
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 414D-155, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§414D-155 Standards of conduct for officers.** (a) An
4 officer with discretionary authority shall discharge the
5 officer's duties under that authority:

6 (1) In good faith;

7 (2) In a manner that is consistent with the officer's duty
8 of loyalty to the corporation;

9 (3) With the care an ordinarily prudent person in a like
10 position would exercise under similar circumstances;
11 and

12 (4) In a manner the officer reasonably believes to be in
13 the best interests of the corporation and its members,
14 if any.

15 (b) In discharging an officer's duties, an officer is
16 entitled to rely on information, opinions, reports, or



1 statements, including financial statements and other financial
2 data, if prepared or presented by:

3 (1) One or more officers or employees of the corporation
4 who the officer reasonably believes to be reliable and
5 competent in the matters presented; or

6 (2) Legal counsel, public accountants, or other persons as
7 to matters the officer reasonably believes are within
8 the person's professional or expert competence.

9 (c) An officer is not acting in good faith if the officer
10 has knowledge concerning the matter in question that makes
11 reliance otherwise permitted by subsection (b) unwarranted.

12 (d) An officer is not liable to the corporation, any
13 member, or other person for any action taken or not taken as an
14 officer, if the officer acted in compliance with this section.

15 (e) Any person who serves as an officer to the corporation
16 without remuneration or expectation of remuneration shall not be
17 liable for damage, injury, or loss caused by or resulting from
18 the person's performance of or failure to perform duties of the
19 position to which the person was appointed, unless the person
20 was grossly negligent in the performance of or failure to
21 perform the duties. For purposes of this section, remuneration



1 does not include payment of reasonable expenses and
2 indemnification or insurance for actions as an officer as
3 allowed by sections 414D-159 to 414D-167.

4 (f) Notwithstanding this section, any person who serves as
5 an officer to a corporation subject to chapter 514B, shall be
6 held to the standard of negligence outlined in paragraph (a),
7 but not entitled to the heightened protections of paragraphs
8 (b), (c), (d), or (e)."

9 SECTION 2. Section 414D-149, Hawaii Revised Statutes, is
10 amended to read as follows:

11 **"§414D-149 General standards for directors.** (a) A
12 director shall discharge the director's duties as a director,
13 including the director's duties as a member of a committee:

- 14 (1) In good faith;
- 15 (2) In a manner that is consistent with the director's
16 duty of loyalty to the corporation;
- 17 (3) With the care an ordinarily prudent person in a like
18 position would exercise under similar circumstances;
19 and
- 20 (4) In a manner the director reasonably believes to be in
21 the best interests of the corporation.



1 (b) In discharging the director's duties, a director is
2 entitled to rely on information, opinions, reports, or
3 statements, including financial statements and other financial
4 data, if prepared or presented by:

5 (1) One or more officers or employees of the corporation
6 whom the director reasonably believes to be reliable
7 and competent in the matters presented;

8 (2) Legal counsel, public accountants, or other persons as
9 to matters the director reasonably believes are within
10 the person's professional or expert competence; or

11 (3) A committee of the board of which the director is not
12 a member, as to matters within its jurisdiction, if
13 the director reasonably believes the committee merits
14 confidence.

15 (c) A director is not acting in good faith if the director
16 has knowledge concerning the matter in question that makes
17 reliance otherwise permitted by subsection (b) unwarranted.

18 (d) A director is not liable to the corporation, any
19 member, or any other person for any action taken or not taken as
20 a director, if the director acted in compliance with this
21 section.



1 (e) A director shall not be deemed to be a trustee with
2 respect to the corporation or with respect to any property held
3 or administered by the corporation, including without limit,
4 property that may be subject to restrictions imposed by the
5 donor or transferor of the property.

6 (f) Any person who serves as a director to the corporation
7 without remuneration or expectation of remuneration shall not be
8 liable for damage, injury, or loss caused by or resulting from
9 the person's performance of, or failure to perform duties of,
10 the position to which the person was elected or appointed,
11 unless the person was grossly negligent in the performance of,
12 or failure to perform, such duties. For purposes of this
13 section, remuneration does not include payment of reasonable
14 expenses and indemnification or insurance for actions as a
15 director as allowed by sections 414D-159 to 414D-167.

16 (g) Notwithstanding this section, any person who serves as
17 a director to a corporation subject to chapter 514B, shall be
18 held to the standard of negligence outlined in paragraph (a),
19 but not entitled to the heightened protections of paragraphs
20 (b), (c), (d), (e), or (f)."

21 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

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

INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be the initials 'AB' with a flourish, written over a horizontal line.

JAN 21 2025



H.B. NO. 835

Report Title:

Non-profits; Condominium Associations; Negligence; Standards

Description:

Imposes a less deferential standard of negligence on officers and directors of condominium associations incorporated under HRS 414D. Ensures that officers and directors of condominium associations are held accountable by imposing a reasonable person standard of negligence.

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

