
A BILL FOR AN ACT

RELATING TO BOARD MEMBERS.

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

1 SECTION 1. The legislature finds that in Hawaii,
2 condominium association board of directors are not currently
3 required to participate in mandatory training and education
4 classes. This lack of training has been shown to have a very
5 serious and negative impact on condominium associations
6 throughout Hawaii, where members of boards of directors,
7 including board presidents, are often not in compliance with the
8 governing documents of their associations or complying with
9 state and county law, regulations, and ordinances. It is also
10 widely reported that there is abuse of power at condominium
11 associations by boards, board presidents, and other board
12 members, and that association members who raise concerns are
13 being retaliated against.

14 The legislature further finds that as a result, many
15 condominium associations are being mismanaged, with adverse
16 financial impacts to the associations, deferred maintenance,



1 mismanaged projects, building and common element concerns, and
2 numerous mediation requests and lawsuits being filed.

3 Therefore, the purpose of this Act is to require board
4 members of a condominium association to:

5 (1) Certify the receipt and review of certain documents;
6 and

7 (2) Complete a board training and education course
8 approved by an accredited third party organization, to
9 be selected by the real estate commission.

10 SECTION 2. Section 514B-106, Hawaii Revised Statutes, is
11 amended to read as follows:

12 **"§514B-106 Board; powers and duties.** (a) Except as
13 provided in the declaration, the bylaws, subsection (b), or
14 other provisions of this chapter, the board may act in all
15 instances on behalf of the association. In the performance of
16 their duties, officers and members of the board shall owe the
17 association a fiduciary duty and exercise the degree of care and
18 loyalty required of an officer or director of a corporation
19 organized under chapter 414D. Any violation by a board or its
20 officers or members of the mandatory provisions of section 514B-
21 161 or 514B-162 may constitute a violation of the fiduciary duty



1 owed pursuant to this subsection; provided that a board member
2 may avoid liability under this subsection by indicating in
3 writing the board member's disagreement with [~~such board~~] the
4 board's action or rescinding or withdrawing the violating
5 conduct within forty-five days of the occurrence of the initial
6 violation.

7 (b) The board [~~may~~] shall not act on behalf of the
8 association to amend the declaration or bylaws (sections 514B-
9 32(a)(11) and 514B-108(b)(7)), to remove the condominium from
10 the provisions of this chapter (section 514B-47), or to elect
11 members of the board or determine the qualifications, powers and
12 duties, or terms of office of board members (subsection (e));
13 provided that nothing in this subsection shall be construed to
14 prohibit board members from voting proxies (section 514B-123) to
15 elect members of the board; provided further that
16 notwithstanding anything to the contrary in the declaration or
17 bylaws, the board may only fill vacancies in its membership to
18 serve until the next annual or duly noticed special association
19 meeting. Notice of a special association meeting to fill
20 vacancies shall include notice of the election. Any special
21 association meeting to fill vacancies shall be held on a date



1 that allows sufficient time for owners to declare their
2 intention to run for election and to solicit proxies for that
3 purpose.

4 (c) Within thirty days after the adoption of any proposed
5 budget for the condominium, the board shall make available a
6 copy of the budget to all the unit owners and shall notify each
7 unit owner that the unit owner may request a copy of the budget.

8 (d) The declaration may provide for a period of developer
9 control of the association, during which a developer, or persons
10 designated by the developer, may appoint and remove the officers
11 and members of the board. Regardless of the period provided in
12 the declaration, a period of developer control terminates no
13 later than the earlier of:

14 (1) Sixty days after conveyance of seventy-five per cent
15 of the common interest appurtenant to units that may
16 be created to unit owners other than a developer or
17 affiliate of the developer;

18 (2) Two years after the developer has ceased to offer
19 units for sale in the ordinary course of business;

20 (3) Two years after any right to add new units was last
21 exercised; or



1 (4) The day the developer, after giving written notice to
2 unit owners, records an instrument voluntarily
3 surrendering all rights to control activities of the
4 association.

5 A developer may voluntarily surrender the right to appoint and
6 remove officers and members of the board before termination of
7 that period, but in that event the developer may require, for
8 the duration of the period of developer control, that specified
9 actions of the association or board, as described in a recorded
10 instrument executed by the developer, be approved by the
11 developer before they become effective.

12 (e) [~~Not~~] No later than the termination of any period of
13 developer control, the unit owners shall elect a board of at
14 least three members; provided that projects created after
15 May 18, 1984, with one hundred or more individual units, shall
16 have an elected board of at least nine members unless the
17 membership has amended the bylaws to reduce the number of
18 directors; [~~and~~] provided further that projects with more than
19 one hundred individual units where at least seventy per cent of
20 the unit owners do not reside at the project may amend the
21 bylaws to reduce the board to as few as five members by the



1 written consent of a majority of the unit owners or the vote of
2 a majority of a quorum at any annual meeting or special meeting
3 called for that purpose. The association may rely on its
4 membership records in determining whether a unit is owner-
5 occupied. A decrease in the number of directors shall not
6 deprive an incumbent director of any remaining term of office.

7 (f) At any regular or special meeting of the association,
8 any member of the board may be removed and successors shall be
9 elected for the remainder of the term to fill the vacancies thus
10 created. The removal and replacement shall be by a vote of a
11 majority of the unit owners and, otherwise, in accordance with
12 all applicable requirements and procedures in the bylaws for the
13 removal and replacement of directors and, if removal and
14 replacement is to occur at a special meeting, section 514B-
15 121(c).

16 (g) A board member shall certify in writing, within ninety
17 days of election, to the board that the member:

18 (1) Has received and reviewed a copy of the association's
19 articles of incorporation, bylaws, rules and
20 regulations, and this chapter; and



1 (2) Understands their fiduciary duty to the association
2 and that retaliation is prohibited under section
3 514B-191.

4 (h) A board member of a registered condominium project or
5 association shall obtain a board training and education course
6 completion certificate from a course approved by an accredited
7 third party organization, to be selected by the commission,
8 within one year of election to the board.

9 (i) A board member's failure to comply with the
10 requirements of subsections (g) and (h) shall disqualify the
11 member from serving on the board."

12 SECTION 3. (a) All board members of a condominium
13 association who are actively serving a term of office on a board
14 before July 1, 2025, shall certify in writing, by September 29,
15 2026, to the board that the member:

16 (1) Has received and reviewed a copy of the association's
17 articles of incorporation, bylaws, rules and
18 regulations, and chapter 514B, Hawaii Revised
19 Statutes; and



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1 (2) Understands their fiduciary duty to the association
2 and that retaliation is prohibited under section
3 514B-191, Hawaii Revised Statutes.

4 (b) All board members of a registered condominium project
5 or association who are serving on a board before July 1, 2025,
6 shall obtain a board training and education course completion
7 certificate from a course approved by an accredited third party
8 organization, as selected by the real estate commission, by
9 July 1, 2026.

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

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

13

INTRODUCED BY:



JAN 22 2025



H.B. NO. 1313

Report Title:

Condominium Associations; Boards of Directors; Members; Training and Education Courses

Description:

Requires board members of a condominium association to certify the receipt and review of certain documents and complete a board training and education course approved by an accredited third party organization, to be selected by the Real Estate Commission.

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