

STAND. COM. REP. NO.

3659

Honolulu, Hawaii

JUN 24 2020

RE: H.B. No. 2562  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred H.B. No. 2562, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO COMMON INTEREST COMMUNITIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Specify the manner in which a member of a board of a  
planned community association or condominium association  
may resign; and
- (2) Limit a planned community association board's ability to  
fill a vacancy.

Your Committee received testimony in support of this measure  
from the Hawaii Chapter of the Community Associations Institute;  
Hawai'i State Association of Parliamentarians; Associa; Case  
Lombardi & Pettit, a Law Corporation; Law Offices of Mark K.  
McKeller, LLC; and nine individuals. Your Committee received  
testimony in opposition to this measure from one individual.

Your Committee finds that existing law governing common  
interest communities requires clarification to avoid further  
disputes. This measure seeks to clarify and resolve several  
issues that have occurred in condominium and planned community



association meetings concerning resignations and the filling of vacancies.

Your Committee has heard the concerns raised in testimony that this measure, as written, could allow a board whose majority habitually disagrees with one board member to simply state that the board member gave their resignation orally and there would be no way to prove otherwise. Further, requiring written statements of resignation to be signed by the member is not an unreasonable burden to better protect board members. Therefore, amendments to this measure are necessary to address these concerns.

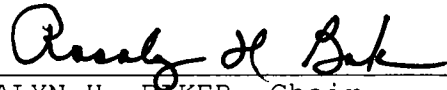
Your Committee has amended this measure by:

- (1) Clarifying that, for condominium associations, a member of the board of directors may resign from the board at any time by delivering a signed written notice of resignation to the association's property manager, board of directors, president, or secretary;
- (2) Clarifying that a member of the board may resign from the board by communicating the notice of resignation by electronic mail to certain persons, provided that an electronic signature is attached;
- (3) Providing a definition for "electronic signature";
- (4) Removing language that would have allowed a board member of a condominium association board of directors to provide oral notice of resignation during a meeting; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2562, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2562, H.D. 2, S.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Health,



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ROSALYN H. BAKER, Chair



The Senate  
 Thirtieth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:	
HB 2562 HD2	CPH, JDC	3/11/20	
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____			
The Recommendation is:			
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310	<input type="checkbox"/> Recommit 2313
Members	Aye	Aye (WR)	Nay
BAKER, Rosalyn H. (C)	✓		
CHANG, Stanley (VC)	✓		
NISHIHARA, Clarence K.	✓		
RUDERMAN, Russell E.	✓		
THIELEN, Laura H.	✓		
WAKAI, Glenn	✓		
FEVELLA, Kurt	✓		
<b>TOTAL</b>	7		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted			
Chair's or Designee's Signature:			
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: small;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div>			

\*Only one measure per Record of Votes