

**PRESENTATION OF THE  
REAL ESTATE COMMISSION**

TO THE HOUSE COMMITTEE ON HOUSING



TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2014

Monday, February 3, 2014  
9:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 2401, RELATING TO CONDOMINIUMS.**

TO THE HONORABLE MARK J. HASHEM, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Scott Sherley and I am the Condominium Review Committee Chairperson of the Hawaii Real Estate Commission ("Commission"). The Commission appreciates the opportunity to present testimony on House Bill No. 2401, Relating to Condominiums. House Bill No. 2401 requires condominium board members and managing agents to disclose potential conflicts of interest in the awarding of contracts of \$200,000 or more; an annual report from the Commission on complaints against condominium boards and enforcement actions taken by the Commission; and grants the Commission enforcement powers over issues relating to the management of condominiums. The Commission supports the intent and purpose of House Bill No. 2401 to encourage more transparency in the actions of condominium association boards of directors. However, the Commission opposes the bill as drafted and has questions and concerns with House Bill No. 2401 as follows.

House Bill No. 2401 proposes to impose a contract award amount of \$200,000 as a threshold amount before the conflict of interest prohibition is triggered. The Commission is concerned that the \$200,000 threshold amount lessens the consumer

protective measure of the current law which applies to any "conflict of interest" situation regardless of monetary amount. The current law applies regardless of any monetary amount at stake in a contract, and states that a board member with a conflict of interest on any issue before the board must disclose the nature of the conflict of interest prior to a vote on that issue at the board meeting and abstain from voting. "Conflict of interest", as used in the law is defined as an issue in which a director has a direct personal or pecuniary interest not common to other members of the association (§514A-82(b)(5), HRS [disclosure only], §514B-125(f), HRS). Minutes of the meeting shall record the fact that a disclosure was made.

House Bill No. 2401 also proposes to extend the prohibitions against conflicts of interest to managing agents. However, the current law already provides for such a prohibition under a broader more expansive consumer protection measure of "fiduciary duty" imposed on every managing agent with respect to any property managed by that managing agent (§514A-95(c), HRS, §514B-132(c), HRS).

When the legislature recodified the condominium law in 2006, it maintained the original basic tenet of the condominium law as one of self-enforcement of the laws and rules by the owners, with limited government involvement. This public policy is reflected throughout the condominium law. See, e.g., §§514A-46, 47 and 48; and §§514B-65, 66 and 68, HRS. The language on page 6 line 20 to page 7 line 18 of the bill would (1) run counter to that public policy, (2) create significant internal inconsistencies in the chapter regarding the commission's authority and jurisdiction; and (3) create confusion as to the

Testimony on House Bill No. 2401  
Monday, February 3, 2014  
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circumstances under which a matter brought to the attention of the commission must be investigated and enjoined by the Department of the Attorney General.

For the reasons discussed, the Commission encourages transparency as intended by House Bill No. 2401 but opposes the bill as drafted.

**woodson1-Brina**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, January 31, 2014 9:59 AM  
**To:** HSGtestimony  
**Cc:** richard@hawaiifirst.com  
**Subject:** Submitted testimony for HB2401 on Feb 3, 2014 09:00AM

**HB2401**

Submitted on: 1/31/2014

Testimony for HSG on Feb 3, 2014 09:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Emery	Hawaii First, Inc.	<del>Oppose</del>	<del>No</del>

Comments: Hawaii First is one of Hawaii's largest management companies and is familiar with industry matters. The current law provides adequate and specific disclosure requirements. There are adequate remedies for owners within the current law and there is no basis to permit the real estate commission to be involved with self governance issues. We OPPOSE the measure.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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P.O. Box 976  
Honolulu, Hawaii 96808

February 1, 2014

Honorable Angus L.K. McKelvey  
Consumer Protection and Commerce  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: **HB 2401 – OPPOSING**

Dear Chair McKelvey and Committee Members:

I am the Chair of the Community Association Institutes Legislative Action Committee (“CAI”). CAI **opposes HB 2401** for the following reasons.

**First**, the following provisions of Chapter 514B, HRS, that apply to all condominiums in the State provides for greater duties and broader disclosure requirements for board members disclosing any conflicts of interest:

**“§514B-106 Board; powers and duties.** (a) Except as provided in the declaration, the bylaws, subsection (b), or other provisions of this chapter, the board may act in all instances on behalf of the association. In the performance of their duties, *officers and members of the board shall owe the association a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 414D.*

**[§514B-125] Board meetings.**

*(f) A director shall not vote at any board meeting on any issue in which the director has a conflict of interest. A director who has a conflict of interest on any issue before the board shall disclose the nature of the conflict of interest prior to a vote on that issue at the board meeting, and the minutes of the meeting shall record the fact that a disclosure was made.*

"Conflict of interest", as used in this subsection, means an issue in which a director has a direct personal or pecuniary interest not common to other members of the association. [L 2004, c 164, pt of §2]"

Given these broad disclosure requirements that already exist in the law, HB 2401 could be read as conflicting with the current law, and narrowing the disclosure of conflicts to only

Honorable Angus L.K. McKelvey  
February 1, 2014  
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contracts of \$200,000 or more that are being considered and voted on at the board meeting. This narrow disclosure requirement is not needed, and could result in needless litigation.

**Second**, the proposed language only requires the board member to “disclose” the potential conflict of interest, whereas the current law also “prohibits” that member from voting on the issue. So the proposed language is again not as restrictive as the current law, and is, therefore, unnecessary.

**Third**, Chapter 514B, HRS, also provides remedies for members and associations in the event that a board member fails to disclose a conflict of interest and votes on an issue that he or she should not have voted on. Mediation and/or arbitration exist under the current law. See §§514B-161 and 162, HRS, respectively. As a matter of fact, during the last legislative session a new “paid for” mediation program was implemented and put into process over any attempt to renew “Condo Court”, and this was supported by the Real Estate Commission. Therefore, there are existing remedies under the law to address the issues that HB 2401 seeks to provide.

CAI represents the association industry, and **opposes the passage of HB 2401**. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'C. Porter', with a stylized flourish at the end.

Christian P. Porter

888 Mililani Street, 2<sup>nd</sup> Floor  
Honolulu, Hawaii 96813-2918  
Telephone: (808) 523-0702  
February 1, 2014

HOUSE COMMITTEE ON HOUSING  
REGARDING HOUSE BILL 2401

Hearing Date: MONDAY, February 3, 2014  
Time : 9:00 a.m.  
Place : Conference Room 329

Chair Hashem, Vice Chair Woodson, and Members of the Committees,

My name is John Morris and I work as an attorney representing condominium and other homeowner associations. I am testifying ~~against HB 2401~~ because it proposes to change the law to cover many issues that are already covered in the law.

The preamble to the bill suggests that boards of directors are not transparent and are not acting in the best interests of the members they represent. The text of the bill also suggests that there is a problem with director conflicts of interest or that directors may be engaged in various underhanded practices.

With respect to boards making decisions, in fact, the law and the governing documents authorize boards to make decisions. The whole purpose of having a board - instead of presenting every issue to the owners for a vote -- is to allow those decisions to be made in a timely and effective manner. Moreover, trying to have the state supervise every board would be an overwhelming financial burden for the state.

Rather than restricting board power or asking the state to supervise boards, owners should do what the law already permits, namely run for the board themselves. If their fellow owners agree with their perception of their existing board, those owners should easily be able to get elected to the board and remedy the situation. This is the fundamental self-governance principle on which the condominium law is founded.

With respect to conflicts, the law already prohibits directors from voting on issues in which they have conflicts in section 514B-125(f). Therefore, there is no reason to impose a new provision which actually suggests boards can vote on conflicts of less than \$200,000.

I spent three years from 1988 to 1991 as the real estate commission's first condominium specialist, listening to complaints from owners. One thing I learned was that many people's definition of conflict of interest is far broader than the legal

TESTIMONY REGARDING HOUSE BILL 2401

February 1, 2014

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definition. For example, a conflict of interest arises when a person who owes a duty to the association is actually taking action on behalf of the association, such as making a decision. Nevertheless, many owners believed that just the fact that, for example, a property manager or director is acquainted with a contractor or banker is a conflict of interest.

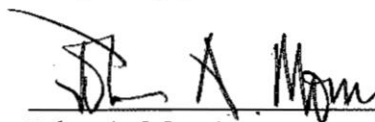
With respect to transparency and information, the law already gives a remedy to owners who seek more information: they can attend board meetings to learn what their board is doing on their behalf. If owners fail to attend board meetings on a regular basis, it is highly possible that the due diligence of the board or property manager - investigating contractors and licenses, having contracts reviewed, etc. - occurred when the owners were not present, making them unaware of the efforts of the board and the property manager on those issues. (Of course, it is also possible that the due diligence did not occur, but that is more an indication of the need for more education of directors than the need for this bill.)

With respect to access to records, for more than 30 years, the Real Estate Commission, through the Department of Commerce and Consumer Affairs ("DCCA"), has enforced every condominium owner's right to have access to records. The commission will also investigate to ensure that association funds are being handled correctly. The commission strongly enforces those rights because of the fundamental principle of the self-governance theory of the condominium law - owners cannot supervise their boards unless they have access to information.

In summary, the law already allows owners to: 1) run for the board if they believe their current board is not doing a good job; 2) attend board meetings to find out what the board is doing on their behalf; and 3) ask the real estate commission to assist in obtaining information or ensuring that money is being handled correctly and in accordance with the law. Therefore, to the extent that HB 2401 proposes to add those provisions of the law, the changes are unnecessary.

Thank you for this opportunity to testify.

Very truly yours,



John A. Morris



**woodson1-Brina**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, January 31, 2014 7:24 AM  
**To:** HSGtestimony  
**Cc:** Alan@AssociaHawaii.com  
**Subject:** Submitted testimony for HB2401 on Feb 3, 2014 09:00AM

**HB2401**

Submitted on: 1/31/2014

Testimony for HSG on Feb 3, 2014 09:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Takumi	Individual	Oppose	No

Comments: I am a community association manager and advise several community association boards on how to run their association. This bill is vague on how/when to notify the association owners on a conflict of interest. It may slow down the process of maintaining the common property. Also HRS Chapter 514B already has the process on declaring conflict of interest. I also do not agree with establishing criminal charges when a board may make an inadvertant mistake in their decisions.

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**woodson1-Brina**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, January 31, 2014 9:42 AM  
**To:** HSGtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB2401 on Feb 3, 2014 09:00AM\*

**HB2401**

Submitted on: 1/31/2014

Testimony for HSG on Feb 3, 2014 09:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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Senate Commerce & Consumer Affairs Committee  
Monday, February 03, 2014  
9:00 am, Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, Harendra Panalal, own the following condominiums.

Sunset Towers, 419 Atkinson Dr. Unit 1802, Honolulu HI 96814

Hawaiiana Management Co.

Mokuleia Surf, 68-101 Waiialua Beach Road, Unit 304, Waiialua HI 96791

Hawaii First Inc. now Associa

Hale-O-Kalani Towers, 1702 Kewalo St. Unit PH3, Honolulu, HI 96822

Management Specialists, Inc.

Country Club Plaza, 5080 Likini St. South Tower, Unit 417, Honolulu, HI 96818

Hawaiiana Management Co.

About two years ago, I was president of above three AOA. Now I am president of HOKT, and a board member of MS and ST.

Even as a board member, I did not have an easy time getting all information from Hawaiiana and HFI.

For Sunset Towers, we had conflicting legal opinions about responsibility of spalling and waste piping.

For Mokulei Surf, many times I was denied information.

The usual excuse given was that I have to personally go to management company, and get information.

At HOKT, BOD and management company work well together.

For ensuring complete transparency, I suggest the following.

- (a) All records be available to all owners by email. This also should apply to delinquencies below 90 days.

- (b) Legal opinions should be available to all owners. If management company employees can be trusted, so should all owners. If any attorney feels his information should not be shared with all owners, he can look for business elsewhere. Secrecy does more harm than good.
- (c) All major expenses over say, \$5,000 per unit must need approval from a majority of owners. Classifying such expenditures as ‘emergency’ is subject to abuse. Making a slim majority of directors decide such issues can be detrimental to owners.
- (d) Financial statements are often given in management company’s own format. I suggest that the actual check register be included so an average owner can understand them.
- (e) Whenever a loan is taken, payment plan should be included. Vague answers such as ‘it is up to the BOD’ should not be acceptable. Without payment plan, many owners do not recognize the balloon payment.
- (f) All emails should also be available to all owners so a 5 to 4 majority cannot dictate its terms.
- (g) If a parliamentarian is called to conduct any meeting, his relationship with the management company should be disclosed, and need prior approval by a majority of BOD. They may tend to use their knowledge more in favor of management company or directors more favorable to management company, rather than owners. This can distort results of election of directors.
- (h) Most owners do not have time, money and energy to go to court. REC should be empowered to act on behalf of such groups of owners.

In closing, I ask that you please pass HB 2401. I suggest more changes to ensure rights of individual owners. Thank you for your time and support on this matter.



(Sign Name)

Harendra Panalal, PE, RME

(Print Name)

harendrap@leisinc.com

(Email or Address)

Off. 792-0455, home 538-6202

(Phone-optional)

**House Committee on Housing**

Monday, February 3, 2014

9:00 am, Conf Rm 329

**Rep. Mark Hashem, Chair**

**Rep. Justin Woodson, Vice Chair**

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

My name is Laurie Hirohata and I live at the Hono Hale Towers Condominium (HHT). I support **HB 2401** because it will give condo owners more protection from unethical and possibly illegal activities conducted by the Condo Board (Board) and the Property Management Co. (PM Co.) retained to support the Condo Board.

I got involved with this issue because many of my neighbors are either elderly or are immigrants from China and do not speak English very well. These owners, who live in the complex, often do not know what is going on because of a language barrier and are not always aware of what the Board is doing. Our Board has stated in our annual Condo Association meetings that since the owners seem to be apathetic, they do not have to take the time to share what they are doing with the owners until they have made a final decision. This has led to a number of disputes since the Board has repeatedly made unilateral decisions; signed a contract with a vendor; then notified the condo owners that a repair or renovation project would commence on a specific date. And, unless the owners united and demanded more details on what was going on, very little details were provided on the project. Sometimes this has led to costly mistakes!

Some of the owners have asked to review the records on how a particular vendor was selected, and review the details of the signed contract. Most of the time, no documents were ever made available. The issue for many owners is that the Board is supposed to be representing the owners so there should be transparency, open governance and decisions that clearly show support and benefit to the owners. As I investigated this matter, I have found that the problems we have with our Condo Board is rather common amongst condominiums!

The reason why I support **HB 2401** is that although HRS 514A-46 provides the Hawaii Real Estate Commission (HREC) the authority to investigate matters that are in violation of the HRS CH 514A. Many owners who have sought assistance from the HREC to investigate their Board for possible violations were told that HREC did not conduct investigations or follow-up on possible violations.

Currently, there is no government office to go to with complaints about Condo Boards and PM Co. retained to support the Board. The only recourse condo owners have is to take it to mediation or go to court. Using mediation or the court system is expensive and requires the owner to understand the legal system. Many of the disputes could have been prevented or resolved if there was standardized oversight and management of the statutorily based guidelines & rules.

Dealing with unscrupulous Boards is very time-consuming and can be quite expensive. The Moana Pacific Condo (MPC) paid for a full-page ad just before their Annual Condo Association meeting last March. (See attached ad) Their ad identified a number of issues that paralleled our complaints. Their drawn-out battle over their PEX Pipes has cost millions of dollars and has created a complex legal battle for such a new condo! (See attached MPC Power Point presentations.)

(For more details on the MPC issue, go to the MPC Website @ <http://moanapacificinfo.com/>)

Since the MPC is a much larger (about 750 units) and a high-end complex, vs. HHT where we have only 200 units and are moderately priced, one would expect higher expenses at the MPC. So, it may be that a \$10 million battle is not outrageous. However, for us at HHT, \$1 million is a very LARGE contract! We cannot afford to hire attorneys to fight our battles, so often times, our complaints go unheeded.

The problem with questionable Board decisions, such as procuring contracts, has an impact the State in many ways. For example, our Board has decided to install WIFI sub-meters so each unit will now be responsible for its own electric bill. Per ACT 018, the Board can decide to sub-meter a condo without a vote from the Condo Association.

However, I do not believe ACT 018 allows the Board or the PM Co. to circumvent statutory requirements, such as hiring a company from the mainland who is not registered with DCCA-BERG and does not have a State Tax GE ID number. HHT owners are not sure if the company has a General Contractor with a state license and whether the individuals who are going to install the WIFI meters (that have a low electrical charge) have a Hawaii Electricians license or certificate. All of the aforementioned issues should be a concern to the State Decision-Makers, because businesses such as Intech 21, who has been contracted to install HHT's WIFI meters are probably not paying State taxes and following DCCA professional licensing rules.

Our sub-metering contract is relatively small so the lost state tax revenues will be relatively small, but it will be an annual loss to the state for many years. Returning to the MPC issue, has anyone checked to see if the companies involved with the \$10 million PEX problem paid state taxes? The loss of state taxes on a \$10 million contract is a significant amount. (HHT uses the same PM Co. mentioned in the ad.)

If anything goes wrong with HHT's sub-metering project, the owners will have a significant problem because unlicensed or certified individuals are probably being used to install the device, so the Condo Association's insurance coverage and the homeowner's insurance coverage may be nullified.

On Wednesday, January 29, 2014, the companion Senate Bill (2363) was heard in the Commerce & Consumer Protection Committee, Sen. Rosalyn Baker, Chair & Sen. Brian Taniguchi, Vice Chair. The HI Real Estate Commission (HREC) opposed SB 2363 primarily because of the language related to the "conflict of interest" section.

SB 2363, has been deferred to Feb. 4, 2014 by Chair, Baker. She instructed the HREC to work with us on revising the language in SB 2363, then present the agreed upon revised language to the Senate CPN Committee at the next Hearing.

**The recommendations we have submitted to the HREC are:**

- 1) Agree to delete the conflict of interest section in SB 2363.
- 2) Agree to add more specific language to the definition or description in CH 514 A & B on "fiduciary responsibilities." *We will defer to HREC for the language change.*
- 3) Retain the section that requires HREC to provide an Annual Report to the Legislature on the number of complaints received; the type of complaints made; what kind of follow-up was done on the complaints (i.e. referred to DCCA-RICO); and if the complaint was investigated, the outcome of the investigation.
- 4a) Add Language to require a "Conflict of Interest" agreement form that will include disclosure of any conflict of interest for all commonly used companies or other entities. [To be developed by the HREC] The form shall be signed annually and kept on file [?with the Condo Resident Manager's Office and HREC?-Need HREC's input here] All Condo Board Members and Property Management Co. Staff shall be required to submit a "Conflict-of-Interest" agreement form annually. *(Many Board & Commissions already require this form.)*
- 4b) Add Language to require a "Conflict-of-Interest" section in the Board Meeting Minutes to record any and all conflict of interest disclosures at each meeting. Training should be provided by the HREC so all Board members and PM Co's understand that at the beginning of each Board Meeting, they must survey all persons [with voting rights?] at the Board meeting for any possible conflict of interest on any of the items on the agenda for that meeting. *(Similar to what many non-profits and state Boards & Commissions do.)*
- 5) Add Language to require Condo Boards to review and revise their condo by-laws every 3 years [or 5 years?]. If no revisions are made, then an 'official declaration' letter with the Board Member's signatures shall be attached to the by-laws. The by-laws shall be presented to the Condo Association for approval. Condo Association approval will be the majority vote at the meeting it is presented at. (Or, some form that would not require 67% of condo owners' vote.) *(Several people indicated that it would be too difficult to reach 65%-67% vote from the condo association which would leave the updated by-laws in limbo for too long.)*

Once the by-laws are approved by the Condo Association, the by-laws shall be filed with the [HREC and/or State Bureau of Conveyance?] A copy of the by-laws shall be given to each condo owner.

*(NOTE: If management audits going to be performed on a regular basis, updated by-laws will be needed to perform an effective and thorough audit.)*

*(I would like to recommend that HREC develop a database for records such as Condo by-laws and required training, so HREC can increase its presence and identity throughout the state. If HREC wants to provide more training to the public, the public has to recognize the HREC as a viable and useful state entity. NOTE: I polled my group members and no one really knew what HREC & DCCA-RICO are supposed to do!?)*

- 6) [In addition to the annual financial audits~currently required.] Add Language to require management or process audits every 2-3 years on the condo's operations, including the property management's operations and the condo's reserve funds and any other special programs the condo board may have. The completed management audit shall be presented and discussed at the annual Condo Association Meeting and a copy of the final management audit report shall be given to each condo owner.

*(I would suggest that if the management audit item becomes law, the HREC conduct training on this issue ASAP. Condo Boards should include revised language in their by-laws on management audits if this becomes law.)*

- 7) Add Language to require all condo board members, property management staff, resident managers, etc. to attend mandatory HREC training on condo regulations, board fiduciary responsibilities, and other related areas. The HREC shall create a certificate and data-base tracking system for all attendees. The certificates shall be good for 3 years. Individuals shall attend another training to renew his/her certificate. The training may be open to any interested individual, but no certificate will be issued to these individuals.

Additionally, include in this section: "Other training such as the ones offered by Property Management Co's. shall not be used to substitute the HREC mandatory training."

*(HREC stated that their focus is on training and increasing awareness on the self-governance rules of condominiums. So hopefully, the trainings will be at 'no cost' or 'low cost' to the participants since there appears to be a special training fund. If mandatory training is added to the statute, HREC will have a necessary presence in the community, which would increase their goal of training more people in the state. Again, all of this data should be captured in a database and made available to other entities such as the enforcement officers conducting investigations, such as DCCA-RICO or possibly made available to the public.)*

In closing, I humbly ask all of you to please consider and pass HB 2401 with amendments so all parties involved including the HREC and condo owners are in agreement with the intent of this bill. The need for a State office to provide oversight management and follow-up on complaints will only increase since more and more condos are being planned and built at a very fast rate, in Hawaii.

Respectfully Submitted By:

**Laurie Hirohata**

Email: lhirohat@gmail.com

Cell: 398-3492



House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, Joan Lee own a condominium at Hono Hale Towers

I **support HB 2401** because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

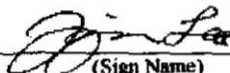
We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

We also cannot get detailed information on how the vendors were selected by the Condo Board nor can we review the details of the signed contracts with the vendors.

We often are given only verbal information on upcoming projects then a notice is posted on the bulletin board to let us know when the repair or renovation work will begin. Although we have asked, we often do not know if the company the Condo Board hired has any prior complaints filed against them; have the necessary insurance or bond to cover the project, and have the required state professional licenses or certificates to do the job.

Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

  
(Sign Name)  
Joan Lee  
(Print Name)

2651 Kulihi St., B-64; Honolulu, HI 96826  
(Email or Address)  
joanlee@hotmail.com  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashern, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401, Relating to Condominiums; Transparency**

I, BONNIE MATSUMOTO own a condominium at HANO HALE TOWERS.

I support **HB 2401** because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

We also cannot get detailed information on how the vendors were selected by the Condo Board nor can we review the details of the signed contracts with the vendors.

We often are given only verbal information on upcoming projects then a notice is posted on the bulletin board to let us know when the repair or renovation work will begin. Although we have asked, we often do not know if the company the Condo Board hired has any prior complaints filed against them; have the necessary insurance or bond to cover the project; and have the required state professional licenses or certificates to do the job.

Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

Bonnie Matsumoto  
(Sign Name)

b.mats@live.com  
(Email or Address)

BONNIE MATSUMOTO  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: Testimony In Support of HB 2401, Relating to Condominiums; Transparency

I, Edouard Paul own a condominium at Building B - Hono Hale

I support HB 2401 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

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Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass HB 2401. Thank you for your time and support on this matter.

Ed Paul  
(Sign Name)

edpaul1@icloud.com  
(Email or Address)

Ed Paul  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401, Relating to Condominiums; Transparency**

I, Margaret F. Ojima own a condominium at Hono Hale Towers

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In closing, I ask that you please pass HB 2401. Thank you for your time and support on this matter.

Margaret F. Ojima  
(Sign Name)

2648 Kuilei St. C-23  
(Email or Address)

Margaret F. Ojima  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

House Committee on Housing  
 Monday, February 3, 2014  
 9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
 Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, Tracey Mc own a condominium at Hapo Hale Towers

I **support** HB 2401 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

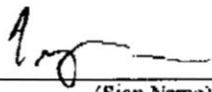
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In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

  
 (Sign Name)

netstar808@msn.com  
 (Email or Address)

Tracey Mc  
 (Print Name)

\_\_\_\_\_  
 (Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, Karen M. Kagawa own a condominium at Hono Hale Towers

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In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

Karen M. Kagawa  
(Sign Name)

2648 Kuilei St. #C116 Hon HI 96826  
(Email or Address)

Karen M. Kagawa  
(Print Name)

942-5549  
(Phone-optional)

**House Committee on Housing**

Monday, February 3, 2014

9:00 am, Conf Rm 329

**Rep. Mark Hashem, Chair**

**Rep. Justin Woodson, Vice Chair**

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, Debra D. Loh, own a condominium at Sunset Towers at 419 Atkinson Drive, #801, in Honolulu.

I support HB 2401 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

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In closing, I ask that you please pass HB 2401. Thank you for your time and support on this matter.



Debra D. Loh

loh Wong@surewest.net

916-508-4821





1288 Kapiolani Blvd, Apt 1905  
Honolulu, Hawaii 96814  
February 2, 2014

Testimony in Support with Amendment  
HB2401, Relating to Condominiums  
Hearing, Monday, Feb 3, 2014, Room 329

Representative Mark J. Hashem, Chair  
Rep Justin H. Woodson, Vice Chair  
Members, Committee on Housing

Aloha mai, kākou

I am writing in **support** of HB2401 with amendments described below. HB2401 in its current form would require board members and managing agents to disclose potential conflicts of interest in the awarding of contracts. The bill, itself, Section 7, proposes to amend Chapter 514B-A, Hawaii Revised Statutes to require any member of the board or any managing agent who has a potential conflict of interest with any bidder on the awarding of a contract with a value of \$200,000 or more to disclose that conflict of interest to the other members of the board and the owners of the units in the condominium.

The amendment I am recommending is that the bill require any member of the board or any managing agent to reveal a conflict of interest **regardless of the value of the contract** to other members of the board, and reveal a conflict of interest where the value of the contract is \$100,000 or more to board members **and** homeowners. This would help especially in condominiums that have developers serving on the Board of Directors and also recognizes that most contracts rarely are at the \$200,000 threshold.

While I acknowledge and respect a developer's right to serve on the Board of Directors as an owner of many apartments in a building, yet also I recognize a conflict of interest when an Association has a lawsuit against the developer. Accordingly, I also respectfully request that you amend the law to prohibit developers from serving on an Association's board of directors where the Association has a lawsuit against the developer, such as in the case of alleged construction defects. Clearly, this is a conflict of interest, even if the developer recluses himself/herself from decision-making.

Mahalo for your consideration of my recommended amendments to HB2401.

Respectfully

/s/ Marilyn L. Khan by on-line testimony

Marilyn L. Khan



**From:** Merv Ahana <merv@pixi.com>  
**Sent:** Sunday, February 02, 2014 10:55 PM  
**To:** HSGtestimony  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* testimony on hb 2401

**To:**  
**House Committee on Housing**  
**Representative Mark Hashem, Chair**  
**Representative Justin Woodson, Vice-Chairman**

**Dear Sirs:**

I would like to **support** HB 2401. I read that the Hawaii State Data Book notes that in 2013, condominiums in Hawaii number 156,846. At a monthly maintenance fee of \$200, funds involved is \$31,369,200. Twelve times that amount makes for a tempting amount of spending money. Because of the high cost of single-family housing in Hawaii, condominiums are usually the first step in home ownership, so there is sure to be an increase on the horizon. Therefore with such a large amount of money involved, an increasing number of condominium units with AOA's for each, Hawaii must have laws such as HB2401.

I ask that the Committee consider the following:

1. In newly added 514A-A, the trigger amount of \$200,000 be removed. My reasoning for this is that a conflict of interest at a low end condominium might not involve \$200,000 but even a smaller amount could easily add \$25 to a maintenance fee. To many families who are just beginning and struggling to survive, the added cost would be extremely harsh. These families do not have the time to become involved and are easily victimized. So a conflict of interest, no matter how minor, must be disclosed. I also feel that this be applied retroactively at least five years and that this retroactivity also be included in amended 514A-46, Investigatory Powers.

- 2. In amended 514A-48, section 6.a, the punishment should include a reimbursement of funds to the owners , as well the \$10,000 and one year incarceration.**
- 3. Strike from 514B-A the contractual amount of \$200,00 (see 1 above).**

**Respectfully,**

**Mervin Ahana  
Marco Polo Condominium  
Apartment 1106  
merv@pixi.com**

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: Testimony In Support of HB 2401, Relating to Condominiums, Transparency

I, Shada Kuba <sup>reside</sup> ~~at~~ a condominium at 2651 Kuilei St., HNL, HI

I support HB 2401 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

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In closing, I ask that you please pass HB 2401. Thank you for your time and support on this matter.

Shada Kuba  
(Sign Name)

\_\_\_\_\_  
(Email or Address)

Shada Kuba  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401**, Relating to Condominiums; Transparency

I, ALAN YOUNG own a condominium at HOND HALL TOWERS BWS

I support **HB 2401** because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

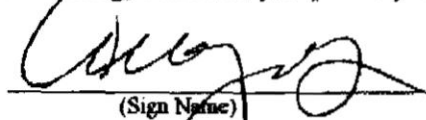
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In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

  
(Sign Name)

YOUNG@AOL.COM  
(Email or Address)

ALAN YOUNG  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401, Relating to Condominiums; Transparency**

I, Xing hua Li own a condominium at Hono Hale Towers

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In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

Xing hua Li  
(Sign Name)  
Xing hua Li  
(Print Name)

Rui 8883 @ Gmail.com  
(Email or Address)  
808-728-8470  
(Phone-optional)

House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401, Relating to Condominiums; Transparency**

I, Rui Xing Tan own a condominium at Hono Hale Towers

I support HB 2401 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

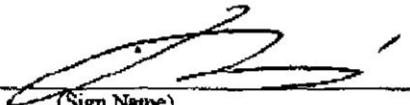
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In closing, I ask that you please pass HB 2401. Thank you for your time and support on this matter.

  
(Sign Name)  
Rui Xing Tan  
(Print Name)

Rui 8883@gmail.com  
(Email or Address)  
808-352-8388  
(Phone-optional)



House Committee on Housing  
Monday, February 3, 2014  
9:00 am, Conf. Rm 329

Rep. Mark Hashem, Chair  
Rep. Justin Woodson, Vice Chair

RE: **Testimony In Support of HB 2401, Relating to Condominiums; Transparency**

I, EAST PEREIRA own a condominium at HONO HALL TOWER

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In closing, I ask that you please pass **HB 2401**. Thank you for your time and support on this matter.

EAST PEREIRA  
(Sign Name)

\_\_\_\_\_  
(Email or Address)

EAST S. PEREIRA  
(Print Name)

\_\_\_\_\_  
(Phone-optional)

**woodson1-Brina**

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**From:** Kim R <kimr32512@gmail.com>  
**Sent:** Monday, February 03, 2014 8:11 AM  
**To:** HSGtestimony  
**Subject:** House Bill 2401



I own a condo in The Barclay and support House Bill 2401.

Thank you,  
Kimberly Ranchez

