

JAN 20 2023

A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514B-107, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§514B-107 Board; limitations.** (a) Members of the board
4 shall be unit owners or co-owners, vendees under an agreement of
5 sale, a trustee of a trust which owns a unit, or an officer,
6 partner, member, or other person authorized to act on behalf of
7 any other legal entity which owns a unit. There shall not be
8 more than one representative on the board from any one unit.

9 (b) No tenant, resident manager, or employee of a
10 condominium shall serve on its board.

11 For the purposes of this subsection, "tenant" means any
12 person who occupies a dwelling unit for dwelling purposes who is
13 not also an owner of a dwelling unit in the same condominium.

14 (c) An owner shall not act as an officer of an association
15 and an employee of the managing agent retained by the
16 association. Any owner who is a board member of an association
17 and an employee of the managing agent retained by the



1 association shall not participate in any discussion regarding a
2 management contract at a board meeting and shall be excluded
3 from any executive session of the board where the management
4 contract or the property manager will be discussed.

5 (d) Directors shall not expend association funds for their
6 travel, directors' fees, and per diem, unless owners are
7 informed and a majority approve of these expenses; provided
8 that, with the approval of the board, directors may be
9 reimbursed for actual expenditures incurred on behalf of the
10 association. The board meeting minutes shall reflect in detail
11 the items and amounts of the reimbursements.

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

16 (f) The directors may expend association funds, which
17 shall not be deemed to be compensation to the directors, to
18 educate and train themselves in subject areas directly related
19 to their duties and responsibilities as directors; provided that
20 the approved annual operating budget shall include these
21 expenses as separate line items. These expenses may include



1 registration fees, books, videos, tapes, other educational
2 materials, and economy travel expenses. Except for economy
3 travel expenses within the State, all other travel expenses
4 incurred under this subsection shall be subject to the
5 requirements of subsection (d).

6 (g) The board shall not expend association funds in an
7 amount of \$10,000 or greater without first obtaining approval by
8 the association in accordance with the voting percentages
9 established in this chapter."

10 SECTION 2. New statutory material is underscored.

11 SECTION 3. This Act shall take effect upon its approval.

12

INTRODUCED BY:

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S.B. NO. 585

Report Title:

Condominiums; Association; Expenditures; Approval

Description:

Prohibits a condominium board from expending association funds in an amount of \$10,000 or greater without first obtaining approval from the association.

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

