

SB-253-SD-2

Submitted on: 3/10/2025 2:49:06 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mike Golojuch, Sr.	Palehua Townhouse Association	Oppose	Written Testimony Only

Comments:

We oppose SB253. We know the importance of having adequate reserves, and those reserves are part of our annual budget. The bill puts an undue burden on the condominium boards and subjects them to unnecessary lawsuits. Please defer this bill.

Mike Golojuch, Sr.

SB-253-SD-2

Submitted on: 3/10/2025 3:16:38 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Idor Harris	Honolulu Tower AOA	Oppose	Written Testimony Only

Comments:

Honolulu Tower is a 396 unit condominium located at the corner of Beretania and Maunakea Streets. The Board of Directors of the Association of Apartment Owners of Honolulu Tower at its February 3, 2025 meeting expressed concerns with SB253.

The Board objects to having the burden of proving it has complied with Section 2, subsection 2. When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof.

There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

The specifications are very detailed. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

Idor Harris
Resident Manager

SB-253-SD-2

Submitted on: 3/10/2025 3:27:37 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jane Sugimura	Hawaii Council of Community Associations	Oppose	Written Testimony Only

Comments:

Hawaii Council of Community Associations is a 50 year entity providing education to Condominium Board of Directors.

We oppose SB 253 and stand by testimony submitted by: Mike goljuch, Lynne Matsusow, Idor Harris and Mary Freeman.

Please defer this bill and we would be happy at a later time to discuss this with the committee.

Thank you for allowing the submission of this testimony.

Jane Sugimura, President - Hawaii Council of Community Associations

SB-253-SD-2

Submitted on: 3/10/2025 7:57:45 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rachel Glanstein	AOAO Lakeview Sands	Oppose	Written Testimony Only

Comments:

Aloha Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the subject clause in subsection (d) should read: “provided that this subsection shall not apply to an association if its board adopts a budget that completely omits the summary required by subsection (a).”

Second, I oppose the proposed second sentence in SECTION 2, subsection 3 of the measure (amending subsection (g)) which provides: “Any unit owner whose association board fails to substantially comply with this section shall have standing to bring an action to enforce compliance by the board. In any action to enforce compliance, a board shall have the burden of proving it has substantially complied with this section.” This sentence should be deleted. When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose

associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Mahalo,

Rachel Glanstein

SB-253-SD-2

Submitted on: 3/10/2025 8:30:27 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mark McKellar	Law Offices of Mark K. McKellar, LLC	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the subject clause in subsection (d) should read: “provided that this subsection shall not apply to an association if its board adopts a budget that completely omits the summary required by subsection (a).”

Second, I oppose the proposed second sentence in SECTION 2, subsection 3 of the measure (amending subsection (g)) which provides: “Any unit owner whose association board fails to substantially comply with this section shall have standing to bring an action to enforce compliance by the board. In any action to enforce compliance, a board shall have the burden of proving it has substantially complied with this section.” This sentence should be deleted. When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose

associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Mark McKellar

SB-253-SD-2

Submitted on: 3/11/2025 10:33:50 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Hawaii First Realty	Support	In Person

Comments:

SB 253 holds an association accountable for simple compliance with the law. Enforcement centralizes full disclosure of budget and reserve study issues to owners and buyers.

March 12, 2025

LATE

The Honorable Scot Z. Matayoshi, Chair
House Committee on Consumer Protection & Commerce
State Capitol, Conference Room 329 & Videoconference

RE: Senate Bill 253, SD2, Relating to Condominium Reserves

HEARING: Wednesday, March 12, 2025, at 2:00 p.m.

Aloha Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports** Senate Bill 253, SD2, which requires a detailed budget summary as required by section 514B-148, HRS, to contain all required information without referring the reader to other portions of the budget or reserve study. Excludes the good faith defense for associations whose boards adopt a budget that omits a detailed budget summary as required by section 514B-148, HRS. Clarifies a unit owner's standing and the association's burden of proving substantial compliance. Effective 7/1/2050.

In 2023, the Legislature passed, and Act 199 was signed into law, requiring a budget summary with additional details to be prepared on the financial condition of an association. Adding further clarifications to this law requiring budget summaries to contain all required information enhances transparency and provides both owners and prospective purchasers with valuable insights into the association's financial health.

Mahalo for the opportunity to provide testimony on this measure.

SB-253-SD-2

Submitted on: 3/10/2025 3:12:46 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

I am an owner occupant and board member of a Honolulu condominium. I am also a member of CAI. In reading testimony from a prior committee, I learned that CAI supports this bill. They never informed me or consulted me. I disagree with their position, oppose the bill, and ask that you defer it.

As you are well aware, there are litigious condo owners. They are attracted by gray areas. For example, Section 2, subsection 1 of the measure (amending subsection (d)): “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with all of the requirements.

This bill is also inconsistent with the general principles of law, in that it allows a plaintiff to file an action without any burden of proof. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Hopefully you are aware that when associations are sued, their insurance carriers raise premiums, or worse, no longer offer coverage. The language of this bill is playing into the hands of those companies, especially at a time when premiums are rising and legislators are seeking ways to stop this flow of money.

We already have a self appointed “king” wearing a crown rampaging through the federal government. Hawaii should not follow his example by contravening general principles of law.

Please defer this bill.

LAW OFFICES OF PHILIP S. NERNEY, LLLC

A LIMITED LIABILITY LAW COMPANY
335 MERCHANT STREET, #1534, HONOLULU, HAWAII 96806
PHONE: 808 537-1777

March 10, 2025

Honorable Scot Z. Matayoshi
Honorable Cory M. Chun
Committee on Consumer Protection & Commerce
415 South Beretania Street
Honolulu, Hawaii 96813

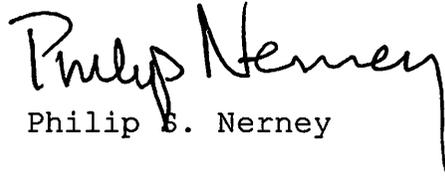
Re: **SB 253 SD2 SUPPORT**

Dear Chair Matayoshi, Vice Chair Chun and Committee Members:

SB 253 SD2 requires a meaningful budget summary, and substantial compliance with that requirement. Substantial compliance, rather than hyper-technical compliance, is achievable.

Please pass SB 253 SD2.

Very truly yours,


Philip S. Nerney

SB-253-SD-2

Submitted on: 3/10/2025 7:12:24 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Anne Anderson	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the subject clause in subsection (d) should read: “provided that this subsection shall not apply to an association if its board adopts a budget that completely omits the summary required by subsection (a).”

Second, I oppose the proposed second sentence in SECTION 2, subsection 3 of the measure (amending subsection (g)) which provides: “Any unit owner whose association board fails to substantially comply with this section shall have standing to bring an action to enforce compliance by the board. In any action to enforce compliance, a board shall have the burden of proving it has substantially complied with this section.” This sentence should be deleted. When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose

associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Anne Anderson

SB-253-SD-2

Submitted on: 3/10/2025 7:29:51 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
mary freeman	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Sincerely,

Mary Freeman

Ewa Beach

SB-253-SD-2

Submitted on: 3/10/2025 7:37:54 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
John Toalson	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

John Toalson

SB-253-SD-2

Submitted on: 3/10/2025 11:02:06 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joe M Taylor	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,
Joe Taylor

SB-253-SD-2

Submitted on: 3/11/2025 4:11:50 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Targgart	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,
Michael Tsrggart

SB-253-SD-2

Submitted on: 3/11/2025 5:40:09 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lance S. Fujisaki	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: "provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a)." This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Lance Fujisaki

TESTIMONY IN SUPPORT OF SB253 SD2

For: The Committee on Consumer Protection & Commerce

DATE: Wednesday, March 12, 2025

TIME: 2:00PM

PLACE: VIA VIDEOCONFERENCE

Conference Room 329

State Capitol

415 South Beretania Street

Aloha Chair Matayoshi, Vice Chair Chun, and Members of the Committee,

My name is Gregory Misakian and I have been advocating for the rights of condominium owners in Hawaii since 2021, when I realized how much misconduct and corruption there is within many condominium associations throughout Hawaii, in addition to misconduct and corruption within numerous large management companies that manage and oversee condominium associations.

I currently serve as the 1st Vice President of the Kokua Council and was President for most of 2024. The Kokua Council advocates for our kupuna and lesser advantaged. I also serve on the Waikiki Neighborhood Board, where we have advocated for better consumer protection laws for condominium owners in a resolution adopted in 2023 (also adopted by other Neighborhood Boards).

As many as 1/3 of the population of Hawaii lives in condominiums, including many legislators and their friends and families. It has been shown with evidence to support, including many news stories and a great deal of testimony, that condominium owners are being subjected to abusive and predatory practices, often at the direction of the condominium association's President and Board, with management company agents and association attorneys being willful participants.

While I support SB253 SD2 and its intentions, owners still have the burden to go to court for enforcement, which can be very costly. The only real solution to address

serious issues within condominium associations and their proper management, is to have enforcement of the laws that you enact.

I ask that you please read and support **HB890** and **SB1265** (companion bill) for an **Ombudsman's Office for Condominium Associations**.

HB890 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Ombudsman)

SB1265 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Ombudsman)

And also:

HB1209 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Attorneys' Fees)

HB1311 - RELATING TO CONDOMINIUM PROXY VOTING.

HB1312 - RELATING TO ASSOCIATION MANAGERS.

HB1313 - RELATING TO BOARD MEMBERS.

HB1315 - RELATING TO PARLIAMENTARIANS.

Sadly, as often is the case at the legislature where some work for campaign donations before they work for the people of Hawaii, none of these bills were scheduled for hearings. It is not too late to take what is in these bills and amend some of the bills the Committee Chairs chose, which mostly do not provide the best solutions or enforceable solutions without condominium owners having to go to court. The #1 goal is to help condominium owners so they do not have to go to court, and have a place to go where they are treated fairly, and where efficient and timely resolutions to issues and concerns can be administered (i.e., the Ombudsman's Office for Condominium Associations).

What is clear when you read testimony submitted, is that many in opposition come out of the woodwork when they see a good bill for condominium owners. The phrase is an old one, but I think most of you know it. These people are mostly attorneys who often sue condominium owners, and are the last people that you should ever listen to when making important decisions on bills meant to help condominium owners.

Others claim to be an "expert" with what they tell you and are seen at the top of the testimony list getting top billing, yet there is never full disclosure regarding

what they tell you, including that Mr. Richard Emery is on the Real Estate Commission and also works for Associa Hawaii, a management company who has been in the news for being unlicensed for over three months in 2023, and has many complaints filed against it at the DCCA/RICO. And prior to being renamed Associa Hawaii (its DBA name, as it is registered as Certified Management Inc.), the company was "Certified Hawaii" and was previously owned by Mr. Emery. Also in the news in 2014 was a story about the CEO of Certified Hawaii embezzling money and getting jail time.

And just so you know how bad things are - at my condominium association, where I served as the Treasurer and had uncovered serious misconduct and malfeasance and was requesting a forensic audit, I was unable to get the rogue Board to form a Budget Committee and complete the budget. They deferred this for months, and then formed their own committee without me, secretly creating a budget that was late, inaccurate, and did not provide for numerous things that should have been budgeted for. Due to it being so late, the maintenance fee increase could not be applied for two months into the year, ultimately reducing the budgeted amount to be collected. My request for a forensic audit was also ignored, and the 2023 Annual Financial Audit Report was in violation of State law HRS 514B-150, for not being presented to the owners within a specified time period.

The people of Hawaii are counting on you to help them, and I respectfully ask all on the committee and all legislators to please support SB253 SD2 and the other bills listed.

Mahalo,

Gregory Misakian

SB-253-SD-2

Submitted on: 3/11/2025 7:58:58 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jessica Herzog	Individual	Support	Remotely Via Zoom

Comments:

TESTIMONY IN SUPPORT WITH RESERVATIONS

SB 253, SD2 – Relating to Condominium Reserves

Hearing Date: March 12, 2025

Committee on Consumer Protection & Commerce

Chair Rep. Scot Z. Matayoshi, Vice Chair Rep. Cory M. Chun, and Members of the Committee:

Aloha to all who receive this, please take it with good intentions for a fair and equitable solution to the very serious troubles I have experienced firsthand.

My name is Jessica Herzog, and I am a condominium owner in Hawai‘i. My AOA has personally experienced mismanagement and embezzlement at the hands of condo industry "experts" who were paid to protect us. I appreciate the intent of SB 253, SD2, which aims to improve financial transparency and accountability within condominium associations. However, I submit this testimony **with reservations**, as this bill does not go far enough in addressing the systemic financial abuses that plague condominium owners across the state.

The Strengths & Shortcomings of SB 253, SD2

This bill makes meaningful strides by requiring clear, standalone budget summaries, eliminating the "good faith" defense, and clarifying homeowners' legal standing in disputes. These measures increase transparency and accountability. However, SB 253, SD2 lacks the enforcement mechanisms needed to make these protections meaningful, leaving homeowners vulnerable to continued mismanagement.

SB 253, SD2 Must Be Tied to SB 146, SD1

The financial mismanagement addressed in SB 253, SD2 is only one part of a larger crisis—one also highlighted in SB 146, SD1, which calls for a State HOA Office with enforcement authority. Condo owners face not just budgetary manipulation, but also fraud, conflicts of interest, retaliation, and outright embezzlement. Without an independent enforcement body, the provisions in SB 253, SD2 will be toothless, as boards and management companies will continue to operate unchecked.

Proposed Amendments to Strengthen SB 253, SD2

To ensure real protection for homeowners, I respectfully request the following critical refinements:

1. **Include Penalties for Non-Compliance**
 - While this bill removes the "good faith" defense, there are no consequences for boards that still fail to comply.
 - Amendment: Add automatic fines, court-ordered compliance, and the ability for owners to withhold maintenance fees until proper disclosures are provided.
2. **Strengthen Conflict of Interest Protections**
 - The bill allows managing agents with "industry reserve study designations" to review reserve studies, despite their direct financial ties to AOAOs. This is a clear conflict of interest.
 - Amendment: Prohibit any management company, property manager, or service provider under contract with the AOAO from conducting or reviewing reserve studies.
3. **Accelerate the Effective Date**
 - The 2050 implementation date delays protection indefinitely.
 - Amendment: Change the effective date to July 1, 2026, or sooner so homeowners can benefit now.
4. **Require Owner Approval for Budgets**
 - Transparency is not enough—owners must have a say in big financial decisions.
 - Amendment: Require any budget exceeding a 10% increase in assessments to be approved by a majority of unit owners. Alternatively, tie assessment increases to inflation rates to prevent financial exploitation.

Final Thoughts: A Comprehensive Solution is Needed

SB 253, SD2 is a step in the right direction, but it will be ineffective without enforcement mechanisms, conflict-of-interest protections, and owner involvement. Mismanagement is just one symptom of a larger governance failure, and this committee must address the full scope of the problem.

I respectfully request the committee to:

1. Adopt the proposed amendments to close loopholes and ensure true financial transparency.
2. Tie this bill to SB 146, SD1 and establish a State HOA Office with enforcement power.
3. Recognize that condo governance in Hawai'i is a broken system requiring a full-scale legislative overhaul.

Additionally, I urge the Legislature to form a Citizen Task Force or Advisory Committee to assess and reform Hawai'i's condo governance system. This committee must be led by homeowners—not industry insiders—who have experienced the real consequences of mismanagement.

If you truly serve the people rather than corporate interests, then it is time to take bold action. I volunteer to participate should you see fit to prioritize homeowner rights over industry profits.

Thank you for the opportunity to testify. I am eager to discuss this further and provide additional testimony to any interested representative on this bipartisan issue.

Mahalo nui loa,
Jessica Herzog
Condo Owner, Notary Public
Member of the National Association of Parliamentarians

 mssc403@gmail.com |  707.340.5786

 www.leewardrepair.com/condo

SB-253-SD-2

Submitted on: 3/11/2025 8:31:49 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Paul A. Ireland Koftinow	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the subject clause in subsection (d) should read: “provided that this subsection shall not apply to an association if its board adopts a budget that completely omits the summary required by subsection (a).”

Second, I oppose the proposed second sentence in SECTION 2, subsection 3 of the measure (amending subsection (g)) which provides: “Any unit owner whose association board fails to substantially comply with this section shall have standing to bring an action to enforce compliance by the board. In any action to enforce compliance, a board shall have the burden of proving it has substantially complied with this section.” This sentence should be deleted. When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose

associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Paul A. Ireland Koftinow

SB-253-SD-2

Submitted on: 3/11/2025 8:39:02 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laura Bearden	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Laura Bearden

SB-253-SD-2

Submitted on: 3/11/2025 9:23:46 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Carol Walker	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Carol Walker

SB-253-SD-2

Submitted on: 3/11/2025 9:30:23 AM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laurie Sokach	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the subject clause in subsection (d) should read: “provided that this subsection shall not apply to an association if its board adopts a budget that completely omits the summary required by subsection (a).”

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associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Laurie Sokach AMS, PCAM

Professional Association Community Manager

Kona Hawaii

**House of Representatives
The Thirty-Second Legislature
Committee on Consumer Protection and Commerce
Wednesday, March 12, 2025
2:00 p.m.**

To: Representative Scot Z. Matayoshi, Chair
Re: SB 253 SD 2, Relating to Condominiums

Aloha Chair Scot Matayoshi, Vice-Chair Cory Chun, and Members of the Committee,

Mahalo for the opportunity to testify in support of SB 253 SD 2 with the following recommendation.

Based on firsthand experiences and the allegations of condo owners in other associations, enforcement is required of the timely availability, accessibility, and delivery of associations’ annual budget, reserve study, and audits, and in greater specificity.

As an example, the most recent of an association’s annual audits was for the year 2020 and completed months after it was due, as shown on this screen shot of the association’s website:

<u>11. November 2024 Financials</u>	11/23
<u>12. December 2024 Financials</u>	2/26/25
- Audit Report (1)	
<u>2020 Audit Report</u>	5/14/21
+ Insurance Summaries & Letters to Owners (7)	
- Maintenance Fee, Operating Budget, Reserve Study (5)	
<u>2019 Maintenance Fee Increase, Operating Budget and Reserve Study</u>	7/19/19
<u>2020 Maintenance Fee Letter & Budget</u>	11/4/19
<u>2021 Maintenance Fee Letter, Operating Budget and Reserve Study</u>	5/21/21
<u>2024 Maintenance Fee Increase & Operating Budget</u>	12/26/23
<u>2025 Maintenance Fee Increase, Operating Budget, and Reserve Study</u>	12/30/24

Additionally, although in compliance with current law, boards and management provide inadequate notification to owners when owners are notified that maintenance fees will increase at the start of the next fiscal year without providing the magnitude of that increase. Please refer to Exhibit A.

A specific percentage increase (e.g., 5%) or a specific dollar increase (e.g., \$135/month for A-type units, \$207/month for B-type units) should be provided so that owners can make timely adjustments, whether financial or with their funding source (i.e., checking or savings account). But owners in that association were notified of the actual increased amounts only two days before the due date. Please refer to Exhibit B.

The Hawaii Appleseed Center for Law and Economic Justice reported,

“Despite working hard and actively supporting our local economy, more than half of Hawai‘i’s households are living paycheck to paycheck, and are one financial hardship away from slipping into poverty.”¹

Their 2023 study, “The High Cost of Low Wages,” reported:

“Since low-income households spend a higher portion of their budget on basic necessities compared to high-income households, cost increases can push them even deeper into economic insecurity. One survey found that 54 percent of Hawai‘i residents spend all of their income on necessities, leaving them with little savings for unexpected costs, such as emergency room bills or vehicle repairs.”²

The Association of Credit and Collection (ACA International)³ reported even more dire statistics based on research by PYMNTS.com:

“Sixty-five percent of consumers currently live paycheck-to-paycheck.”

Because of Hawaii’s high cost of living, especially housing, condominium ownership is the only choice available to most of Hawaii’s residents. NASDAQ⁴ claims that the average social security income in Hawaii in 2024 was \$1854. Compare this amount to the average cost of housing for a 554 square foot one bedroom condo in Hawaii, \$2913, as calculated by Apartments.com.⁵

Many condo owners have little discretionary income to spare. Some owners, including kupuna in their 70s and 80s, have taken on additional work to generate income to keep up with their increased living expenses.

¹ <https://hiappleseed.org/press-releases/hawaii-low-wages-cost-of-living-strain-society-local-economy#:~:text=HONOLULU%2C%20Hawai%CA%BBi%20%E2%80%94%20Despite%20working%20hard%20and,fi nancial%20hardship%20away%20from%20slipping%20into%20poverty.&text=This%20lack%20of%20economic%20 mobility%20imposes%20a,poorer%20health%20outcomes%2C%20and%20less%20educational%20attainment.>

² https://static1.squarespace.com/static/601374ae84e51e430a1829d8/t/657a1a50e1c9500c0e09c314/1702500952437/The+High+Cost+of+Low+Wages_FINAL.pdf

³ <https://www.acainternational.org/news/2024-paycheck-to-paycheck-report-reveals-continuing-economic-pressures>

⁴ <https://www.nasdaq.com/articles/heres-average-social-security-benefit-retirees-all-50-states>

⁵ <https://www.apartments.com/rent-market-trends/honolulu-hi/>

By providing enforcement provisions into SB 253 SD 2 to ensure *timely* and specific notification so that owners are not forced through no fault of their own into delinquency and its consequences, Legislators can ensure that Hawaii's residents have proper opportunity to keep themselves financially safe.

Mahalo for the opportunity to testify.

EXHIBIT A
Copy of letter postmarked November 15, 2024



Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Tel: (808) 593-6871
Fax: (808) 447-5110
Email: [REDACTED]
Internet: [REDACTED]

November 2024

RE [REDACTED] - 2025 MAINTENANCE FEE INCREASE

Dear [REDACTED] Owner:

Your Board of Directors has been working diligently on the 2025 Operating Budget and Reserve Study.

Please be aware that the [REDACTED] Board of Directors is planning for a maintenance fee increase effective January 1, 2025. The Board will be mailing the approved 2025 Budget, Reserve Study, and schedule of maintenance fees at a later date. The new maintenance fee amount will be effective January 1, 2025, along with further explanation of the budgeting issues.

If you have any questions, please contact [REDACTED] Management Executive at (808) 593-[REDACTED] or by email [REDACTED].

Thank you for your understanding and cooperation. Have a Happy Holiday Season and a safe New Year celebration!

Sincerely,

FOR THE BOARD OF DIRECTORS

[REDACTED]
[REDACTED]
[REDACTED] Executive

EXHIBIT B
Copy of letter postmarked December 28, 2024



Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Tel: (808) 593-6871
Fax: (808) 447-5110
Internet: www.hmcmgt.com

RECEIVED

DEC 30 2024

December 2024

RE [REDACTED] - 2025 MAINTENANCE FEE INCREASE

Dear [REDACTED] Owner:

Your Board of Directors has approved the 2025 Operating Budget, that was prepared on a cash basis and the 2025 Reserve Study, which was prepared using the cash flow method. The Maintenance Fee Schedule showing your new 2025 maintenance fee is attached to this mailing.

Monthly billing statements will continue to be mailed on a regular basis. Please visit our website at www.hmcmgt.com to sign up for Surepay, review other payment options, and to update your mailing address.

If you use a financial institution or a bill payment agency to forward your monthly payment you must inform that agency of the new monthly maintenance fee that will be effective January 2025.

Annual Membership Meeting. The 2025 Annual meeting is scheduled to be held on March 6, 2025 at 5:30 p.m. (Registration at 5:00 p.m.) Onsite. Upon receipt of your Annual Meeting packet (early February), please complete and return the proxy ASAP even if you're planning to attend the meeting.

If the legal name of the owner of the apartment has changed, please notify Hawaiiana Management Company, Ltd. in writing. This important information must be kept current especially when preparing proxies and ballots.

We would like to wish you and your family a Happy and Safe Holiday Season!

Sincerely,
FOR THE BOARD OF DIRECTORS

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Executive

SB-253-SD-2

Submitted on: 3/11/2025 12:51:44 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Primrose	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: “provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they substantially complied with Section 514B-148(a).

Respectfully submitted,

Sincerely,

Primrose Leong-Nakamoto

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I oppose S.B. No 253, S.D.2.

First, I oppose the proposed clause in SECTION 2, subsection 2 of the measure (amending subsection (d)) which provides: "provided that this subsection shall not apply to an association if its board adopts a budget that omits the summary required by subsection (a)." This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute.

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Respectfully submitted,

Pamela J. Schell

LATE

SB-253-SD-2

Submitted on: 3/11/2025 3:28:26 PM

Testimony for CPC on 3/12/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Miri Yi	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Members,

My name is Miri Yi, and I am submitting testimony **in strong support of SB 253.**

For years, my Honolulu condominium has experienced deferred maintenance, poor reserve management, blatant abuse of authority, selective enforcement and a complete lack of transparency in operations and administration. This includes issues with financial data, meeting minutes, contractor vetting, bids, scope of work, invoices, reserve fund management, and much more.

In 2024, our condominium's liability insurance premium skyrocketed by an alarming **829%**, rising to **over \$1,037,000 annually**. This sharp increase came without sufficient explanation or any fair warning. As a result, all owners were unilaterally assessed fees exceeding \$5,200 in some cases, to cover the depleted reserve funds that were used to pay for this insurance increase.

There is a complete lack of accountability from the Board of Directors (BOD), property management agencies, on-site management and unskilled maintenance workers/vendors. The BOD clearly demonstrates a troubling lack of knowledge of and adherence to, Hawaii Revised Statutes (HRS), CC&Rs, Bylaws, House Rules and other regulations. Furthermore, they sorely lack basic communication skills, common decency/etiquette and routinely utilize the extremely adversarial and malverse parliamentarians to censor homeowners' speech and even deny access to Zoom meetings. Emails and phone calls are not responded to.

The insurance brokers/agents for our condominium refuses to respond to questions that the BOD or property managers are unwilling to answer. Additionally, they refuse to provide details upon request, adding to the confusion and frustration.

The lack of transparency regarding policy coverage and the overall mismanagement of the reserve funds and process are of great concern. It is particularly troubling that the BODs routinely use attorneys to send letters to owners and field questions at special meetings, rather than providing clear answers directly.

I urge you to pass this bill and provide greater support for homeowners, who are highly vulnerable to terrible abuse and mismanagement in the "self-governed" AOA/HOA environment.

Thank you for the opportunity to submit testimony in support of this bill.

Very Respectfully,

Miri Yi
Honolulu 96818