From: Richard Emery [mailto:Richard.Emery@associa.us]
Sent: Tuesday, January 31, 2017 11:15 AM
To: baker2 - Heath <baker2@capitol.hawaii.gov>
Subject: Testimony SB 394

My name is Richard Emery. I am a Real Estate Broker and 20-year industry veteran in association management, host of the weekly educational talk show "Condo insider", former management company president, member of the Hawaii Council of Community Associations, and the Community Associations Institute Legislative Action Committee.

I support the intent of SB 394 but suggest that a better method exists to protect clients whose funds are in broker trust accounts. Current condominium law requires a fidelity bond (often called a crime policy) on the various operating and reserve fund accounts. In the event that trust account is inappropriately misused, the bond would make the clients whole. The current registration provision does nothing to alleviate a client's risk. A $ 1 million fidelity bonds costs less than $500 annually at last checking.

I suggest that a requirement for a fidelity bond be inserted in the Bill to afford financial protection for clients. Registration accomplishes very little to protect clients from abuse. Fidelity bonds for condos have been very effective.