

STAND. COM. REP. NO.

**3266**

Honolulu, Hawaii

MAR 31 2008

RE: H.B. No. 2460  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred H.B. No. 2460 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to provide diversification for the investment of condominium funds, especially for those condominium associations that have large memberships and a high amount of money to invest, by clarifying that condominium associations may invest association funds in certificates of deposit through the Certificate of Deposit Account Registry Service network.

Testimony in support of this measure was submitted by the Hawaii Bankers Association. Testimony in opposition to this measure was submitted by the Real Estate Commission. The Hawaii Association of Realtors submitted comments.

The Certificate of Deposit Account Registry Service (CDARS) is a program that enables even the smallest financial institution in Hawaii to provide its customers with access to multi-million dollar Federal Deposit Insurance Corporation (FDIC) insurance coverage for their certificates of deposit, and has been deemed an acceptable investment for public funds in Hawaii. While your Committee recognizes that the condominium associations already have the ability to invest in certificate of deposits through the CDARS network, your Committee finds that this measure eliminates



any uncertainty as to whether CDARS is an authorized investment for condominium associations.

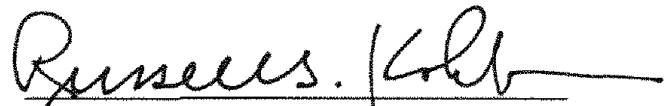
Your Committee notes the concerns indicated in testimony submitted by the Real Estate Commission, and appreciates the Hawaii Bankers Association working together with the Real Estate Commission to develop language to address the Commission's concerns.

Accordingly, your Committee has amended this measure by:

- (1) Adding language that allows funds collected by an condominium association to be placed through a federally insured financial institution located in the State for investment in certificates of deposit issued through the Certificates of Deposit Account Registry Service in federally insured financial institutions located in the United States; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2460, S.D. 1, and be placed on the calendar for Third Reading.

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

  
RUSSELL S. KOKUBUN, Chair



