
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. The purpose of this Act is to:

- 2 (1) Ensure a smooth transition of the provisions of
3 chapter 514B, Hawaii Revised Statutes, the Condominium
4 Property Act of 2004, as well as to assist in the
5 resolution of the ambiguities that still exist;
- 6 (2) Clarify certain provisions in the current law; and
- 7 (3) Generally implement and enforce policies relating to
8 condominiums in the State of Hawaii.

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

12 **"§514B- Property management agreements; terminations.**

13 (a) The relationship between the association and its property
14 management company shall be governed by a written agreement
15 signed by an officer of the board of directors. The board shall
16 have the sole authority to engage or hire, revoke, or terminate
17 a property management company to operate and manage the



1 property; provided that the owners shall retain the right to
2 ratify the management agreement at the association's annual
3 meeting.

4 (b) The terms and conditions of the termination provision
5 of the property management agreement shall be the same for
6 either party and no property management agreement shall include
7 payment of termination or liquidated damages fees in an amount
8 that exceeds one month's payment under that agreement.

9 (c) Any property management agreement that violates this
10 section shall be void at the option of the board and no
11 termination or liquidated damages shall be payable by the
12 association.

13 (d) This section shall apply to all property management
14 contracts between associations and property management
15 companies."

16 SECTION 3. Section 514B-3, Hawaii Revised Statutes, is
17 amended by amending the definition of "unit owner" to read as
18 follows:

19 "Unit owner" means the person owning, or the persons
20 owning jointly or in common, a unit and its appurtenant common
21 interest; provided that a time share owner is not a "unit
22 owner"; and provided further that to such extent and for such



1 purposes as provided by recorded lease, including the exercise
2 of voting rights, a lessee of a unit shall be deemed to be the
3 unit owner."

4 SECTION 4. Section 514B-41, Hawaii Revised Statutes, is
5 amended by amending subsection (d) to read as follows:

6 "(d) Unless made pursuant to rights reserved in the
7 declaration and disclosed in the developer's public report, if
8 an association amends its declaration or bylaws to change the
9 use of the condominium property regime from residential to
10 nonresidential[~~r~~] or from residential to assisted living
11 facility, all direct and indirect costs attributable to the
12 newly permitted nonresidential or assisted living use shall be
13 charged only to the unit owners using or [~~directly~~] benefiting
14 from the new nonresidential or assisted living use, in a fair
15 and equitable manner as set forth in the amendment to the
16 declaration or bylaws."

17 SECTION 5. Section 514B-125, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) All meetings of the board, other than executive
20 sessions, shall be open to all members of the association, and
21 association members who are not on the board may participate in
22 any deliberation or discussion, other than executive sessions,



1 unless a majority of a quorum of the board votes otherwise[-];
2 provided that members are encouraged to participate in the
3 deliberations or discussions and any limitation of their
4 participation must be for good cause, a description of which
5 shall be included in the minutes of the meeting when a motion to
6 limit participation is made."

7 SECTION 6. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Condominiums

Description:

Establishes requirements regarding property management agreements. Clarifies various condominium provisions. (SD1)

