
A BILL FOR AN ACT

RELATING TO COMMON INTEREST OWNERSHIP COMMUNITIES.

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

1 SECTION 1. The legislature finds that due to the effects
2 of climate change and the establishment of more stringent
3 structural facility maintenance requirements, it is more
4 important than ever that common interest ownership communities,
5 including homeowners' associations, planned community
6 associations, cooperative housing corporations, and condominium
7 unit owners' associations, are properly managed to protect the
8 life and safety of residents in these communities.

9 The legislature further finds that an estimated three
10 hundred sixty thousand people in the State, or about one in four
11 persons, live in a common interest ownership community managed
12 by these types of associations. These individuals live in
13 projects governed by volunteer boards of directors who often
14 have limited expertise in financing, property management, or
15 engineering. Therefore, it is crucial that the professional
16 association managers hired to manage the day-to-day operations
17 of common interest ownership communities possess the specialized



1 knowledge and expertise required to properly service these
2 entities.

3 The legislature also finds that one way to ensure that
4 association managers are qualified is by establishing licensing
5 requirements. The establishment of licensing requirements for
6 association managers will increase accountability, improve the
7 safety of residents, guests, and property, and will help to
8 standardize the long-term repair and maintenance obligations in
9 common interest ownership communities. Empowering a licensing
10 board to monitor this profession will also help to ensure boards
11 of directors and individual better understand the long-term
12 financial obligations required for the common interest ownership
13 communities in which they reside.

14 Accordingly, the purpose of this Act is to establish
15 licensing and regulation requirements for managers of
16 homeowners' associations, planned community associations,
17 cooperative housing corporations, and condominium unit owners'
18 associations.

19 SECTION 2. The Hawaii Revised Statutes is amended by
20 adding a new chapter to title 25 to be appropriately designated
21 and to read as follows:



1 "CHAPTER

2 MANAGERS OF HOMEOWNERS ASSOCIATIONS, PLANNED COMMUNITY

3 ASSOCIATIONS, COOPERATIVE HOUSING CORPORATIONS, AND CONDOMINIUM

4 UNIT OWNERS' ASSOCIATIONS

5 § -1 Definitions. As used in this chapter:

6 "Association" includes homeowners' associations and planned
7 community associations governed under chapter 421J, cooperative
8 housing corporations governed under chapter 421I, and
9 condominium unit owners' associations governed under chapter
10 514B.

11 "Association manager" means any person, regardless of that
12 person's title, who is hired or contracted by an association to
13 oversee the daily operations of the association, including
14 managing the association's budget, collecting dues, managing
15 delinquencies, bookkeeping, maintaining common areas, performing
16 site inspections, complying with applicable laws, hiring
17 association employees, updating and maintaining insurance
18 policies, enforcing governing documents, performing dispute
19 resolution, and managing vendors.

20 "Board" means the association manager licensing board.



1 "Department" means the department of commerce and consumer
2 affairs.

3 § -2 **License required.** (a) Beginning July 1, 2027, it
4 shall be unlawful for any person to be employed or contracted by
5 an association as an association manager without having first
6 obtained a license as provided in this chapter.

7 (b) Any person who violates this section shall be subject
8 to a fine of not more than \$ for each separate
9 offense. Each day of each violation shall constitute a separate
10 offense.

11 § -3 **Exemptions.** This chapter shall not apply to any
12 employee or contractor of an association manager who works under
13 the supervision or direction of a person who is licensed under
14 this chapter.

15 § -4 **Association manager licensing board; established;
16 organization; powers.** (a) There is established within the
17 department for administrative purposes the association manager
18 licensing board.

19 (b) The board shall consist of members,
20 including association managers having at least five
21 years of experience providing services to associations preceding



1 their appointment and private citizens who are not
2 affiliated with the association industry.

3 (c) In addition to any other powers and duties authorized
4 by law, the board may:

5 (1) Establish licensure requirements for association
6 managers;

7 (2) Grant, deny, or renew licenses to association
8 managers;

9 (3) Adopt, amend, or repeal rules, pursuant to chapter 91,
10 not inconsistent with the law, as may be necessary to
11 administer, coordinate, and enforce the licensure of
12 association managers pursuant to this chapter;

13 (4) Take disciplinary action against an entity for
14 violation of this chapter or any rules adopted
15 pursuant to this chapter;

16 (5) Develop and adopt rules relating to the provision of
17 services by association managers;

18 (6) Adopt a code of ethics to address permissible and
19 prohibited activities of licensees; and

20 (7) Promote the standardization of the long-term repair
21 and maintenance obligations among associations to help



1 ensure that these entities and individual owners
2 better understand the long-term financial obligations
3 required with respect to these types of common
4 interest ownership communities.

5 **§ -5 License fees.** The department may collect a license
6 fee in an amount determined by the department to be reasonably
7 necessary to reimburse the department for the costs incurred in
8 establishing and administering the association manager licensure
9 program pursuant to this chapter and conducting any periodic
10 inspections.

11 **§ -6 Association managers recovery fund; established.**

12 (a) The board may establish and maintain an association
13 managers recovery fund from which any person injured by an act,
14 representation, transaction, or conduct of a duly licensed
15 association manager that is in violation of this chapter or the
16 rules adopted pursuant to this chapter, may recover, by order of
17 the circuit court or district court of the judicial circuit
18 where the violation occurred, an amount of not more than
19 \$ for damages sustained by the act, representation,
20 transaction, or conduct. Recovery from the fund shall be
21 limited to the actual damages suffered by the claimant,



1 including court costs and fees as set by law, and reasonable
2 attorneys' fees as determined by the court; provided that
3 recovery from the fund shall not be awarded to persons injured
4 by an act, representation, transaction, or conduct of an
5 association manager whose license was suspended, revoked,
6 forfeited, terminated, or in an inactive status at the time of
7 the alleged act, representation, transaction, or conduct.

8 (b) When any person applies for an association manager
9 license, the person shall pay, in addition to any original
10 license fee collected pursuant to section -6, a fee of
11 \$ for deposit into the association managers recovery
12 fund as provided in rules adopted by the department. If the
13 board does not issue the license, these fees shall be returned
14 to the applicant."

15 SECTION 3. This Act shall take effect on July 1, 2025.

16 INTRODUCED BY:



JAN 17 2025



H.B. NO. 475

Report Title:

DCCA; Association Managers; Homeowners' Associations; Planned Community Associations; Cooperative Housing Corporations; Condominium Unit Owners' Associations; Managers; Licensing; Recovery Fund

Description:

Creates regulation requirements for managers of homeowners' associations, planned community associations, cooperative housing corporations, and condominium unit owners' associations in the State. Requires licensure of association managers beginning 7/1/2027. Establishes an Association Manager Licensing Board within the Department of Commerce and Consumer Affairs.

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