



Neal K. Okabayashi
Vice President & Attorney

Presentation to the House Committee on
Consumer Protection & Commerce and
Monday, February 9, 2009, at 2:15PM

Testimony for HB 524 Relating to Condominiums

TO: The Honorable Robert N. Herkes, Chair
The Honorable Glenn Wakai, Vice Chair
Members of the House Committee on Consumer Protection & Commerce

My name is Neal Okabayashi and I testify for First Hawaiian Bank in support of this measure. We also request a slight amendment be made to section 514B-149(c)(2)(C) of this bill. Such subsection provides that a condominium association may invest its funds in a mutual fund compromised "solely" of the listed investments. This bill seeks to provide an alternative investment; obligations of a county and its respective agencies. We support that but there is a technical problem with the present language which poses the possibility that any mutual fund which may be eligible for investment by a condominium may, nonetheless, find itself in a technical violation of this section. The reason is that if such mutual fund sells one of the investments such as a U.S. treasury bill, the mutual fund will receive cash proceeds which, as a matter of prudent cash management, should be invested. However, if the mutual fund puts that money in a bank, it is in technical violation of the section because a deposit in a bank is not a permissible investment for the mutual fund. Based on section 514B-149(c)(1)(A), the legislature intended that a deposit in a financial institution whose deposits are FDIC or NCUA insured is a permissible investment and thus, whether the deposit is for a short or long term purpose, it should be a permissible investment. Accordingly, we request that the bill be amended by inserting after "agencies" on page 3, line 8, the following: ". . . and in a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or the National Credit Union Association."

Thank you very much for this opportunity to testify on this measure.



February 9, 2009

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE REGARDING
HOUSE BILL 524

Hearing Date : Monday, February 09, 2009
Time : 2: 15 p.m.
Place : Conference Room 325

Chair Herkes and Members of the Committee:

My name is John Morris and I am testifying on behalf of the Hawaii Legislative Action Committee of the Community Associations Institute ("CAI") to support House Bill 524. CAI Hawaii is the local chapter of a national organization dedicated to improving the management and operation of community associations nationwide. CAI has over 200 members in Hawaii and over 14,000 nationwide.

As condominium associations age, they are collecting more and more reserves for large future projects. Therefore, they need more investment options. This bill broadens the investment options for condominium associations while providing benefits to county agencies that need to funds. Therefore, CAI supports this bill.

Please contact me at 523-0702 if you have any questions. Thank you for this opportunity to testify.

Very truly yours,

John A. Morris
Hawaii Legislative Action Committee
of the Community Associations Institute

JAM:alt

HOUSE OF REPRESENTATIVES
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

HB 524 Investments in obligations of the Counties

Honorable Chair Representative Robert N. Herkes and members of the committee.

I am submitting testimony in opposition to HB 524. Unless the principle amount is fully insured, association members are vulnerable to financial losses incurred by imprudent investing in unstable/uncontrollable entities such as occurred in Orange County, Ca.

As an owner, Director, and manager of common interest communities, I thank you for the opportunity to testify.

Ted Walkey, PCAM
593-6868

HAWAII COUNCIL OF ASSOCIATIONS
OF APARTMENT OWNERS

P.O. Box 726
Aiea, Hawaii 96701
Telephone (808) 566-2122

February 7, 2009

Rep. Robert Herkes, Chair
Rep. Glenn Wakai, Vice-Chair
House Committee on Consumer Protection & Commerce

RE: TESTIMONY IN RE HB 524 RE CONDOMINIUMS
Hearing: Monday, February 9, 2009, 2:15 p.m., Conf. Rm. #325

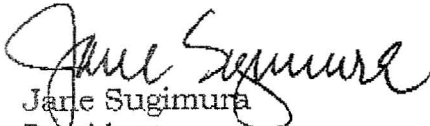
Chair Herkes, Vice-Chair Wakai and Members of the Committee:

I am Jane Sugimura, President of the Hawaii Council of Associations of Apartment Owners (HCAAO).

HCAAO takes no position on this bill that would allow condominium association funds to be invested in county bonds.

The only concern regarding investment of condominium association funds is the safety and security of the principal amount of those funds and if county bonds provide that requisite safety and security, we would not oppose this bill.

Thank you for the opportunity to testify.


Jane Sugimura
President