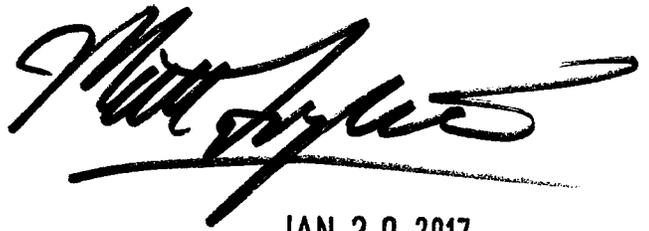


H.B. NO. 405

1 projects or associations that are subject to this Act and who
2 are elected or reelected to their respective board of directors
3 after December 31, 2017.

4

INTRODUCED BY:



JAN 20 2017



H.B. NO. 405

Report Title:

Condominiums; Hotline; Directors; Ethics Course

Description:

Establishes a condominium unit owner hotline to provide unit owners with legal information relating to disputes with a condominium's board of directors. Requires directors of associations with 20 or more dwelling units to complete an online ethics course offered through the Real Estate Commission.

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