



P.O. Box 976
Honolulu, Hawaii 96808

February 10, 2026

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Committee on Commerce and Consumer Protection
415 S. Beretania St.
Honolulu, HI 96813

Re: **SB 2764 Support/Comments**

Dear Chair Keohokalole, Vice Chair Fukunaga, and Committee Members:

CAI supports SB 2764 as it provides further clarification on the changes made to Hawaii Revised Statutes 514B-105(c) regarding payments made to an association. Prior to Act 195 (2018) and Act 192 (2019) associations were able to apply payments first to a judgment in accordance with a policy adopted by the Board. However, the passage of these two Acts has resulted in unjust situations when an association obtains a money judgment through the court process but is unable to collect on the judgment due to the requirement to apply any payment received to common expenses first.

SB 2764 would allow associations to apply payments first to a judgment entered by a court against an owner. In this limited instance it is acceptable to apply payments to an amount other than common expenses since a court has reviewed the case and documents provided and has made a determination regarding the amount of the judgment including the reasonableness of the attorney's fees included in the judgment. Unless this clarification is made, obtaining a judgment could be useless if payments cannot be applied to satisfy the judgment. If associations are unable to collect on a validly obtained judgment, the uncollected amounts are absorbed by the owners as a whole which is unfair to those who dutifully pay each month.

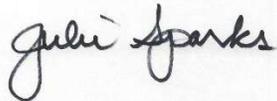
We would also like to request amendments to provide additional clarification as follows, additional amendments in bold/underline:

(c) **Except as provided herein, [A]**any payments made by or on behalf of a unit owner shall first be applied to outstanding common expenses that are assessed to all unit owners in proportion to the common interest appurtenant to their respective units, including commercial property assessed financing assessment

expenses incurred for improvements financed pursuant to section 196-64.5. Only after the outstanding common expenses have been paid in full may the payments be applied to other charges owed to the association, including assessed charges to the unit such as ground lease rent, utility sub-metering, storage lockers, parking stalls, boat slips, insurance deductibles, and cable. After these charges are paid, other charges, including unpaid late fees, legal fees, fines, and interest, may be assessed in accordance with an application of payment policy adopted by the board; provided that if a unit owner has designated that any payment is for a specific charge that is not a common expense as described in this subsection, the payment may be applied in accordance with the unit owner's designation even if common expenses remain outstanding. Notwithstanding any other provision of this section, any payments made by or on behalf of a unit owner may **first** be applied to any unpaid judgment interest, judgment principal, and all costs and reasonable attorneys' fees incurred **by an association** in attempting to obtain satisfaction of a money judgment **obtained by the association against such owner, and then in the order of priority stated in this subsection.**"

Please pass SB 2764 with the additional clarifying language.

CAI Legislative Action Committee, by



Member

Committee on Commerce and Consumer Protection

SB 2764 – Payments For Judgements

Friday, February 13, 2026 @ 9:30 AM

My name is Jeff Sadino and I **STRONGLY OPPOSE** this Bill.

This Bill will create a spiderweb of complications, unintended consequences, hypothetical scenarios, and irreparable harm to Owners.

This Bill would allow the redirection of maintenance fee payments to non-maintenance fee charges, which is extremely harmful because it allows a non-judicial foreclosure against an Owner. This is exactly the type of scenario that Acts 192 & 195 was intended to prevent.

Trade Industry Abuse Prior To Acts 192 & Act 195:

Those Acts made it so that non-judicial foreclosures could proceed only for unpaid maintenance fees, not for fines, attorney fees, etc. The problem was that once someone initially got behind on their maintenance fees, the Association would charge them monthly late fees and interest and it was a downward spiral that a person could never climb out from.

Speaking from first-hand experience, Hawaiiana and Porter McGuire charged me an annual rate of 435% on my unpaid (erroneous) balances, which made it nearly impossible to get back to even¹. An elderly and disabled couple in my Association lost their condo as a result of falling behind on their maintenance fees and being unable to get back to fully paid, even though they started making regular monthly payments again.

Act 192 is literally the only thing that saved me from losing my home and losing everything I have ever worked for in my entire life. In the end, the Association failed to prevail on the merits of any of their encyclopedia of claims against me. This Bill would basically reincarnate those trade industry demons, just in a different form and at a different place, but with the same evil results.

¹ As somebody with a college degree in Mathematics and 14 years' experience as a financial advisor, I can attest with confidence the annual rate levied against me by Hawaiiana and Porter McGuire was 435%, more than even a gangster would have thought reasonable.

The trade industry has demonstrated over and over again that they cannot be responsible stewards of the awesome power that the Legislature has afforded to them. We should not award them the power in this Bill until they can show they will steward it responsibly and with a minimum of moral and ethical standards.

Unintended Consequences Of This Bill:

This Bill does not take into account the appeals process. By the time the Owner wins their case on appeal, they would have already fell behind on their maintenance fee payments and would have lost their condo through a non-judicial foreclosure. (The awarding of attorney fees could be stayed by the courts, but that provides too little hypothetical protection against such irreparable harm.)

Separately, if an Owner wins on appeal, it would be an accounting nightmare how the Association reimburses the Owner for the erroneously charged late fees, lost opportunity cost, etc. This is compounded by how incompetent their accounting departments are for even regular day-to-day transactions. For example, Hawaiiana just straight up forgot to pay the lease for our solar panels for three years, resulting in \$80,000 of missed payments.

Separately, this Bill is not balanced in the situation where an Owner is owed money from the Association because the Association does not make regular payments to an Owner. This would create yet another thumb on the scales of injustice in favor of Associations.

Separately, in the real world, collecting \$1,000/mth in maintenance fees is going to do virtually nothing to reimburse the Association for a \$200,000 legal bill. In the real world, this will just make it easier to put people into an inescapable spiral of debt and accelerate the non-judicial foreclosure process before all of the Constitutionally protected processes of due process are given the time to play out.

Keeping Owners in their homes and paying maintenance fees is a better outcome for the Association than taking possession through a non-judicial foreclosure and renting the unit out so that...maintenance fees are paid. If the Associations are allowed to redirect maintenance fees to the judgement, then **a person will just stop paying their maintenance fees because what is the point???**

Existing Remedies Already Exist:

My assumption is that there already exists numerous ways for prevailing parties to collect on judgements. The Association can go through the same processes that everybody else has to go through, which can include filing a lien against the property, garnishing wages, developing a payment plan, etc.

The government should not intervene to create special collection powers for Associations that do not exist for any other litigant. The Associations already have many more laws written in their favor than Owners do.

I urge you as strongly as I possibly can to defer this Bill.

Thank you for your consideration,

Jeff Sadino

JSadino@gmail.com



Collection Law Section

Chair:

Karyn A. Doi

Vice Chair:

William J. Plum

Secretary:

Charles Prather

Treasurer:

Justin Scott Moyer

Directors:

David W. H. Chee

Marvin S.C. Dang

Karyn A. Doi

Christopher Shea Goodwin

Steven Guttman

Paul A. Ireland Kofinow

Allison M. Lee

Justin Scott Moyer

Robert Park

William J. Plum

Charles Prather

Reply to:

KARYN A. DOI, CHAIR

222 Merchant Street

Honolulu, Hawaii 96813

Telephone: (808) 538-1921

Fax: (808) 523-9585

E-Mail: karyn@leu-okuda.com

February 10, 2026

**Re: S.B. 2764 (Relating To Foreclosures)
Hearing: February 13, 2026, 9:30 a.m.
Testimony in Opposition**

Dear Senator Jarrett Keohokalole, Chair, Senator Carol Fukunaga, Vice Chair, and Committee Members:

This testimony is submitted on behalf of the Collection Law Section ("CLS") of the Hawaii State Bar Association.¹

The CLS **supports** S.B. 2764.

This measure clarifies the existing statute governing the application of payments made to a condominium association by or on behalf of a unit owner when a money judgment has been awarded in favor of an association and against the unit owner. While the CLS supports S.B. 2764, **a few minor revisions are needed to avoid confusion.**

For the reasons set forth in this testimony, the CLS requests that S.B. 2764 be passed with the following amendments to Section 2 of the measure (highlighted in yellow):

SECTION 2. Section 514B-105, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

¹ *The comments and recommendations submitted reflect the viewpoint of the Collection Law Section of the Hawaii State Bar Association only. This viewpoint has not been reviewed or approved by the HSBA Board of Directors.*

"(c) **Except as provided herein, [A]ny** payments made by or on behalf of a unit owner shall first be applied to outstanding common expenses that are assessed to all unit owners in proportion to the common interest appurtenant to their respective units, including commercial property assessed financing assessment expenses incurred for improvements financed pursuant to section 196-64.5. Only after the outstanding common expenses have been paid in full may the payments be applied to other charges owed to the association, including assessed charges to the unit such as ground lease rent, utility sub-metering, storage lockers, parking stalls, boat slips, insurance deductibles, and cable. After these charges are paid, other charges, including unpaid late fees, legal fees, fines, and interest, may be assessed in accordance with an application of payment policy adopted by the board; provided that if a unit owner has designated that any payment is for a specific charge that is not a common expense as described in this subsection, the payment may be applied in accordance with the unit owner's designation even if common expenses remain outstanding. Notwithstanding **any other provision of** this section, any payments made by or on behalf of a unit owner may first be applied to any unpaid judgment interest, judgment principal, and all costs and reasonable attorneys' fees **incurred by an association** in attempting to obtain satisfaction of a money judgment obtained by the association against such owner, **and then in the order of priority stated in this subsection.**"

1. Background and Impact of Act 192 (2019) and Act 195 (2018).

Act 192, Session Laws of Hawai'i 2019, adopted the current language of HRS § 514B-105(c). Act 192 (2019) was adopted to address issues that resulted from Act 195, Session Laws of Hawai'i 2019. Prior to Act 192 (2019) and Act 195 (2018), condominium associations were permitted to apply payments in an order of priority that was set forth in a policy adopted by an association's board. There was no restriction that eliminated condominium associations' ability to apply payments first to amounts due under a judgment. This was critical to ensuring that Court-ordered judgments were meaningful and enforceable.

While Act 192 was intended to clarify the allocation of payments made in excess of common expense assessments, it did not address another issue created by Act 195, which **eliminated an association's practical ability to collect on Court-ordered judgments from owners who continue to be members of an association.** As a result, associations that have gone through

the expense and effort of litigation — often as a last resort — have found it difficult, if not impossible, to satisfy judgments entered in their favor.

2. Unjust and Inequitable Outcomes Under Current Law.

The current statute has produced **unjust and illogical results**, particularly in cases involving Court intervention. The following are two different examples:

- When a Court imposes **sanctions against an owner** for refusing to comply with an injunction, HRS § 514B-105(c), as amended by Act 192 (2019) and Act 195 (2018), prevents the association from applying any payment received first to the Court-ordered sanction. This undermines the authority of the Court and weakens a key enforcement mechanism.
- Similarly, when a Court determines that **finances imposed by an association are reasonable and supported by law**, and enters a judgment in the association's favor, the association is nonetheless prohibited from applying payments it receives from an owner first to that judgment. Payments must instead be applied to other categories of charges, leaving the judgment effectively uncollectible in many cases.

In these circumstances, **judgments become largely meaningless**, despite having been lawfully obtained through the judicial process. Associations are left bearing legal costs and administrative burdens, while noncompliant owners face little incentive to satisfy Court-ordered obligations.

3. Broader Consequences for Associations and Owners.

These outcomes do not merely affect associations as entities — they ultimately **harm compliant unit owners**. When associations are unable to collect on judgments, the financial shortfall is often absorbed by the community as a whole through increased assessments. This effectively shifts the burden of noncompliance from the offending owner to law-abiding residents.

Moreover, denying associations the ability to collect on judgments **encourages strategic nonpayment**. Owners who understand that payments cannot be applied to judgments may deliberately delay or avoid compliance, knowing that the association's remedies are severely limited.

4. Purpose and Benefit of S.B. 2764.

S.B. 2764 directly addresses this problem by **clarifying that payments made by or on behalf of a unit owner may be applied to unpaid judgment interest, judgment principal, and associated costs and reasonable attorneys' fees.**

Importantly, this measure:

- **Restores balance** by preserving associations' ability to enforce judgments;
- **Respects judicial authority** by ensuring that Court-ordered sanctions and judgments are not rendered ineffective by statute; and
- **Promotes fairness** by preventing compliant owners from subsidizing those who refuse to follow the law.

This bill does not expand associations' powers beyond what is already allowed and what Courts may already award. Rather, it ensures that when a Court has entered a judgment, the judgment can be enforced in a practical and efficient manner.

5. Conclusion.

For these reasons, S.B. 2764 is a necessary and measured clarification to an unintended consequence of Act 192 (2019) and Act 195 (2018). It also restores fairness, accountability, and respect for the judicial process.

Thank you for the opportunity to testify, and I respectfully urge the Committee to **pass S.B. 2764.**

Sincerely,

/s/ Christopher Shea Goodwin

/s/ Paul A. Ireland Koftinow

Christopher Shea Goodwin
Paul A. Ireland Koftinow
The Collection Law Section

SB-2764

Submitted on: 2/9/2026 7:11:22 AM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark McKellar	Testifying for Law Offices of Mark K. McKellar, LLC	Support	Written Testimony Only

Comments:

I support SB 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. This will benefit associations and their members. I join in the testimony of Paul Ireland Koftinow.

Sincerely,

Mark McKellar

SB-2764

Submitted on: 2/9/2026 2:55:59 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Rachel Glanstein	Testifying for AOA Lakeview Sands	Support	Written Testimony Only

Comments:

Aloha,

I support SB 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. My association has trouble collecting from some owners, and this may help us. I join in the testimony of Paul Ireland Koftinow.

Mahalo,

Rachel Glanstein

SB-2764

Submitted on: 2/8/2026 1:40:22 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lourdes Scheibert	Individual	Support	Remotely Via Zoom

Comments:

Testimony in Opposition to SB 2764

To: Chair Senator Jarrett Keohokalole

Vice Chair: Senator Carol Fukunaga

Committee on Commerce and Consumer Protection

Dear Chair Keohokalole and Vice Chair Fukunaga

I respectfully submit testimony in opposition to SB 2764 because it places seniors and others on fixed incomes at serious risk of losing their homes and directly conflicts with the Legislature’s intent in enacting Act 195 in 2018.

Act 195 was adopted in response to widespread concerns about abusive condominium collection and foreclosure practices. The Legislature’s clear intent was to slow the foreclosure pipeline, strengthen due-process protections, and prevent homeowners from losing their housing due to disputed charges, excessive legal fees, or accounting practices that manufactured delinquency. A central protection established in 2018 was the **priority of payments**, ensuring that when an owner makes a payment, it is applied first to **current maintenance fees, and then assessments**, so owners could remain current and housed while disputes or appeals were resolved.

SB 2764 undermines this legislative intent by allowing condominium associations to redirect an owner’s regular maintenance payments toward a judgment, even while that judgment is under appeal. When maintenance fees are no longer credited first, an owner who is paying on time can be made to appear delinquent. This artificial delinquency can then trigger late fees, collection actions, and non-judicial foreclosure—the very outcomes Act 195 was designed to prevent.

This bill effectively renders the appeals process meaningless and reopens foreclosure pathways that the Legislature deliberately sought to close in 2018. For seniors and fixed-income homeowners who depend on predictable monthly expenses to remain housed, SB 2764 creates financial instability and displacement risk.

At a time when Hawai‘i continues to face a housing and homelessness crisis, public policy should reinforce housing stability and due process—not erode protections enacted for that purpose.

For these reasons, I respectfully urge you to oppose SB 2764.

Mahalo for the opportunity to submit testimony.

Lourdes Scheibert

SB-2764

Submitted on: 2/5/2026 2:32:15 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Julie Sparks	Individual	Support	Written Testimony Only

Comments:

I support this measure as it provides clarification on how payments can be applied.

SB-2764

Submitted on: 2/6/2026 11:26:14 AM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

I am an owner occupant of a high rise condominium in Honolulu. I respectfully ask that you support this bill.

Once an association has been granted a judgement, it should not be prohibited from collecting these funds or restricted in how the funds are expended. This bill closes a loophole in the law.

Lynne Matusow

SB-2764

Submitted on: 2/7/2026 2:45:24 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Joe M Taylor	Individual	Support	Written Testimony Only

Comments:

I support this bill

SB-2764

Submitted on: 2/7/2026 3:42:26 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nancy Manali-Leonardo	Individual	Oppose	Written Testimony Only

Comments:

Dear Committee members:

I strongly oppose SB 2764.

This Bill is highly unfair to the common owner, and especially to older Kupuna.

It promotes financial hardship and even homelessness.

This Bill is also not community friendly, and smacks of possible AOA/Board abuse and attorney profiteering.

Shame.

Sincerely,

Nancy Manali-Leonardo

808-542-1556

SB-2764

Submitted on: 2/7/2026 4:03:54 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Laurence Chapman	Individual	Support	Written Testimony Only

Comments:

I support this legislation and believe it will assist Associations

SB-2764

Submitted on: 2/8/2026 11:31:57 AM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Marcia Kimura	Individual	Oppose	Written Testimony Only

Comments:

Condo Owners, Take Heed:

SB2764 is a very sly attempt by the condo industry and its henchmen to overturn Act 195, and ambiguously states that condo owners can decide to assign payments that should first be applied to common expense dues, to other charges like fines and legal fees. As a result, owners can find themselves and their finances in a never-ending debt spiral of owing common expense dues on which correspondingly increasing late fees will be imposed.

Greed is greed, no matter the individuals obsessed with it. Those afflicted with this pathology should leave debt-distressed condo owners alone, to work their way as best they can, towards financial healing.

The Senate
The Thirty-Third Legislature, 2026
Committee on Commerce and Consumer Protection
Friday, February 13, 2026
9:30 a.m.

To: Senator Jarrett Keohokalole, Chair
Re: SB 2764, Relating to Condominiums

Aloha Chair Jarrett Keohokalole, Vice-Chair Carol Fukunaga, and Members of the Committee,

I strongly oppose SB 2764.

Prior to the enactment of Session Laws of Hawai'i 2018, Act 195, condominium collection practices permitted under statute were frequently justified as necessary for fiscal discipline. In practice, however, these aggressive collection mechanisms produced systemic harm rather than financial stability. Associations experienced depressed property values following foreclosures, community cohesion deteriorated under adversarial enforcement tactics, and disputes over contested charges increased insurance and administrative costs for all owners. Individual unit owners faced disproportionate consequences, including loss of accumulated equity and long-term credit damage, often arising from disputed or minor charges rather than true common expense assessment defaults.

Act 195 addressed a critical structural defect in prior law: the ability to divert timely paid maintenance fees toward non-essential charges such as fines, penalties, interest, and discretionary fees. This practice manufactured artificial delinquencies and enabled foreclosure actions against owners who were current on their core common expense obligations but contested ancillary charges. The result was a system that incentivized escalation over resolution and enforcement over fairness. Act 195 eliminated this practice and restored proportionality by ensuring that payments designated for common expenses are applied as such.

Importantly, Act 195 also corrected the overbroad application of the “pay first, dispute later” requirement. By limiting that rule to common expense assessments, the legislature restored a measure of procedural fairness and due process. Owners retained the ability to challenge non-essential fees and penalties without first being forced into financial surrender, while associations preserved their ability to collect essential common expense operating and capital improvement funds. This balance protects both fiscal integrity and owner rights.

SB 2764 would substantially weaken — and in practical effect, nullify — the owner protections established by Act 195 by undermining legislative intent, eroding due process, and risk returning condominium governance to the inequitable enforcement environment that Act 195 was designed to correct.

SB 2764 would eliminate the right to the appeals process, a meaningful cornerstone of a fair legal system. Appeals provide an essential safeguard against legal and procedural error, promote uniform interpretation of the law, and ensure that enforcement mechanisms are not applied unjustly or disproportionately. When the appellate review is practically unavailable, statutory protections become nominal rather than real.

For these reasons, I strongly oppose SB 2764 to preserve accessible appellate review and maintain the payment-application and dispute protections established in Act 195 that are necessary to protect homeowners, stabilize communities, and uphold confidence in condominium governance statutes.

Mahalo for the opportunity to testify in opposition.

Lila Mower

SB-2764

Submitted on: 2/8/2026 11:24:10 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Glanstein	Individual	Support	Written Testimony Only

Comments:

AAloha,

When large sums of money are owed to the condominium associations from one or more owners, the rest of the owners must shoulder the burden. **That is unfair to the great majority of owners who pay their fees on time.**

Therefore, I **support SB 2764** which will help facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. This will benefit associations and their members. I join in the testimony of Paul Ireland Koftinow.

SB-2764

Submitted on: 2/9/2026 10:47:01 AM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Anne Anderson	Individual	Support	Written Testimony Only

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Member of the Committee:

I support S.B. No. 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. This will benefit associations and their members. I join in the testimony of Paul Ireland Koftinow.

Respectfully submitted,

M. Anne Anderson

SB-2764

Submitted on: 2/9/2026 1:07:57 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
John Toalson	Individual	Support	Written Testimony Only

Comments:

I support SB 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. This will benefit associations and their members. I join in the testimony of Paul Ireland Koftinow.

John Toalson

SB-2764

Submitted on: 2/9/2026 2:11:56 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorraine Leslie	Individual	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to SB 2764

To: Chair Senator Jarrett Keohokalole

Vice Chair: Senator Carol Fukunaga

Committee on Commerce and Consumer Protection

Dear Chair Keohokalole and Vice Chair Carol Fukunaga

I respectfully submit testimony in opposition to SB 2764 because it places seniors and others on fixed incomes at serious risk of losing their homes and directly conflicts with the Legislature’s intent in enacting Act 195 in 2018.

Act 195 was adopted in response to widespread concerns about abusive condominium collection and foreclosure practices. The Legislature’s clear intent was to slow the foreclosure pipeline, strengthen due-process protections, and prevent homeowners from losing their housing due to disputed charges, excessive legal fees, or accounting practices that manufactured delinquency. A central protection established in 2018 was the **priority of payments**, ensuring that when an owner makes a payment, it is applied first to **current maintenance fees, and then assessments**, so owners could remain current and housed while disputes or appeals were resolved.

SB 2764 undermines this legislative intent by allowing condominium associations to redirect an owner’s regular maintenance payments toward a judgment, even while that judgment is under appeal. When maintenance fees are no fully longer credited, an owner who is paying on time can be made to appear delinquent. This artificial delinquency can then trigger late fees, collection actions, and non-judicial foreclosure—the very outcomes Act 195 was designed to prevent.

This bill effectively renders the appeals process meaningless and reopens foreclosure pathways that the Legislature deliberately sought to close in 2018. For seniors and fixed-income homeowners who depend on predictable monthly expenses to remain housed, SB 2764 creates financial instability and displacement risk.

At a time when Hawai‘i continues to face a housing and homelessness crisis, public policy should reinforce housing stability and due process—not erode protections enacted for that purpose.

For these reasons, I respectfully urge you to oppose SB 2764.

Mahalo for the opportunity to submit testimony.

SB-2764

Submitted on: 2/10/2026 6:37:31 AM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lance S. Fujisaki	Individual	Support	Written Testimony Only

Comments:

I support SB 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay sums due. This will benefit associations and their members. I join in the testimony of Paul Ireland Koftinow.

Thank you,

Lance Fujisaki

SB-2764

Submitted on: 2/10/2026 5:50:42 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Pamela J. Schell	Individual	Support	Written Testimony Only

Comments:

I support SB 2764 which will facilitate the collection of judgments obtained by condominium associations against owners who have failed to pay assessments which are owed.. I join in the testimony of Paul Ireland Koftinow.

SB-2764

Submitted on: 2/10/2026 7:46:02 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Sheldon S Y Lee	Individual	Oppose	Written Testimony Only

Comments:

I agree with Lourdes Scheibert's testimony in opposition to this bill, for all of the reasons she stated.

Maintenance fee payments made by owners should be applied to maintenance fees. If those payments were applied to judgments and attorney's fees, owners—many of whom are kupuna—would be at risk of losing their homes.

I do not believe that legislators wish for more of Hawaii's elderly to become homeless.

SB-2764

Submitted on: 2/10/2026 9:17:29 PM

Testimony for CPN on 2/13/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Herzog	Individual	Support	Written Testimony Only

Comments:

Testimony in Support with Amendments – S.B. 2764

Aloha Chair and Members of the Committee,

I support S.B. 2764 because financial stability within condominium associations depends on fair and enforceable assessment collection. When owners fail to pay assessments, the burden does not disappear. It is redistributed to paying owners through increased fees, deferred maintenance, or weakened reserves. Clear lien enforcement authority protects the majority who meet their obligations.

However, strengthening collection authority must be balanced with meaningful due process protections.

Foreclosure is a serious remedy. For many condominium owners, their unit is their primary residence and most significant asset. The statute should ensure that enhanced lien clarity does not unintentionally accelerate aggressive collection practices or reduce procedural safeguards.

I respectfully suggest amendments that:

1. Require clear written notice in plain language before lien enforcement or foreclosure proceedings begin, including a detailed full accounting of amounts owed.
2. Provide a reasonable cure period (90 days) and require documented good faith efforts to resolve delinquency prior to initiating foreclosure.
3. Encourage payment plans where feasible, particularly for owner-occupied units experiencing hardship.
4. Ensure that legal fees and costs added to a delinquency remain reasonable and proportional, so collection mechanisms do not become revenue generators.

Protecting paying owners and protecting due process are not opposing principles. Both are necessary for stable communities.

With amendments that reinforce transparency, notice, and proportionality in enforcement, S.B. 2764 can strengthen associations while safeguarding homeowners' rights.

Mahalo for your consideration.

Jessica Herzog
Condo Owner, Waianae
aloha@localparliamentarian.com

LATE

TESTIMONY IN OPPOSITION TO SB2764

Committee on Commerce and Consumer Protection (CPN)

DATE: Friday, February 13, 2026
TIME: 9:30 AM
PLACE: Conference Room 229
& VIDEOCONFERENCE
State Capitol
415 South Beretania Street

From: Gregory Misakian (as an individual)

Submitted: 2/12/26

Aloha Chair, Vice Chair, and Members of the CPN Committee,

SB2764, as written, is concerning, as I feel that all payments made by owners should apply to what they are making them for. Fairness in debt collection should align with established State and Federal laws also.

And to address the real needs of condominium owners in Hawaii, without either side having to waste money on attorneys, please read on.

My Background

I currently serve as:

- ❖ President, Kokua Council
- ❖ Vice President, Hawaii Alliance for Retired Americans (HARA)
- ❖ Director, Keoni Ana AOA

I previously served on the Waikiki Neighborhood Board from Jan. 2023 to June 2025.

I have been advocating for condominium owners in Hawaii since 2021, when I realized how bad things were here as an owner and from speaking with many other owners. I have a good understanding of HRS 514B and associated laws that govern condominium associations and management companies that oversee them. I also have experience with condominium issues in California for many years as Power of Attorney

for a condominium owner in San Francisco, and have a good understanding of California's Davis-Stirling laws.

I have previously provided numerous testimony to the Legislature, along with others, that mediations in Hawaii for condominium disputes are not working. Mediations cost money, take time, and the majority of mediations from data reported by the DCCA have been unsuccessful. Many homeowners are also reluctant to engage in mediation knowing this, and also knowing that they may be retaliated against. And I also have first hand experience in Hawaii with a condominium related mediation, so I fully understand the process, the expense, and the wasted time with unsuccessful results.

The path forward, and the only path forward to properly address the problem facing Hawaii, is to enact an **Ombudsman's Office for Condominium Owners and Associations**.

**BACKGROUND INFO
AND
REQUEST I RECENTLY SENT TO EVERY STATE LEGISLATOR**

With the passing of Act 189 in 2023, the Hawaii State Legislature recognized that Hawaii has numerous unresolved issues related to disputes within condominium associations that require better laws to protect the public from unwarranted assessments, fines, legal fees, and retaliation.

Act 189 established a Condominium Property Regime (CPR) Task Force to study and make recommendations on issues within Hawaii's condominium laws, including disputes, board governance, and dispute resolution, with reports due to the legislature. The CPR Task Force published their formal findings and recommendations to the Legislature in December of 2023, and the Legislature passed on the baton to the Legislative Reference Bureau in the 2024 session with the passing of Act 43, which provided funding for a study and research report on condominium issues and how they are addressed in five pre-selected States (California, Delaware, Florida, Massachusetts, and Nevada). This report, at a cost of over \$300,000, was published in November 2025 and confirmed that some States have Ombudsman's Offices to assist the public with disputes, and some have additional enforcement elements. Ironically, this report did not include a review of Hawaii, which begs the question why not.

What is well known from years of testimony, numerous reports previously published, the December 2023 CPR Task Force report, and the Legislature via Act 189 (2023) and Act

43 (2024), is that the current structure in Hawaii to address condominium issues and disputes is not working. Hawaii urgently needs to shift to a better and more consumer friendly model, or face continuing discourse, more unnecessary condominium related litigation, and more homeowners at risk of losing their homes or facing unaffordable legal fees.

Better consumer protections are needed to ensure that condominium associations, their Boards, and their Managing Agents are compliant with the laws that govern condominium associations, including governing documents and HRS 514B statutes.

It is time for Hawaii to establish an Ombudsman's Office for Condominium Owners and Associations.

**RESULTS OF MY REACH OUT, WHICH WAS DONE IN JUST ONE WEEK
(From opening day of the 2026 session, Wed. 1/21, to Wed. 1/28.)**

Two Bills: HB2453 and SB3309

My draft preamble and proposed language was simple, and without impacting major changes to current statutes or requiring any State funding. Funding is via a small increase in the Condominium Education Trust Fund fee that all registered condominium associations pay into.

**MY CONCERNS AND REQUESTS TO THE CPR TASK FORCE
AND THE CPC COMMITTEE**

The CPR Task Force should be respectful of their duties, and also respectful to those legislators who enacted a law to convene the Task Force, representing thousands of condominium owners throughout Hawaii.

On agenda at the 1/30/26 CPR Task Force meeting, which I attended, were three draft meeting minutes from 2023 pending approval, and only placed online as a link to the drafts a short time prior to the meeting. This is unacceptable and does not give me or the public a good feeling regarding responsibilities of the Chair and others on the Task Force, and raises concerns regarding transparency. Not surprising, these three meeting minutes from over 2 years ago were still not approved at the 1/30/26 meeting. I am also unable to find a link to testimony I and others submitted to the Task Force.

To the Chair of the CPR Task Force, who did not convene a meeting of the Task Force prior to the start of the 2026 legislative session, and prior to the deadline to introduce legislation, the clear and obvious question is why not? This Task Force had an opportunity to meet and provide inputs prior to the 2026 session. You had the findings of the Legislative Reference Bureau's 5 State report since November of last year.

As we sadly watch the unrest in the State of Minnesota, where two sides disagree and there is conflict, it should be noted that **the State of Minnesota enacted legislation last year to create an Ombudsman's Office for condominium disputes.**

The Common Interest Community Ombudsperson is established under Minnesota Statutes, section 45.0137. This law creates the position within the Minnesota Department of Commerce to:

- 1. Assist unit owners, tenants, and associations in understanding their rights and responsibilities under Minnesota Statutes, Chapter 515B (the Minnesota Common Interest Ownership Act) and their governing documents.*
- 2. Facilitate informal resolution of disputes between unit owners and associations.*

I am requesting that the CPR Task Force, the CPN Committee, and our legislators please act, and with urgency, on the issues and concerns that need attention and the clear and correct legislation that is needed now.

The State of Hawaii urgently needs an Ombudsman's Office for condominium owners and associations, and numerous States with many condominiums and many complaints have recognized this and have Ombudsman's Offices.

Respectfully,

Gregory Misakian