

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1704
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.B. No. 1704 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to make clarifying amendments
to various provisions of the condominium law.

Specifically, this measure:

- (1) Clarifies that chapter 514A, Hawaii Revised Statutes (HRS) is one of the chapters for which disciplinary action may be taken against a real estate licensee;
- (2) Clarifies what is to be included in a developer's public report and how the report and any amendments must be delivered to a purchaser or prospective purchaser for binding sales contracts;
- (3) Reinstates the fidelity bond requirement for condominium association registration under chapter 514B, HRS; and
- (4) Provides the developer of a condominium property regime that is registered pursuant to chapter 514A, HRS, the option of registration and sale of the condominium project pursuant to chapter 514B, HRS.



Your Committee received testimony in support of this measure from the Real Estate Commission of the Department of Commerce and Consumer Affairs (Real Estate Commission), the Hawaii Chapter of the Community Associations Institute, and the Hawaii Council of Associations of Apartment Owners.

Your Committee finds that the changes made to the condominium law over the last few years have created various issues, especially for those condominiums that remain governed by chapter 514A, HRS, and that amendments are necessary to provide clarity in the law.

Your Committee has amended this measure to include the recommendations of the Real Estate Commission to:

- (1) Clarify that where a property regime was created, and not just registered, under chapter 514A, HRS, the developer has the option to register the project under chapter 514B, HRS;
- (2) Repeal section 26 of Act 164, Session Laws of Hawaii 2004 (Act 164), which repealed parts I, V, and VI of chapter 514A, HRS;
- (3) Reenact parts I, V, and VII, of chapter 514A, HRS, as amended;
- (4) Amend sections 514A-14.5 and 514A-108, HRS, to reflect the repeal of chapter 201G, HRS, and the enactment of chapter 201H, HRS; and
- (5) Change the effective date of the repeal of section 26 of Act 164 and the reenactment of parts I, V, and VII of chapter 514A, HRS, to June 30, 2007.

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 S.B. No. 1704, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1704, 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,



BRIAN T. TANIGUCHI, Chair



