

# HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

Fax No.: (808) 521-8522

March 18, 2009

Rep. Robert N. Herkes, Chair  
and members of the House Committee on Consumer Protection & Commerce  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Re: **Senate Bill 298, SD 1 (Condominiums)**  
**Hearing Date/Time: Wednesday, March 18, 2009, 3:00 P.M.**

I am the attorney for the **Hawaii Financial Services Association** ("HFSA"). The HFSA is the trade association for Hawaii's financial services loan companies which are regulated by the Hawaii Commissioner of Financial Institutions under the Code of Financial Institutions (Chapter 412, Article 9 of the Hawaii Revised Statutes).

The HFSA wants to **comment** on this Bill.

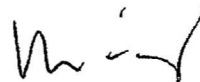
The purpose of this Bill is to raise the maximum amount of the special assessment for delinquent monthly common assessments that can be charged against a person who purchases a condominium unit to \$3,600.

Currently the special assessment is the lesser of \$1,800 or the amount of 6 months of unpaid condominium common assessments (e.g. maintenance fees). This Bill would increase the amount from \$1,800 to \$3,600. The law regarding these special assessments was first enacted in 2000 as Act 39. This special assessments provision is in Hawaii Revised Statutes Sec. 514A-90 and 514B-146. This provision requires a third party buyer to pay a portion of the delinquent common assessments (e.g. maintenance fees) even if there is no lien recorded in the State Bureau of Conveyances.

These special assessments could affect the price that a buyer pays for the foreclosed property and the amount that a foreclosing lender will net from the sale. We understand that condominium associations need to get paid when there are delinquent maintenance fees. But lenders also need to get paid the amount owed on the mortgage loans especially if the value of the property is less than the mortgage balance.

In 2000 when this \$1,800 special assessment was first enacted, there was a sunset (expiration) date provision. After a few years, that sunset date was extended. The sunset date was later repealed so that the \$1,800 was made permanent. If your Committee is inclined to increase the special assessment cap, perhaps that increase could be temporary and subject to a sunset date, after which the increased amount would revert back to \$1,800.

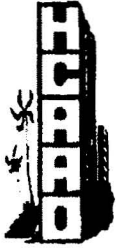
Thank you for considering our comments.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association

(MSCD/hfsa)



## Hawaii Council of Associations of Apartment Owners

P.O. Box 726, Aiea, HI, 96701  
Phone: 485-8282 Fax: 485-8282  
Email: HCAAO@hawaii.rr.com

March 17, 2009

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

RE: TESTIMONY IN SUPPORT OF SB 298, SD1 RE CONDOMINIUMS  
Hearing: Wednesday, March 18, 2009, 3 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 supports this bill setting the limit for special assessments in foreclosure at \$3,600 and asks that you pass it out unamended.

Thank you for the opportunity to testify.

Jane Sugimura  
President



# HAWAII BANKERS ASSOCIATION

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

March 16, 2009

The Honorable Robert Herkes, Chair  
Committee on Consumer Protection & Commerce  
State House of Representatives

SB 298, SD 1 (Relating to Condominiums)

Dear Representative Herkes and Committee Members:

I am Roy Amemiya, speaking on behalf of the Hawaii Bankers Association (HBA). This measure increases the amount of super liens for condo associations from \$1,800 to \$3,600.

Consistent with our testimony on HB 876, the HBA finds the \$3,600 amount acceptable. Additionally, we are asking the Senate not to pursue a related bill - HB 1639.

Thank you for the opportunity to testify.

**wakai1-Karen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 17, 2009 11:38 AM  
**To:** CPCtestimony  
**Cc:**  
**Subject:** Testimony for SB298 on 3/18/2009 3:00:00 PM

Testimony for CPC 3/18/2009 3:00:00 PM SB298

Conference room: 325  
Testifier position: support  
Testifier will be present: No  
Submitted by: Ted Walkey  
Organization: Individual  
Address:  
Phone:  
E-mail:  
Submitted on: 3/17/2009

**Comments:**

Common interest communities can not survive if common assessments are not collected from someone. The amenities need to be maintained if the foreclosed unit is to be resold.



P.O. Box 976  
Honolulu, Hawaii 96808

The Honorable Robert N. Herkes, Chair  
and Members of the Committee on  
Consumer Protection & Commerce

**RE: MEASURE: SB298 SD1**  
**HEARING: March 18, 2009, 3:00 P.M., RM 325**  
**COPIES: 1**

Dear Rep. Herkes and Members of the Committee:

My name is Philip L. Lahne and I am the Co-Chair of the Hawai'i Legislative Action Committee ("LAC") of the Community Associations Institute ("CAI"). CAI is a non-profit national and statewide organization whose members include condominium associations, planned community associations, residential cooperatives, homeowners, managing agents, and others involved in creating, managing, servicing, and living in common interest communities.

The LAC supports the intent and purpose of SB298 SD1 to increase the amount of the special assessment which condominium associations may impose on buyers of foreclosed units from \$1,800 to \$3,600 and urges its passage.

Thank you for the opportunity to submit this testimony. If you have any questions, I can be reached at 536-8177 or by email at [plahne@alf-hawaii.com](mailto:plahne@alf-hawaii.com).

COMMUNITY ASSOCIATIONS INSTITUTE  
HAWAII LEGISLATIVE ACTION COMMITTEE

PHILIP L. LAHNE, Co-Chair