

SB 611

Measure Title: RELATING TO RESIDENTIAL REAL PROPERTY.

Report Title: Condominiums; Residential Real Property; Associations

Description: Restricts management fees to an amount that reflects a reasonable value for services rendered. Requires that condominium property managers, associations of apartment owners, and planned community associations make association documents available to owners under reasonable terms, including through a property management company's or association's website, if one exists, and for reasonable costs.

Companion:

Package: None

Current Referral: CPN

Introducer(s): GABBARD, RUDERMAN, Baker, Chun Oakland, Keith-Agaran, Shimabukuro, Taniguchi, L. Thielen

<u>Sort by</u> <u>Date</u>		Status Text
1/18/2013	S	Introduced.
1/22/2013	S	Passed First Reading.
1/22/2013	S	Referred to CPN.
1/25/2013	S	The committee(s) on CPN has scheduled a public hearing on 02-01-13 8:30AM in conference room 229.

Submitted By	Organization	Testifier Position	Present at Hearing
Emory Bush, Chairman of the Board	Hawaiiana Management Company, Ltd.	Oppose	Yes

TESTIMONY
SB 611

421J, Section 3(b), third sentence, and 514B-154, Section 6(d): Strike out "*prospective purchasers and their respective agents.*" Other language in bill, as written, is okay.

Reason:

- a. Managing Agents currently provide this service to owners for Associations they manage.
- b. Managing Agents are contracted to provide management services to Associations and its owners, not Real Estate Agents and outsiders.
- c. Managing Agents are private companies, not public companies or government entities; therefore, they should have no responsibility to provide service to anyone except their customers.
- d. Managing Agents maintain the official file for each Association they manage. Therefore, one of their employees would have to sit with each individual reviewing documents to insure no documents are removed from the office.
- e. Managing Agents do not have enough space in their offices to handle prospective purchasers and their Real Estate Agents reviewing documents. What if there was a group of purchasers, say from Japan, who wanted to review documents at the same time.
- f. What if the prospective purchaser does not buy a unit after Managing Agents have invested time, space, and manpower, to accommodate a person they have no relationship with.

Final Comment. Please remove the language stated above from SB 611 because it would create an unfair and expensive burden for Managing Agents. There are other businesses who do provide documents to a prospective purchaser for a reasonable price.

Additional Comments. In regard to Section 2 (a) (3):

- a. Hawaiiana does not maintain a website for documents.
- b. Hawaiiana provides a free website for each Association managed so Associations can make their documents available to owners.

- c. Hawaiiana spends **\$100k annually** to provide this service to our customers.

January 28, 2013



The Honorable Senator Rosalyn Baker and Senator Brickwood Galuteria
And the Senate Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: SB611 Relating to Housing

Aloha Chair Baker, Vice-Chair Galuteria and Members of the Committee,

I am writing In Strong Support of SB611

I am a real estate agent in Central Oahu and hold several leadership positions in the industry. I am also vice-president of the Mililani Garden Homes 1 AOA. I am speaking as an individual and not for any of the organizations I represent.

The current practice of holding homeowner documents hostage for excessive amounts of money by some of the management companies is just wrong. Documents are the property of the homeowners and their association, not the management companies.

To require an owner a large sum of money to see or get a copy of house rules or minutes of their board of directors meeting is absolutely unreasonable. It is common to pay \$300 to \$400 for a copy of documents (in most cases an electronic download). It is also common to take 7-10 business days or longer. Several of the management companies use the delay tactic to extort a large rush fee from homeowners that are trying to sell their property. In the last few months I have had sales of homes delayed, by management companies sitting on the documents. Those documents are required in some cases to complete an appraisal of the home. In the case of a VA mortgage, the condo docs are required by several of the appraisers before they will even begin the appraisal process. Excessive fees and delays put sellers and veteran buyers in less than desirable situations.

If the property is in a planned community, you will have to duplicate the process and fees. The prices vary from association to association.

- One self-managed association charges \$25 for documents and makes them available while you wait.
- A management company representing another association may charge \$350 or more and take 2 weeks or more to provide the documents.

Here are some of the key points:

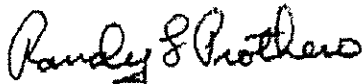
- 1) Home owners are the actual owners of the documents, not the management companies.
- 2) The homeowners association is already paying the management companies to generate and maintain these documents.

- 3) Sellers and their agents should have free or cheap access to them anytime. Being that many of the management companies already have them on the internet, they should be made available to owners for free in that format.
- 4) If there is a cost to create hard copies, than a modest charge for that service is not unreasonable.
- 5) The RR-105C is a disclosure document that may come with some cost to the management company. Charging a reasonable fee for that would not be out of line.

One of my clients two years ago received a fine for a house rules violation. When he asked for a copy of the house rules the management company told him he had to pay over \$300 to receive it.

Thank you in advance for your support of this needed bill. Please feel free to contact me if you have any questions.

Sincerely,



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Submitted By	Organization	Testifier Position	Present at Hearing
John Ramsey	Individual	Support	No