



HOUSE COMMITTEE ON FINANCE  
The Honorable Kyle T. Yamashita, Chair  
The Honorable Lisa Kitagawa, Vice Chair

**S.B. NO. 729, S.D. 1, H.D. 2 RELATING TO BOARD MEMBERS**

Hearing: Tuesday, April 4, 2023, 3:00 p.m.

The Office of the Auditor offers the following comments on part I of S.B. No. 729, S.D. 1, H.D. 2, which requires the Auditor to conduct an analysis of a *prior* version of the bill and to report whether what is proposed in that prior House Draft is consistent with the State's policies relating to professional and vocational licensing. Specifically, the Auditor is to analyze the probable effects of requiring members of condominium association boards to (1) review the association's articles of incorporation, bylaws, and rules and regulations, and the provisions of the Condominium Property Act within ninety days of being elected to the board; and (2) complete a leadership course approved by the real estate commission within one year of election to the board, for condominium associations with more than fifty units.

Section 26H-6, HRS, states new regulatory measures being considered for enactment that, if enacted, would subject *unregulated professions and vocations* to licensing or other regulatory controls, shall be referred to the auditor for analysis and referral shall be by *concurrent resolution* (Emphasis added.) The intent of Section 26H-6, HRS, is to consider the bill proposing regulation of a new profession or vocation in the legislative session following receipt of our assessment. However, without a bill containing the proposed regulation, there is no proposal for the Legislature to consider next session. And, if the proposal is re-introduced with substantive changes, Section 23-6, HRS, may require that the Auditor assess the new regulation for unregulated professions and vocations.

We also do not have the substantive expertise about condominium associations to be able to address "the probable effects" of requiring board members to review association documents or to complete a leadership course. We believe it would be more appropriate for another entity to analyze and determine the probable effects, such as the Real Estate Commission, which presently provides education and training for condominium boards and associations, or the Legislative Reference Bureau, which has reviewed condominiums in Hawai'i in the past.

Thank you for considering our testimony related to S.B. No. 729, S.D. 1, H.D. 2.

**Testimony of the Real Estate Commission**

**Before the  
House Committee on Finance  
Tuesday, April 4, 2023  
3:00 p.m.  
Conference Room 308 and Videoconference**

**On the following measure:  
S.B. 729, S.D. 1, H.D. 2, RELATING TO BOARD MEMBERS**

Chair Yamashita and Members of the Committee:

My name is Derrick Yamane, and I am the Chairperson for the Hawai'i Real Estate Commission (Commission). The Commission offers comments on this bill.

The purposes of this bill are to: (1) require the Auditor to conduct a sunrise analysis on the proposed regulatory controls for members of condominium association boards of directors; and (2) require the Commission to develop a curriculum to be made available to board members of a condominium association.

The Commission supports the intent of this measure to require the Auditor to conduct a sunrise analysis of the regulatory controls proposed by H.D. 1 of this measure. As part I of this bill appears to refer the proposed regulatory controls to the Auditor outside of the concurrent resolution process enumerated in Hawaii Revised Statutes (HRS) section 26H-6, the Commission defers to any testimony the Auditor may provide on this matter.

With respect to parts II and III, the Commission's mandate is to administer the Condominium Education Trust Fund (CETF) for education and research in areas including condominium management, the efficient administration of associations, and support for mediation and arbitration in accordance with HRS section 514B-71. The Commission continues to develop an extensive menu of educational programs for condominium unit owners and board members. These programs are currently offered both in-person and online, largely at no cost to owners in registered associations. Should this measure move forward, the Commission respectfully requests the Committee consider a delayed implementation date of July 1, 2025, to provide time for the Commission to determine potential topics with condominium stakeholders, and develop additional educational programs.

Thank you for the opportunity to testify on this bill.

April 1, 2023

Rep. Kyle T. Yamashita, Chair  
Rep. Lisa Kitagawa, Vice Chair  
Committee on Finance

Tuesday, April 4, 2023

3:00 pm

Via Videoconference



RE: **SB729 HD2** Relating to Board Members (**Support only with Amendments**)

Dear Chair Yamashita, Vice Chair Kitagawa & Committee Members,

The Chamber of Sustainable Commerce (CSC) testifies with conditional support of SB729 HD2, which requires the auditor to conduct a sunrise analysis on the proposed regulatory controls for members of condominium association boards of directors and requires the real estate commission to develop a curriculum to be made available to board members of a condominium association.

As business owners who strive for a triple bottom line and know we can strengthen our economy without hurting workers, consumers, or the environment, we urge this committee to **amend SB729 back to its original form** because we already know that too many homeowners are being hurt by negligent board members and the legal remedies are costly, inadequate and perpetuate the dysfunction.

The issue to be audited by the HD2 has already been researched in 1989 and nothing has changed since then. In fact, testimony in opposition to this current bill includes admissions from current board members who admit they find it impossible to read the laws, rules, and governing documents – which they are legally bound to comply with.

The opposition argues that these “unreasonable requirements” would discourage homeowners from volunteering to serve as board members; of course, that is the point of this bill: those who would thwart their fiduciary duty, should be discouraged from serving as board members. Regrettably, Director & Officer Insurance covers these board members’ malfeasance so there is no incentive to take personal responsibility; ironically, those who are injured by any negligence pay for the insurance, the collateral damage, and the attorneys. To make matters worse, it’s almost impossible to unseat a negligent board member because of their access to restricted contact information of homeowners.

The state requires those that get behind the wheel to have a license – to demonstrate they know the laws of the road and can operate a vehicle. When homeowners can be injured by a negligent board member, it is not unreasonable to require board members to attest that they have read the governing laws and documents.

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**Hawaii  
Legislative  
Council**

Maile Meyer  
Na Mea Hawaii  
Honolulu

Russel Rudderman  
Island Naturals  
Hilo / Kona

Tina Wildberger  
Kihei Ice  
Maui

Joell Edwards  
Wainiha Country Market  
Kauai

Kim Coco Iwamoto  
AQuA Rentals, LLC  
Honolulu

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**SB-729-HD-2**

Submitted on: 4/2/2023 7:31:47 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mike Golojuch, Sr.	Palehua Townhouse Association	Support	Written Testimony Only

Comments:

Our Palehua Townhouse Association supports SB729 as amended. Please pass this bill.

Mike Golojuch, Sr., President

**SB-729-HD-2**

Submitted on: 4/2/2023 10:34:48 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Idor Harris	Honolulu Tower AOA	Oppose	Written Testimony Only

Comments:

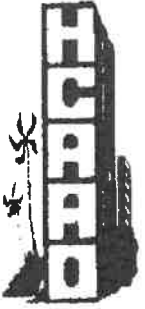
Honolulu Tower is a 396 unit condominium built in 1982 located at the corner of Maunakea and N. Beretania Streets. The Honolulu Tower Association of Apartment Owners board of directors (comprised of nine elected volunteer members, none of whom receive compensation) voted unanimously, at its Feb. 6, 2023 meeting, to oppose certain provisions of bills working their way through the legislature.

Included in those provisions are requiring directors to certify in writing compliance with their duties and required training for board members.

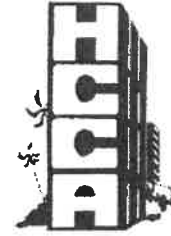
The board also believes that if laws create more work, that will increase costs for both the associations and management companies and staff will have to do the work, taking them away from other duties.

Idor Harris

Resident Manager, Honolulu Tower



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



April 2, 2023

Rep. Kyle Yamashita, Chair  
Rep. Lisa Kitagawa, Vice-Chair  
House Committee on Finance

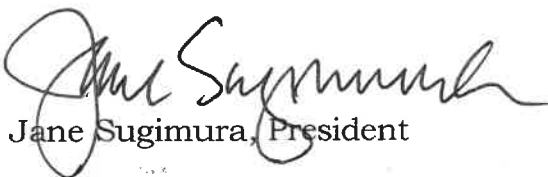
Re: Testimony in Support of  
SB 729, SD1, HD2 RE Board Members  
Hearing: Tuesday, April 4, 2023, 3 p.m., Conf. Rm. #308

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

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

HCCA strongly supports the intent and purpose of SB 729 SD1, HD2 and believes that requiring condominium board members to participate in education and training in community association governance would improve their decision-making and governance skills and may minimize disputes by and among owners and their boards.

Thank you for the opportunity to testify on this matter.

  
Jane Sugimura, President

Hui 'Oia'i'o

**House of Representatives  
Committee on Finance  
Tuesday, April 4, 2023  
3:00 p.m.**

To: Chair Kyle T. Yamashita  
Re: SB 729, SD 1 HD 2, Relating to Board Members

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

I am Lila Mower, the leader of Hui 'Oia'i'o, a coalition of property owners--mostly seniors--from common-interest associations including condominium associations, planned community associations, and a few cooperative housing corporations throughout Hawaii, and served as an officer on three condominium associations' boards.

Hui 'Oia'i'o supports SB 729 SD 1 HD 2.

I am also President of Kokua Council, one of Hawaii's oldest advocacy organizations which submitted proposals to the 2023 Legislature that included requiring the certification of board directors to ensure that they have read the governing documents and other documents pertinent to the governance of their associations and are prepared for the managerial, financial, and legal responsibilities necessary to properly govern.

These proposals only reiterated the conclusions of studies prepared by the Legislative Reference Bureau (LRB) as far back as 1989<sup>1</sup> and the Real Estate Commission (REC) in 1991<sup>2</sup> which examined recurring problems with board directors' failure to fulfill responsibilities that often resulted in internal strife. These studies are still relevant, referenced as recently as 2020 by Gordon M. Arakaki, Esq., in his work, "The Expert's Guide to Hawaii's Recodified Condominium Law (Chapter 514B, Hawaii Revised Statute)."

The 1989 LRB study concluded:

“1. The issue of informed condominium association board members and owners pervades a number of other issues and concerns. The presence or absence of knowledge and information on the part of board members and owners necessarily affects all of their actions, decisions, and perspectives, and facilitates [sp] informed decision making...

2. Many board members, owners, and even some managing agents either are unaware of or unfamiliar with the laws, rules, and specific documents governing condominiums.

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<sup>1</sup> [https://lrb.hawaii.gov/wp-content/uploads/1989\\_CondominiumGovernance.pdf](https://lrb.hawaii.gov/wp-content/uploads/1989_CondominiumGovernance.pdf)

<sup>2</sup> Condominium Dispute Resolution: Philosophical Considerations and Structural Alternatives – An Issues Paper for the Hawaii Real Estate Commission, by Gregory K. Tanaka (January 1991).

Others do not understand their ramifications or misinterpret their provisions. Consequently, many board members and owners do not fully apprehend their respective rights, duties, and responsibilities...As a result, there may be misunderstanding, dissatisfaction, and unfulfilled expectations surrounding condominium living...”

And the LRB made the following recommendation:

“Education of the Condominium Community.  
There is a clear, and in many cases a compelling, need to educate members of the condominium community concerning: their respective rights, duties, and obligations; the legal requirements imposed by statute or specific documents governing condominiums; and various other issues including but not limited to good financial management (including planning for major future repairs and replacements), sufficient internal financial controls...”

The continued relevance of these studies suggests that much has not changed despite attempts over the decades to educate owners and directors, conceivably because **there was no enforcement mechanism**.

SB 729 SD 1 HD 2 requires an analysis of proposing regulatory controls for directors. It is unnecessary to re-determine whether directors and management require education as news media reports of One Archer Lane<sup>3</sup> and Honuakaha,<sup>4</sup> among the most recent of a long list of condominium associations<sup>5</sup> whose owners and residents have been blindsided by poor decision-making by their governing bodies and management, occurrences which can be mitigated by better training and education, demonstrate this continued need to enforce education of directors.

Hui 'Oia'i'o supported earlier iterations of this proposed measure with provisions regarding the certification of directors that they have received and read their governing documents or have participated in board leadership classes, not just to alleviate manifestations of poor governance and management, but because education could reduce condo-related disputes which has the positive consequence of mitigating rising association insurance costs. Local insurance industry expert, Surita “Sue” Savio often expressed her concerns about rising insurance rates, adding that Hawaii had more Directors and Officers’ Insurance claims “than anyone else...we beat them [other states] all,” and mentioned that those premiums had increased by “25 to 60 percent.”<sup>6</sup>

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<sup>3</sup> [https://www.kitv.com/news/hundreds-of-condo-owners-at-one-archer-lane-hit-with-up-to-21-000-repair/article\\_20b4fb00-b19d-11ed-b4fa-5f97730dfa25.html](https://www.kitv.com/news/hundreds-of-condo-owners-at-one-archer-lane-hit-with-up-to-21-000-repair/article_20b4fb00-b19d-11ed-b4fa-5f97730dfa25.html)

<sup>4</sup> <https://www.civilbeat.org/2023/03/600-a-month-in-kakaako-gets-seniors-mold-shocks-and-the-smell-of-death/>

<sup>5</sup> <https://www.civilbeat.org/2016/05/the-brutal-reality-of-owning-a-condo-in-hawaii/>,  
<https://www.civilbeat.org/2017/01/do-condo-owners-need-some-help-from-hawaiis-legislature/>

<sup>6</sup> <https://www.youtube.com/watch?v=8wOM10cgYS0&t=353s>



Hui 'Oia'i'o

Florida, with approximately 15 times as many condominium associations as Hawaii, requires that their condominium associations' directors are certified to demonstrate their knowledge of their governing documents and other documents essential to good governance. While for-fee classes are available to directors, there are many **free** classes, too, which are convenient in time and location:

<https://www.campbellpropertymanagement.com/education/upcoming-events/tag/board-certifications>

<https://www.youtube.com/watch?v=3vTLrIZ-cog>

<https://www.youtube.com/watch?v=ElnVX52gGcE>

<https://www.youtube.com/watch?v=Yq38BcRsMrA>

<https://www.citybiz.co/article/334469/free-virtual-condo-and-hoa-board-certification-course-with-eisinger-law-partners/>

(Ironically and until recently, the proactive Florida government did not mandate reserve studies and allowed associations to waive or reduce reserve contributions, a policy that may have eventually contributed to the 2021 tragic collapse of Champlain Towers South.)

Hawaii's DCCA should produce Condo Education Trust Fund-subsidized classes without the added expense of a third-party vendor. This belief is supported by the Real Estate Branch's free-to-owners Condorama series<sup>7</sup> which has been more successful in reaching owners and directors than the classes conducted by that vendor, presenting the same or similar speakers without the inconvenience of exorbitant costs to owners and directors (approximately \$65 to \$75 per class attendee per class) and the inconvenient middle-of-a-work-week and in the middle-of-a-work-day schedule.

Mahalo for the opportunity to testify in support of SB 729 SD 1 HD 2.

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<sup>7</sup> <https://cca.hawaii.gov/reb/files/2022/12/CB2212.pdf>

**SB-729-HD-2**

Submitted on: 4/3/2023 2:38:18 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rachel Glanstein	AOAO Lakeview Sands	Comments	Written Testimony Only

Comments:

Aloha,

Senate Bill 729, S.D.1, H.D.2 (“S.B. 729”) was amended by the House Committee on Commerce & Consumer Protection (“CPC”) to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

S.B. 729 also instructs the auditor to analyze the probable effects of a proposed regulatory measure to require members of condominium association boards of directors to:

(1) Review the association’s articles of incorporation, bylaws, and rules and regulations, and the provisions of the provisions of the Condominium Property Act within ninety days of election to the board; and

(2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units, and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Otherwise, I am in favor of providing more educational opportunities for volunteer board members of associations.

Mahalo,

Rachel Glanstein

6/4/2022



## **IN STRONG SUPPORT OF**

### **SB729**

These pictures were taken over the course of a year as supporting reasons for Board Member education.

This current Board President is a licensed Realtor and part of the licensing courses is on HRS 514B.

At the recent Annual Meeting, with the exception of the board members, owners complained about the appearance of the grounds. They wanted to know the job description for the employed maintenance person and his performance accountability. Payroll = \$3000 per month

The Property Manager replied "I see nothing wrong with the appearance of the property"

The education requirement should include the Managing Agent principal broker and company president and each Property

6/21/2022



This board and property manager have commenced on a spalling repair project without the proper permitting from DPP.

This is not the 1<sup>st</sup> time this condo has been cited by DPP.

DPP has ordered the work to stop and the "3x per day" penalty cost is at the expense of the condo association.

The (5) board members tasked with this decision are not new to the board and one brags about being on the board for 20 years. One is a licensed Realtor and another is a "handyman".

Taking pictures are at an expense of being approached by HPD. In October, they (Resident Manager) called HPD to have me removed from the property for taking pictures.

Yet I am a unit owner and have owned condos since 1990 and have attended either CAI or HCCA events.



This was a gate repair done (approx) Oct 2020. It still remains the same with no paint to match the fence color.

3/25/2023



**SB-729-HD-2**

Submitted on: 4/1/2023 12:10:30 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Richard Emery	Individual	Comments	Written Testimony Only

Comments:

The Real Estate Commission already does a great job providing resources. I am not sure the need of this Bill. But I support resources and voluntary education.

**SB-729-HD-2**

Submitted on: 4/1/2023 5:01:45 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Anne Anderson	Individual	Comments	Written Testimony Only

Comments:

Dear Representative Yamashita, Chair, Representative, Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 (“S.B. 729”) was amended by the House Committee on Commerce & Consumer Protection (“CPC”) to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

S.B. 729 also instructs the auditor to analyze the probable effects of a proposed regulatory measure to require members of condominium association boards of directors to:

- (1) Review the association’s articles of incorporation, bylaws, and rules and regulations, and the provisions of the provisions of the Condominium Property Act within ninety days of election to the board; and
- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units,

and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

Anne Anderson

**SB-729-HD-2**

Submitted on: 4/1/2023 5:06:13 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Paul A. Ireland Koftinow	Individual	Comments	Remotely Via Zoom

Comments:

Dear Representative Yamashita, Chair, Representative Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 (“S.B. 729”) was amended by the House Committee on Commerce & Consumer Protection (“CPC”) to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

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- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units, and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

Paul A. Ireland Koftinow

HAWAII LEGISLATIVE  
ACTION COMMITTEE

  
**community**  
ASSOCIATIONS INSTITUTE

April 1, 2023

VIA WEB TRANSMITTAL

Hearing Date: Tuesday, April 4, 2023

Time: 3:00 p.m.

Place: Conference Room 308

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

House Committee on Finance

Re: Hawaii Chapter, Community Associations Institute's  
**Testimony regarding SB 729, SD 1, HD2**

Dear Chair Yamashita, Vice Chair Kitagawa and Committee Members:

I am the Chair of the Legislative Action Committee of the Community Associations Institute, Hawaii Chapter ("CAI-LAC"). We represent the condominium and community association industry and submit this testimony in support of Part II of SB 729, SD 1, HD 2. Specifically, we support the amendment of HRS 467-4 to allow the real estate commission to develop a curriculum regarding relevant condominium association documents, the provisions of chapter 514B, and leadership training materials to be made available to members of condominium association boards of directors on a voluntary basis.

Thank you for your time and consideration.

Sincerely yours,

/s/ R. Laree McGuire

R Laree McGuire

CAI LAC Hawaii

Dear Representative Yamashita, Chair, Representative Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 ("S.B. 729") was amended by the House Committee on Commerce & Consumer Protection ("CPC") to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

S.B. 729 also instructs the auditor to analyze the probable effects of a proposed regulatory measure to require members of condominium association boards of directors to:

- (1) Review the association's articles of incorporation, bylaws, and rules and regulations, and the provisions of the provisions of the Condominium Property Act within ninety days of election to the board; and
- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. This is also due to the fact that most board members are educated and have already been in a position of leadership in the private or public domain. I, for instance, have a doctorate in Business Administration and a Professor of Management and have been teaching Leadership, Strategic Management, and Entrepreneurship for more than 40 years! In addition, I managed Institutes and Centers in Academia with multi thousand-dollar budgets and many employees. Accordingly, it seems to me that a review of this nature seems totally unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

**GEORGE S. VOZIKIS, Ph.D.**  
**Chaminade University of Honolulu**  
Professor in Residence  
School of Business & Communication  
**California State University, Fresno**  
Edward Reighard Distinguished Chair in Management (ret.)  
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Phone: [REDACTED]  
Cell: [REDACTED]  
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george.vozikis@chaminade.edu



**SB-729-HD-2**

Submitted on: 4/2/2023 10:23:50 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

Please accept this as testimony in strong opposition to a bill that was introduced by request and those affected do not know who that person/entity is.

I live in a high rise condominium on the outskirts of Honolulu's Chinatown. All owners, including board members, have access to the governing documents. If you want to make this a requirement, something that is covered in other bills, I suggest you require it of all owners, so when they come to complain, file lawsuits, etc. they will have acknowledged that they fully understand their rights and duties and will comply. The association is considered deep pockets by the owners. Owners have asked boards to reimburse them for expenses incurred because of leaks, etc. that were caused by another owner's inattention, including air conditioner leaks that are not association property but that of the individual owners. This bill should not be applicable to condos greater than 50 units. It either applies to all or applies to none.

You should also realize that people will sign anything if it makes their lives easier. Or, perjure themselves before a grand jury which some members of a Georgia grand jury dealing with tampering in the 2020 election have alleged.

In addition, it is unnecessary given the existing legal requirements. It will impose an unreasonable administrative burdens on condominium associations. It will likely make it more difficult for associations to recruit members to serve on boards, it will complicate the operation of associations, it will increase maintenance fees as the costs incurred will be passed on to the owners, who are already complaining about required expenses, and it could indirectly expose board members to personal liability.

S.B. 729 will impose major administrative burdens on associations and property management companies because they will need to track and retain board members' written certificates (and possibly course completion certificates) to ensure compliance and to ensure that the directors continue to be qualified to serve. In practice, this type of record keeping will be extremely burdensome for several reasons: (1) the frequent changes in the persons serving on boards, (2) the changes in board members that occur when owners sell units or resign from boards, which

can occur at any time, (3) the changes in property management firms, (4) the frequent changes in property managers assigned to specific associations as employees are reassigned or resign, and (5) the number of persons serving on boards.

S.B. 729 imposes unprecedented duties upon board members of associations. Does HRS impose legal duties on the members of any state or private commission, board, or committee to “review” the governing documents of the members’ association, organization or agency, or the HRS. Does HRS or rules of the legislative chambers require legislators to “review” HRS?

The owners select the board members. Are you willing to nullify the will of the owners? Please defer this bill permanently, or at least until the June 30, 3000 effective date when it will be moot as the state will probably be underwater due to climate change and Lo’ihi isn’t expected to surface for another 14,000 or so years.

**SB-729-HD-2**

Submitted on: 4/2/2023 1:58:58 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Selkie Khoo	Individual	Support	Written Testimony Only

Comments:

I submit this testimony in support of **part II** of SB729 SD1 HD2. Thank you.

**SB-729-HD-2**

Submitted on: 4/2/2023 2:34:05 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeff Sadino	Individual	Support	Written Testimony Only

Comments:

I SUPPORT this Bill because it attempts to improve the harmony of condominium living.

While I support this Bill, it is a small echo of what it was (and needs) to be.

This Bill was most recently amended due to concerns that Board Members are not licensed/regulating and because of that, we cannot regulate their behavior. This “not licensed” argument is frequently used by the condo industry. While I agree that it may be technically correct, I think it is missing the point. The point is that a Board Member is in a very unique position where:

1. the Member has a tremendous amount of power/control/authority over their constituents
2. the Member has appallingly little competence in exercising their governing responsibilities
3. when the Member breaks the rules, it is the condo owner who bears the burden
4. there is a grossly unlevel playing field where the Board Member can utilize the full financial and time resources of billion-dollar management companies as well as the full financial and time resources of large law firms. Worse, the Member does not have to pay for legal fees because the Association will pay the attorney for them. This removes many, if not all, incentives that would naturally exist for a volunteer Board member to try to do a good job.

The condo industry says that condo owners should not complain because the owner “voluntarily” purchased into the association and knew how they work prior to their purchase. This is perpetuating a false choice. When the median price of a home is \$1,500,000, a first-time homebuyer has no other choice except to purchase into a condo association. For the condo industry to say that a person “voluntarily” purchased into an association is like saying the condo owner “voluntarily” chooses to eat food. It is a false choice. It does nothing to address the problems that exist in condominium living that even the condo industry concede exists.

There are many, many government organizations that can fulfill this task and there are many examples from other States that have done this successfully. If Board Member education fails because nobody can figure out how to have oversight over the government of condominiums, I will be very much disheartened and disappointed.

Thank you for the opportunity to provide testimony,

Jeff Sadino

**SB-729-HD-2**

Submitted on: 4/2/2023 9:17:11 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Philip Nerney	Individual	Comments	Written Testimony Only

Comments:

Support PART II only.

**SB-729-HD-2**

Submitted on: 4/3/2023 8:40:41 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Laurie Sokach	Individual	Comments	Written Testimony Only

Comments:

Dear Representative Yamashita, Chair, Representative Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 (“S.B. 729”) was amended by the House Committee on Commerce & Consumer Protection (“CPC”) to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

S.B. 729 also instructs the auditor to analyze the probable effects of a proposed regulatory measure to require members of condominium association boards of directors to:

- (1) Review the association’s articles of incorporation, bylaws, rules and regulations, and the provisions of the Condominium Property Act within ninety days of the election to the board; and
- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units, and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

Laurie Sokach AMS, PCAM

Association Management Specialist

Professional Community Association Manager





**SB-729-HD-2**

Submitted on: 4/3/2023 10:18:29 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeff Marsh	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Yamashita, Chair, Representative Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 (“S.B. 729”) was amended by the House Committee on Commerce & Consumer Protection (“CPC”) to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

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- (1) Review the association’s articles of incorporation, bylaws, and rules and regulations, and the provisions of the provisions of the Condominium Property Act within ninety days of election to the board; and
- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units, and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

Condominium Association train materials are readily available on line or through condominium community organizations. There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

Jeff Marsh

**SB-729-HD-2**

Submitted on: 4/3/2023 2:42:42 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Greg Misakian	Individual	Comments	Remotely Via Zoom

Comments:

The original intent of SB729 has been reduced to something that I can't support or oppose.

It's apparent to me from numerous written testimony and Committee Hearing testimony, that a few voices in the condominium trade industry are steering the SB729 ship on a path that will benefit them (i.e., the money trail). It's really time that our Legislators act in the best interest of condominium owners and not those that infuse large campaign donations and lobbyists.

Respectfully,

Greg Misakian

**SB-729-HD-2**

Submitted on: 4/3/2023 2:45:52 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lance S. Fujisaki	Individual	Comments	Written Testimony Only

Comments:

Dear Representative Yamashita, Chair, Representative Kitagawa, Vice Chair, and Members of the Committee:

Senate Bill 729, S.D.1, H.D.2 ("S.B. 729") was amended by the House Committee on Commerce & Consumer Protection ("CPC") to authorize the Hawaii Real Estate Commission to develop a curriculum with regard to relevant condominium association documents, the provisions of chapter 514B, and leadership training to be made available to members of boards of directors of condominium associations. This amendment will serve to advance the educational needs of condominium board members, and will hopefully result in more free educational opportunities being made available to condominium associations. This approach is much better than previous versions of this measure.

S.B. 729 also instructs the auditor to analyze the probable effects of a proposed regulatory measure to require members of condominium association boards of directors to:

- (1) Review the association's articles of incorporation, bylaws, and rules and regulations, and the provisions of the provisions of the Condominium Property Act within ninety days of election to the board; and
- (2) Complete a leadership course approved by the real estate commission within one year of election to the board, if the member serves on the board of a condominium project or association with more than fifty units, and assess whether its enactment is consistent with the policies under section 26H-2, Hawaii Revised Statutes.

There is no compelling reason for condominium boards to be subject to such regulations. Accordingly, a review of this nature seems unnecessary. For this reason, I urge the committee to remove Part I of S.B. 729.

Sincerely,

Lance Fujisaki

**SB-729-HD-2**

Submitted on: 4/3/2023 9:03:30 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mark R. Hagadone, Ph.D., FACFE	Individual	Support	Written Testimony Only

Comments:

Dear Chair Yamashita and Members of the Committee

I am in support of Part II of SB 729, SD 1, HD 2. I support the amendment of HRS 467-4 twchich allows the real estate commission to develop a curriculum regarding relevant condominium association documents, also the provisions of chapter 514B, and leadership training materials to be made available to members of condominium association boards of directors strictly on a voluntary basis.

Thank you for accepting our testimony

Mark R. Hagadone