



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 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.

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Contact Us

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CONDOMINIUM: BUSINESS JUDGMENT RULE

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*Real Estate Branch
Department of Commerce and
Consumer Affairs*

January 2016





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 desire of the community. The basic self-governance principle of the condominium law limits judicial inquiry into board decisions.

Volunteer Board Members

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.

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

Responsibility of the Board

The board is responsible for both the upkeep and protection of the property's physical assets, as well as keeping the association's finances in a healthy state. Since board members are typically unpaid volunteers, they often turn to the services of a managing agent or association employees to handle the day-to-day operations of the condominium. A board's authority to hire a managing agent is usually found in the bylaws.



"Board" or "board of directors" means the body, regardless of name, designated in the declaration or bylaws to act on behalf of the association.



"Managing agent" means any person retained, as an independent contractor, for the purpose of managing the operation of the property.