
A BILL FOR AN ACT

RELATING TO COOPERATIVE HOUSING CORPORATIONS.

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

1 SECTION 1. The purpose of this Act is to require that each
2 member of the board of directors of a cooperative housing
3 corporation owe a similar fiduciary duty and exercise a similar
4 degree of care and loyalty to their respective entity as
5 required of the members of the board of directors of a
6 condominium property regime pursuant to section 514B-106(a),
7 Hawaii Revised Statutes.

8 SECTION 2. Section 421I-3, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "~~§421I-3~~ **Board of directors; election[-]; duties.**

11 (a) A meeting of the corporation for the purpose of electing
12 the board of directors shall be held not later than one hundred
13 eighty days after the first conveyance of a dwelling unit to a
14 shareholder, if at least forty per cent of the dwelling units
15 have been conveyed by that time. If forty per cent of the
16 dwelling units have not been conveyed within one year after the
17 first conveyance, the meeting of the corporation may be held



H.B. NO. 226

1 upon the call of the owners of at least ten per cent of the
2 shares by a petition presented to the secretary of the
3 corporation.

4 (b) Every member of the board of directors shall be:

5 (1) A shareholder of the [~~cooperation,~~] corporation;

6 (2) A spouse of a shareholder; or

7 (3) A trust beneficiary, if the shareholder is a trustee.

8 (c) Each dwelling unit shall have only one representative
9 on the board of directors.

10 (d) In the performance of their duties, members of the
11 board of directors shall owe the corporation a fiduciary duty
12 and exercise the degree of care and loyalty required of an
13 officer or director of a corporation organized under
14 chapter 414."

15 SECTION 3. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



H.B. NO. 226

1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: 

JAN 19 2023



H.B. NO. 226

Report Title:

Cooperative Housing Corporations; Board of Directors; Duties

Description:

Specifies that members of the board of directors of a cooperative housing corporation shall owe the corporation a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 414, HRS.

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

