

STAND. COM. REP. NO.

713

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 406  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 406 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM PROPERTY REGIMES,"

begs leave to report as follows:

The purpose of this measure is to ensure that members of a board of directors of a residential project or association of twenty or more residential dwelling units receive ethics training by requiring these members to take and satisfactorily complete an online ethics course offered through the Real Estate Commission. This measure also requires condominium bylaws to contain an explanation of this educational requirement.

Hui'Oia'i'o and several concerned individuals testified in support of this measure. The Hawaii Real Estate Commission, Associa, and two concerned individuals testified in opposition to this measure.

At the public hearing on this measure, the Real Estate Commission raised concern regarding the additional burden the mandatory ethics training requirement would place on board members, all of whom are volunteers. Recruiting volunteers to serve on the boards is difficult and this mandatory requirement will likely exacerbate that situation. Accordingly, your Committee finds that making the ethics training optional is a more prudent approach.

HB406 HD1 HSCR CPC HMS 2017-1819-3



Your Committee has amended this measure by:

- (1) Changing the course from an ethics training course to a board member educational training course and making the course optional rather than mandatory;
- (2) Specifying that the Real Estate Commission shall procure the training course rather than establish the course;
- (3) Specifying that the course will be focused on condominium laws;
- (4) Requiring the Real Estate Commission to promote the board member educational training course to resident managers or managing agents;
- (5) Deleting the requirement that condominium bylaws contain an explanation of the ethics training course requirement for members of a board of directors;
- (6) Establishing one full time equivalent condominium specialist position within the Department of Commerce and Consumer Affairs to assist the Real Estate Commission in providing assistance to individuals seeking information on Hawaii's condominium law and appropriating an unspecified amount of funds for this position;
- (7) Appropriating moneys from the Condominium Education Trust Fund for reimbursement of services of a third party provider procured to administer the condominium board member training course;
- (8) Requiring the Real Estate Commission to submit a report to the Legislature 20 days prior to the convening of the Regular Session of 2018 that analyzes the condominium education hotline established by the Commission, including all relevant statistics on its efficacy, such as the amount of calls the hotline receives, how many issues are resolved, and feedback from actual callers, as well as any other information on the effectiveness of the hotline;
- (9) Changing its effective date to July 1, 2112, to facilitate further discussion; and



- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee also respectfully requests the Committee on Finance to consider appropriating \$30,000 from the Condominium Education Trust Fund for reimbursement for services of a third party provider procured to administer the ethics training course and examination.

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. 406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 406, H.D. 1, and be referred to your Committee on Finance.

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



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ANGUS L.K. MCKELVEY, Chair



