

STAND. COM. REP. NO. 496-18

Honolulu, Hawaii

February 15, 2018

RE: H.B. No. 1873
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 1873 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to clarify the effect of a
payment plan to resolve a nonjudicial foreclosure, including
payment obligations, mediation requirements, and triggers for
further default. This measure further establishes procedures for
a condominium owner to submit disputed legal fees, penalties or
fines, late fees, lien filing fees, or other charges, except
common expense assessments, to the mediation process prior to
payment.

The Hawaii Council of Associations of Apartment Owners dba
Hawaii Council of Community Associations, Community Associations
Institute Hawaii Chapter, Hui 'Oia'i'o, Associa, and a few
individuals testified in support of this measure. Anderson Lahne
& Fujisaki, LLP and several individuals testified in opposition.
One individual provided comments.

HB1873 HD1 HSCR CPC HMS 2018-2117



Your Committee has amended this measure by:

- (1) Deleting the purpose section and provisions clarifying the effect of a payment plan to resolve a nonjudicial foreclosure;
- (2) Preserving an association's ability to deduct and apply portions of common expense assessments to unpaid late fees, legal fees, fines, and interest; provided that the association adopts and distributes such policy on an annual basis and be included in any agreement for automatic withdrawal of assessments by the association;
- (3) Amending requirements for an association's disclosure upon demanding payment from a unit owner;
- (4) Removing language allowing a unit owner to seek mediation prior to paying disputed legal fees, penalties or fines, late fees, lien filing fees, or other charges, except common expense assessments;
- (5) Changing the effective date to July 1, 2050, to promote further discussion; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

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. 1873, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1873, H.D. 1, and be referred to your Committee on Judiciary.



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



ROY M. TAKUMI, Chair



State of Hawaii
House of Representatives
The Twenty-ninth Legislature **HSCR 496-18**

Record of Votes of the Committee on Consumer Protection & Commerce

| Bill/Resolution No.: HB 1873 | Committee Referral: CPC, JUD | Date: 2/9/18 | | |
|--|---|-------------------------------|----------|----------|
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| CPC Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. TAKUMI, Roy M. (C) | ✓ | | | |
| 2. ICHIYAMA, Linda (VC) | ✓ | | | |
| 3. AQUINO, Henry J.C. | ✓ | | | |
| 4. ITO, Ken | ✓ | | | |
| 5. JOHANSON, Aaron Ling | ✓ | | | |
| 6. LoPRESTI, Matthew S. | | | | ✓ |
| 7. MIZUNO, John M. | ✓ | | | |
| 8. SAY, Calvin K.Y. | ✓ | | | |
| 9. TOKIOKA, James Kunane | ✓ | | | |
| 10. YAMANE, Ryan I. | | | | ✓ |
| 11. McDERMOTT, Bob | | | | ✓ |
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| TOTAL (11) | 9 | 0 | 0 | 3 |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small> | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |