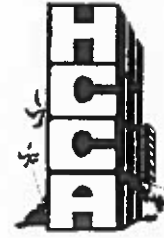




**Hawaii Council of Associations
of Apartment Owners**
DBA: Hawaii Council of Community Associations
1050 Bishop Street, #366, Honolulu, Hawaii 96813



March 28, 2018

Sen. Brian T. Taniguchi, Chair
Sen. Karl Rhoads, Vice-Chair
Senate Committee on Judiciary

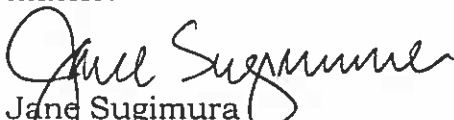
Re: Testimony in support of
HB2118, HD1 SD1 RELATING TO CONDOMINIUMS
Hearing: Thursday, March 29, 2018, 9:30 a.m. , Conf. Rm. #016

Chair Taniguchi, Vice-Chair Rhoads and Members of the Committee:

I am Jane Sugimura, President of the Hawaii Council of Associations of Apartment Owners (HCAAO dba HCCA).

HCCA served on the Residential Fire Safety Advisory Committee ("RFSAC") established by the Honolulu City Council after the Marco Polo fire. One of the challenges that the Committee considered was how to assist associations pay for the installation of fire sprinklers, specifically if they wanted to borrow the funds necessary to pay for the retrofitting, which under current statutory provisions requires the consent of 50% of the ownership interest. This is particularly challenging when many owners live outside the US and whose primary language is not English. There are many high-rise buildings in Waikiki, Hawaii Kai and the Ala Moana areas in this situation. That is the reason for this bill.

This bill creates a very narrow exception for those buildings with at least 20% of their ownership living outside the US to borrow funds to install fire sprinklers (or any other installation or improvements mandated by government) without having to meet the threshold of 50% as specified in this provision. Accordingly, HCCA respectfully requests that you pass this bill unamended. Thank you for the opportunity to testify on this matter.


Jane Sugimura
President

HB-2118-SD-1

Submitted on: 3/27/2018 10:20:50 AM

Testimony for JDC on 3/29/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Emery	Testifying for Associa	Support	No

Comments:

This Bill simplifies borrowing funds for mandated safety requirements. Associations with large numbers of foreign owners can force an association to spend large sums of money for loan approval simply due to the non response of foreign owners that may not understand the situation. We support HB2118.

HB-2118-SD-1

Submitted on: 3/27/2018 9:41:31 PM

Testimony for JDC on 3/29/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

HB-2118-SD-1

Submitted on: 3/28/2018 12:06:44 AM

Testimony for JDC on 3/29/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lila Mower	Testifying for Hui `Oia`i`o	Oppose	No

Comments:

While the proposed measure has its merits, the proposed amendment implies but does not clearly state that those funds are ONLY for the installation of equipment or improvements to the common elements for the health and safety of residents or unit owners.

In the absence of constraints, the measure may be liberally construed by board members as permission to borrow without owners' consent if at least 20% of the unit owners reside outside of the US.

Associations are often indebted on loans that were borrowed in excess of what was needed, only for owners to learn that the extra amounts were not used for pre-defined or pre-authorized purposes.

There is also no ceiling on the amount of loan that a board may borrow.

With an imprudent board, owners may be subjected to unbridled spending.

HB-2118-SD-1

Submitted on: 3/28/2018 2:48:23 AM

Testimony for JDC on 3/29/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kate Paine	Individual	Oppose	No

Comments:

Must have amended safeguards to protect owners from money's borrowed that have no direct link to mandated project. Dangerous to give boards no built-in borrowing limits

HB-2118-SD-1

Submitted on: 3/28/2018 5:00:34 AM

Testimony for JDC on 3/29/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Harendra Panalal	Individual	Oppose	No

Comments:

Hon. Committee Members

This Bill, as written, may be abused by BOD, management companies and attorneys to the detriment of owners.



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March 28, 2018

The Honorable Brian Taniguchi, Chair
Committee on Judiciary
The State Senate
State Capitol, Room 219
Honolulu, Hawaii 96813

Dear Chair Baker:

Subject: House Bill (HB) 2118, House Draft (HD) 1, Senate Draft (SD) 1 Relating to
Condominiums

I am Manuel P. Neves, Chair of the Hawaii State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD support HB 2118, HD 1, SD 1, which proposes to amend § 514B-105 of the Hawaii Revised Statutes that will allow a condominium board to install equipment for the residents' health and safety without the consent of the unit owners where at least 20 percent of the unit owners reside outside of the U.S.

The Marco Polo condominium fire on July 14, 2017, highlights the dangers of fire in unsprinklered buildings. Automatic fire sprinkler systems have been proven to save lives and property and protect the environment. Death rates and property loss are substantially reduced when these systems are installed and properly maintained.

Concerns by condominium associations have brought to light the fact that many property owners reside in foreign countries and do not respond to requests from the condominium board regarding life safety issues. Inaction by foreign property owners will impede the progress to obtain funding to install mandated fire and life safety systems and appliances for the protection of occupants residing in these condominiums.

Life safety is a top priority for the SFC and the HFD, and we urge your committee's support on the passage of HB 2118, HD 1, SD1.

The Honorable Brian Taniguchi, Chair
Page 2
March 28, 2018

Should you have questions, please contact SFC Administrative Specialist Lloyd Rogers at 723-7176 or lrogers@honolulu.gov.

Sincerely,



MANUEL P. NEVES
Chair

MPN/LR:clc