

STAND. COM. REP. NO.

2489

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2164
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2164 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to protect purchasers of condominiums by requiring notice of amendments to project documents and requiring a developer to seed the estimated replacement reserve fund with a percentage of the purchase price of the project's residential units.

Your Committee received testimony with comments on this measure from the Condominium Review Committee of the Real Estate Commission. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will protect consumers by increasing transparency in condominium sales and ensuring that condominium purchasers are able to make accurate purchasing decisions. Your Committee finds that this measure will help prevent condominium foreclosures by ensuring that potential buyers are aware of the actual costs of living in a particular condominium unit.

Your Committee has amended this measure by:

- (1) Deleting the amendment made to section 514B-23, Hawaii Revised Statutes (HRS);

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- (2) Adding a new provision to chapter 514B, HRS, to specify the notice required for changes to the declaration, bylaws, condominium map, public report, or designation of residential units and to clarify that amendments that result in a material change to the project shall trigger a buyer's right of rescission pursuant to section 514B-87, HRS;
- (3) Adding a new definition of "capital equipment";
- (4) Deleting the amendments to section 514B-98, HRS, and replacing the new language in section 514B-41, HRS, in order to make monitoring and enforcement easier;
- (5) Specifying that the developer shall disclose the existence and cost of capital equipment installed by the developer;
- (6) Specifying that the developer shall set aside an amount equal to one per cent of the sales price of each residential apartment plus an amount equal to one hundred eighty days of operating capital to be held in escrow until it is transferred to the association of apartment owners on the date of the first meeting of the association; and
- (7) Making technical, nonsubstantive changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,




ROSALYN H. BAKER, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2164	CPN	2/24/2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
TOTAL	5	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes