

STAND. COM. REP. NO. 470

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 502
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 502 entitled:

"A BILL FOR AN ACT RELATING TO REAL ESTATE SELLER DISCLOSURE,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a uniform standard for disclosure for condominium projects, cooperative housing corporations, and other community associations.

Your Committee received testimony in support of this measure from the Hawai'i Association of REALTORS.

Your Committee finds that under existing law, because there are several definitions of a planned community association, the nature and extent of document disclosures required of the seller is uncertain. A seller who has property that falls within the definition of a planned community is also required under chapter 508D, Hawaii Revised Statutes, to provide prospective buyers with planned community association declaration and association documents at the time of the disclosure statement.

Your Committee further finds that sellers may not know whether their property is subject to a planned community regime and may not have the requisite documents during the early stages of the transaction when initial disclosures are provided. Your Committee has heard testimony that sellers are occasionally

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unaware their property is located in a planned community regime if the planned community is loosely planned or not well organized. In these situations, the first indication that a property is subject to planned community governance may be upon receipt of the title report. This measure addresses these concerns by clarifying the documentation that is subject to disclosure, focusing upon the recorded restrictions that affect the property, and requiring a list of documents that must be disclosed under chapter 508D, Hawaii Revised Statutes.

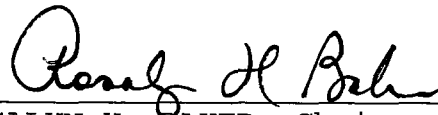
Your Committee notes that this measure provides for a right of rescission by the buyer upon receipt of a current title report. The right of rescission in this measure would cover situations where a prospective buyer of a property does not discover the property is subject to planned community governance until receipt of the title report. The prospective buyer would then have fifteen days to rescind the real estate purchase contract. Your Committee also notes that the right of rescission in this measure is in addition to rights of rescission set forth in sections 508D-5, 508D-6, and 508D-13, Hawaii Revised Statutes.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) 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 S.B. No. 502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 502, 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,

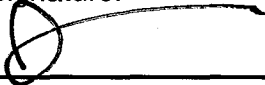


ROSALYN H. BAKER, Chair



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:		
SB 502	CPN	2/13/13		
<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)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes