

# HCCA

Hawaii Council of Community  
Associations  
[www.hawaiicouncil.com](http://www.hawaiicouncil.com)

January 31, 2022

Representative Aaron Johanson, Chair  
Representative Lisa Kitagawa, Vice-Chair  
House Committee on Consumer Protection and Commerce


Re: HB2272 Relating to Condominium Associations. Testimony in Support  
Thursday, February 3, 2022 at 2 p.m.

Chair Johanson, Vice-Chair Kitagawa and Members of the Committee:

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

HCCA supports this bill and asks that this bill be passed out with the amendments to Section 8 [Section 514B-148 (a) (4)] proposed by Richard Emery, VP of Associa Hawaii. Mr. Emery's proposed amendments will clarify (i) the term "independent, certified reserve specialist" because the term "reserve specialist" is a term proprietary to Community Associations Institute and a broader term should be used in this section and (ii) that reserve studies are already required by this section to be updated on an annual basis.

Thank you for allowing me to testify on this bill.

  
Jane Sugimura  
President

## **TESTIMONY OF ALISON UEOKA**

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COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Representative Aaron Ling Johanson, Chair  
Representative Lisa Kitagawa, Vice Chair

Thursday, February 3, 2022  
2:00 p.m.

### **HB 2272**

Chair Johanson, Vice Chair Kitagawa, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council support efforts to encourage the prompt maintenance and repair of condominium buildings in Hawaii. Many condominiums have been built in the 1970's and 1980's and now require major repairs to keep the buildings operational. These changes are often structural as we live in an island state surrounded by salt water. Pipes in buildings do not last forever and many have exceeded their lifespan but have not been replaced. Compounded by interior sprinkler requirements or the equally or more expensive fire life safety requirements, many in condominiums are not keeping up with the necessary repairs and maintenance because of cost.

Continued losses in this area mostly due to water losses from failed pipes in buildings have caused the market for condo building insurance to stagnate and insurers are reluctant to enter the market. The way condo associations operate and how decisions are made is a flawed system that relies upon the very owners who must pay for these repairs and maintenance to make the decision to increase every owner's costs. Many

times, Boards are unable to increase their maintenance fees to an appropriate level because they cannot get the requisite number of votes. Even then, Boards are and have been thrown out by a new Board who refuses to approve increases to maintenance fees even though they may be sorely needed. Most buildings here are in need of repair or replacement and are not on schedule. The process in which to make these big decisions, get estimates, have the Board or membership vote on financing and then to get the project started takes years. In the meantime, losses continue as components in the buildings fail.

The property insurance market is changing worldwide as we are experiencing the adverse impact of climate change. In addition, aging properties and properties that are not hardened against increasing weather events will have to pay more to insure themselves. Increasing losses impact reinsurers who provide insurance for insurance companies. Reinsurers provide worldwide coverage for insurers and a hardening market directly impacts what insurers must charge for their products.

We hope that measures such as these encourage those who own units in condominiums to make the appropriate investment to maintain their units.

Thank you for the opportunity to testify.

**HB-2272**

Submitted on: 2/2/2022 10:54:11 AM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Richard Emery	Associa	Support	No

Comments:

SUPPORT WITH AMENDMENTS. The paragraph addressing the requirement for a reserve study every three years to be completed by a certified reserve specialist and not by the managing agent needs to be deleted for the following reasons:

1. The term reserve specialist is owned by CAI. There are others that prepare reserve studies.
2. There is no certification but they are accredited.
3. Reserve studies are now updated annually as a part of the annual budgeting process.
4. Managing Agents have no conflicts and are in the best position to help the Board.

Reserve studies are defined nationally as a budgeting tool and not a quality inspection of the property. Please deleted this section.



**HAWAII STATE ASSOCIATION OF PARLIAMENTARIANS  
LEGISLATIVE COMMITTEE  
P. O. Box 29213  
HONOLULU, HAWAII 96820-1613  
E-MAIL: [STEVEGHI@GMAIL.COM](mailto:STEVEGHI@GMAIL.COM)**

February 1, 2022

Honorable Rep. Aaron Ling Johanson, Chair  
Honorable Rep. Lisa Kitagawa, Vice-Chair  
House Committee on Consumer Protection and Commerce (CPC)  
Hawaii State Capitol, Room 329  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Testimony in SUPPORT OF HB2272; Hearing Date: February 3, 2022 at 2:00 p.m. Conference room 329 and Zoom; sent via Internet**

Aloha Rep. Johanson, Chairman; Rep. Kitagawa, Vice-Chair; Committee Members,

Thank you for the opportunity to provide testimony on this bill. I have a prior obligation and may not be at the hearing in time to provide verbal testimony.

The Hawaii State Association of Parliamentarians (“HSAP”) has been providing professional parliamentary expertise to Hawaii since 1964.

I am the chair of the HSAP Legislative Committee. I’m also an experienced Professional Registered Parliamentarian who has worked with condominium and community associations every year since I began my parliamentary practice in 1983 (more than 2,000 meetings in 39 years). I was also a member of the Blue Ribbon Recodification Advisory Committee that presented the recodification of Chapter 514B to the legislature in 2004.

This testimony is provided as part of HSAP’s effort to assist the community based upon our collective experiences with the governing documents and meetings of numerous condominiums, cooperatives, and Planned Community Associations.

This testimony is presented in **SUPPORT OF HB2272**.

The bill proposes the following:

**SECTION 1:** Clarifies that the declaration may be amended at any time by the vote or written consent of unit owners representing sixty-seven per cent of the common interest unless the declaration is amended by the unit owners to require a higher percentage.

This was the original intent when we worked on the Blue Ribbon Recodification Advisory Committee and there have been different legal opinions about the vote to amend the declaration. This amendment will clarify the 67% requirement.

SECTION 2: Mandates a reserve study to be included in the Developer's public report.

This will help to provide more information to prospective owners and more information supporting the annual reserve requirements.

SECTIONS 3 and 4 (Petitions):

Clarifies petitions must be signed and dated. Provides for a time limit of one-hundred twenty days for submitting a petition.

This will correct the abuse where the same undated petition is used multiple times to trigger multiple special meetings.

SECTION 4: Clarifies that electronic, machine, or mail voting can also be done during a state or local state of emergency, declared pursuant to chapter 127A. Also clarifies the term, "mail voting."

SECTION 5: Addresses approval of association meeting minutes when a board meets less often than every sixty days. Permits board approval of association meeting minutes if authorized by owners, regardless of how often the board meets.

Notwithstanding board approval, subsection (b) retains the requirement that all association meeting be available (1) within seven calendar days after approval, and (2) unapproved final drafts of the minutes of a meeting shall be available within sixty days after the meeting.

The requirement for making association meeting minutes available has remained unchanged.

SECTION 6: Clarifies that the proxy deadline time is "Hawaii-Aleutian Standard Time."

This will correct issues where a management company operates in more than one time zone.

SECTION 7: Clarifies that the board doesn't have to adopt meeting rules every time there is an election. Permits the board to make board meeting rules available on an association website in lieu of sending notice to all owners.

Board meeting rules generally relate to connectivity issues and debate speaking. However, they cannot override the right of owner participation in any deliberation or discussion at board meetings, other than executive sessions.

Web sites are customarily used by owners to obtain copies of the minutes, agenda, and various reports. The use of a website saves the association an expense of sending minor amendments to all owners whenever there are changes are made to the rules.

SECTION 8: Provides that a reserve study shall be performed by an independent, certified reserve specialist, who shall not be affiliated with the managing agent of the association. It

also expands the “cash flow plan” from twenty to thirty years.

We express comments that the “affiliated” prohibition is vague and could be subject to multiple interpretations. Otherwise, we take no position on this section.

**We request that you pass the bill.**

If you require any additional information, your call is most welcome. I may be contacted via phone: 423-6766 or through e-mail: [Steveghi@Gmail.com](mailto:Steveghi@Gmail.com). Thank you for the opportunity to present this testimony.

Sincerely,

*Steve Glanstein*

Steve Glanstein, Professional Registered Parliamentarian  
Chair, HSAP Legislative Committee  
SG:tbs/

**HB-2272**

Submitted on: 2/2/2022 1:00:46 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Grant Oka	Kipuka at Hoakalei AOUO	Support	No

Comments:

Dear Representative Johanson, Chair, Representative Kitigawa, Vice Chair, and Members of the Committee:

**I support portions of H.B. 2272.**

**Section 1.**

I support Section 1. The proposed amendment to HRS Section 514B-32(a)(11) will clarify that, except as stated in Section 514B-32(a)(11), all condominiums may amend their declarations by the vote or written consent of owners representing at least sixty-seven percent of the common interest, unless their declarations are amended by the unit owners to require a higher percentage. This will eliminate any confusion regarding the application of this section now that HRS Chapter 514A has been repealed.

**Section 2.**

I support Section 2. This section will require developers to include in the public report a breakdown of the annual maintenance fees which includes the annual reserve contributions based on a reserve study.

**Section 3.**



I support Section 3 which provides that petitions submitted by owners to amend the bylaws are valid only if submitted within 120 days of the earliest signature.

#### **Section 4.**

I support Section 4 which provides that petitions submitted by owners for special meetings are valid only if submitted within 120 days of the earliest signature.

I support the intent of the change to HRS Section 514B-121(e)(3), but suggest that a definition of “notice of voting” be added. Otherwise, there will be confusion as to what constitutes a notice of voting.

#### **Section 5.**

I support the change in Section 5 which eliminates the requirement that boards approve minutes of meetings of the association within sixty days after the meeting. Some boards meet only quarterly, so the sixty-day requirement is not workable.

#### **Section 6.**

I support the insertion of Hawaii-Aleutian Standard Time, but don't really know that it is necessary.

#### **Section 7.**

I support Section 7 which allows the board to establish standing rules for owner participation.

**Section 8.**

I take no position on Section 8.

Respectfully submitted,

Grant Oka

President, Kipuka at Hoakalei AOOU

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**Section 6.**

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**Section 7.**

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**Section 8.**

I take no position on Section 8.

Respectfully submitted,

Primrose K. Leong-Nakamoto (S)  
Property Manager  
Nakamoto Realty, LLC

**HB-2272**

Submitted on: 2/2/2022 1:32:00 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Lourdes Scheibert	Kokua Council, Participant of Hui 'Oia 'i'o	Support	Yes

Comments:

I support HB2272

**HB-2272**

Submitted on: 2/1/2022 2:40:10 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
lynne matusow	Individual	Support	No

Comments:

As an owner occupant and board member of a high rise condo, I support of this bill. However, I ask that the following amendments be made:

Page 12, delete lines 19 to 20, regarding rules being on associaiton website in lieu of notice. There are many owners, especially seniors, who do not possess smart phones, computers, lap tops, etc. and thus will not be able to access websites. The language in lines 19 and 20 disenfranchises them. In my building, we have to post notices in the lobby and, depending on the subject matter, also distribute them to each unit.

I also request that you change the requirement that the reserve study be prepared or updated at least every three years to every five years. (See page 13, lines 19 and 20).

I fully support that the cash flow plan be changed from 20 to 30 years. Many years ago we brought in an investment advisor who was matching our planned expenditures with maturity dates. He told us that twenty years was too short as some items won't show up that fast and once the initial study is done all properties and specialists do is follow the categories without adding new ones. He talked about 20 years projection that never considered salt water erosion and damage in coastal areas, especially in California and Florida, and 30 years out there was a problem and it had not be accounted for in the reserve study.

Thank you for the opportunit to testify.

**HB-2272**

Submitted on: 2/1/2022 4:21:38 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Jeff Sadino	Individual	Comments	No

Comments:

I am offering **COMMENTS** only for HB2272.

In Section 4 on pages 9 -10, the amendment should allow for remote voting at all times, not just during a state of emergency. Many Associations are only partly owner-occupied. Just because an Owner does not live on property does not mean that their ability to vote on issues as they come up should be curtailed.

In Section 7, I have concerns about the Board being able to establish rules that limit Owner participation during Board Meetings. Even though 514B-125(a) states that Owners "...shall be permitted to participate in any deliberation or discussion...", I have frequently been told that I cannot participate in topics being discussed during the Open Session. Section 7 should repeat the clause from 125(a). Owners should not be restricted from participating in Board Meetings without good cause for excessive disruption, etc.

Thank you for the opportunity to testify,

Jeff Sadino

RE: Committee on Consumer Protection & Commerce

February 3, 2022

**House of Representatives**  
**Committee on Consumer Protection and Commerce**  
**Thursday, February 3, 2022**  
**2:00 p.m.**

To: Chair Aaron Ling Johanson  
Re: HB2272, Relating to Condominium Associations

Aloha Chair Johanson, Vice-Chair Kitagawa, and Members of the Committee,

I am Lila Mower, president of Kokua Council, one of Hawaii's oldest advocacy groups. We focus on policies and practices which can impact the well-being of seniors and our community.

I am also the leader of Hui 'Oia'i'o, informally known as "COCO," a coalition of over three hundred property owners--mostly seniors--from over 150 common-interest associations in Hawaii.

I **support HB2272** with the following suggestion regarding Section 7. HRS514B-125, on page 12 of the pdf version of HB2272: please delete the phrase, "in lieu of notice," on line 19 this presumes that all owners have access to their association's website. Rather than lessen avenues of notification, the Committee should encourage enhanced means of communicating within associations.



**HB-2272**

Submitted on: 2/1/2022 9:58:44 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Marcia Kimura	Individual	Support	No

Comments:

Reliable, qualified and impartial inspectors of structures are the key to realistic execution of timely repairs.

**Dale A. Head**  
1637 Ala Mahina Place  
Honolulu, Hawaii 96819  
(808) 836-1016 Home (808) 228-8508 Cell/Text  
[\[dale.head@aol.com\]](mailto:dale.head@aol.com)

***Aloha Hawaii State House of Representatives Committee on Consumer Protection and Commerce :***

**A.** Regarding **HB2272**, I am offering testimony to **OPPOSE** passage of it for the following reasons -

1. The document does not grant the right to vote for each member of an Association, this as no mention is made of providing '**Reasonable Accommodation**' to those who cannot attend a meeting in person. I was in a condominium complex for 34 years and 10 months. Attendance was always paltry at meetings as the owners were mostly investors, not owner-occupants in residence on site. We had mobility challenged owner-occupants who would love to vote by US Mail, Online over the Internet, or even via telephone to any of the specialty management companies that provide such a service. Investors who do not reside in Hawaii, would call me up to ask why they are blocked from using modern voting methods, when they can do so in their own home states. For their Hawaii properties they pay taxes to our state, and, income taxes too on rents received.

2. Mention is made of using modern voting methods, but, only during times of emergency. Which management company or business lobby group asked for that? While Governor David Ige did sign such an Act into law last year, on 24 June 2021, it was never communicated to the many tens of thousands of condominium owners by the state, and, limiting that to Covid 19 Pandemic and County Emergencies mean once those dramas pass, modern voting rights are revoked. Amazing disrespect for democratic principles.

3. Page 7 Lines 17 thru 19 specify a 'cap' of **120** days since the first signature on a Petition to amend ByLaws by a group of owners serves as an impediment, nearly insurmountable, to pass such a document through the hands of several hundred owners of a complex, who may be scattered through several states. This is very very unreasonable. I do know of successful removal of Boards of Directors, which is rare. This clause seems to be written to thwart owners organizing as a cohesive unit.

4. Regarding the matter of having an independent 'certified' Reserve Specialist prepare a Reserve Study, if that person was trained by the Business Guild of which the Managing Agent is a constituent business member, then they are not 'independent'.

**B.** For the reasons cited above, this Bill should be overhauled to provide voting rights to owners, all of them. I ask the Committee to uphold basic principles of Democracy, Voting Rights, and, Consumer Protection.

**Mahalo Nui Loa** - *Dale A. Head*

**HB-2272**

Submitted on: 2/2/2022 9:56:55 AM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Laura Bearden	Individual	Support	No

Comments:

Dear Representative Johanson, Chair, Representative Kitigawa, Vice Chair, and Members of the Committee:

**I support portions of H.B. 2272.**

**Section 1.**

I support Section 1. The proposed amendment to HRS Section 514B-32(a)(11) will clarify that, except as stated in Section 514B-32(a)(11), all condominiums may amend their declarations by the vote or written consent of owners representing at least sixty-seven percent of the common interest, unless their declarations are amended by the unit owners to require a higher percentage. This will eliminate any confusion regarding the application of this section now that HRS Chapter 514A has been repealed.

**Section 2.**

I support Section 2. This section will require developers to include in the public report a breakdown of the annual maintenance fees which includes the annual reserve contributions based on a reserve study.

**Section 3.**

I support Section 3 which provides that petitions submitted by owners to amend the bylaws are valid only if submitted within 120 days of the earliest signature.

**Section 4.**

I support Section 4 which provides that petitions submitted by owners for special meetings are valid only if submitted within 120 days of the earliest signature.

I support the intent of the change to HRS Section 514B-121(e)(3), but suggest that a definition of “notice of voting” be added. Otherwise, there will be confusion as to what constitutes a notice of voting.

**Section 5.**

I support the change in Section 5 which eliminates the requirement that boards approve minutes of meetings of the association within sixty days after the meeting. Some boards meet only quarterly, so the sixty-day requirement is not workable.

**Section 6.**

1. support the insertion of Hawaii-Aleutian Standard Time, but don't really know that it is necessary.

**Section 7.**

I support Section 7 which allows the board to establish standing rules for owner participation.

**Section 8.**

I take no position on Section 8.

Respectfully submitted,

Laura Bearden

Dear Representative Johanson, Chair, Representative Kitigawa, Vice Chair, and Members of the Committee:

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**Section 7.**

I support Section 7 which allows the board to establish standing rules for owner participation.

**Section 8.**

I take no position on Section 8.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'M. Anne Anderson', written in a cursive style.

M. Anne Anderson

**HB-2272**

Submitted on: 2/2/2022 12:04:14 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
mary freeman	Individual	Support	No

Comments:

Dear Representative Johanson, Chair, Representative Kitigawa, Vice Chair, and Members of the Committee:

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#### **Section 7.**

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**Section 8.**

I take no position on Section 8.

Respectfully submitted,

Mary Freeman

Ewa Beach

**HB-2272**

Submitted on: 2/2/2022 12:17:20 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Paul A. Ireland Koftinow	Individual	Comments	No

Comments:

Dear Representative Johanson, Chair, Representative Kitigawa, Vice Chair, and Members of the Committee:

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1. **4.**

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**Section 7.**

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**Section 8.**

I take no position on Section 8.

Respectfully submitted,

**HB-2272**

Submitted on: 2/2/2022 12:54:13 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Joshua Hanzel	Individual	Support	No

Comments:

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**Section 8.**

I take no position on Section 8.

Respectfully submitted,

Joshua Hanzel

**HB-2272**

Submitted on: 2/2/2022 1:07:25 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
R Laree McGuire	Individual	Support	No

Comments:

Support with amendments to exclude electronic petitions. Mahalo.



**Dale A. Head**  
1637 Ala Mahina Place  
Honolulu, Hawaii 96819  
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***Aloha Hawaii State House of Representatives Committee on Consumer Protection and Commerce :***

**A.** Regarding **HB2272**, I am offering testimony to **OPPOSE** passage of it for the following reasons -

1. The document does not grant the right to vote for each member of an Association, this as no mention is made of providing '**Reasonable Accommodation**' to those who cannot attend a meeting in person. I was in a condominium complex for 34 years and 10 months. Attendance was always paltry at meetings as the owners were mostly investors, not owner-occupants in residence on site. We had mobility challenged owner-occupants who would love to vote by US Mail, Online over the Internet, or even via telephone to any of the specialty management companies that provide such a service. Investors who do not reside in Hawaii, would call me up to ask why they are blocked from using modern voting methods, when they can do so in their own home states. For their Hawaii properties they pay taxes to our state, and, income taxes too on rents received.

2. Mention is made of using modern voting methods, but, only during times of emergency. Which management company or business lobby group asked for that? While Governor David Ige did sign such an Act into law last year, on 24 June 2021, it was never communicated to the many tens of thousands of condominium owners by the state, and, limiting that to Covid 19 Pandemic and County Emergencies mean once those dramas pass, modern voting rights are revoked. Amazing disrespect for democratic principles.

3. Page 7 Lines 17 thru 19 specify a 'cap' of **120** days since the first signature on a Petition to amend ByLaws by a group of owners serves as an impediment, nearly insurmountable, to pass such a document through the hands of several hundred owners of a complex, who may be scattered through several states. This is very very unreasonable. I do know of successful removal of Boards of Directors, which is rare. This clause seems to be written to thwart owners organizing as a cohesive unit.

4. Regarding the matter of having an independent 'certified' Reserve Specialist prepare a Reserve Study, if that person was trained by the Business Guild of which the Managing Agent is a constituent business member, then they are not 'independent'.

**B.** For the reasons cited above, this Bill should be overhauled to provide voting rights to owners, all of them. I ask the Committee to uphold basic principles of Democracy, Voting Rights, and, Consumer Protection.

**Mahalo Nui Loa** - *Dale A. Head*

**HB-2272**

Submitted on: 2/2/2022 3:13:00 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Dante Carpenter	V. P. - Country Club Village, Phase 2, AOA (469 Units)	Support	No

Comments:

Rep. Johanson, Chair; Rep. Kitagawa, V-C; and Members of the Consumer Protection Committee:

1. I respectfully support Sections 1 thru 7 in the contents of HB2272, Relating to Condominium Associations.
2. Our Condo takes no position on Section 8.

Respectfully Submitted,

*Dante Carpenter, Vice-Pres., CCV2, AOA*

**LATE**



P.O. Box 976  
Honolulu, Hawaii 96808

February 2, 2022

Rep. Aaron Ling Johanson, Chair  
Rep. Lisa Kitagawa, Vice Chair  
Committee Members  
Committee on Consumer Protection & Commerce

Re: HB2272 - Support w/Amendment

Aloha Chair Johanson, Vice Chair Kitagawa and Committee Members:

I am a member of the Community Associations Institute (CAI) Legislative Action Committee (LAC) Hawaii Chapter. The CAI Hawaii LAC supports HB2272 with one requested amendment.

There are two individuals on our LAC who received the Reserve Specialist designation provided by CAI. The Reserve Specialist designation is the highest reserve study designation available in the community association industry.

The bill currently reads under Section 8.1.(4) "provided that the reserve study shall be performed by an independent, certified reserve specialist, who shall not be affiliated with the managing agent of the association; provided further that the reserve study shall be prepared or updated at least every three years;". CAI LAC recommends deleting this section.

CAI LAC recommends that a Level III Reserve Study be performed as a minimum requirement annually as currently required. It is important in the annual budgeting process to update the reserve study. For example, managing agents can easily update the following items in a reserve study, 1) estimated beginning reserve balance, 2) interest income on investments, 3) inflation based on the Honolulu CPI, and 4) determining which reserve components were completed & which components were not completed and adjust accordingly. Managing Agents that have the capability to perform a Level III Reserve Study is beneficial to an association or community as it provides more current financial information.

Honorable Aaron Ling Johanson, Chair  
Honorable Lisa Kitagawa, Vice Chair  
February 2, 2022  
Page two

CAI LAC sees the value of having associations or communities engage a professional Reserve Specialist to perform a Level I Reserve Study. However, engaging a professional Reserve Specialist every three years to perform a reserve study could be too frequent for many associations or communities considering that all buildings are not equal. A small walkup building versus a high-rise luxury building are very different. Requiring a small walkup complex to engage a professional Reserve Specialist every three years will be costly for buildings with low unit counts and no amenities.

CAI LAC request that the following quotation be deleted from Section 8.1.(4) "provided that the reserve study shall be performed by an independent, certified reserve specialist, who shall not be affiliated with the managing agent of the association; provided further that the reserve study shall be prepared or updated at least every three years;".

CAI LAC requests this section be deleted since 1) there is a value to the association to allow the managing agent to update the Reserve Study on an annual basis to provide owners with a more current financial position of the association, 2) at minimum a Level III Reserve Study should be performed annually, not every three years, and 3) the high frequency of adding a financial burden on small walkup properties to engage a Reserve Specialist to perform a professional reserve study.

The CAI LAC supports the remaining changes proposed in HB2272

Very truly yours,

Jonathan Billings  
CAI LAC

**LATE**

**HB-2272**

Submitted on: 2/2/2022 2:40:07 PM

Testimony for CPC on 2/3/2022 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Laurence Sussman	Individual	Oppose	No

Comments:

I oppose this bill as it is written and believe that the current law is effective.