

---

---

## A BILL FOR AN ACT

RELATING TO PLANNED COMMUNITY ASSOCIATIONS.

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

1           SECTION 1. Section 414D-114, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "§414D-114 Cumulative voting for directors. (a) If the  
4 articles or bylaws provide for cumulative voting by members,  
5 members may so vote, by multiplying the number of votes the  
6 members are entitled to cast by the number of directors for whom  
7 they are entitled to vote, and cast the product for a single  
8 candidate or distribute the product among two or more  
9 candidates.

10           (b) Unless otherwise provided in the articles or bylaws,  
11 cumulative voting shall not be permitted. If authorized in the  
12 articles or bylaws, cumulative voting may be permitted; provided  
13 that:

14           (1) The meeting notice or statement accompanying the  
15 notice states that cumulative voting shall take place;

16           (2) A member gives notice of the member's intent to  
17 cumulatively vote not less than forty-eight hours



1 before the meeting or such longer period as may be  
2 required by the articles or bylaws; and

3 (3) If one member gives notice of intent to cumulatively  
4 vote, all other members participating in the election  
5 may cumulate their votes without giving further  
6 notice.

7 (c) A director elected by cumulative voting may be removed  
8 by the members without cause if the requirements of section  
9 414D-138 are met unless the votes cast against removal or not  
10 consenting in writing to the removal would be sufficient to  
11 elect the director if voted cumulatively at an election at which  
12 the same total number of votes were cast and the entire number  
13 of directors authorized at the time of the director's most  
14 recent election were then being elected; provided that if the  
15 action is taken by ballot, all members entitled to vote had  
16 voted.

17 (d) Members may not cumulatively vote if the directors and  
18 members are identical.

19 (e) This section shall not apply to any planned community  
20 association governed by chapter 421J."



1 SECTION 2. Section 414D-138, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[+]§414D-138[+] Removal of directors elected by members  
4 or directors. (a) The members may remove one or more directors  
5 elected by them without cause unless otherwise provided in the  
6 articles or bylaws.

7 (b) If a director is elected by a class, chapter, or other  
8 organizational unit, or by region or other geographic grouping,  
9 the director may be removed only by the members of that class,  
10 chapter, unit, or grouping.

11 (c) Except as provided in subsection (i), a director may  
12 be removed under subsection (a) or (b) only if the number of  
13 votes cast to remove the director would be sufficient to elect  
14 the director at a meeting to elect directors.

15 (d) If cumulative voting is authorized, a director may not  
16 be removed if the number of votes, or if the director was  
17 elected by a class, chapter, unit, or grouping of members, the  
18 number of votes of that class, chapter, unit, or grouping,  
19 sufficient to elect the director under cumulative voting is  
20 voted against the director's removal.



1 (e) A director elected by members may be removed by the  
2 members only at a meeting called for the purpose of removing the  
3 director and the meeting notice must state that the purpose, or  
4 one of the purposes, of the meeting is removal of the director.

5 (f) In computing whether a director is protected from  
6 removal under subsections (b) to (d), it should be assumed that  
7 the votes against removal are cast in an election for the number  
8 of directors of the class to which the director to be removed  
9 belonged on the date of that director's election.

10 (g) An entire board of directors may be removed under  
11 subsections (a) to (e).

12 (h) A director elected by the board may be removed without  
13 cause by the vote of two-thirds of the directors then in office  
14 or such greater number as is set forth in the articles or  
15 bylaws; provided that a director elected by the board to fill  
16 the vacancy of a director elected by the members may be removed  
17 without cause by the members, but not the board.

18 (i) If, at the beginning of a director's term on the  
19 board, the articles or bylaws provide that the director may be  
20 removed for missing a specified number of board meetings, the  
21 board may remove the director for failing to attend the



1 specified number of meetings. The director may be removed only  
2 if a majority of the directors then in office vote for the  
3 removal.

4 (j) This section shall not apply to any planned community  
5 association governed by chapter 421J."

6 SECTION 3. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval.

9

INTRODUCED BY:

Staler  
Girdehchiz

JAN 23 2020



# H.B. NO. 2563

**Report Title:**

Planned Community Associations; Nonprofit Corporations;  
Directors

**Description:**

Exempts planned community associations from certain requirements regarding cumulative voting for and the removal of directors under the Hawaii Nonprofit Corporations Act.

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

