

STAND. COM. REP. NO. **2925**

Honolulu, Hawaii

**MAR 19 2014**

RE: H.B. No. 2045  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2045, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a remedy for community associations to recover unpaid assessments for a share of common expenses up to the time of a grant or conveyance of property.

Your Committee received testimony in support of this measure from the Community Associations Institute Hawaii Chapter.

Your Committee finds that escrow companies and other interested parties are usually aware of a lien in favor of a condominium association. However, it is common for escrow companies and other interested parties to handle the sale of a non-condominium, planned community association unit and overlook the collection of the association's unpaid assessments for the unit. Transfers of units outside of escrow, such as transfers to individual trusts, companies controlled by owners, or family members, may also result in uncured assessment debt owed to community associations. Your Committee further finds that this measure addresses these concerns by providing a remedy for community associations to recover unpaid assessments for a share of common expenses up to the time of a grant or conveyance of

2014-1810 SSCR SMA.doc



property. This measure also clarifies the responsibilities of a planned community association, unit owners, the buyer, and escrow officers in a voluntary conveyance and protects the interests of the planned community association and the purchasers of a unit governed by a planned community association.

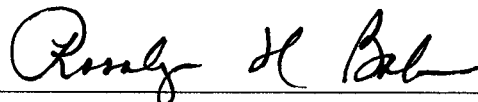
Your Committee has heard the concerns about the use of the term "lot" in this measure. Your Committee notes that although "lot" is not defined under chapter 421J, Hawaii Revised Statutes, section 421J-2, Hawaii Revised Statutes, defines "unit" to mean a physical portion of the planned community designated for separate ownership or occupancy. Your Committee concludes that the definition of "unit" is sufficient to refer to an individually owned property, whether developed or undeveloped, that is part of a planned community association and finds that references to the undefined term "lot" are unnecessary and should be deleted to avoid ambiguity.

Accordingly, your Committee has amended this measure by:

- (1) Removing references to the term "lot";
- (2) Inserting an effective date of upon approval; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 2045, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2045, H.D. 1, 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,

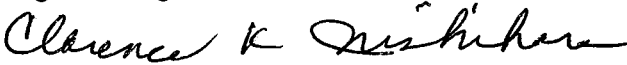


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2045 HD1	CPN	3/14/14		
<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)	/			
TANIGUCHI, Brian T. (VC)				/
NISHIHARA, Clarence K.	/			
WAKAI, Glenn				/
SLOM, Sam	/			
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
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