

STAND. COM. REP. NO.

545

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 244

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 244 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to assist condominium owners and associations involved in disputes regarding foreclosure, default, and assessments by, among other things:

- (1) Clarifying notice of foreclosure and default requirements for associations in instances of default on a payment plan;
- (2) Specifying that association fines imposed on an owner while an agreed upon payment plan to prevent a nonjudicial foreclosure is in effect shall not be a default under the payment plan;
- (3) Clarifying the applicability of procedures for the payment of disputed expense assessments to common expense assessments and to other assessments claimed by an association of apartment owners;
- (4) Specifying remedies available to a unit or apartment owner who disputes the amount of an assessment; and

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- (5) Specifying requirements for mediation of contested charges, with certain exceptions.

The Hawaii Chapter of the Community Associations Institute Legislative Action Committee, Mauna Luan, Hawaii Council of Associations of Apartment Owners dba Hawaii Council of Community Associations, Associa, and several concerned individuals testified in support of this measure. Hui 'Oia'i'o supported the intent of this measure.

Your Committee has amended this measure by deleting its contents and inserting language that consolidates the two statutory chapters that govern condominiums for the purpose of minimizing confusion among condominium owners, associations, developers, and others and apply the highest level of consumer protection equal to all condominium owners. Specifically, the amended measure:

- (1) Repeals Chapter 514A, Hawaii Revised Statutes, which is relevant only to condominium property regimes that were created before July 1, 2006, but not yet brought to market for sale by that date;
- (2) Clarifies that Chapter 514B, Hawaii Revised Statutes, which currently applies to condominiums created within the State since July 1, 2006, shall apply to all condominiums in the State; provided that existing provisions of a condominium's governing documents be preserved if necessary to preserve a developer's reserved rights;
- (3) Requires a developer of a condominium project that was created before July 1, 2006, but not yet brought to market for sale, to register the developer's project with the real estate commission by January 1, 2019, and bring the project to market; and
- (4) Makes conforming statutory amendments to remove references to Chapter 514A.

Your Committee has also amended this bill by:

- (1) Changing its effective date to July 1, 2112, to facilitate further discussion; and



- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 244, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 244, H.D. 1, and be referred to your Committee on Judiciary.

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



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ANGUS L.K. MCKELVEY, Chair



