

Honolulu, Hawaii

March 2, 2006

RE: H.B. No. 1935  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and  
Judiciary, to which was referred H.B. No. 1935 entitled:

"A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY  
ASSOCIATIONS,"

beg leave to report as follows:

The purpose of this bill is to protect potential purchasers  
of residences in planned communities by:

- (1) Requiring sellers to provide a prospective purchaser  
with copies of the planned community association  
declaration and documents; and
- (2) Allowing the prospective purchaser to cancel the sales  
contract within 15 days of receipt of the declaration  
and documents.

The Waikoloa Community Action Group and a concerned citizen  
supported this bill. A concerned citizen supported this measure  
with amendments. The Hawaii Association of Realtors and Mililani  
Town Association opposed this bill.

While in agreement with the intent of this bill to provide  
protection for prospective buyers of units within a planned  
community, your Committees believe that the association  
declaration and documents should be disclosed to prospective  
buyers at the same time as other material facts about the



property. Accordingly, your Committees have included the planned community association declaration and documents in the disclosure statement required by Chapter 508D, Hawaii Revised Statutes (HRS), Mandatory Seller Disclosures in Real Estate Transactions.

Your Committee finds that as amended, the bill provides the prospective purchaser with a right to rescind the sales contract pursuant to section 508D-5, HRS, within 15 days of receiving the disclosure statement.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1935, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1935, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Consumer  
Protection & Commerce and  
Judiciary,

  
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SYLVIA LUKE, Chair

  
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ROBERT N. HERKES, Chair





