

JAN 25 2006

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# A BILL FOR AN ACT

RELATING TO TITLE INSURERS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that it is not uncommon  
2 in Hawaii for title insurance companies to notify the  
3 homeowners' association when there is a sale of a property that  
4 belongs to a homeowners' association and to collect applicable  
5 fees to be disbursed by escrow. Among the escrow fees that are  
6 assessed for the sale of a property that belongs to a  
7 homeowners' association are:

8           (1) A homeowners' association statement fee, which is  
9 charged by the homeowners' association to issue their  
10 statement reflecting the current status of dues paid,  
11 pending assessments and any requirements for transfer  
12 to a buyer;

13           (2) A transfer fee, which is assessed by the homeowners'  
14 association for condominiums to update their records  
15 to reflect a new property owner; and

16           (3) A document fee, which is assessed by the homeowners'  
17 association for condominiums for providing any  
18 requested homeowners' association documents.



1           The purpose of this Act is to require title insurance  
2 companies who conduct title and escrow services to notify a  
3 homeowners' association when real property belonging to the  
4 association is sold, collect and remit the transfer fee, and  
5 provide a copy of the conveyance document to the association.

6           SECTION 2. Chapter 431, article 20, Hawaii Revised  
7 Statutes, is amended by adding a new section to be appropriately  
8 designated and to read as follows:

9           "§431:20-       **Notification to homeowners' association.**   (a)

10       In a title insurer's search and examination of title, if the  
11 real property that is sold is part of a homeowners' association,  
12 the title insurer, within ten days after performance of any  
13 escrow, shall do the following:

- 14       (1) Provide the homeowners' association with a written  
15       statement with the name and address of the new real  
16       property owner and the address of the real property;
- 17       (2) Collect the transfer fee and remit it to the  
18       homeowners' association; and
- 19       (3) Provide to the homeowners' association a copy of the  
20       conveyance document for the real property.

21       (b) Failure to comply with this section shall be cause for  
22 a homeowners' association to file a complaint with the attorney

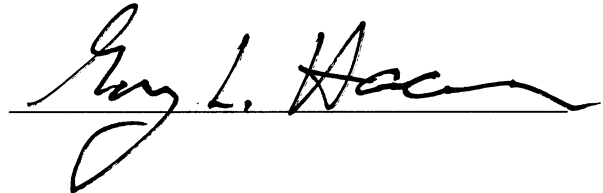
1 general. Upon the filing of a complaint under this section, the  
2 attorney general shall investigate the complaint, and if the  
3 attorney general finds the title insurer in noncompliance, then  
4 the attorney general shall take any action necessary to compel  
5 compliance with this section."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2006.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Guy L. Hascall", is written over a horizontal line.

**SB. NO. 2500**

**Report Title:**

Real Property; Title Insurance

**Description:**

Requires a title insurer to notify a homeowners' association when real property sold is found to be a part of the association. Requires the title insurer to collect and remit the transfer fee to the association and provide a copy of the conveyance document to the association.

