



P.O. Box 976  
Honolulu, Hawaii 96808

February 22, 2014

Honorable Angus L.K. McKelvey, Chair  
Honorable Derek S.K. Kawakami, Vice Chair  
Consumer Protection and Commerce  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: **HB 2557 / OPPOSE**

Dear Chair McKelvey and Vice-Chair Kawakami and Committee Members:

I am the Chair of the Community Associations Institute's Legislative Action Committee ("CAI"). CAI, which represents the association industry in this State, **opposes HB 2557**.

**This Bill is unnecessary.** There have been no industry wide complaints to the property managers, boards and/or association attorneys about associations not recognizing some amounts as credit to an owner, and ignoring this credit and proceeding with a non-judicial foreclosure. If that happened, the owner would likely allege a violation of the Federal Fair Debt Collection Practices Act. So this "remedy" as proposed in the Bill is unnecessary.

**The Bill will result in unnecessary litigation.** The Bill assumes that associations owed money to their owners and, thus, if that is the case, they must first offset such amounts before proceeding with a non-judicial foreclosure. This is almost never the case. However, someone could "argue" or "allege" that they are owed money by the association, and thus, use the current language of the Bill to "stall out" the foreclosure process. In addition, Hawaii law requires an owner that disputes their debts to "pay first" and then dispute later as associations operate on a "zero based budget". The current Bill could be read to undermine the current law.

For these reasons we respectfully request the Committee not pass out and defer **HB 2557**. Thank you for your consideration.

Very truly yours,

Christian P. Porter