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# A BILL FOR AN ACT

RELATING TO CONDOMINIUM ASSOCIATIONS.

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

1           SECTION 1. The legislature finds that when boards of  
2 directors of condominium associations seek legal assistance to  
3 protect the collective interests of their associations, it is  
4 the board, not the individual unit owners, who are the clients  
5 of the attorneys. Accordingly, compensation for the legal  
6 services and costs should be paid in full entirely with the  
7 associations' funds and reserves, as the exclusive sources of  
8 payment, provided that the matters are not for collection of  
9 delinquent common expense dues owners are responsible for. The  
10 legislature finds that the absence of these clearly defined  
11 legal fee responsibilities has resulted in inequitable fee  
12 payments by owners.

13           The legislature further finds that these fees should be  
14 limited in proportion to the costs of the matter being resolved.  
15 The costs of an association are shared by all its unit owners.  
16 As such, excessive fees have a negative impact on all unit  
17 owners in an association.



1 The purpose of this Act is to:

2 (1) Require that the fees for attorneys retained by a  
3 condominium association be paid from an association's  
4 funds or reserves, provided the matter is a not a  
5 delinquent debt collection matter;

6 (2) Require attorneys hired by a condominium association  
7 for collection purposes to abide by all terms of the  
8 federal Fair Debt Collection Practices Act, including  
9 limiting collection fees to twenty-five per cent of  
10 the original debt amount;

11 (3) Require attorneys retained by a condominium  
12 association to confine their communications to the  
13 condominium board, except when the attorneys must  
14 request and require materials and responses directly  
15 from owners for each matter;

16 (4) Prohibit attorneys retained by a condominium  
17 association from billing unit owners directly;

18 (5) Require that each bill statement attorneys submit to a  
19 condominium association clearly indicate hourly  
20 service fees applicable to the statement, the date and  
21 explanation of each separate task performed, the



1           number of hours expended for each separate specific  
 2           task covered by the statement, the amount charged for  
 3           each task, the final total amount due for each  
 4           statement, and a reasonable due date for payment of  
 5           the bill; and

6           (6) Require that a notice of default and intention to  
 7           foreclose served on a unit owner affords the unit  
 8           owner the opportunity to respond within thirty days  
 9           after service of the notice.

10           SECTION 2. Chapter 514B, Hawaii Revised Statutes, is  
 11           amended by adding a new section to be appropriately designated  
 12           and to read as follows:

13           "§514B-           Attorneys' fees. (a) Notwithstanding section  
 14           514B-144(d), all costs for attorneys' fees incurred by or on  
 15           behalf of the association shall be paid from association funds  
 16           or reserves. The association shall not assess, demand, or seek  
 17           reimbursement of the costs for attorneys' fees against a unit  
 18           owner unless:

19           (1) The association assesses, demands, or seeks  
 20           reimbursement of the costs of attorneys' fees against



1           all the units in accordance with the allocations under  
2           section 514B-41;

3           (2) The purpose of the collection activity is debt  
4           collection of delinquent common expense assessments  
5           from the unit owner; or

6           (3) The association prevailed in the matter that did not  
7           pertain to collection of delinquent common expense  
8           assessments, and was a result of binding arbitration  
9           or litigation occurring after the legal fees were  
10           initially paid with association funds.

11           (b) The association shall not assess, demand, or seek  
12           reimbursement for its total and final legal fees in any matter  
13           in excess of twenty-five per cent of the original debt amount  
14           sought by the association.

15           (c) Attorneys retained by the association shall only  
16           communicate with the board; provided that attorneys retained by  
17           the association may communicate with unit owners for purposes of  
18           requests and responses for essential requirements of each  
19           matter; provided further that attorneys retained by the  
20           association shall not bill or demand payment of attorneys' fees  
21           directly from any unit owner.



1        (d) Attorneys retained by the association shall provide a  
2 bill statement to the association that clearly indicates hourly  
3 service fees applicable to the statement, the date and  
4 explanation of each separate task performed, the number of hours  
5 expended for each separate specific task covered by the  
6 statement, the amount charged for each task, the final total  
7 amount due for each statement, and a reasonable due date for  
8 payment of the bill."

9        SECTION 3. Section 514B-157, Hawaii Revised Statutes, is  
10 amended by amending its title and subsection (a) to read as  
11 follows:

12        "~~§514B-157 [Attorneys' fees, delinquent assessments,]~~  
13 **Costs and expenses of enforcement.** (a) All costs and expenses,  
14 [~~including~~] except for reasonable attorneys' fees, incurred by  
15 or on behalf of the association for:

16        (1) Collecting any delinquent assessments, including  
17                commercial property assessed financing assessments  
18                imposed pursuant to section 196-64.5, against any  
19                owner's unit;

20        (2) Foreclosing any lien thereon; provided that the  
21                association's formal notice of default and intention



to foreclose the lien affords the unit owner the opportunity to respond within thirty days after service of the notice on the unit owner; or

(3) Enforcing any provision of the declaration, bylaws, house rules, and this chapter, or the rules of the real estate commission;

against an owner, occupant, tenant, employee of an owner, or any other person who may in any manner use the property, shall be promptly paid on demand to the association by the person or persons; provided that if the claims upon which the association takes any action are not substantiated, all costs and expenses, ~~[including]~~ except for reasonable attorneys' fees, incurred by any applicable person or persons as a result of the action of the association, shall be promptly paid on demand to the person or persons by the association."

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

SECTION 5. This Act shall take effect on July 1, 2025.

INTRODUCED BY:                     *Alvin A. DeCetti*                    

JAN 22 2025



# H.B. NO. 1209

**Report Title:**

Condominium Associations; Attorneys' Fees; Communications;  
Billing Statements; Notice of Default and Intention to  
Foreclosure

**Description:**

Requires that the fees for attorneys retained by a condominium association be paid from an association's funds or reserves, except for collection of delinquent common dues payments from owners. Limits the total and final legal fees to twenty-five per cent of the original debt amount. Requires attorneys retained by a condominium association to confine their communications to the condominium board, except when the attorneys must request and require materials and responses directly from owners for each matter. Prohibits attorneys retained by a condominium association from billing unit owners directly. Specifies the contents of an attorney's billing statement. Requires that a notice of default and intention to foreclose served on a unit owner affords the unit owner the opportunity to respond within thirty days after service of the notice.

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

