

SB2363

Measure Title: RELATING TO CONDOMINIUMS.

Report Title: Condominiums; Transparency

Description: Requires condominium board members and managing agents to disclose potential conflicts of interest in the awarding of contracts. Requires annual report on complaints and enforcement actions. Grants the real estate commission enforcement powers over issues relating to the management of condominiums.

Companion: HB2401

Package: None

Current Referral: CPN, JDL

Introducer(s): TANIGUCHI

**PRESENTATION OF THE
REAL ESTATE COMMISSION**

**TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014**

Wednesday, January 29, 2014
9:00 a.m.

TESTIMONY ON SENATE BILL NO. 2363, RELATING TO CONDOMINIUMS.

**TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:**

My name is Scott Sherley and I am the Condominium Review Committee Chairperson of the Hawaii Real Estate Commission ("Commission"). The Commission appreciates the opportunity to present testimony on Senate Bill No. 2363, Relating to Condominiums. Senate Bill No. 2363 requires condominium board members and managing agents to disclose potential conflicts of interest in the awarding of contracts of \$200,000 or more; an annual report from the Commission on complaints against condominium boards and enforcement actions taken by the Commission; and grants the Commission enforcement powers over issues relating to the management of condominiums. The Commission supports the intent and purpose of Senate Bill No. 2363 to encourage more transparency in the actions of condominium association boards of directors. However, the Commission opposes the bill as drafted and has questions and concerns with Senate Bill No. 2363 as follows.

Senate Bill No. 2363 proposes to impose a contract award amount of \$200,000 as a threshold amount before the conflict of interest prohibition is triggered. The Commission is concerned that the \$200,000 threshold amount lessens the consumer

protective measure of the current law which applies to any "conflict of interest" situation regardless of monetary amount. The current law applies regardless of any monetary amount at stake in a contract and states that a board member with a conflict of interest on any issue before the board must disclose the nature of the conflict of interest prior to a vote on that issue at the board meeting and abstain from voting. "Conflict of interest", as used in the law is defined as an issue in which a director has a direct personal or pecuniary interest not common to other members of the association (§514A-82(b)(5), HRS [disclosure only], §514B-125(f), HRS). Minutes of the meeting shall record the fact that a disclosure was made.

Senate Bill No. 2363 also proposes to extend the prohibitions against conflicts of interest to managing agents. However, the current law already provides for such a prohibition under a broader more expansive consumer protection measure of "fiduciary duty" imposed on every managing agent with respect to any property managed by that managing agent (§514A-95(c), HRS, §514B-132(c), HRS).

When the legislature recodified the condominium law in 2006, it maintained the original basic tenet of the condominium law as one of self-enforcement of the laws and rules by the owners, with limited government involvement. This public policy is reflected throughout the condominium law. See, e.g., §§514A-46, 47 and 48; and §§514B-65, 66 and 68, HRS. The language on page 6 line 20 to page 7 line 18 of the bill would (1) run counter to that public policy, (2) create significant internal inconsistencies in the chapter regarding the commission's authority and jurisdiction; and (3) create confusion as to the

Testimony on Senate Bill No. 2363
Wednesday, January 29, 2014
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circumstances under which a matter brought to the attention of the commission must be investigated and enjoined by the Department of the Attorney General.

For the reasons discussed, the Commission encourages transparency as intended by Senate Bill No. 2363 but opposes the bill as drafted.



P.O. Box 976
Honolulu, Hawaii 96808

January 27, 2014

Honorable Rosalyn H. Baker
Honorable Brian T. Tanaguchi
Commerce and Consumer Protection
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **SB 2363/OPPOSING**

Dear Chair Baker, Vice-Chair Tanaguchi and Committee Members:

I am the Chair of the Community Association Institutes Legislative Action Committee ("CAI"). CAI opposes SB 2363 for the following reasons.

First, the following provisions of Chapter 514B, HRS, that apply to all condominiums in the State provides for greater duties and broader disclosure requirements for board members disclosing any conflicts of interest:

"§514B-106 Board; powers and duties. (a) Except as provided in the declaration, the bylaws, subsection (b), or other provisions of this chapter, the board may act in all instances on behalf of the association. In the performance of their duties, *officers and members of the board shall owe the association a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 414D.*

[§514B-125] Board meetings.

(f) A director shall not vote at any board meeting on any issue in which the director has a conflict of interest. A director who has a conflict of interest on any issue before the board shall disclose the nature of the conflict of interest prior to a vote on that issue at the board meeting, and the minutes of the meeting shall record the fact that a disclosure was made.

"Conflict of interest", as used in this subsection, means an issue in which a director has a direct personal or pecuniary interest not common to other members of the association. [L 2004, c 164, pt of §2]"

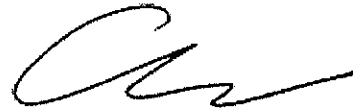
Honorable Rosalyn H. Baker
Honorable Brian T. Tanaguchi
January 27, 2014
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Given these broad disclosure requirements that already exist in the law, SB2363 could be read as conflicting with the current law, and narrowing the disclosure of conflicts to only contracts of \$200,000 or more that are being considered and voted on at the board meeting. This narrow disclosure requirement is not needed, and could result in needless litigation.

Second, Chapter 514B, HRS, also provides remedies for members and associations in the event that a board member fails to disclose a conflict of interest and votes on an issue that he or she should not have voted on. Mediation and/or arbitration exist under the current law. See §§514B-161 and 162, HRS, respectively. As a matter of fact, during the last legislative session the a new paid for mediation program was implemented and put into process over any attempt to renew "Condo Court", and this was supported by the Real Estate Commission. Therefore, there are existing remedies under the law to address the issues that SB2363 seeks to provide.

CAI represents the association industry, and **opposes the passage of SB 2363**. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "C. Porter", with a stylized flourish at the end.

Christian P. Porter

Senate Commerce & Consumer Affairs Committee
Wednesday, January 29, 2014
9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363**, Relating to Condominiums; Transparency

I, Harendra Panalal, own condominiums as follows.

Sunset Towers, 419 Atkinson Dr. Unit 1802, Honolulu HI 96814

Hawaiiana Management Co.

Mokuleia Surf, 68-101 Waialua Beach Road, Unit 304, Waialua HI 96791

Hawaii First Inc. now Associa

Hale-O-Kalani Towers, 1702 Kewalo St. Unit PH3, Honolulu, HI 96822

Management Specialists, Inc.

Country Club Plaza, 5080 Likini St. Unit 417, Honolulu, HI 96818

Hawaiiana Management Co.

About two years ago, I was president of above three AOA. Now I am president of HOKT, and a board member of MS and ST.

Even as a board member, I did not have an easy time getting all information from Hawaiiana and HFI.

For Sunset Towers, we had conflicting legal opinions about responsibility of spalling and waste piping.

For Mokulei Surf, many times I was denied information.

The usual excuse given was that I have to personally go to management company, and get information.

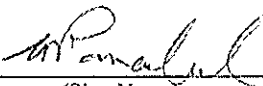
At HOKT, BOD and management company work well together.

For ensuring complete transparency, I suggest the following.

- (a) All records be available to all owners by email. This also should apply to delinquencies below 90 days.

- (b) Legal opinions should be available to all owners. If management company employees can be trusted, so should all owners. If any attorney feels his information should not be shared with all owners, he can look for business elsewhere. Secrecy does more harm than good.
- (c) All major expenses over say, \$10,000 per unit must need approval from a majority of owners. Classifying such expenditures as 'emergency' is subject to abuse. Making a slim majority of directors decide such issues can be detrimental to owners.
- (d) Financial statements are often given in management company's own format. I suggest that the actual check register be included so an average owner can understand them.
- (e) Whenever a loan is taken, payment plan should be included. Vague answers such as 'it is up to the BOD' should not be acceptable. Without payment plan, many owners do not recognize the balloon payment.
- (f) All emails should also be available to all owners so a 5 to 4 majority cannot dictate its terms.
- (g) If a parliamentarian is called to conduct any meeting, his relationship with the management company should be disclosed, and need prior approval by a majority of BOD or owners. They may tend to use their knowledge more in favor of management company or directors more favorable to management company, rather than owners. This can distort results of election of directors.
- (h) Most owners do not have time, money and energy to go to court. REC should be empowered to act on behalf of such groups of owners.

In closing, I ask that you please pass SB 2323. I suggest more changes to ensure rights of individual owners. Thank you for your time and support on this matter.



 (Sign Name)
 Harendra Panalal, PE, RME

 (Print Name)

_____ harendrap@leisinc.com
 _____ (Email or Address)
 Off. 792-0455, home 538-6202
 _____ (Phone-optional)

Senate Commerce & Consumer Affairs Committee

Wednesday, January 29, 2014

9:00 am, Rm 229

Sen. Rosalyn Baker, Chair

Sen. Brian Taniguchi, Vice Chair

RE: Testimony In Support of SB 2363, Relating to Condominiums; Transparency

My name is Laurie Hirohata and I live at the Hono Hale Towers Condominium (HHT). I support SB 2363 because it will give condo owners more protection from unethical and possibly illegal activities conducted by the Condo Board (Board) and the Property Management Co. (PM Co.) retained to support the Condo Board.

I got involved with this issue because many of my neighbors are either elderly or are immigrants from China and do not speak English very well. These owners, who live in the complex, often do not know what is going on because of a language barrier and are not always aware of what the Board is doing. Our Board has stated in our annual Condo Association meetings that since the owners seem to be apathetic, they do not have to take the time to share what they are doing with the owners until they have made a final decision. This has led to a number of disputes since the Board has repeatedly made unilateral decisions; signed a contract with a vendor; then notified the condo owners that a repair or renovation project would commence on a specific date. And, unless the owners united and demanded more details on what was going on, very little details were provided on the project. Sometimes this has led to costly mistakes!

Some of the owners have asked to review the records on how a particular vendor was selected, and review the details of the signed contract. Most of the time, no documents were made available. The issue for many owners is that the Board is supposed to be representing the owners so there should be transparency, open governance and decisions that clearly show support and benefit to the owners. As I investigated this matter, I have found that the problems we have with our Condo Board is rather common amongst condominiums!

The reason why I support SB 2363 is that although HRS 514A-46 provides the Hawaii Real Estate Commission (HREC) the authority to investigate matters that is in violation of the HRS CH 514A, many owners who have sought assistance from the HREC to investigate their Board for possible violations were told that HREC did not conduct investigations or follow-up on possible violations.

Currently, there is no government office to go to with complaints about Condo Boards and

Property Management Companies retained to support the Board. The only recourse condo owners have is to take it to mediation or go to court. Using mediation or the court system is expensive and requires the owner to understand the legal system. Battles with Condo Boards seem to be a statewide problem. For example, the Hawaii Star Advertiser recently published an article about a couple on Molokai who won a \$1.2 million settlement against their Condo Board. (See attached article)

Dealing with unscrupulous Boards is very time-consuming and can be quite expensive. The Moana Pacific Condo (MPC) paid for a full-page ad just before their Annual Condo Association meeting last March. (See attached ad) Their ad identified a number of issues that paralleled our complaints. However, since the MPC is a much larger complex (about 750 units) and we (HHT) have only 200 units their expenses were lot higher than ours. For us at HHT, \$1 million is a very LARGE contract, while the MPC indicated that one of their contracts in dispute was for \$10 million.

Although larger condos have higher expenses, when I surveyed a number of condo owners from various sized complexes (167 units to 550 units) there was consensus amongst the owners that the amount of a contract that would require a conflict-of-interest disclosure before the procurement process began should be much lower to send a clear message to the Board and PM Co. that condo owners are aware and concerned about Condo Board business, especially since the monies they are spending come from the condo owners!

On page, 2, line 8: I would like to recommend that the amount be changed from “Prior to the awarding of any contract with a value of [\$200,000]. . .” to a much smaller amount, such as a value of \$50,000. The intent is to provide oversight & monitoring to prevent unethical and possibly illegal activities by the Condo Board and its retained Property Management Co.

The problem with questionable Board decisions with contracts impacts the State in many ways. For example, our Board has decided to install WIFI sub-meters so each unit will now be responsible for its own electric bill. Per ACT 018, the Board can decide to sub-meter a condo without a vote from the Condo Association.

However, I do not believe ACT 018 allows the Board or the PM Co. to circumvent HRS requirements, such as hiring a company from the mainland who is not registered with DCCA-BERG and does not have a State Tax GE ID number. Also, HHT owners are not sure if the company has a General Contractor with a state license and whether the individuals who are going to install the WIFI meters (that have a low electrical charge) have a Hawaii Electricians license or certificate. All of the aforementioned issues should be a concern to the State Decision-makers, because businesses such as Intech 21, who has been contracted to install HHT’s WIFI meters are probably not paying State taxes and following DCCA Professional Licensing rules.

Our sub-metering contract is relatively small so the lost state tax revenues will be relatively small, but it will be an annual loss to the state for many years. Returning to the MPC ad, has anyone checked to see if the contractors for the \$10 million contract mentioned in the ad paid state taxes? The loss of state taxes on a \$10 million contract is a significant amount. (HHT uses the same PM Co. mentioned in the ad.)

If anything goes wrong with this sub-metering project, the owners will have a significant problem because unlicensed or certified individuals are probably being used to install the device and therefore the Condo Association's insurance coverage and the owner's homeowner's coverage may be nullified.

If SB 2363 is passed and enacted into law, I would be more than willing to assist the HREC and any other state entity to use our sub-metering issue as the first "test case" for investigation.

In closing, I humbly ask all of you to please consider and pass SB 2363. The need for a State office to provide oversight management and follow-up on complaints will only increase as more and more condos are being planned and built at a very fast rate.

Thank you for your time and support on this matter.

Respectfully Submitted By:

Laurie Hirohata

Email: lhirohat@gmail.com
Cell: 398-3492

SB2363

Submitted on: 1/27/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Takumi	Individual	Oppose	No

Comments: I am a community association manager and advise several community association boards on how to run their association. This bill is vague on how/when to notify the association owners on a conflict of interest. It may slow down the process of maintaining the common property. Also HRS Chapter 514B already has the process on declaring conflict of interest. I also do not agree with establishing criminal charges when a board may make an inadvertant mistake in their decisions.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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AMY CRISCOLA
500 University Avenue, #1629
Honolulu, HI 96826
Phone: (808) 955-7576
E-mail: amycriscola@hawaii.rr.com

To: Commerce & Consumer Protection (CPN) Committee

From: Amy Criscola, Ala Wai Plaza - Board President
Cathy Iha, Ala Wai Plaza – +Former Secretary

CC: Laurie Hirohata

Date: January 27, 2013

Subject: Condominium Transparency Bill (SB 2363)

I support the proposed SB 2363 Bill as a legal start to protect condo owners on their investment in their home.

Board directors are unpaid volunteers from all walks of life and a few come with personal agendas and missions and don't pay attention to their fiduciary duties in serving as a director.

Condo owners currently have little legal recourse when Board conflicts occur. The current Ala Wai Plaza Board came into office in 2011 due to such a conflict. Since then, the Board directors have changed but have carried out their fiduciary duties as directors as best as possible.

In mid-2010, a small committee of AWP owners embarked on a campaign to recall the presiding Board President due to the lack of transparency. After 6-months of hard work with extensive research of 514B, being available to owners who had questions and informing owners of our findings, owner support momentum grew. The Board President submitted his resignation the evening of the 2011 Annual Meeting.

Passing of SB 2363 will aid board directors perform due diligence and protect condo owners.

Mahalo!

To COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

DATE: Wednesday, January 29, 2014
TIME: 9:00am
PLACE: Conference Room 229

Testimony of Wynnie Hee in SUPPORT of SB2363 RELATING TO CONDOMINIUMS, which “Requires condominium board members and managing agents to disclose potential conflicts of interest in the awarding of contracts. Requires annual report on complaints and enforcement actions. Grants the real estate commission enforcement powers over issues relating to the management of condominiums.”

Chair Baker, Vice Chair Taniguchi, and Members of CCP Committee:

I don’t understand all the 514 section numbers listed in this bill, but I like the idea of a law requiring disclosure of potential conflicts of interest in awarding of contracts by condominium board members and managing agents.

In the foreseeable future, we will have few single family homes built and many more high-rise condominium towers in transit-oriented developments, plus thousands of suburban townhouses on rezoned agricultural lands of Koa Ridge and Hoopili – booming business for community association management agents.

I myself live in a townhouse in Mililani and for less than a year have been on the board of directors. By accident I found out that the president of our board, who has an auto repair shop, is next door neighbor to our termite control company and across the street from our landscaping company – all in the same industrial neighborhood. Just a little cozy. So I would like to have the reassurance of a bill like this that there must be disclosure of conflicts of interest.

This bill applies to contracts of \$200,000 or more – but it might need to be a little more specific. For example, what if it’s an initial one-year landscaping contract for \$8000 a month, and then it continues month to month after the first year? This would run over \$200,000 after two years. Would this bill apply to a contract like this, or not?

Coincidentally, I just read about a scam involving homeowners associations in Las Vegas (my daughter lives there). It happened in Las Vegas in the decade before the housing boom went bust. Bill SB2363 would prevent this from happening here – or at least make it easier to prosecute scammers.

“The conspirators, through election rigging and other means, packed [homeowners’] association boards with members who handed out contracts worth millions of dollars at the expense of the homeowners....”

(“Federal HOA investigation still mired in secrecy,” by Jeff German, Las Vegas Review Journal, January 20, 2014, <http://www.reviewjournal.com/news/federal-hoa-investigation-still-mired-secrecy>)

Here's more of the details, for your entertainment:

“As Las Vegas’s housing supply exploded, so did the competition among lawyers and contractors to represent new homeowner associations in so-called construction-defect lawsuits.... “When a new development was nearing completion, the group would buy a couple of units in the community and then transfer partial ownership of the condos to individuals secretly on its payroll, according to court documents. While pretending to be residents of the communities, these “straw buyers” would run for leadership positions on boards of the new homeowner associations. By paying off community managers, hiring private investigators to find dirt on legitimate candidates and rigging elections, the documents allege, the straw buyers were able to infiltrate boards at several new developments in Las Vegas from 2003 to 2008. Once in control of the boards, the straw buyers would then use their governing positions to steer millions of dollars in construction and legal fees back to their co-conspirators.”

(“Las Vegas Real Estate Scam Goes Bust,” by Felix Gillette, Bloomberg Businessweek, 12-14-2011, http://www.nbcnews.com/id/45614219/ns/business-us_business/t/las-vegas-real-estate-scam-goes-bust/#.Uudmyvtuhkg)

We are David and Genya Scroggin and we support SB 2363.

We bought 2 condos in Diamond Head Alii, one in 2003 and the second in 2005. Ever since, we have been harassed and greatly mistreated by Hawaiiana and the board of directors. When we expressed our opinion concerning the bids for the jobs and wanted to know where the money is being spent, the harassment started. They elect to the board only their own gang. When we wanted to get on the board, they manufactured late fees and false charges, put liens on both of our condos even though all documentation was provided and an explanatory document was filed by us at the Bureau of Conveyances. The board voted to make up a new rule that if anyone owes even a late fee, they can not run for a position on the board and this is how they have blocked us and have refused to acknowledge that we don't owe anything.

It is impossible to get Hawaiiana to do their duty. Our property is not kept. We have walls crumbling down which have needed to be replaced for at least 7 years. We have written letters to the Commission and nothing is getting done. Now both of our apartments have been flooded by neglect of the association to attend to plumbing matters related to units above us. They refuse to reimburse us for the damages. Collaborating against us and misleading the insurance company on purpose.

There is a rule that everyone has to buy personal condo insurance, yet in our case, they refuse to name the insurance companies that flooded us.

The managing agent of Hawaiiana when we bought our first condo was Lois Ekimoto, wife of Richard Ekimoto of Ekimoto and Morris, who used her position to get more business for her husbands law firm while she was a managing agent for our condo building. She influenced the situations to provoke lawsuits such as hiring a crew to come and demolish our walkway trellis pergola in front of our personal entry gate that was protecting us from large palm branches from falling on our heads. The trellis pergola was grandfathered and had been there for forty years or more and she knew that we were in the process of getting permits to make it approved.

David and Genya Scroggin

SB2363

Submitted on: 1/27/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Nakamura	Individual	Support	No

Comments: Oftentimes I strongly believe that the condo board and the managing agency are not doing their job regarding getting honest bids from contractors because everything is not transparent to homeowners. We are TOLD that these are the terms of the contract to do building repairs and the cost.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

SB2363

Submitted on: 1/25/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Joanne Taylor	Individual	Oppose	No

Comments:

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SB2363

Submitted on: 1/28/2014

Testimony for CPN on Jan 29, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Walkey	Individual	Oppose	No

Comments: HRS 514B-25 covers board member conflict of interest.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Senate Commerce & Consumer Affairs Committee
Wednesday, January 29, 2014, 9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
Sen. Brian Taniguchi, Vice Chair

RE: Testimony In Support of SB 2363, Relating to Condominiums; Transparency

I, Debra D. Loh, own a condominium at Sunset Towers at 419 Atkinson Drive, #801, in Honolulu.

I support SB 2363 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

We also cannot get detailed information on how the vendors were selected by the Condo Board nor can we review the details of the signed contracts with the vendors.

We often are given only verbal information on upcoming projects then a notice is posted on the bulletin board to let us know when the repair or renovation work will begin. Although we have asked, we often do not know if the company the Condo Board hired has any prior complaints filed against them; have the necessary insurance or bond to cover the project; and have the required state professional licenses or certificates to do the job.

Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.



Debra D. Loh

loh Wong@surewest.net

916-508-4821

Sen. Rosalyn Baker, Chair

Sen. Brian Taniguchi, Vice Chair

RE: Testimony In Support of SB 2363, Relating to Condominiums; Transparency

I, _Lei Kudo, own a condominium at _Waialae Gardens_(4126 Keanu St. Apt #3 Honolulu, HI 96816).

I support SB 2363 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We often are given only verbal information on upcoming projects then a notice is posted on the bulletin board to let us know when the repair or renovation work will begin. We often do not know if the company the Condo Board hired has any prior complaints filed against them; have the necessary insurance or bond to cover the project; and have the required state professional licenses or certificates to do the job.

Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.

Lei Kudo

phone: 732-5855

4126 Keanu St. Apt 3

Honolulu, HI 96816

Senate Commerce & Consumer Affairs Committee

Wednesday, January 29, 2014

9:00 a.m., Rm 229

Sen. Rosalyn Baker, Chair

Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363**, Relating to Condominiums; Transparency

I, Lorinna Schmidt, own a condominium at the Marco Polo located at 2333 Kapiolani Blvd., Honolulu, Hawaii 96826. I have been an owner and resident here for nearly 45 years. I was one of the owners who was forced to litigate against the Marco Polo Board and successfully won a precedent setting case by obtaining punitive damages against a Marco Polo Board President. I had no alternate recourse except to hire expensive attorneys and litigate for over for over ten years and ultimately prevailed in the Supreme Court. I very much support SB 2363 because it is the beginning of some relief for so many condo owners who are suffering from the abuses of Condo Boards and Property Management Companies who are hired to support the Condo Boards.

One recent instance of abuse at the Marco Polo is the replacement of the lobby furniture. In 2008 the Board hired a very expensive interior decorating company to oversee this replacement project. Many owners felt that the existing rattan furniture was in very good condition and all that was needed were new cushion covers at a cost of \$2,000 or \$3,000. Instead the Board budgeted \$40,000 for new furniture. As the cost overruns began to exceed the budgeted amount the Board voted to cap the expenditures at \$62,000. When the new furniture was delivered owners were quite disappointed. Near identical furniture could have been purchased locally at Costco for approximately \$10,000 to \$15,000. In the fall of 2012 concerned owners requested that the Board provide invoices and bank statements to support all of the expenditures. Owners had to wait more than eight months before only four invoices were provided. Presently in 2014 the Board has yet to provide a complete accounting of the lobby furniture invoices which appear to have exceeded \$90,000. Our property manager stated that he can only take orders from the Board president and has failed to provide a proper accounting. What we have here is a situation of **ZERO TRANSPARENCY** and **FAILURE TO ACCOUNT FOR ASSOCIATION MONIES**. A search on the internet reveals numerous activities and events (unrelated to the Marco Polo) involving the Board president and the interior design company's CEO which arouses suspicions of **CONFLICTS OF INTEREST!** Please pass SB 2363.

Lorinna Schmidt

(Sign Name)

LORINNA SCHMIDT

(Print Name)

2333 KAPIOLANI BLVD., #2
HONOLULU, HAWAII 96826

(Email or Address)

808-942-3737

(Phone-optional)

Senate Commerce & Consumer Affairs Committee
 Wednesday, January 29, 2014
 9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
 Sen. Brian Taniguchi, Vice Chair

RE: Testimony In Support of SB 2363, Relating to Condominiums; Transparency

I, Margaret F. Ojima own a condominium at Hono Hale Towers.

I support SB 2363 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

We have had a lot of problems with getting information in a timely manner from the Condo Board and the Property Management Co., including Board Meeting Minutes (which are supposed to be available to owners) and budget & accounting information.

We also cannot get detailed information on how the vendors were selected by the Condo Board nor can we review the details of the signed contracts with the vendors.

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Currently, there is no government office to go to with our complaints. The only recourse we have to resolve our problems is to take it to mediation or go to court. We need a state office to provide oversight management and investigate our complaints so all condo owners across the state can have equal protection from Condo Boards and Property Management Co's., especially those who are not being open and honest with us.

In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.

Margaret F. Ojima
 (Sign Name)

Margaret F. Ojima
 (Print Name)

2648 Kuilei St C23 Honolulu HI 96826
 (Email or Address)

 (Phone-optional)

Senate Commerce & Consumer Affairs Committee
 Wednesday, January 29, 2014
 9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
 Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363, Relating to Condominiums; Transparency**

I, Joan Lee own a condominium at Hono Hale Towers.

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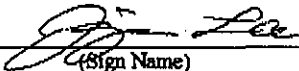
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In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.


 (Sign Name)

Joan Lee
 (Print Name)

2651 Kuilei St, B64; Hon. HI 96826
 (Email or Address)
 joanlee@hotmail.com

 (Phone-optional)

Senate Commerce & Consumer Affairs Committee
Wednesday, January 29, 2014
9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
Sen. Brian Taniguchi, Vice Chair

RE: Testimony In Support of SB 2363, Relating to Condominiums; Transparency

I, Rui Xing Tan own a condominium at HONO HALE TOWERS

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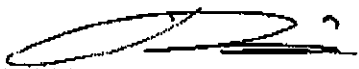
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In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.


(Sign Name)
Xing hua Tan
(Print Name)
Rui Xing Tan

Rui 8883 @ gmail. com
(Email or Address)
808-352-8388
(Phone-optional)

Senate Commerce & Consumer Affairs Committee
Wednesday, January 29, 2014
9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363, Relating to Condominiums; Transparency**

I, Xing hua Li own a condominium at HONO HALE TOWERS

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In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.


(Sign Name)
Xing hua Li
(Print Name)

ku1883@gmail.com
(Email or Address)
808-728-8470
(Phone-optional)

Senate Commerce & Consumer Affairs Committee
 Wednesday, January 29, 2014
 9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
 Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363, Relating to Condominiums; Transparency**

I, Karen M. Kagawa own a condominium at Hono Hale Tower.

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In closing, I ask that you please pass SB 2323. Thank you for your time and support on this matter.

Karen M. Kagawa
 (Sign Name)

Karen M. Kagawa
 (Print Name)

2648 Kuilei St #C116 Hon HI 96826
 (Email or Address)

672-1296(w) 942-5549(h)
 (Phone-optional)

Senate Commerce & Consumer Affairs Committee

Wednesday, January 29, 2014

9:00 am, Rm 229

Sen. Rosalyn Baker, Chair
Sen. Brian Taniguchi, Vice Chair

RE: **Testimony In Support of SB 2363, Relating to Condominiums; Transparency**

I, JON & JULIE HAIG own a condominium at
MARCO POLO 2333 KAPIOLANI HONOLULU HI 96826

I support SB 2363 because it will give condo owners more protection from questionable and unethical activities conducted by the Condo Board and the Property Management Co. hired to support the Condo Board.

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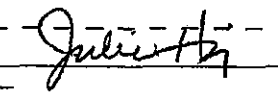
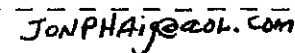
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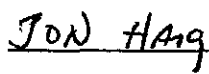
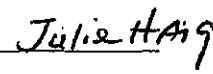
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 (Sign Name) (Email or Address)

 (Print Name) (Phone-optional)