STAND. COM. REP. NO.

Honolulu, Hawaii

FEB 2 6 2010

RE: S.B. No. 2164 S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2164 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to protect purchasers of condominiums by requiring notice of amendments to project documents and requiring a developer to seed the estimated replacement reserve fund with a percentage of the purchase price of the project's residential units.

Your Committee received testimony with comments on this measure from the Condominium Review Committee of the Real Estate Commission. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will protect consumers by increasing transparency in condominium sales and ensuring that condominium purchasers are able to make accurate purchasing decisions. Your Committee finds that this measure will help prevent condominium foreclosures by ensuring that potential buyers are aware of the actual costs of living in a particular condominium unit.

Your Committee has amended this measure by:

 Deleting the amendment made to section 514B-23, Hawaii Revised Statutes (HRS);



STAND. COM. REP. NO. 2489 Page 2

- (2) Adding a new provision to chapter 514B, HRS, to specify the notice required for changes to the declaration, bylaws, condominium map, public report, or designation of residential units and to clarify that amendments that result in a material change to the project shall trigger a buyer's right of rescission pursuant to section 514B-87, HRS;
- (3) Adding a new definition of "capital equipment";
- (4) Deleting the amendments to section 514B-98, HRS, and replacing the new language in section 514B-41, HRS, in order to make monitoring and enforcement easier;
- (5) Specifying that the developer shall disclose the existence and cost of capital equipment installed by the developer;
- (6) Specifying that the developer shall set aside an amount equal to one per cent of the sales price of each residential apartment plus an amount equal to one hundred eighty days of operating capital to be held in escrow until it is transferred to the association of apartment owners on the date of the first meeting of the association; and
- (7) Making technical, nonsubstantive changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 1, and be placed on the calendar for Third Reading.



STAND. COM. REP. NO.2489 Page 3

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

ROSALYN H.OBAKER, Chair



The Senate Twenty-Fifth Legislature State of Hawaii

Record of Votes Committee on Commerce and Consumer Protection CPN

Image: Interpretion of the previous decision on this measure. If so, then the previous decision was to: The Recommendation is: Image: Imag	Bill / Resolution No.:*	Committee Referral: Date:					
If so, then the previous decision was to: The Recommendation is: Pass, unamended Pass, with amendments Hold Recommit 2313 Members Aye Aye Aye (WR) Nay Excused BAKER, Rosalyn H. (C) Image: Commendation is: Ima	SB 2164	CPN 2/24/2010					
The Recommendation is: Image: Commit 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313 Members Aye Aye Aye WR Nay Excused BAKER, Rosalyn H. (C) Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 IGE, David Y. (VQ) Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 IGE, David Y. (VQ) Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 GREEN, M.D., Josh Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 IHARA, Jr., Les Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 Image: Commit 2313 IHARA, Jr., Les Image: Commit 2313 IHARA, Jr., Les Image: Commit 2313 Image: Commit 2313 <t< td=""><td colspan="7">The committee is reconsidering its previous decision on this measure.</td></t<>	The committee is reconsidering its previous decision on this measure.						
Pass, unamended Pass, with amendments Hold Recommit 2312 Members Aye Aye Aye Weill Excused BAKER, Rosalyn H. (C) Image: Commit Comm	If so, then the previous decision was to:						
2312 2311 2310 2313 Members Aye Aye May (WR) Nay Excused BAKER, Rosalyn H. (C) Image: Constraint of the second of the se	The Recommendation is:						
BAKER, Rosalyn H. (C) IGE, David Y. (VC) ESPERO, Will GREEN, M.D., Josh IHARA, Jr., Les SAKAMOTO, Norman HEMMINGS, Fred I I I I I I I I I I I I I I I I I I I							
IGE, David Y. (VC) Image: Second	Members	. *	Aye	Aye (WR)	Nay	Excused	
ESPERO, Will GREEN, M.D., Josh IHARA, Jr., Les SAKAMOTO, Norman HEMMINGS, Fred I I I I I I I I I I I I I I I I I I I	BAKER, Rosalyn H. (C)						
GREEN, M.D., Josh Image: Constraint of the second seco	IGE, David Y. (VC)						
IHARA, Jr., Les Image: Constraint of the second	ESPERO, Will			· .			
SAKAMOTO, Norman Image: Constraint of the second secon	GREEN, M.D., Josh						
HEMMINGS, Fred	IHARA, Jr., Les						
TOTAL 5 O Q Z Recommendation: Image: Adopted Image: Adopted Image: Adopted Image: Adopted Chair's or Designee's Signature: Adopted Image: Adopted Image: Adopted Image: Adopted Distribution: Original Yellow Pink Goldenrod	SAKAMOTO, Norman						
TOTAL 5 O Z. Recommendation: Image: Not Adopted Image: Not Adopted Chair's or Designee's Signature: Image: Not Adopted Distribution: Original Yellow Pink Goldenrod	HEMMINGS, Fred		/		· · · ·		
TOTAL 5 O Z. Recommendation: Image: Not Adopted Image: Not Adopted Chair's or Designee's Signature: Image: Not Adopted Distribution: Original Yellow Pink Goldenrod							
TOTAL 5 O Z. Recommendation: Image: Not Adopted Image: Not Adopted Chair's or Designee's Signature: Image: Not Adopted Distribution: Original Yellow Pink Goldenrod							
TOTAL 5 O Z. Recommendation: Image: Not Adopted Image: Not Adopted Chair's or Designee's Signature: Image: Not Adopted Distribution: Original Yellow Pink Goldenrod							
Recommendation: Adopted Not Adopted Chair's or Designee's Signature: Additional Yellow Pink Goldenrod Distribution: Original Yellow Pink Goldenrod							
Recommendation: Adopted Not Adopted Chair's or Designee's Signature: Additional Yellow Pink Goldenrod Distribution: Original Yellow Pink Goldenrod							
Recommendation: Adopted Not Adopted Chair's or Designee's Signature: Additional Yellow Pink Goldenrod Distribution: Original Yellow Pink Goldenrod							
Recommendation: Adopted Not Adopted Chair's or Designee's Signature: Additional Yellow Pink Goldenrod Distribution: Original Yellow Pink Goldenrod							
Adopted Not Adopted Chair's or Designee's Signature: And Additional Additiona Additional Additional Additional Addit	TOTAL		5	0	0	2	
Distribution: Original Yellow Pink Goldenrod							
\mathbf{v}	Chair's or Designee's Signature:						
The with committee report Clerk's Office Draining Agency Committee File Copy	Distribution: Original File with Committee Re			Pink Prafting Agency			

*Only <u>one</u> measure per Record of Votes