

Honolulu, Hawaii

Apr: 127 , 2006

RE: H.B. No. 3225
H.D. 1
S.D. 1
C.D. 1

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

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 3225, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to fine-tune and improve the new, recodified condominium law enacted in Act 164, Session Laws of Hawaii (SLH) 2004, and Act 93, SLH 2005, by among other things:

- (1) Clarifying that the existing condominium law, Chapter 514A, Hawaii Revised Statutes (HRS), applies to existing condominiums created prior to July 1, 2006;
- (2) Providing that certain sections of the new law apply to existing condominiums, except to the extent necessary to preserve a developer's reserved rights and prevent unreasonable impairment of contracts;



- (3) Making it easier for existing condominiums to amend association documents to adopt and take advantage of the new law, by allowing a majority of owners to approve these amendments;
- (4) Specifying that amendments to the condominium declaration are not needed to:
 - (A) Change open or landscaped common elements to other uses, except as specified in the declaration; and
 - (B) Make minor changes to the common elements for the benefit of one owner that do not substantially impact the interests of other owners;
- (5) Exempting leases or other agreements related to installation of telecommunications equipment from requirements applicable to other common element leases;
- (6) Providing that in the absence of bylaws authorizing fines, fines for violation of the declaration, bylaws, or rules, may be authorized by board resolution requiring notice, an opportunity to be heard, and an appeal process;
- (7) Providing that the financing of insurance premiums by the association that spreads costs over the budget year is not a loan that requires a vote of the owners;
- (8) Changing the procedures allowing associations with 100 or more units to reduce the number of directors on the board;
- (9) Removing the prohibition against an owner acting both as a director and an employee of the association's managing agent, and prohibiting an owner who is a director and managing agent employee from participating in board discussions of the association management contract;
- (10) Specifying that the association, in exercising its right of access to a unit to maintain and repair the common elements, is not responsible for the costs of removing or replacing finished surfaces or barriers that impede the association from performing its repairs and maintenance;



- (11) Allowing the board, with the vote or consent of a majority of owners, to require all owners to obtain reasonable types and levels of insurance for risks not covered by the association's insurance;
- (12) Allowing the association to demand and receive delinquent common expenses from the rental agent renting the delinquent unit;
- (13) Clarifying who constitutes a "lessee" for purposes of assessing the costs of the association's lease rent renegotiations;
- (14) Amending the condominium and cooperative housing corporation lease-to-fee conversion law for consistency with Chapter 514B, HRS; and
- (15) Making technical, nonsubstantive amendments to Chapter 514B, HRS, for clarity, consistency, and style.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2006; and
- (2) Making technical, nonsubstantive amendments to ensure that Chapter 514A, HRS is not repealed, and for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3225, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3225, H.D. 1, S.D. 1, C.D. 1.

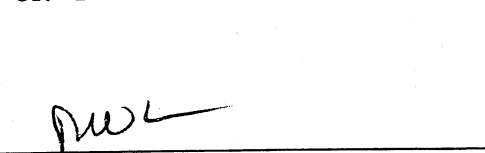
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE



RON MENOR, Chair

ON THE PART OF THE HOUSE



ROBERT N. HERKES, Chair



