

**woodson2-Rachel**

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**Sent:** Tuesday, January 27, 2015 5:33 PM  
**To:** CPCtestimony  
**Cc:** babyjean@hotmail.com  
**Subject:** Submitted testimony for HB270 on Jan 29, 2015 14:00PM

**HB270**

Submitted on: 1/27/2015

Testimony for CPC on Jan 29, 2015 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Ronnie Perry	Individual	Oppose	No

Comments: I STRONGLY oppose this bill because it is unfair to the tenants. Already in Hawaii, landlords have a disproportionate amount of power. Because of the cost of housing in Hawaii (the highest in the nation!) many people need their deposit to secure another place of rent. Landlords could put any type of language into a contract to be able to keep the security deposit. I know landlords that look for ways to keep the security deposit. Tenants need protection from these unethical opportunistic people. Already, some places require you to pay for a credit check to even APPLY for a place and they do not guarantee that you will get the place. Some charge 40.00! imagine applying for 10 places at 40.00 per application!! Tenants need their security deposit!

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February 2, 2015

**LATE**

**The Honorable Angus McKelvey, Chair**

House Committee on Consumer Protection & Commerce

State Capitol, Room 325

Honolulu, Hawaii 96813

**RE: H.B. 270, Relating to the Residential Landlord-Tenant Code**

**HEARING: Monday, February 2, 2015, at 2:00 p.m.**

Aloha Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

I am Aron Espinueva, Government Affairs Analyst, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,400 members. HAR **strongly supports** H.B. 270, which amends the residential landlord-tenant code to allow the security deposit to be used for unpaid charges, penalties, and fees that were agreed to by the landlord and tenant pursuant to the rental agreement.

It is common practice for Hawai'i landlords and property managers to collect a security deposit from tenants as part of a residential rental agreement pursuant to Hawai'i Revised Statutes ("HRS") Section 521-44 (Hawaii's Residential Landlord-Tenant Code). When a landlord collects a security deposit, it helps ensure that the tenant will keep the property in good shape, pay the rent, and not suddenly break the lease and disappear, which could mean the tenant doesn't get the deposit returned.

Under current statutes, the amount of a security deposit shall not exceed one month's rent and can only be used by the landlord for the following:

1. Remedy a tenant's defaults for accidental or intentional damages resulting from failure to comply with Section 521-51 of Hawaii's Residential Landlord-Tenant Code, for failure to pay rent due, or for failure to return all keys furnished by the landlord at the termination of the Hawaii rental agreement;
2. Clean the dwelling unit or have it cleaned at the termination of the Hawaii rental agreement so as to place the condition of the dwelling unit in as fit a condition as that which the tenant entered into possession of the dwelling unit; and
3. Compensate for damages caused by a tenant who wrongfully quits the dwelling unit.

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In addition to the above, tenants typically have other obligations under their Rental Agreement, such as, but not limited to sewer, water, and electricity expenses; penalties assessed by condominium associations for violation of bylaws and house rules (example: excessive noise, storage of goods on lanai, smoking, etc.); charges for late payment of rent; attorney's fees; and bank charges for checks returned due to non-sufficient funds.

However, these charges, fees, or penalties that are included in the Rental Agreement do not fall within the scope of the uses of a security deposit. This is a problem that has grown in incidence and tenants are taking on obligations that affect the property and could put a landlord at risk if a tenant walks away from these obligations, which often times can add up.

HAR believes that allowing a security deposit to be used for charges, penalties, and fees that are the tenant's responsibility, is fair and reasonable to ensure that all tenant obligations are met, under the Rental Agreement.

Mahalo for the opportunity to testify.