

**PRESENTATION OF THE
REAL ESTATE COMMISSION**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Wednesday, February 6, 2008
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 2460, RELATING TO CONDOMINIUMS.

TO THE HONORABLE ROBERT N. HERKES, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Bill Chee and I serve as the Chair of the Real Estate Commission's ("Commission") Condominium Review Committee, and I thank you for the opportunity to present testimony on House Bill No. 2460, Relating to Condominiums. The Commission's testimony is limited to providing comments.

House Bill No. 2460 proposes to allow condominium associations to invest association funds in certificates of deposit through the Certificate of Deposit Account Registry Service (CDARS) network restricted by a prescribed amount.

The Commission is unclear as to the intent of House Bill No. 2460. Pursuant to sections 514A-97(c)(1)(1), HRS, and 514B-149(c)(2)(A), HRS, the Commission understands that investment of association funds in the CDARS Network is currently permitted, provided the association funds are deposited in those institutions listed in section 514A-97(c) HRS, and section 514B-149(c)(1)(A), HRS.

Thank you for the opportunity to present testimony.

00123



HAWAII BANKERS ASSOCIATION

1000 BISHOP ST., SUITE 301B • HONOLULU, HAWAII 96813-4203
PHONE: (808) 524-5161 • FAX: (808) 521-4120

Presentation to the
House Committee on Consumer Protection & Commerce
Wednesday, February 6, 2008 at 2:00 p.m., Conference Room 325

Re: HB 2460 Relating to Condominiums

Representative Robert N. Herkes, Chair
and members of the Committee:

My name is Michael Lai. I am an employee of Hawaii National Bank and I testify for the Hawaii Bankers Association (HBA) in support of HB 2460. HBA is a trade organization whose membership includes all commercial banks and thrift institutions doing business in Hawaii.

The purpose of this bill is to clarify that condominium associations may invest in certificates of deposit through the Certificate of Deposit Account Registry Service (CDARS) network. While we believe that condominium associations already have this ability, others may interpret the statute differently.

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. As summarized in the attachment, CDARS has already been deemed an acceptable investment for public funds in Hawaii.

HB 2460 eliminates any uncertainty as to whether CDARS is an authorized investment for condominium associations and gives them the same investment option that the State and Counties currently have.

We respectfully request the Committee to pass HB 2460.

Thank you for the opportunity to testify. I will be happy to answer any questions that you may have.

Michael Lai

00124

DATE: Wednesday, February 6, 2008

TIME: 2:00 pm

PLACE: Conference Room 325

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Angus L.K. McKelvey, Vice Chair

TESTIMONY REGARDING HOUSE BILL 2460 RELATING TO CONDOMINIUMS.

I am Jonathan Carr and I am testifying on behalf of the Hawaii Legislative Action Committee of the Community Association Institute (CAI). CAI is a not-for profit organization with 200 local members and 14,000 nationwide members dedicated to enhancing the management and governance of common interest communities such as condominiums.

The CDARS program provides needed diversification for investment of condominium funds, particularly for those associations which have large memberships and lots of money to invest.

However, CAI believes that the current statutes in Sections 514A -97 and 514B-139 allow for these investments – i.e. the investment in certificates of deposit at a local financial institution.

If the Committee believes that the current statutes need clarification, then CAI would support this bill.

Thank you for the opportunity to present testimony.

05125