

**PRESENTATION OF THE
REAL ESTATE COMMISSION**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Monday, February 9, 2009
2:15 p.m.

TESTIMONY ON HOUSE BILL NO. 956 - RELATING TO CONDOMINIUMS.

TO THE HONORABLE ROBERT N. HERKES, 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 House Bill No. 956, Relating to Condominiums. The purpose of this bill is to merge the two condominium education funds into one fund, the Condominium Education Trust Fund, established pursuant to section 514B-71, HRS. The Commission strongly supports House Bill No. 956.

In recodifying the condominium law, it was always the position 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 Condominium Education Trust Fund, Chapter 514B, HRS) were set forth in two statutes.

Testimony on House Bill No. 956
Monday, February 9, 2009
Page 2

Consequently, this bill amends Chapter 514A, HRS, and Chapter 514B, HRS, so that there is only one fund, by the:

- Repeal of the original Condominium Management Education Fund in Chapter 514A, HRS;
- Provision of language which allows for the transfer of all unexpended and unencumbered balances remaining in the Condominium Management Education Fund (Chapter 514A, HRS) to the credit of the Condominium Education Trust Fund (Chapter 514B, HRS);
- Clarification on the allocation of future payments due to the credit of the Condominium Education Trust Fund (Chapter 514B, HRS);
- Housekeeping changes so that all statutory references are to the "Condominium Education Trust Fund" (Chapter 514B, HRS); and
- Other conforming amendments.

The Real Estate Commission strongly supports the passage of House Bill No. 956 and requests your favorable consideration.

Thank you for the opportunity to present testimony.



February 9, 2009

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE REGARDING
HOUSE BILL 956

Hearing Date : MONDAY, February 9, 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 956. 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.

CAI supports HB 956 because CAI believes the change will make it easier for the real estate commission to administer the condominium education trust fund established under Chapter 514B, Hawaii Revised Statutes. As the bill, itself, notes, at present, there is an argument that there are two separate funds: the "condominium management education fund" established after chapter 514A, Hawaii Revised Statutes, and the "condominium education trust fund" established under chapter 514B, Hawaii Revised Statutes. Despite that argument, the two funds are essentially the same fund, namely, the condominium education trust fund. This bill will eliminate the confusion created by the two separate references and confirm that the condominium education trust fund is the only fund administered by the commission.

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 enclosure



H.I.C.C.O.

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

February 9, 2009

Rep. Robert N. Herkes, Chair
Committee on Consumer
Protection and Commerce

Testimony on HB 956 Relating to Condominiums

Dear Representative Herkes:

Thank you for this opportunity to testify on behalf of the Hawaii Independent Condominium and Co-op Owners (HICCO).

Our organization has concerns regarding HB 956. We are concerned about commingling fees collected from developers with funds collected from owners. Funds received from owners should be used specifically for the education of owners. The Legislature should identify the percentage of owner funds that are currently being used to support owners versus funds that are currently being used to educate realtors and condominium boards.

We request that this bill be held.

Sincerely,

Richard Port, Chair
Legislative Committee

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 956 RE CONDOMINIUMS (Condo Ed Funds)
Hearing: Monday, February 9, 2009, 2:15 p.m., Conf. Rm. #325

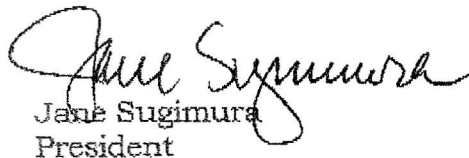
Chair Herkes, Vice-Chair Wakai and Members of the Committee:

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 merger of the 2 condo education funds maintained under 514A and 514B.

The only concern we would have is that those funds continue to be used for the purposes specified in the statutes and not used for any other purpose including but not limited to other programs undertaken and expenses incurred by the Real Estate Commission.

Thank you for the opportunity to testify.


Jane Sugimura
President