

**PRESENTATION OF THE  
REAL ESTATE COMMISSION**

TO THE HOUSE COMMITTEE ON  
FINANCE

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2009

Thursday, April 2, 2009  
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 1107, S.D. 2, H.D. 1 - RELATING TO  
CONDOMINIUMS.**

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is William S. Chee and I serve as the Chairperson of the Real Estate Commission's ("Commission") Condominium Review Committee. Thank you for the opportunity to present testimony on Senate Bill No. 1107, S.D. 2, H.D. 1, Relating to Condominiums.

The purpose of this bill is to merge the two condominium education funds into one fund, the Condominium Education Trust Fund ("CETF"), established pursuant to section 514B-71, HRS. In recodifying the condominium law, it was always the intent that the Commission administer one education fund, the Condominium Education Trust Fund. This bill is to correct the unintended consequence in the 2003-2007 recodification efforts of Chapter 514A and the creation of Chapter 514B when, inadvertently, two separate educational trust funds (the Condominium Management Education Fund, Chapter 514A, HRS; and the CETF, Chapter 514B, HRS) were set forth in two statutes.

The Commission strongly supports Senate Bill No. 1107, S.D. 2, H.D. 1, but opposes the proposed amendments on page 16 lines 18-20 and page 17 lines 1-4 for the reasons discussed below:

- 1) The proposed amendments on page 16 lines 18-20 and page 17 lines 1-4, impact the CETF and will require raising the approved legislative expenditure ceiling for the CETF. The specific fiscal impacts include the necessity of increasing the Commission's position count to accommodate the additional personnel required to perform the accounting as proposed by the amendments.
- 2) The proposed amendments on page 16 lines 18-20 do not fit squarely with the legislative intent of the condominium education funds. Section 514B-71, HRS, and Section 514A-131, HRS, require the Commission to administer and expend monies from the funds for "educational purposes" which are identically defined in section 514B-71 (a), HRS, and Section 514A-131 (a), HRS, as

. . . Educational purposes shall include financing or promoting:

- (1) Education and research in the field of condominium management, condominium project registration, and real estate, for the benefit of the public and those required to be registered under this chapter;
  - (2) The improvement and more efficient administration of associations;
- and

(3) Expeditious and inexpensive procedures for resolving association disputes.

(b) The Commission may use any and all moneys in the condominium education trust fund for purposes consistent with subsection (a).

Educational purpose as defined in sections 514B-71, HRS, and 514B-131, HRS, does not target expenditures for any designated group, e.g., individual condominium owners. The current language recognizes that education of the related parts as specified in sections 514B-71, HRS, and 514B-131, HRS, benefits all necessary parties.

- 3) Additionally, although the proposed amendments on page 17 lines 1-4, require the Commission to include a line item reflecting the total amount collected from individual condominium owners, the current statutes do not require that individual condominium owners pay the fees directly to the Commission. Pursuant to sections 514A-95.1, HRS, and 514B-72, HRS, each project or association, not the individual owner(s), pay a condominium education trust fund fee to the Commission or Department of Commerce and Consumer Affairs. This additional budget requirement will create an unnecessary increase in workload for the Commission and each project or association.

For these reasons, while the Commission strongly supports Senate Bill No. 1107, S.D. 2, H.D. 1, it requests your favorable consideration to amend this

Testimony on Senate Bill No. 1107, S.D. 2, H.D. 1  
Thursday, April 2, 2009  
Page 4

measure by deleting the proposed amendments on page 16 lines 18-20 and page  
17 lines 1-4.

Thank you for the opportunity to present testimony on Senate Bill No. 1107, S.D. 2,  
H.D. 1.

HAWAII COUNCIL OF ASSOCIATIONS  
OF APARTMENT OWNERS

P.O. Box 726  
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March 31, 2009

Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice-Chair  
House Committee on Finance

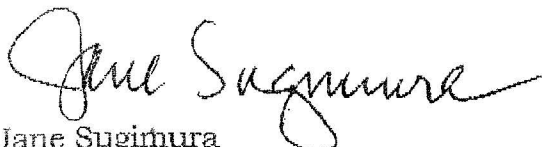
RE: TESTIMONY IN SUPPORT OF SB1107 SD2, HD 1 RE CONDOMINIUMS  
Hearing: Thurs., April 2, 2009, 2 p.m., Agenda #1 Conf. Rm. #308

Chair Oshiro, Vice-Chair Lee and Members of the Committee:

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

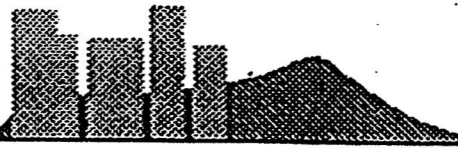
HCAAO supports the intent and purpose of the bill, as amended, and urges you to pass it out unamended.

Thank you for the opportunity to testify.



Jane Sugimura  
President

# H.I.C.C.O.



**HAWAII INDEPENDENT CONDOMINIUM & COOPERATIVE OWNERS**  
1600 ALA MOANA BLVD. - APT. 3100 - HONOLULU - HAWAII 96815

April 2, 2009

Rep. Mar<sup>u</sup>s R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair  
Committee on Finance

## **Testimony on SB 1107 SD2 , HD1 Relating to Condominiums**

Dear Representatives Oshiro and Lee:

Thank you for this opportunity to testify in strong support of SB 1107 SD2, HD1 on behalf of the Hawaii Independent Condominium and Co-op Owners (HICCO).

Our organization originally had concerns regarding SB 1107. However, SB 1107 SD 2, HD1 provides information that will enable condominium owners and Boards on an annual basis to know how the Condominium Management Education Funds and the Condominium Education Trust Funds derived from condominium owners are being used.

Condominium owners have been concerned about the prior use of these funds, including commingling fees collected from developers with funds collected from owners. Funds received from owners should be used specifically for the education of owners. SB 1107 SD 2, HD1 will ensure that information is available in the annual report.

We request your committee's support and approval of SB 1107 SD 2, HD1.

Sincerely,

*Richard Port*

Richard Port, Chair  
Legislative Committee

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, April 01, 2009 8:11 AM  
**To:** FINTestimony  
**Cc:** celia.c.suzuki@dcca.hawaii.gov  
**Subject:** Testimony for SB1107 on 4/2/2009 2:00:00 PM

Testimony for FIN 4/2/2009 2:00:00 PM SB1107

Conference room: 308  
Testifier position: support  
Testifier will be present: Yes  
Submitted by: Celia Suzuki  
Organization: DCCA  
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Submitted on: 4/1/2009

Comments: