



## Learn more about the Real Estate Branch (REB) of the Department of Commerce and Consumer Affairs

Check out the REB website [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec) for more information and some frequently asked questions.

- What services does the REB provide to the condominium community?
- Where can I get help with association disputes?
- What laws apply to my condominium association?
- How do I get a copy of my association documents?

## Real Estate Branch

### About Us

The Real Estate Branch, as part of the Professional and Vocational Licensing Division, assists the Real Estate Commission in carrying out its responsibility for the education, licensure and discipline of real estate licensees; registration of condominium projects, condominium associations, condominium managing agents, and condominium hotel operators; and intervening in court cases involving the real estate recovery fund.

### Subscribe

Receive emails on relevant condominium educational materials. Sign up now at <http://cca.hawaii.gov/reb/subscribe/>

### Contact Us

Condominium Hotline: 1-844-808-DCCA (3222), Ext #1 then #8  
Hours: 9:00 AM – 3:00 PM  
Email: [hirec@dcca.hawaii.gov](mailto:hirec@dcca.hawaii.gov)  
Web: [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec)

*This brochure is for informational purposes only and not intended for the purpose of providing legal advice. Information provided is subject to change.*



### CONDOMINIUM: BOARD OF DIRECTORS

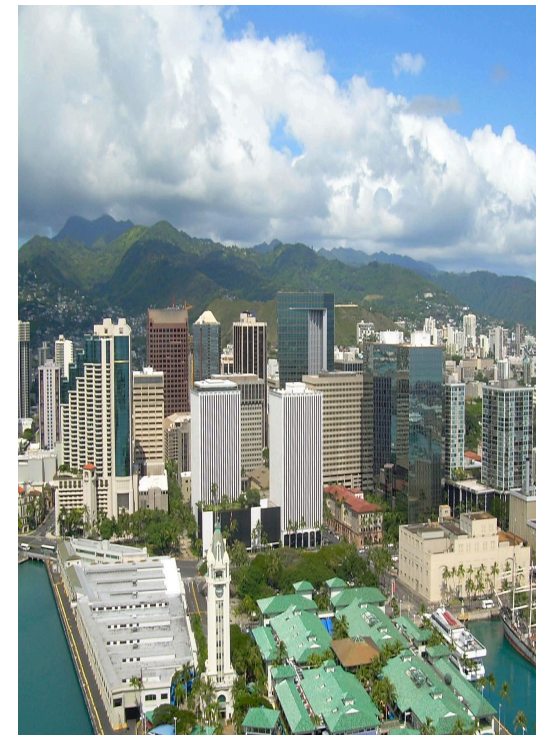
Real Estate Branch  
335 Merchant Street #333  
Honolulu, HI 96813

## CONDOMINIUM:

## BOARD OF DIRECTORS

*Real Estate Branch  
Department of Commerce and  
Consumer Affairs*

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## Board of Directors

The association is governed by a board of directors elected by the unit owners to represent them in governing and managing the condominium. The Condominium Property Act provides that every director owes the association a “fiduciary duty” in the performance of the director’s responsibilities, to exercise the degree of care and loyalty required of an officer or director of a nonprofit corporation (HRS § 514B-106 (a)).

The board must meet at least once a year (HRS § 514B-125 (e)). As a unit owner, you have the right to participate in all board meetings, except “executive sessions”, pursuant to owner participation rules adopted by the board (HRS § 514B-125 (a)).

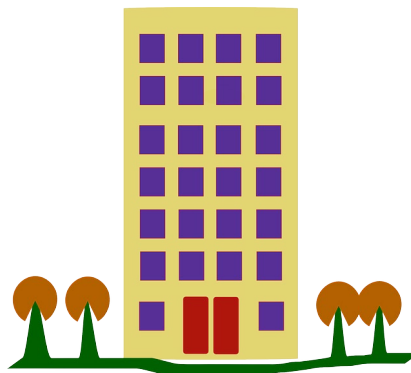
## Officers

The officers of the association are responsible to the board for the day-to-day operations of the association. Officers are normally elected by and from the board of directors. Chapter 514B prohibits any unit owner who is an employee of the managing agent from serving at the same time as an officer (although not as a director), and any director who is also an employee of the managing agent shall not participate in any discussion of the management contract at a board meeting, and shall be excluded from any executive session in which the contract or the property manager are discussed (HRS § 514B-107 (c)). No tenant, resident manager, or condominium employee can serve on the board.

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Excerpt from Condominium Property Regimes: Owner Rights and Responsibilities. The full document may be found at the REB website [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec)

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## Business Judgment Rule

In judging the actions of directors, courts frequently apply a test called the “business judgment rule”. The courts recognize that they should not second guess the lawful decisions of the board of directors. The board of directors is the duly elected representative of the association; its members own units in the project and have knowledge of the needs and desires of the community. The basic self-governance principle of the condominium law limits judicial inquiry into board decisions.

The business judgment rule recognizes that volunteer board members will not always make the right decision, but if they follow the right procedures and act in the interest of the association, they will usually not be personally liable for their actions on behalf of the association.