

Honolulu, Hawaii
February 13, 2014

RE: H.B. No. 2485

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2485 entitled:

"A BILL FOR AN ACT RELATING TO ASSOCIATION ALTERNATIVE POWER
OF SALE FORECLOSURE PROCESS,"

begs leave to report as follows:

The purpose of this measure is to facilitate the nonjudicial
foreclosure process that condominium and homeowner associations
may pursue against unit owners who are delinquent in paying
association assessments.

Specifically, this measure allows associations who are unable
to serve creditors and other interested parties with the notice
that initiates the nonjudicial foreclosure process to make service
by publication using the same means currently allowed for service
upon unit owners.

The Collection Law Section of the Hawaii State Bar
Association and one individual testified in support of this
measure.

Your Committee finds that current law allows condominium and
homeowner associations to pursue nonjudicial foreclosure
proceedings against a unit owner who has defaulted on the payment
of association assessments. The process is initiated by service
of notice to the unit owner, creditors with a recorded lien on the
unit, and other stakeholders that are specified in section 667-
92(e), Hawaii Revised Statutes. Current law also provides the



association with several options if the association is unable to serve all of the parties entitled to receive notice. One of these options allows the association to seek court permission to proceed with the nonjudicial foreclosure by serving notice to the unit owner by publication and posting. However, this option does not specifically allow the association to serve any of the creditors or other parties by publication if they cannot be found, which may prevent the nonjudicial foreclosure from moving forward. At that point, the association may have to pursue foreclosure by judicial proceedings, which involve substantially more time and cost. By specifically allowing associations to serve notice to creditors and other parties by publication, this measure enables associations to continue seeking cost-effective and efficient nonjudicial foreclosures against delinquent unit owners.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2485 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



