

Honolulu, Hawaii

MAR 19 2008

RE: H.B. No. 3331  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred H.B. No. 3331, H.D. 2,  
entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to clarify dispute resolution  
procedures relating to the interpretation or enforcement of a  
condominium association's declaration, bylaws, house rules, and  
other management matters.

Specifically, this measure:

- (1) Specifies the dispute resolution parameters relating to  
the interpretation or enforcement of a condominium  
association's declaration, bylaws, house rules, and  
other management matters;
- (2) Requires the mediator to provide written notices to all  
parties of the request to mediate, the disposition of  
the mediation, and to specify the termination date;
- (3) Allows parties whose disputes are not resolved by  
mediation to file for arbitration no sooner than thirty  
days from the termination date of the mediation; and



- (4) Makes the option for an administrative hearing more widely available in order to resolve disputes.

Testimony in support of this measure was submitted by the Hawaii Council of Associations of Apartment Owners and the Hawaii Independent Condominium and Cooperative Owners. The Hawaii Chapter of the Community Associations Institute submitted testimony in opposition to this measure.

Your Committee finds that further clarity is needed regarding condominium dispute resolution under sections 514A-121.5 and 514B-161, Hawaii Revised Statutes. Amending both sections to specify the dispute resolution parameters relating to the interpretation or enforcement of a condominium association's declaration, bylaws, house rules, and other management matters will provide further clarity for condominium unit owners and association board members in order to resolve disputes. Your Committee recognizes that mediation can be a less expensive alternative in resolving disputes compared to arbitration, but is concerned that mediation may not always be the most effective method to achieve a resolution. Your Committee believes that more information is needed in order to determine whether mediation is a viable alternative.

Accordingly, your Committee has amended this measure by:

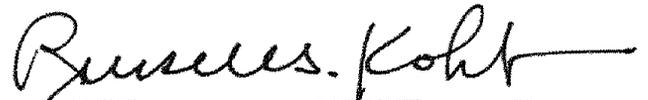
- (1) Requiring the mediation service or mediator who provides mediation services to the parties in dispute to submit written notice to the Real Estate Commission upon being selected;
- (2) Requiring the mediation service or mediator who provides mediation services to the parties in dispute to submit written notice to the Real Estate Commission of the disposition of the mediation proceeding, including any failures to reach a disposition and the reasons for the failure;
- (3) Requiring the Real Estate Commission to submit a written report to the Legislature prior to the 2009 Regular Session regarding condominium disputes handled through mediation;
- (4) Changing the effective date from January 1, 2112, to effective upon its approval; and



- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3331, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3331, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Labor.

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



RUSSELL S. KOKUBUN, Chair



