CONFERENCE COMMITTEE REP. NO

Honolulu, Hawaii pril 2 / 2013 RE: H.B. No. 21 H.D. 2 S.D. 2 C.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Honorable Donna Mercado Kim . President of the Senate Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir and Madam:

2013-2393 SCCR SMA.doc

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 21, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- Permit the board of directors of a condominium association to collect a six-month special assessment from the mortgagee or other purchaser of a unit with a recorded lien for delinquent common assessments; and
- (2) Specify how excess rental income received by a condominium association after a foreclosure proceeding shall be paid to existing lien holders.

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Your Committee on Conference finds that the costs of default in a condominium are substantially born by condominium associations and non-defaulting unit owners and mortgagors in the affected communities. The lending industry also has an interest in preserving the value of the condominium projects that make up part of the lending industry's collateral.

Your Committee on Conference further finds that because there are legitimate but competing issues relating to common assessments, the needs of the lending industry and condominium associations and non-defaulting unit owners must be appropriately balanced when attempting to create a priority lien for common assessments. This measure achieves this balance by providing condominium associations and non-defaulting unit owners with relief while also addressing interests of the lending industry.

Your Committee on Conference has amended this measure by:

- Clarifying that the board of directors of a condominium association may specially assess the amount of the unpaid regular monthly common assessments for common expenses against a mortgagee, rather than a mortgagee or other purchaser of a unit;
- (2) Clarifying that any excess rental income received by a condominium association after a foreclosure proceeding shall be applied to the benefit of the unit owner;
- (3) Clarifying that excess rental income includes any net income received by the association after a court has issued a final judgment determining the priority of a senior mortgagee and after paying, crediting, or reimbursing the association or a third party; and
- (4) Inserting an effective date of upon approval.

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As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 21, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 21, H.D. 2, S.D. 2, C.D. 1. CONFERENCE COMMITTEE REP. NO. 57 Page 3

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

ROSA Chair

CLAYTON HEE, Co-Chair

ON THE PART OF THE HOUSE

ANGU MCKELVEY, Co-Chair Κ. L.

KARL RHOADS, Co-Chair



## Hawaii State Legislature



## **Record of Votes of a Conference Committee**

Bill / Concurrent Resolution No.: HB 21, HD 2, SD 2				Date/Time: 42413 2:44 pM				
The recommendation of the House and Senate managers is to pass with amendments (CD).								
The Committee is reconsidering its previous decision.								
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure				The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A,	WR	N	E	House Managers	A, WR	N	Е
BAKER, Rosalyn H., Chr.	$\mathbb{N}$				MCKELVEY, Angus L.K., Co-Chr.	$\overline{\mathbf{V}}$		
HEE, Clayton, Co-Chr.					RHOADS, Karl, Co-Chr.			
SLOM, Sam				V	YAMANE, Ryan I.			
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Senate Recommendation is:				House Recommendation is:				
Adopted <b>I</b> Not Adopted				Adopted <b>Not</b> Adopted				
Senate Lead Chair's or Designee's Signature:				House Lead Chair's or Designee's Signature:				
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<b>Distribution:</b> File with Conference Committee Report House					Yellow Pink Goldenrod   use Clerk's Office Senate Clerk's Office Drafting Agency			