

LATE

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TESTIMONY

Before

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

In Favor SB 714

Aloha Senator Baker, Senator Taniguchi and other committee members.

Thank you for considering Senate consumer protection bill 714.

My name is John Riggins and I am in favor of SB 714 to make associations more transparent and provide homeowners easier access to association information at a lower cost for which they pay maintenance and association fees in part to produce and maintain such documents.

I have been a homeowner since 1970, an association member since 1976, a real estate licensee since 1977, a real estate broker since 1980 and a member of an association board of directors with about 3800 homeowners since 1996.

As a property owner and as part of my retirement system, I currently pay maintenance and/or association fees to 12 different Hawaii condo and homeowner associations. I have a considerable amount of knowledge and

experience regarding associations both personally and as a real estate professional.

However despite never having been late, being current on all my association and maintenance fees and having spent thousands of dollars in fees since 1975, with one exception, getting information such as association minutes, meeting times, financials, house rules, documents, design guidelines and other information about the associations to which I belong is nothing less than a nightmare.

Unlike the smart phones we use today where information, including information about this meeting can be found almost instantaneously on the INTERNET, little has changed regarding owners being provided access to association information since 1976 when I purchased my first condominium.

For the most part, the association information is available at the management company office Monday through Friday between 8:30 am to 4:30 pm. However this is during a time when most owners are at work. In order to access information, the homeowner has to take off work or pay an enormous fee over and above the monthly maintenance and association fees in order to obtain association information for which the homeowner is entitled should he or she want to stay abreast with association business, elect board members and protect his or her investment.

For the off island owner to stay informed, the only choice is usually to pay for association documents and have them shipped.

Obviously in this age of technology when we can learn and see photos and videos of events unfolding around the world in seconds, doing things the way we did 35 or so years ago is outdated and unacceptable to today's homeowner.

For example, about 4 years ago when a board of directors, especially the president of the association, was bending rules and favoring friends while enforcing rules and treating other association members differently and unfairly, I attempted to obtain information about an association.

Nearly every trick was used to prevent me from obtaining association information and petitioning homeowners to hold a special meeting in order to hold the board of directors and management company accountable. The president of the association even sent letters with lies about me to association members.

The management company was of no help and told me very quickly that it worked for the board of directors despite homeowners paying the management company through monthly fees. Any information I received about the association documents and procedures to hold the people accountable was an expense I had to bear in order to attempt to correct the situation.

I paid money out of my pocket to send letters and obtain signatures on petitions twice requesting a special meeting be held. I also paid for legal advice and a parliamentarian to attend the special meeting to make sure the association documents, rules and DCC&R's were followed during the special meeting.

Fortunately we were able to censure the president. He resigned shortly thereafter. Over the next 18 months, most of the board members resigned and were replaced by board members who did their best to treat all owners equally and fairly. However, it took perseverance to get association information and a responsible board.

Fortunately I knew what could and had to be done in order to make sure the association functioned properly and our investments were protected.

Unfortunately due to the obstacles in place to prevent homeowners from obtaining information, most association members do not know what the association is doing or needs to do in order for their associations to be managed efficiently and cost effectively.

For example, the legislature in the early 1990's after homeowner complaints passed a law that association reserves had to be fully funded by year 2000. Yet over the past few years we have seen maintenance fees increase and more and more associations levy special assessments which have caused financial hardships to owners and especially to those on fixed incomes.

In order to stay abreast of association matters, elect responsible board members and to hold boards and management companies accountable, busy homeowners, who are often working more than one job, must have access to association information 24/7 on the INTERNET.

It's not difficult to post information such as minutes, meetings, house rules, DCC&R's and other association documents on the INTERNET for homeowners to have easy access to information and be able to question their boards and management company about matters concerning homeowners.

Having a web site with information is not rocket science nor is it expensive. Most public schools have web sites that are often established and maintained by students. Many web companies offer sites for less than \$1000 and a small monthly fee.

As an example, the Villages of Kapolei Association has had its' documents posted on the INTERNET since 1997. After a meeting is approved by the board of directors, approved minutes are usually posted within 24 to 48 hours after the meeting.

Recently the Villages of Kapolei Association web site went down and was replaced with a new and better site within 48 to 72 hours.

For homeowners who want written documents, including financial information, the Villages of Kapolei, a self managed and non profit association, charges \$25 while many other associations through their management companies charge in the hundreds of dollars to provide information to owners. Management companies, who provide documents for the association, use the reproduction of association documents as a profit center and often charge homeowners between \$400 to \$800 for homeowner association documents.

Frankly, this is totally unacceptable and borders on the unethical when you consider that homeowners are paying monthly fees for their association to be managed efficiently and cost effectively, which includes maintaining records and providing homeowners with information.

When an association and/or management company places obstacles in front of the homeowner and prevents easy access to the information at a reasonable price, it causes the homeowners to be less involved. As a result, there is more of an opportunity for an association to be managed less efficiently and at a greater cost.

It also provides the appearance that the management company is double charging the homeowner with the monthly maintenance fee and the cost of the association documents.

Besides giving more homeowners easier access to association information and the opportunity to hold its' board members and management company more accountable, posting the association documents on the INTERNET would save homeowners and association time, money and effort.

I strongly urge you to pass out of committee and into law SB 714.

Respectively,

John Riggins