STAND. COM. REP. NO.

1694

Honolulu, Hawaii

APR 0 4 2023

RE: S.C.R. No. 124

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.C.R. No. 124 entitled:

"SENATE CONCURRENT RESOLUTION URGING THE REAL ESTATE COMMISSION TO DEVELOP POLICIES AND PROGRAMS TO INFORM AND EDUCATE CONDOMINIUM ASSOCIATION OWNERS AND BOARD MEMBERS OF CERTAIN MATTERS TO PROMOTE THE EFFICIENT ADMINISTRATION OF CONDOMINIUM ASSOCIATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to urge the Real Estate Commission to develop policies and programs to inform and educate condominium association unit owners and board members of certain matters to promote the efficient administration of condominium associations.

Your Committee received testimony in support of this measure from the Real Estate Commission, Hui 'Oia'i'o, Hawaii Council of Associations of Apartment Owners, and seven individuals.

Your Committee finds that a condominium's association is comprised of its unit owners. The association's duties and powers are outlined in section 514B-104, Hawaii Revised Statutes, and the association must comply with its governing declaration, bylaws, house rules, and policies. Each year, association unit owners elect board members to manage their condominium's operations; pay assessments for the operation, repair, and maintenance of their condominiums; and fund reserves for deferred maintenance. Chapter

514B, Hawaii Revised Statutes, provides that every director owes the association a fiduciary duty in the performance of the director's duties, as confidence, trust, and reliance of one party is placed upon the judgment of another. Some board members may be unaware or unfamiliar with certain laws or rules, may not fully understand or may misinterpret their provisions, or misunderstand their duties or responsibilities, leading to frustration, hostility, and conflict. The State's Real Estate Commission is required to manage the Condominium Education Trust Fund to promote, among other things, education and research in condominium management, the improvement and more efficient administration of associations, and the expeditious and inexpensive resolution of association disputes. This measure urges the Real Estate Commission to use the Condominium Education Trust Fund to develop policies and programs to inform and educate condominium association unit owners and board members of certain matters to promote the efficient administration of condominium associations.

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 concurs with the intent and purpose of S.C.R. No. 124 and recommends its adoption.

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

JEARETT KEOHOKALOLE, Chair

The Senate Thirty-Second Legislature State of Hawai'i

Record of Votes Committee on Commerce and Consumer Protection CPN

| Bill / Resolution No.:* Committe SCR 124 CP | | | | |
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| The Committee is reconsidering its previous decision on this measure. | | | | |
| If so, then the previous decision was to: | | | | |
| The Recommendation is: | | | | |
| Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| KEOHOKALOLE, Jarrett (C) | V | | | |
| FUKUNAGA, Carol (VC) | | | • | |
| MCKELVEY, Angus L.K. | | | | |
| RICHARDS, III, Herbert M. "Tim" | | | _ | |
| AWA, Brenton | | | | |
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| TOTAL | 1 | | | |
| Recommendation: Adopted Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| and John ago | | | | |
| 5 | Yellow Pink Goldenrod port Clerk's Office Drafting Agency Committee File Copy | | | |

*Only one measure per Record of Votes