

**Testimony of the Contractors License Board**

**Before the  
House Committee on Consumer Protection & Commerce  
Tuesday, February 6, 2024  
2:00 p.m.  
Conference Room 329 and Videoconference**

**On the following measure:  
H.B. 2213, RELATING TO THE CONTRACTOR REPAIR ACT**

Chair Nakashima and Members of the Committee:

My name is Candace Ito, Executive Officer, testifying for Neal Arita, the Chairperson for the Contractors License Board (Board). The Board opposes this bill.

The purposes of this bill are to: (1) expand the required contents of a notice of claim of construction defect served on a contractor; (2) require the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim; (3) amend the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs; and (4) limit the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

The Board opposes this bill because it is inconsistent with the intent of the Contractor Repair Act. The Legislature enacted the Contractor Repair Act as an alternative to resolving construction disputes to reduce the need for litigation while protecting claimants' rights. This measure takes away a claimant's ability to receive fair compensation by limiting the claimant's recovery to the total value of the contractor's offer if the claimant unreasonably rejects a proposal to inspect or an offer from the contractor. The term "unreasonably" is vague and should be clarified in the interest of the claimant and the contractor.

Further, if legal action is pursued, the court is required to deny the claimant an award of attorney fees and costs even if the claimant is the prevailing party and the contractor shall be entitled to an award of attorney fees and costs incurred following the date of the offer.

Thank you for the opportunity to testify on this bill.



## Raynor Overhead Doors and Gates Inc.

dba Raynor Hawaii Overhead Doors  
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Pearl City, HI 96782  
Phone: 808.676.3667 • Lic. #CT-34263

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00 pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I **SUPPORT** HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims as well as the part requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers. We need to adopt the successful models used by other states. These amendments promise to bring clarity and efficiency to the claim resolution process. This will both limit the time courts are wrestling with this issue and lessen the legal fees and delays for homeowners. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of obscure or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs. This approach aligns with best practices observed in other area of the United States and is a progressive step toward fostering an honorable and just resolution framework in Hawaii.

The failure to pass these amendments will compound the effects of what has begun to impede desperately needed new home construction on Oahu. Broad unsubstantiated claims of potential defects have halted hundreds of new housing units set to begin construction.

Equally damaging to our housing needs, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to justly do and at the same time protect Hawaii's homeowners. I respectfully request and urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

A handwritten signature in black ink that reads "Peter Eldridge". The signature is written in a cursive, flowing style.

Peter Eldridge  
President – Raynor Hawaii Overhead Doors and Gates Inc.



STANFORD CARR DEVELOPMENT, LLC

■ February 2, 2024

The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair  
and Members of the House Committee on Consumer Protection and Commerce

Re: Testimony – HB 2213, Relating to the Contractor Repair Act  
Hearing: February 6, 2024 at 2:00 PM  
Conference Room 329 & Videoconference

Dear Chair Nakashima, Vice Chair Sayama, and Committee Members:

Stanford Carr Development submits testimony in **support** of House Bill 2213, which proposes to expand the required contents of a notice of claim of construction defect served on a contractor.

The existing Contractor Repair Act §672E-3 requires 90-day advance notice prior to filing a legal complaint and for the claim to be described in detail. However, claims are often broad and vague. We support the proposed amendments that require additional specificity to the details of the alleged defect prior to the filing a legal complaint for the recovery of damages. We also support the proposed changes to HRS §672E-4 requiring the claimant and the contractor to cooperate in the timely facilitation of an inspection and the potential to repair without engaging in litigation.

While Bill 2213 appears to burden consumers with added requirements when seeking relief from defective workmanship, in fact the bill protects consumers from costly litigation advised by legal counsels who purport to protect their clients' interest, but serve only their own. Time and time again, our firm has witnessed arbitrary and capricious complaints of vaguely described construction defects authored by perennial "legal" firms seeking to deplete entire insurance policies under the guise of protecting their client – often capturing most settlements as attorney fees for themselves, leaving their clients to fund the repairs, if any, via special assessments, e.g., Kehalani Gardens.

The myth of the greedy developer providing shotty workmanship or otherwise unworthy products has captured the fears of home-buyers and law-makers alike, transforming the process of contractor repair into a cacophony of multi-million-dollar legal battles that largely ignore whether the alleged complaint itself is relieved.

In addition to the legal armaments developers and contractors must now employ when inspecting complaints of alleged defects, and the fact that alleged defects are often not repaired after such a settlement, the insurance markets have taken notice. Over the course of the last two decades, insurance premiums for General Liability policies - those which protect a contractor or developer from legal action such as described above – have grown exorbitantly relative to the cost of construction if providers are willing to insure at all.

Over time, barring a change to this trend, eventually it will be financially impossible to insure, and therefore build, medium density for-sale housing such as duplexes, townhouses, or low-rise multi-family. An entire generation of malfeasance on the part of over-zealous attorneys reaping the benefits of uninformed home owner's associations coupled with a diminimis, albeit legitimate, volume of material construction defects is leading to an era in which the most affordable type of housing one could build or buy, is too risky. Large scale multi-family projects have greatly decreased in the last 20 years, leading to the lion's share of new housing entrenched in single-family or high-rise development. The abuse of the Contractor Repair Act in its current state is a powerful influence in that trend, and will continue to be absent of legislation such as this. As a developer for over 30 years, who always warrants our workmanship, and on behalf of others like myself or young men and women born in the state looking to stay in the state provided they can afford to do so, we simply request an opportunity to remedy in good faith rather than waste precious time and money enriching attorneys.

Thank you for the opportunity to offer testimony on this measure.

Respectfully,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', with a long horizontal flourish extending to the right.

Stanford S. Carr



KY International, Inc.  
Architects & Planners

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



Henry T Y Kwok, AIA  
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Architects & Planners  
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KY International, Inc.  
Architects & Planners

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.


**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



Carole M. Ueki  
Vice President

**KY International, Inc.**

1100 Alakea St., Suite 1988

Honolulu, Hawaii 96813

808.524.1268 Ext.113

[carole@kyinternational.com](mailto:carole@kyinternational.com)





# HAWAIIANA

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Honolulu, Hawaii 96813  
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February 2, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the

construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon McKenna". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jon McKenna  
President

**HB-2213**

Submitted on: 2/3/2024 3:36:01 PM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Richard Emery	Hawaii First Realty LLC	Oppose	Written Testimony Only

Comments:

Construction defect claims have a statute of limitations. Often experts are retained to affirm the claim. New developments seem to be plagued with defect claims. Creates new artificial requirements to the detriment of the claimant. Timing is impossible to meet and with unintended consequences.



**Paradigm**  
CONSTRUCTION LLC

February 3, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early



**Paradigm**  
CONSTRUCTION LLC

resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

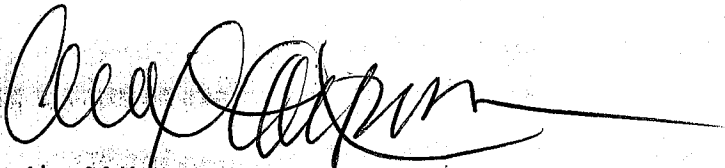


**Paradigm**  
CONSTRUCTION LLC

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



Alex M Kwon  
President

**HB-2213**

Submitted on: 2/4/2024 11:30:04 AM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nathaniel Kinney	Hawaii Regional Council of Carpenters	Support	Written Testimony Only

Comments:

HRCC is in support of this measure which would provide clarity and predictability for the development of housing in the State of Hawaii. We believe that barriers to the construction of housing drives up the price per unit and makes it harder for local families to qualify for financing. With a complicated entitlement and permitting regime, Hawaii cannot afford to place yet another regulatory burden on the development of housing.

February 6, 2024

TO: Chair Nakashima and members of the Hawai'i House Committee on Consumer Protection and Commerce  
RE: HB 2213

My name is Sterling Higa, and I serve as executive director of Housing Hawai'i's Future, a nonprofit creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

**We support HB 2213.**

We live in a litigious state.

And lawyers are not always a force for good.

Occasionally, the net result of litigation is negative for society.

In this case, a small group of well-heeled plaintiffs attorneys threaten the for-sale attached multi-family product type.

You read that right. The attorneys threaten an entire housing product type.

And unfortunately for us, that product type is the entry point into home ownership for many families.

Because of pending litigation, first-time homebuyers using FHA and VA loans won't be able to buy units.

The litigation is not being brought to benefit the consumer. If it were, consumers would be satisfied with repair or remedy for any defects.

Rather, the litigation is brought because a small cabal of attorneys sense that regulation in Hawai'i is weak and they can exploit the system for personal gain.

Meanwhile, insurance costs increase, fewer homes are built, and our housing crisis gets worse.

You are not a judge in a robe who sits in chamber. You are a legislator. You are not responsible for interpreting the law; rather, you are responsible for making the law.

Make this one better.

Thank you,



Sterling Higa  
Executive Director  
Housing Hawai'i's Future  
[sterling@hawaiisfuture.org](mailto:sterling@hawaiisfuture.org)  
+1 (808) 782-7868



**Pacific Source**  
**180 Sand Island Access Rd**  
**Honolulu, HI**

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE:    **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
          **Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
          **Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I wholeheartedly **SUPPORT** HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims, requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers. Drawing inspiration from successful models in various states, the amendments promise to bring clarity and efficiency to the claim resolution process. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs. This approach aligns with best practices observed in other jurisdictions and is a progressive step toward fostering a constructive and equitable resolution framework in Hawaii.

Equally as important, recent construction defect litigation has caused two significant and unprecedented effects on housing in Hawaii. First, broad claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to equitably do and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

Mark Mason  
Founder



# JAYAR CONSTRUCTION, INC.

1176 Sand Island Parkway ▼ Honolulu, Hawaii 96819  
Tel (808) 843-0500 ▼ Fax (808) 843-0067  
Contractor's License ABC-14156

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of

housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass

this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Yahiku', written in a cursive style.

Aaron Yahiku, P.E.

President

Jayar Construction, Inc.





Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

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**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I wholeheartedly **SUPPORT** HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims, requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers. Drawing inspiration from successful models in various states, the amendments promise to bring clarity and efficiency to the claim resolution process. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs. This approach aligns with best practices observed in other jurisdictions and is a progressive step toward fostering a constructive and equitable resolution framework in Hawaii.

Equally as important, recent construction defect litigation has caused two significant and unprecedented effects on housing in Hawaii. First, broad claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to equitably do and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

Mark Kong  
Maryl Group Construction, Inc. and M2K Construction, LLC.

February 6, 2024

**The Honorable Mark M. Nakashima, Chair**

House Committee on Consumer Protection & Commerce  
State Capitol, Conference Room 329 & Videoconference

**RE: House Bill 2213, Relating to the Contractor Repair Act**

**HEARING: Tuesday, February 6, 2024, at 2:00 p.m.**

Aloha Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 11,000 members. HAR **supports** House Bill 2213, which expands the required contents of a notice of claim of construction defect served on a contractor. Requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim. Amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs. Limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

Recent litigation surrounding construction defects has brought about challenges for housing in Hawaii. Extensive claims have halted the commencement of construction for hundreds of new housing units. Additionally, these claims have impeded the ability of first-time homebuyers to secure essential government-backed mortgages. The lack of clarity and tangible evidence of construction defects in claims has burdened new condominiums currently in progress. Consequently, FHA, VA, Fannie Mae, and Freddie Mac have opted to disqualify new condominium projects with pending litigation. Without access to low down payment government-backed loan programs and lacking the 20% down payment required by portfolio lending, most first-time homebuyers and veterans find themselves unfairly barred from making purchases. This only exacerbates Hawaii's already critical housing crisis.

Additionally, this measure aligns with best practices in other jurisdictions and by mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs.

Mahalo for the opportunity to testify on this measure.





February 2, 2024

Committee: House Committee on Consumer Protection and Commerce  
Bill Number: HB 2213 Relating to the Contractor Repair Act  
Hearing Date and Time: February 6, 2024, 2:00pm  
Re: Testimony of HPM Building Supply in Support

Aloha Chair Nakashima, Vice Chair Sayama and members of the Committee,

We write in strong support of HB 2213. This bill is an important step towards creating a fair, transparent, and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawaii and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities one home at a time.

As a building material and home plan supplier to both homeowners and contractors alike, this bill has direct impact on the communities we serve. Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain government backed mortgages, furthering Hawaii's already urgent housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. This situation is also being applied to production home builders who are building turn-key communities. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

Home production has already halted with 811 homes/condos in litigation across the State. The lawsuits are also **increasing the cost of construction** with increased insurance costs, required underwriting of legal costs and award/settlement risk, and redesigns of structures. Estimates on costs are as follows:

- Increase in insurance, \$1,500/unit
- Increase in design/construction
  - Significant increase in cost to construct home
  - Additional \$93-\$133/mo in mortgage payment at a 7% interest rate
  - Additional \$282 to \$403/mo in household income required.

Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to equitably do and at the same time protect Hawaii's homeowners. We need housing to continue in Hawaii and not to be further stymied by court cases or unnecessary legal claims.

Mahalo for the opportunity to submit testimony in support of HB 2213. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

Dennis Lin  
Community Relations Administrator



February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

**RE: HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
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I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments provide a fair, transparent and efficient process for homeowners, as well as contractors, in addressing construction defects. These amendments will curb unnecessary and protracted lawsuits that are plaguing Hawaii's housing industry.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to effectively addressing construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors.

I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Sincerely,

GRAY, HONG, NOJIMA & ASSOCIATES, INC.

A handwritten signature in blue ink, appearing to read "Michael Nojima".

---

Michael H. Nojima, PE, LEED AP  
Vice President

# REEF Development of Hawaii, Inc.

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

P.O. BOX 1055  
AIEA, HAWAII 96701  
99-930 IWAENA STREET #107B  
TELEPHONE: (808) 488-1228  
LIC# ABC-4791

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I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

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mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



**SAMUEL S. AGUIRRE**  
**PRESIDENT**



KY International, Inc.  
Architects & Planners

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

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These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



Vivyan H. Lin, AIA  
Senior Vice President  
KY International, Inc.  
Architects & Planners  
1100 Alakea Street, Suite 1988  
Alakea Corporate Tower  
Honolulu, Hawaii 96813  
Email: [vivyan@kyinternational.com](mailto:vivyan@kyinternational.com)  
Website: [www.kyinternational.com](http://www.kyinternational.com)  
Tel: 808-524-1268 ext. 115  
Fax: 808-599-8881

**HB-2213**

Submitted on: 2/5/2024 9:18:06 AM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Tim Takaezu	Foundation Building Materials	Support	Written Testimony Only

Comments:

I support hb2213 to continue to address the ongoing housing shortage in Hawaii. This will help all developers to move forward with being able to provide home buyers with the best possible opportunity to own their own home.

Thank you for your support in this ongoing housing shortage in Hawaii.





## **ALI'I GLASS & METAL, INC.**

2159 LAUWILIWILI STREET KAPOLEI, HAWAII 96707  
(808) 671-4571 FAX (808) 671-5173  
Contractor's License #C-9182

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

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Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to equitably do and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors,



## **ALI'I GLASS & METAL, INC.**

2159 LAUWILIWILI STREET KAPOLEI, HAWAII 96707  
(808) 671-4571 FAX (808) 671-5173  
Contractor's License #C-9182

homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

A handwritten signature in black ink, appearing to read "Damon K Ishida", with a long, sweeping horizontal stroke extending to the right.

Damon K Ishida  
**President**



# GEOLABS, INC.

Geotechnical Engineering and Drilling Services

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February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

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Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the

94-429 Koaki Street, Suite 200 • Waipahu, Hawaii 96797  
Telephone: (808) 841-5064 • E-mail: [hawaii@geolabs.net](mailto:hawaii@geolabs.net)

Hawaii • California

construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Respectfully submitted,

**GEOLABS, INC.**

By   
**John Y.L. Chen, P.E.**  
Vice President

JC:as

u:\contract\00 – Legislative Bill ....

# TRU - DOOR

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## HAWAII

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91-295 Kauhi Street  
Kapolei, Hawaii 96707  
TEL. (808) 682-0307 FAX (808) 682-0635

February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
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I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

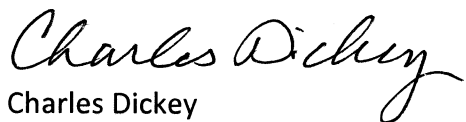
Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in cursive script that reads "Charles Dickey". The signature is written in black ink and is positioned above the printed name and title.

Charles Dickey  
President  
Tru-Door Hawaii, Inc.



## HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

HOUSE OF REPRESENTATIVES  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2024

### **COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**

Representative Mark M. Nakashima, Chair  
Representative Jackson D. Sayama, Vice Chair

#### NOTICE OF HEARING

DATE: Tuesday, February 6, 2024  
TIME: 2:00 p.m.  
PLACE: Conference Room 329  
State Capitol  
415 South Beretania Street

### **TESTIMONY ON HB2213**

TO THE HONORABLE CHAIR MARK M. NAKASHIMA, VICE CHAIR JACKSON D. SAYAMA, AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE:

Hawaii LECET is a labor-management partnership between the Hawaii Laborers' International Union of North America, Local 368, its 5000+ members and its 250+ unionized contractors. The Laborers' International Union of North America is the largest international construction trade union in the United States and Canada.

Mahalo for the opportunity to testify in strong support of HB2213, Relating to Construction, which would help prevent unnecessary construction cost increases for future developments by addressing issues relating to construction defects. HB2213 provides a detailed, clear, systematic approach for homeowners to address potential construction defects without costly litigation. The requirements outlined in HB2213 for homeowners to address construction defects, ensures that detailed evidence is provided, as opposed to generalized or frivolous claims, which promotes fair assessments and a quicker resolution process. In addition, HB2213 will help mitigate construction cost increases and increased insurance premiums that result from baseless lawsuits over misunderstandings or false claims. Thank you for your consideration.

With Respect,

Hawaii Laborers-Employers Cooperation and Education Trust

Leonard K.P. Leong  
President

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,



I wholeheartedly **SUPPORT** HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims, requiring actual evidence of the construction defect **and discouraging the rejection of reasonable offers**. Drawing inspiration from successful models in various states, the amendments promise to bring clarity and efficiency to the claim resolution process. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding **potentially significant delays to legitimate needed repairs**. This approach aligns with best practices observed in other jurisdictions and is a progressive step toward fostering a constructive and equitable resolution framework in Hawaii.

Equally as important, recent construction defect litigation has caused two significant and unprecedented effects on housing in Hawaii. First, broad claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

Hawaii's contractors stand behind the quality projects they build, which these amendments will allow them to equitably do and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

Handwritten signature of Leonard K.P. Leong in black ink.  
Leonard K.P. Leong  
President





February 6, 2024

TO: HONORABLE MARK NAKASHIMA, CHAIR, HONORABLE JACKSON SAYAMA, VICE CHAIR, COMMITTEE ON CONSUMER PROTECTION & COMMERCE

SUBJECT: **SUPPORT OF H.B. 2213, RELATING TO THE CONTRACTOR REPAIR ACT.** Expands the required contents of a notice of claim of construction defect served on a contractor. Requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim. Amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs. Limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

HEARING

DATE: Tuesday, February 6, 2024  
TIME: 2:00 p.m.  
PLACE: Capitol Room 329

Dear Chair Nakashima, Vice Chair Sayama and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **supports** H.B. 2213, which expands the required contents of a notice of claim of construction defect served on a contractor. Requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim. Amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs. Limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

We have a critical housing shortage in Hawaii. Yet new developments being built with first time homebuyers in mind are being put on hold because these lawsuits can restrict financing options for homebuyers. The cost of the home and insurance goes up because of these lawsuits, making it even more expensive for developers to build homes and therefore, more expensive for people to buy homes.

As a result of these frivolous lawsuits many first time homebuyers are unable to obtain financing through FHA, Fannie Mae, VA or other federally guaranteed loans and are unable to purchase. In fact, 3 in 4 homebuyers could not afford the initial downpayment for a unit without government-

backed financing options, and owner-occupant buyers in some projects have plummeted to only 38% of homebuyers because of their inability to afford the higher downpayments required for traditional loans. What's more is that many builders are choosing not to go forward with construction due to concerns of frivolous litigation, including at least one affordable housing project.

In addition, eliminating or making financing options more difficult, the litigation has caused construction costs to increase due to the increased insurance premiums and other indirect costs that result from having to defend such lawsuits.

HB 2213 would help to prevent frivolous lawsuits by increasing the opportunity for homebuilders and homeowners to address any potential construction defects without costly litigation. Specifically, the bill would:

1. Provide better notice or detail of alleged defect;
2. Require evidence of any alleged defect;
3. Amending the process and timeframe for inspection; and
4. Limiting recovery to the cost of mitigating the defect and attorney's fees when a proposal to Inspect or an offer to repair is unreasonably rejected.

Providing greater detail and evidence of a potential defect in the notice of claim with particularity is a crucial improvement to ensure that both parties have a clear understanding of the issues at hand, facilitating an opportunity to work through mitigation or settlement of the issue and reducing the likelihood of misunderstandings or frivolous claims. In addition, requiring claimants to provide detailed evidence, as opposed to just generalized claims, strengthens the validity of construction claims, promotes fair assessments and informed decision-making during the resolution process and typically lead to quicker resolutions and more accurate assessments of damages.

These amendments are crucial for fostering a fair and efficient process for addressing construction defects while still protecting the homebuyers' legal rights if the need arises for future litigation.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The emphasis on early notification is a strategic and pragmatic step that can significantly contribute to the expeditious resolution of issues, benefiting all stakeholders involved.

Thank you for this opportunity to testify in support of this measure.



To: The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair  
House Committee on Consumer Protection & Commerce

From: Mark Sektnan, Vice President

Re: **HB 2213- Relating to the Contractor Repair Act**  
**APCIA Position: SUPPORT**

Date: Tuesday, February 6, 2024  
2:00 p.m., Conference Room 329

Dear Chair Nakashima, Vice Chair Sayama and Members of the Committee:

The American Property Casualty Insurance Association is pleased to **support HB 2213** which will reduce litigation and ensure consumers get their properties fixed. The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

The intent language of HB 2213 clearly states the problem. The intent of the bill is to allow contractors the right and opportunity to inspect and remedy any potential problems. The current litigious construction environment greatly reduces the availability and affordability of insurance, which in turn leads to less projects and housing. States like Colorado and California have had housing crises in part due to overly aggressive construction defect litigation having a chilling effect on providing a sufficient number of affordable units.

For these reasons, APCIA asks the committee to **SUPPORT** this bill and pass out of committee.



Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

**RE: HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I wholeheartedly **SUPPORT** HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims that should require actual evidence of the construction defect and discouraging the rejection of reasonable offers. Drawing inspiration from successful models in various states, the amendments promise to bring clarity and efficiency to the claim resolution process. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs. This approach aligns with best practices observed in other jurisdictions and is a progressive step toward fostering a constructive and equitable resolution framework in Hawaii. This bill seeks to bring transparency and equality for the homeowner, contractors and homebuyers.

Equally as important, recent construction defect litigation has caused two significant and adverse effects on housing in Hawaii. First, broad and unfounded claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

As a licensed Hawaii contractor for the past 29 years, I stand behind the quality projects we build. These amendments will bring transparency and equality to the process and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our state.

Sincerely,

A handwritten signature in black ink that reads "Kevin Peña". The signature is written in a cursive style with a large initial "K" and a distinct "P".

Kevin Peña  
President



KY International, Inc.  
Architects & Planners

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



Robert Yoneoka, AIA  
Principal  
KY International, Inc.  
Architects & Planners  
1100 Alakea Street, Suite 1988  
Alakea Corporate Tower  
Honolulu, Hawaii 96813  
Email: [mail@kyinternational.com](mailto:mail@kyinternational.com)  
Website: [www.kyinternational.com](http://www.kyinternational.com)  
Tel: 808-524-1268 ext. 112  
Fax: 808-599-8881

# CM Cultured Marble

1726 Republican Street, Honolulu, HI 96819

Phone# (808) 832-2535 Fax# (808) 832-2537

Email: [culturedmarble@culmar.org](mailto:culturedmarble@culmar.org)

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand,



facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

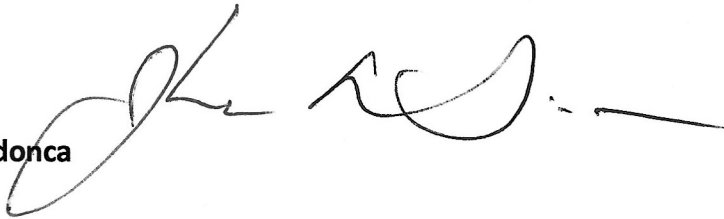
**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

**John Mendonca**  
**President**

A handwritten signature in black ink, appearing to read 'John Mendonca', with a long horizontal line extending to the right.

2024 North King Street  
Suite 200  
Honolulu, Hawaii 96819-3494  
Telephone 808 842 1133  
Fax 808 842 1937  
eMail rmtowill@rmtowill.com



R. M. TOWILL CORPORATION  
SINCE 1930

Planning  
Engineering  
Environmental Services  
Photogrammetry  
Surveying  
Project and Construction Management

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

R. M. Towill Corporation (RMTC) is one of the state's largest and most experienced locally owned engineering companies. RMTC has 120 employees with 40 licensed engineers, 12 LEED Accredited Professionals, three Envision Sustainability Professionals, three licensed surveyors, and nine full-time planning professionals. RMTC has completed over 20,000 projects in Hawaii and throughout the Pacific Basin. This includes the infrastructure planning and design the major residential developments on Oahu within the past 25 years, over 300 miles of roadway in Hawaii and the Pacific, \$500 million in harbor infrastructure, and the upgrade and expansion of the largest wastewater treatment facility in the State.

RMTC has provided its engineering cost to various housing developers, and we are aware of all the offsite infrastructure and permitting difficulties that they already need to overcome to provide affordable housing. Recently, there has been defect litigations that have forced developers to put a stop to the further development of housing. This is alarming and simply devastating to those homeowners that are waiting for a home. The halting of housing development has a direct impact on the engineering and construction industry. Our industry has committed manpower and incurred expenses to continue helping developers to keep building the much needed infrastructure needed to stop the housing shortage. We are concerned that the ripple effect of halting housing will have on other industries that depend on housing development.

In addition, we understand that first time homebuyers who need government backed mortgage are unable to get these loans and are denied the opportunity to own a home because of ongoing lawsuits.

The amendment to the Contractor Repair Act will be vital for homeowners to deal with construction defects in a fair and transparent manner. Homeowners need to spend less time worrying about potential construction defects and spend more time taking care of their families.

As a well-established local Company, RMTC strongly supports the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes. We believe that the amendment will allow developers to address construction defects expeditions and will eventually deter unfounded litigations and allow Hawaii to keep chipping away at our housing crisis. We humbly ask for your support to these amendments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Collins D. Lam".

Collins Lam

Vice President

**HB-2213**

Submitted on: 2/5/2024 11:21:35 AM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nan Shin	Keeaumoku Development	Support	Written Testimony Only

Comments:

HB 2213 which makes amendments to the Contractor Repair Act will help ease the exponential rising costs of insurance which would help to curb the soaring costs of housing in Hawaii. Developers or improvers of real property are required to insure against deficiencies of improvements, while costs of insurance are passed on to the purchasers of that real property, which significantly drives up costs. Higher insurance costs have resulted from the unrestricted filing of construction defect claims filed by purchasers of real property. Developers or improvers of real property have received legal complaints seeking to recover damages without first being provided the opportunity to inspect or remedy potential defects.



**R.M. NAKAMURA**  
**PLUMBING & MECHANICAL CONTRACTORS, INC.**  
94-1388 MOANIANI ST. #115  
WAIPAHU, HI 96797  
LIC. No. C-9557

February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

**RE: HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings

and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aditya Situmeang', with a long horizontal flourish extending to the right.

Aditya Situmeang

President

R.M. Nakamura Plumbing and Mechanical Contractors, Inc.



# OPERATING ENGINEERS LOCAL UNION No. 3

2181 LAUWILIWILI STREET, KAPOLEI, HI 96707 • (808) 845-7871 • FAX (808) 682-0906  
Jurisdiction: Northern California, Northern Nevada, Utah, Hawaii, and the Mid-Pacific Islands

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February 5, 2024

Honorable, Mark M. Nakashima, House Committee on Protection & Commerce, Chair  
Honorable, Jackson D. Sayama, House Committee on Protection & Commerce, Vice Chair  
Honorable Members of the House Committee on Protection & Commerce

**RE: HB 2213- RELATING TO THE CONTRACTOR REPAIR ACT.**

Chair Ichiyama & Chair Nakashima,

My name is Ana Tuiasosopo. I am the District Representative and Trustee for Operating Engineers Local 3. We are the largest Construction Trades Local in the United States. I and the members of Operating Engineers Local 3 support HB 2213, which expands the required contents of a notice of claim of construction defect served on a contractor.

The intent of this bill is to protect both the contractor and the consumer, by casting a wide net to include not just homes/condo units that are owned, but also includes homes/condo units that are currently under construction and that are in for permit.

This wide net will help remedy some of the negative impacts we see affecting home buyers and the housing market. Examples of these negative effects are, Increased cost of housing due to increased insurance costs, required underwriting of legal costs and award/settlement risk, and revised wall design/construction to get out of the broad class definition.

We humbly ask for your support and approval of HB 2213.

Sincerely,

Ana Tuiasosopo  
Hawaii District Representative, Trustee  
Hawaii Operating Engineers Local 3





# HAWAIIANA

Hawaiiana Management Company, Ltd.  
Pacific Park Plaza, Suite 700  
711 Kapiolani Boulevard  
Honolulu, Hawaii 96813  
Tel: (808) 593-9100  
Fax: (808) 593-6333

February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the

construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justyna Fic', with a large, stylized initial 'J'.

Justyna Fic  
Director of New Development Activities



## NEWPORT PACIFIC CABINETS

99-129 B WAIUA WAY \* AIEA, HI 96701

(o) 808-498-6784 \* (f) 808-498-6668



Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, regular Session of 2024

RE: HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT  
Hearing Date: Tuesday, February 6, 2024 at 2:00 pm  
Conference Room 329, State Capitol

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong SUPPORT of HB21213 - RELATING TO THE Contractor REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments I believe will do a lot of good to the Hawaii Housing Industry where the lack of affordable housing in our Aloha State had become such a critical issue. It is no surprise that a lot of our youngsters are forced to leave their home state to seek better lives in the Mainland because they can't afford the high costs of living in Paradise. To the contrary, we have litigations relating to construction defects which in my opinion does not have a lot of merits but will greatly increase the costs of insurance, house construction and more importantly caused unbelievable amount of delay which will eventually adding more cost to the price of any new construction. This will be like adding more fuel to the fire on the affordability issue. Also this litigation had halted hundreds of new construction units set to begin construction. The side effect is that it affects the employment of the construction trade workers. All of a sudden through no fault of the Developers, Builders, Subcontractors and/or Vendors there is a stoppage of work. The livelihood of the small guys so to speak is greatly affected. In our case we have to start laying off our workers in anticipation of not having any work for them. Imagine the kind of effect it will have on families who depends on their jobs to bring home money to pay for rent and bring food on the table. This is very bad for the economy.

Hawaii's contractors stand behind the quality projects they build which these amendments will allow them to equitably do and at the same time protects Hawaii's homeowners. In short I strongly urge the Committee to support these amendments for the benefit of the current and future homeowners, contractors, the Construction Industry and in general the health of the economy for our State.

Sincerely,

Steve Yuen  
President



Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

**RE: HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the

number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects

in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wendy Schmerbauch". The signature is written in black ink and is positioned above the printed name.

Wendy Schmerbauch  
Branch Manager



February 5, 2024

**Representative Mark Nakashima, Chair**

**Representative Jackson Sayama, Vice Chair**

**Members of the House Committee on Consumer Protection & Commerce**

**Thirty-Second Legislature, Regular Session of 2024**

**RE: HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**

**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**

**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,  
**I SUPPORT HB 2213** – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, with emphasis on specificity in notice of claims, requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers.

In requiring detailed descriptions of alleged defects homeowners and contractors can investigate, discuss and reduce the likelihood of unsubstantiated claims. This would also include discouraging the rejection of reasonable offers for repairs. And would help avoid delays to needed repairs which can result in increased damage.

Recent construction defect litigation has affected building housing in Hawaii. Broad claims have halted hundreds of new housing units set to begin construction. And broad claims have prohibited the ability of 1st time homebuyers to obtain a needed government backed mortgage. FHA, VA, Fannie Mae and Freddie Mac are disqualifying new condominium projects with pending litigation.

If there is no access to low down payment government backed loans, then many first-time homebuyers are not able to purchase a home. Hawaii's contractors stand behind the quality projects they build. And as an employee of Fred Lau Hawaiian Landscape, I ask the Committee to support these amendments for the benefit of homeowners, contractors, and homebuyers.

Please support HB2213.

Sincerely,

*Linda Mascaro*

Linda Mascaro

Project manager/ Estimator

Fred Lau Hawaiian Landscape Co., Inc



**TNH PLUMBING, INC.**  
SERVING HAWAII SINCE 1962

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs and discouraging the rejection of reasonable offers. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a





**TNH PLUMBING, INC.**  
SERVING HAWAII SINCE 1962

basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low down payment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

Xena A. Takahashi  
President of TNH Plumbing, Inc.



February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii LLC (“DRHH”) in **STRONG SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT. DRHH is one of Hawaii’s largest homebuilders and has been providing affordable housing, 1<sup>st</sup> time buyer and workforce housing for Hawaii’s families throughout the State for fifty years. D.R. Horton Hawaii is a leader in building quality homes and condominiums and is actively developing our Ho`opili master planned community in Ewa Beach-East Kapolei.

It is heartening to see with HB 2213 that we are all collectively trying to solve the stark disparity between the supply and demand for much needed housing. DRHH continues to be a strong advocate for both our current homeowners and our future homebuyers when it comes to exploring solutions with industry, government, and community to reduce the cost of housing and expedite the production of it. We absolutely stand behind the homes we build and support our homeowners with legitimate and warrantable repairs. It has been our commitment over the last fifty years and will continue to be for the next fifty.

Over the last decade, we have seen the landscape of construction defect litigation change dramatically. Underwriting rising litigation risk has unfortunately become not only necessary but common practice. We have experienced firsthand the resulting negative effects: rising insurance premiums, contractors abstaining from bidding on housing projects and unnecessary additional construction costs. Not only have lawsuits increased exponentially, more disturbingly claims have become purposely overly broad to encompass not just homes and condominiums that are completed and occupied, but also those that are under construction or set to begin construction. This is a pivotal shift that has and will continue to further exacerbate Hawaii’s housing crisis.

DRHH has recently experienced unprecedented consequences from overly broad construction defect litigation claims that have detrimentally affected much needed housing:

- **First, overly broad construction defect litigation claims have directly halted 811 housing units set to begin construction.** These are affordable and workforce housing units designed to be building code compliant and are building permit approved.
- **Second, overly broad construction defect litigation claims have directly increased the cost of housing.** Building code compliant designs of new housing units now need to be redesigned to move forward unencumbered by ongoing lawsuits. Recent construction pricing has put this additional cost to housing upwards of \$14,000 per single family home.
- **Third and most egregious, overly broad construction defect litigation claims have directly affected our 1<sup>st</sup> time homebuyers' ability to obtain a much needed low down payment government backed mortgage.** Lack of clarity with overly broad construction defect claims have encumbered not only completed homes, but for the first time such litigation is now burdening new condominiums currently under construction. These are condominium units that were specifically designed for the 1<sup>st</sup> time homebuyer market. These units are designed to be building code compliant and are building permit approved, and they are currently being constructed. However, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are being unfairly precluded from purchasing.

This is why we strongly support HB2213. We believe HB2213, along with our additional proposed amendments (attached) will:

1. **Protect both consumers and contractors** - HB2213 will create a stronger and more equitable framework for warranty claims to be properly identified and documented, appropriately investigated and addressed in a timely manner, all prior to long, protracted legal proceedings. Often times, once a lawsuit is filed, communications between homeowner and homebuilder cease, ultimately preventing homeowners from obtaining needed repairs where actual, legitimate and warrantable damage is involved.
2. **Establish a reasonableness to mitigation versus litigation** – HB2213 will continue to allow a homeowner the ability to file a lawsuit, which is absolutely their right. However, it clarifies that if a claimant unreasonably rejects a bona fide offer to repair or mitigate, then their potential legal award should be limited to the cost of that repair offer.
3. **Protect 1<sup>st</sup> time homebuyers** –new homes and condominiums under construction that are designed to comply with building code must not be allowed to be encumbered by overly broad construction defect litigation claims that cause FHA, VA, Fannie Mae and Freddie Mac to disqualify lending. Our 1<sup>st</sup> time homebuyers deserve better, Hawaii's families deserve better.

Thank you for the opportunity to share and advocate for our homeowners and homebuyers. D.R. Horton Hawaii greatly appreciates the legislature and this committee for their commitment to ensuring we continue to collectively move housing forward in a positive direction for Hawaii's families.

February 5, 2024

Page 3

We strongly urge the committee to pass HB 2213 with attached amendments. Mahalo for your time and consideration, it is much appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be 'Tracy'.

Tracy Tonaki  
President  
Hawaii Division

Attachment

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# A BILL FOR AN ACT

RELATING TO THE CONTRACTOR REPAIR ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the rising costs of  
2 insurance contribute substantially to the soaring costs of  
3 housing in Hawaii. Developers or improvers of real property are  
4 required to insure against deficiencies of improvements, while  
5 costs of insurance are passed on to the purchasers of that real  
6 property, which significantly drives up costs. Higher insurance  
7 costs have resulted from the unrestricted filing of construction  
8 defect claims filed by purchasers of real property. Developers  
9 or improvers of real property have received legal complaints  
10 seeking to recover damages without first being provided the  
11 opportunity to inspect or remedy potential defects.

12           Therefore, the purpose of this Act is to:

- 13           (1) Expand the required contents of a notice of claim of  
14           construction defect served on a contractor;
- 15           (2) Require the claimant to provide actual evidence of the  
16           nature and cause of the construction defect and extent  
17           of necessary repairs along with the notice of claim;



1 (3) Amend the process and timeframe for a claimant to  
 2 accept a contractor's proposal to inspect and  
 3 authorize the contractor to proceed with repairs; and

4 (4) Limit the amount a claimant can recover if the  
 5 claimant unreasonably rejects a contractor's proposal  
 6 to inspect or an offer to remedy.

7 SECTION 2. Section 672E-3, Hawaii Revised Statutes, is  
 8 amended to read as follows:

9 "[+]§672E-3[+] **Notice of claim of construction defect.**

10 (a) A claimant, no later than ninety days before filing an  
 11 action against a contractor, shall serve the contractor with a  
 12 written notice of claim. The notice of claim shall [~~describe~~]:

13 (1) State that the claimant asserts a claim against the  
 14 contractor for a construction defect in the design,  
 15 construction, or remodeling of a dwelling or premises;  
 16 and

17 (2) Describe the claim, with particularity, specificity,  
 18 and in detail [and include the results of any testing  
 19 done.] sufficient to determine the circumstances  
 20 constituting the alleged construction defect and  
 21 damages resulting from the construction defect. A



1           general statement that a construction defect may exist  
2           shall be insufficient.

3 The notice of claim shall not constitute a claim under any  
4 applicable insurance policy and shall not give rise to a duty of  
5 any insurer to provide a defense under any applicable insurance  
6 policy unless and until the process set forth in section 672E-5  
7 is completed. Nothing in this chapter shall in any way  
8 interfere with or alter the rights and obligations of the  
9 parties under any liability policy.

10        (b) The claimant shall provide to the contractor, with the  
11 notice of claim, actual evidence that depicts the nature and  
12 cause of the construction defect and the nature and extent of  
13 the repairs necessary to repair the defect, including but not  
14 limited to expert reports, photographs, videotapes, and any  
15 testing done.

16        (c) Each individual claimant or class member shall comply  
17 with this chapter, which includes permitting inspection under  
18 section 672E-4 of each dwelling or premises that is the subject  
19 of the claim.

20        ~~(b)~~ (d) A contractor served with a written notice of  
21 claim shall serve any other appropriate subcontractor with



1 notice of the claim. The contractor's notice shall include the  
2 claimant's written notice of claim.

3 [~~e~~] (e) After serving the notice of claim, a claimant  
4 shall give to the contractor reasonable prior notice and an  
5 opportunity to observe if any testing is done."

6 SECTION 3. Section 672E-4, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 **"§672E-4 Rejection of claim; opportunity to repair**

9 **construction defect.** (a) The contractor rejects a claimant's  
10 claim of construction defects by:

11 (1) Serving the claimant with a written rejection of the  
12 claim; or

13 (2) Failing to respond pursuant to subsection (b) (1) or  
14 (b) (2) [~~r~~] to the notice of claim within thirty days  
15 after service.

16 (b) The contractor, within thirty days after service of  
17 the notice of claim, shall serve the claimant and any other  
18 contractor that has received the notice of claim with a written  
19 response to the alleged construction defect that:

20 (1) Offers to settle without inspecting the construction  
21 defect by:





- 1 (A) Monetary payment;
- 2 (B) Making repairs; or
- 3 (C) Both subparagraphs (A) and (B); or
- 4 (2) Proposes to inspect the premises of the alleged
- 5 construction defect that is the subject of the claim.

6 (c) ~~[Within thirty days following any proposal for~~  
 7 ~~inspection under subsection (b) (2), the claimant shall provide~~  
 8 ~~access to:]~~ The claimant shall accept a contractor's proposal  
 9 to inspect under subsection (b) (2) and notify the contractor of  
 10 that acceptance within fourteen days. After accepting the  
 11 contractor's proposal to inspect, the claimant and contractor  
 12 shall agree on a time and date for the inspection, which shall  
 13 occur within thirty days of the claimant's acceptance of the  
 14 contractor's proposal to inspect, unless the claimant and  
 15 contractor agree to a later date. The claimant shall provide  
 16 reasonable access to the dwelling or premises during normal  
 17 working hours to:

- 18 (1) Inspect the premises;
- 19 (2) Document any alleged construction defects; and
- 20 (3) Perform any testing required to evaluate the nature,
- 21 extent, and cause of the asserted construction defect,



1           and the nature and extent of any repair or replacement  
2           that may be necessary to remedy the asserted  
3           construction defect;  
4 provided that if the claimant is an association under chapter  
5 514B, the claimant shall have forty-five days to provide [~~such~~  
6 access. If access to ~~an~~ individual condominium ~~unit~~ <sup>units</sup> is  
7 necessary, and the association is unable to obtain [~~such~~  
8 access, then the association shall have a reasonable time to  
9 provide access. If destructive testing is required, the  
10 contractor shall give advance notice of tests and return the  
11 premises to its pre-testing condition. If inspection or testing  
12 reveals a condition that requires additional testing to fully  
13 and completely evaluate the nature, cause, and extent of the  
14 construction defect, the contractor shall provide notice to the  
15 claimant of the need for additional testing. The claimant shall  
16 provide additional access to the dwelling ~~s~~ <sup>and/or</sup> premises. If a  
17 claim is asserted on behalf of owners of multiple dwellings, or  
18 multiple owners of units within a multi-family complex, the  
19 contractor shall be entitled to inspect each of the dwellings or  
20 units.



1 (d) Within fourteen days following the inspection and  
2 testing, the contractor shall serve on the claimant a written:  
3 (1) Offer to fully or partially remedy the construction  
4 defect at no cost to the claimant. [~~Such~~] The offer  
5 shall include a description of construction necessary  
6 to remedy the construction defect and a timetable for  
7 the completion of the additional construction;  
8 (2) Offer to settle the claim by monetary payment;  
9 (3) Offer for a combination of repairs and monetary  
10 payment; or  
11 (4) Statement that the contractor will not proceed further  
12 to remedy the construction defect.  
13 (e) Upon receipt of the offer made under subsection  
14 (b) (1), (d) (1), (d) (2), or (d) (3), the claimant, within thirty  
15 or forty-five days, whichever applies pursuant to section 672E-  
16 5(a), shall accept the offer and authorize the contractor to  
17 proceed with any repairs offered under subsection (b)1, (d) (1),  
18 or (d) (3).  
19 (f) If a claimant unreasonably rejects a proposal to  
20 inspect made under subsection (b) (2), or unreasonably rejects an  
21 offer under subsection (b) (1), (d) (1), (d) (2), or (d) (3), the



recovery

1 claimant's ~~recovery~~ shall be limited to the total value of the  
2 offer, calculated based on the reasonable value of the repair  
3 determined as of the date of the offer ~~and~~ <sup>and/or</sup> the amount of the  
4 offered monetary payment

ADD: "...and not be entitled to recover on any claim, whether based in contract, tort, or statute, for punitive, exemplary, or treble damages."

5 (g) If a claimant unreasonably rejects a contractor's  
6 proposal to inspect under subsection (b) (2), or unreasonably  
7 rejects an offer under subsection (b) (1), (d) (1), (d) (2), or  
8 (d) (3), the court shall deny the claimant an award of attorney  
9 fees and costs even if the claimant is determined to be the  
10 prevailing party, and the contractor shall be entitled to an  
11 award of attorney fees and costs incurred following the date of  
12 the offer.

13 (h) Any offer of settlement under this section shall  
14 reference this section, and shall state that a claimant's  
15 failure to respond with a written notice of acceptance or  
16 rejection within thirty or forty-five days, whichever applies  
17 pursuant to section 672E-5(a), shall mean that the offer is  
18 rejected[=] and shall subject the claimant to the limitations in  
19 subsections (f) and (g). Failure to serve a written offer or  
20 statement under this section shall be deemed a statement that  
21 the contractor will not proceed further."



# H.B. NO. 2213

1           SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 5. This Act shall take effect upon its approval.

4

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Jim A. ...", written over a horizontal line.

JAN 22 2024



# H.B. NO. 2213

**Report Title:**

Contractor Repair Act; Notice of Claim; Inspection; Repair;  
Rejection of Claims; Limitations on Recovery

**Description:**

Expands the required contents of a notice of claim of construction defect served on a contractor. Requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim. Amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs. Limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



*Castle & Cooke*  
*Homes Hawaii, Inc.*

Rep, Mark Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair  
House Committee on Consumer Protection & Commerce

February 5, 2024  
2:00pm  
Conference Room 329

RE: **HB 2213 – RELATING TO CONSTRUCTION**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

Mahalo for the opportunity to submit testimony in **strong support of HB 2213** and its proposed HRS amendments to encourage responsible home development and help maintain its affordability in Hawai'i. The challenges we continue to face that add to the cost of housing are pushing affordability beyond the grasp of our local residents. Lawsuits predicated on general and vague allegations of defects are not in the best interests of the public and necessitate proactive measures. The bill's intent to provide better notice, present evidence of alleged defects, and amend inspection processes demonstrates a commitment to fostering a fair, efficient and responsible resolution process. By limiting recovery to reasonable proposals and emphasizing early and meaningful notification, HB 2213 prioritizes the legitimate rights and concerns of Hawai'i's homeowners by giving them an opportunity to be heard in a manner that will encourage developers to resolve bona fide disputes expeditiously and expeditiously.

The amendments outlined in HB 2213 are crucial steps toward promoting a collaborative approach to construction defect resolution. Requiring detailed evidence in the notice of claim and limiting recovery to the cost of mitigating defects both align and comport with principles of fairness, transparency and justice. This strategic approach not only discourages frivolous claims, but also facilitates and expedites the resolution process, thereby benefiting all stakeholders. We urge the committee to support this bill, recognizing its potential to stimulate desperately needed housing development, keep homes more affordable, and contribute to the overall well-being of Hawai'i's real estate market.

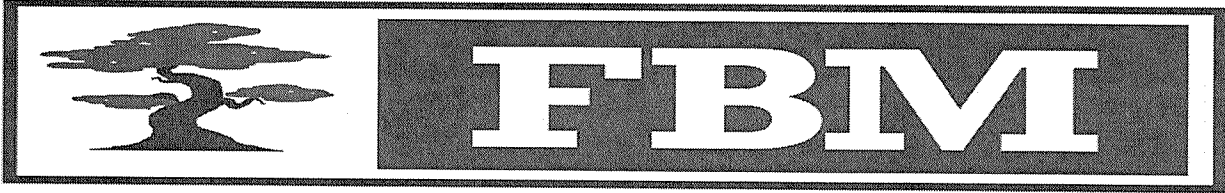
In conclusion, HB 2213 represents a thoughtful and necessary response to the challenges posed by construction defect litigation. The proposed amendments strike a balance between protecting the rights of Hawai'i's homeowners and facilitating a more efficient resolution process that will ultimately benefit the entire community.

Mahalo!

CASTLE & COOKE HOMES HAWAII, INC.



*for* Garret Matsunami  
Executive Vice President & Chief Operations Officer



## Foundation Building Materials

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent, and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments



seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



John Keola Lessary



Keola Lessary | [keola.lessary@fbmsales.com](mailto:keola.lessary@fbmsales.com)  
Branch Manager | Foundation Building Materials  
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February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am the Executive Director of the Hawaii HomeOwnership Center, a non-profit organization focused on providing education and support for first-time homebuyers. The majority of our clientele are working individuals and families of low to moderate income who want to own a home in Hawaii. Our 2 non-profit affiliates, HHOC Mortgage and HHOC Housing and Land Trust have missions of providing affordable financing and below-market purchase opportunities respectively.

I am submitting this letter in strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims, requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs.

Equally as important, recent construction defect litigation has caused two significant and unprecedented effects on housing in Hawaii. First, broad claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of 1<sup>st</sup> time homebuyers to obtain a needed government backed mortgage. Lack of clarity and lack of actual evidence of construction defects in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.



*The staff of our collective non-profit organizations have spoken with homebuyers as well as homeowners negatively impacted by the litigation this bill is intended to avoid. We have met with hopeful homebuyers who thought they were weeks away from becoming homeowners and were disappointed with news that their lender could no longer approve their loan because of litigation on the project. They sought alternative options but ultimately decided to secure a rental as their living accommodations in a hotel was expensive and the possibility of finding financing looked bleak.*

*We have also met homeowners that needed to sell their home with a limited buyer pool as litigation on the building eliminated all government related funding options, and portfolio financing was also limited and would require 20% down payment. Aside from the challenge for the homeowner to find a buyer, their unit became an unlikely option for a first-time buyer seeking a home in Hawaii and needed to finance their purchase.*

I strongly urge the Committee to support these amendments for the benefit of homeowners and homebuyers and the overall State of Hawaii – we need to reduce barriers to homeownership opportunities and provide possibilities for our workforce to have a home in Hawaii.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reina Miyamoto', with a stylized flourish at the end.

Reina Miyamoto  
Executive Director

Frederick Lau

President – Fred Lau Hawaiian Landscape Co. Inc.

171 Waokanaka Place

Honolulu, Hawaii 96817

Feb 5, 2024

Representative Mark Nakashima, Chair

Representative Jackson Sayama, Vice Chair

Members of the House Committee on Consumer Protection & Commerce

Thirty-Second Legislature, Regular Session of 2024

RE: HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT

Hearing Date: Tuesday, February 6, 2024 at 2:00pm

Conference Room 329, State Capitol

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong SUPPORT of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1 st time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down

payment required by portfolio lending, most 1 st time homebuyers and veterans are unfairly preempted from purchasing.

1. Specificity in Claim Notices Ensures Clarity: The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims: Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty: By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims: Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised. The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1st time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass

this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,  
Fred Lau  
HAWAIIAN LANDSCAPE Co. Inc. President



**HAWAII STATE HOUSE OF REPRESENTATIVES  
COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Conference Room 329 & Videoconference  
State Capitol  
2:00 PM**

February 6, 2024

Subject: HB 2213 - Relating to the Contractor Repair Act

Chair Nakashima, Vice Chair Sayama, and members of the Committee:

My name is Max Lindsey, Government Relations Committee Chair of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA Hawaii is in **strong support** of HB 2213, Relating to the Contractor Repair Act. This bill expands the required contents of a notice of claim of construction defect served on a contractor, requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim, amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs, and limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.



**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

Attached to our testimony is proposed language for amendments to HB 2213.

We urge you to lend your support to these amendments, and appreciate the opportunity to provide our comments on this important matter.

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# A BILL FOR AN ACT

RELATING TO THE CONTRACTOR REPAIR ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the rising costs of  
2 insurance contribute substantially to the soaring costs of  
3 housing in Hawaii. Developers or improvers of real property are  
4 required to insure against deficiencies of improvements, while  
5 costs of insurance are passed on to the purchasers of that real  
6 property, which significantly drives up costs. Higher insurance  
7 costs have resulted from the unrestricted filing of construction  
8 defect claims filed by purchasers of real property. Developers  
9 or improvers of real property have received legal complaints  
10 seeking to recover damages without first being provided the  
11 opportunity to inspect or remedy potential defects.

12           Therefore, the purpose of this Act is to:

- 13           (1) Expand the required contents of a notice of claim of  
14           construction defect served on a contractor;
- 15           (2) Require the claimant to provide actual evidence of the  
16           nature and cause of the construction defect and extent  
17           of necessary repairs along with the notice of claim;



1           (3) Amend the process and timeframe for a claimant to  
 2           accept a contractor's proposal to inspect and  
 3           authorize the contractor to proceed with repairs; and

4           (4) Limit the amount a claimant can recover if the  
 5           claimant unreasonably rejects a contractor's proposal  
 6           to inspect or an offer to remedy.

7           SECTION 2. Section 672E-3, Hawaii Revised Statutes, is  
 8 amended to read as follows:

9           "~~+~~§672E-3~~+~~ **Notice of claim of construction defect.**

10          (a) A claimant, no later than ninety days before filing an  
 11 action against a contractor, shall serve the contractor with a  
 12 written notice of claim. The notice of claim shall ~~[describe]~~:

13           (1) State that the claimant asserts a claim against the  
 14           contractor for a construction defect in the design,  
 15           construction, or remodeling of a dwelling or premises;  
 16           and

17           (2) Describe the claim, with particularity, specificity,  
 18           and in detail [and include the results of any testing  
 19           ~~done.] sufficient to determine the circumstances~~  
 20           constituting the alleged construction defect and  
 21           damages resulting from the construction defect. A



1           general statement that a construction defect may exist  
2           shall be insufficient.

3 The notice of claim shall not constitute a claim under any  
4 applicable insurance policy and shall not give rise to a duty of  
5 any insurer to provide a defense under any applicable insurance  
6 policy unless and until the process set forth in section 672E-5  
7 is completed. Nothing in this chapter shall in any way  
8 interfere with or alter the rights and obligations of the  
9 parties under any liability policy.

10        (b) The claimant shall provide to the contractor, with the  
11 notice of claim, actual evidence that depicts the nature and  
12 cause of the construction defect and the nature and extent of  
13 the repairs necessary to repair the defect, including but not  
14 limited to expert reports, photographs, videotapes, and any  
15 testing done.

16        (c) Each individual claimant or class member shall comply  
17 with this chapter, which includes permitting inspection under  
18 section 672E-4 of each dwelling or premises that is the subject  
19 of the claim.

20        ~~(b)~~ (d) A contractor served with a written notice of  
21 claim shall serve any other appropriate subcontractor with



1 notice of the claim. The contractor's notice shall include the  
2 claimant's written notice of claim.

3 [~~e~~] (e) After serving the notice of claim, a claimant  
4 shall give to the contractor reasonable prior notice and an  
5 opportunity to observe if any testing is done."

6 SECTION 3. Section 672E-4, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§672E-4 Rejection of claim; opportunity to repair**

9 **construction defect.** (a) The contractor rejects a claimant's  
10 claim of construction defects by:

11 (1) Serving the claimant with a written rejection of the  
12 claim; or

13 (2) Failing to respond pursuant to subsection (b) (1) or  
14 (b) (2) [~~r~~] to the notice of claim within thirty days  
15 after service.

16 (b) The contractor, within thirty days after service of  
17 the notice of claim, shall serve the claimant and any other  
18 contractor that has received the notice of claim with a written  
19 response to the alleged construction defect that:

20 (1) Offers to settle without inspecting the construction  
21 defect by:



- 1 (A) Monetary payment;
- 2 (B) Making repairs; or
- 3 (C) Both subparagraphs (A) and (B); or
- 4 (2) Proposes to inspect the premises of the alleged
- 5 construction defect that is the subject of the claim.

6 (c) ~~[Within thirty days following any proposal for~~  
 7 ~~inspection under subsection (b) (2), the claimant shall provide~~  
 8 ~~access to:]~~ The claimant shall accept a contractor's proposal  
 9 to inspect under subsection (b) (2) and notify the contractor of  
 10 that acceptance within fourteen days. After accepting the  
 11 contractor's proposal to inspect, the claimant and contractor  
 12 shall agree on a time and date for the inspection, which shall  
 13 occur within thirty days of the claimant's acceptance of the  
 14 contractor's proposal to inspect, unless the claimant and  
 15 contractor agree to a later date. The claimant shall provide  
 16 reasonable access to the dwelling or premises during normal  
 17 working hours to:

- 18 (1) Inspect the premises;
- 19 (2) Document any alleged construction defects; and
- 20 (3) Perform any testing required to evaluate the nature,
- 21 extent, and cause of the asserted construction defect,



1           and the nature and extent of any repair or replacement  
2           that may be necessary to remedy the asserted  
3           construction defect;  
4 provided that if the claimant is an association under chapter  
5 514B, the claimant shall have forty-five days to provide [~~such~~  
6 access. If access to ~~an~~ individual condominium ~~unit~~ <sup>units</sup> is  
7 necessary, and the association is unable to obtain [~~such~~  
8 access, then the association shall have a reasonable time to  
9 provide access. If destructive testing is required, the  
10 contractor shall give advance notice of tests and return the  
11 premises to its pre-testing condition. If inspection or testing  
12 reveals a condition that requires additional testing to fully  
13 and completely evaluate the nature, cause, and extent of the  
14 construction defect, the contractor shall provide notice to the  
15 claimant of the need for additional testing. The claimant shall  
16 provide additional access to the dwelling ~~s~~ <sup>and/or</sup> premises. If a  
17 claim is asserted on behalf of owners of multiple dwellings, or  
18 multiple owners of units within a multi-family complex, the  
19 contractor shall be entitled to inspect each of the dwellings or  
20 units.



1 (d) Within fourteen days following the inspection and  
2 testing, the contractor shall serve on the claimant a written:  
3 (1) Offer to fully or partially remedy the construction  
4 defect at no cost to the claimant. [~~Such~~] The offer  
5 shall include a description of construction necessary  
6 to remedy the construction defect and a timetable for  
7 the completion of the additional construction;  
8 (2) Offer to settle the claim by monetary payment;  
9 (3) Offer for a combination of repairs and monetary  
10 payment; or  
11 (4) Statement that the contractor will not proceed further  
12 to remedy the construction defect.  
13 (e) Upon receipt of the offer made under subsection  
14 (b) (1), (d) (1), (d) (2), or (d) (3), the claimant, within thirty  
15 or forty-five days, whichever applies pursuant to section 672E-  
16 5(a), shall accept the offer and authorize the contractor to  
17 proceed with any repairs offered under subsection (b)1, (d) (1),  
18 or (d) (3).  
19 (f) If a claimant unreasonably rejects a proposal to  
20 inspect made under subsection (b) (2), or unreasonably rejects an  
21 offer under subsection (b) (1), (d) (1), (d) (2), or (d) (3), the





recovery

1 claimant's ~~recovery~~ shall be limited to the total value of the  
2 offer, calculated based on the reasonable value of the repair  
3 determined as of the date of the offer ~~and~~ <sup>and/or</sup> the amount of the  
4 offered monetary payment

ADD: "...and not be entitled to recover on any claim, whether based in contract, tort, or statute, for punitive, exemplary, or treble damages."

5 (g) If a claimant unreasonably rejects a contractor's  
6 proposal to inspect under subsection (b) (2), or unreasonably  
7 rejects an offer under subsection (b) (1), (d) (1), (d) (2), or  
8 (d) (3), the court shall deny the claimant an award of attorney  
9 fees and costs even if the claimant is determined to be the  
10 prevailing party, and the contractor shall be entitled to an  
11 award of attorney fees and costs incurred following the date of  
12 the offer.

13 (h) Any offer of settlement under this section shall  
14 reference this section, and shall state that a claimant's  
15 failure to respond with a written notice of acceptance or  
16 rejection within thirty or forty-five days, whichever applies  
17 pursuant to section 672E-5(a), shall mean that the offer is  
18 rejected[=] and shall subject the claimant to the limitations in  
19 subsections (f) and (g). Failure to serve a written offer or  
20 statement under this section shall be deemed a statement that  
21 the contractor will not proceed further."



# H.B. NO. 2213

1           SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 5. This Act shall take effect upon its approval.

4

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Jim A. ...", written over a horizontal line.

JAN 22 2024



# H.B. NO. 2213

**Report Title:**

Contractor Repair Act; Notice of Claim; Inspection; Repair;  
Rejection of Claims; Limitations on Recovery

**Description:**

Expands the required contents of a notice of claim of construction defect served on a contractor. Requires the claimant to provide actual evidence of the nature and cause of the construction defect and extent of necessary repairs along with the notice of claim. Amends the process and timeframe for a claimant to accept a contractor's proposal to inspect and authorize the contractor to proceed with repairs. Limits the amount a claimant can recover if the claimant unreasonably rejects a contractor's proposal to inspect or an offer to remedy.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*





## *Commercial Sheetmetal Co. Inc.*

94-142 LEOLEO STREET \* WAIPAHU, HAWAII 96797

PHONE: (808) 671-4002 FAX: (808) 676-7965

February 5, 2024

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT  
Hearing Date: Tuesday, February 6, 2024 at 2:00pm  
Conference Room 329, State Capitol

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong SUPPORT of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing. The primary reason for my support is the emphasis on protecting both contractors, homeowners and now 1<sup>st</sup> time homebuyers by requiring specificity in the notice of claim, establishing clear guidelines and timelines for inspections and repairs, and discouraging the rejection of reasonable offers to remedy the issue. These protections are pivotal to streamline the claim resolution process and mitigate the unnecessary legal disputes that have aggravated Hawaii's housing crisis and made housing more costly and unattainable for most Hawaii's families.

Recent construction defect litigation has now impacted 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage, further deepening Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly foreclosed from purchasing.

The legislation's emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the actual issue at hand supporting the core intent of HRS Section 672E. The proposed amendments will also facilitate more effective communication, transparency and accuracy in the process, thus reducing the likelihood

of misunderstandings and frivolous or unsubstantiated claims that have now affected access to critically important FHA, VA, Fannie Mae and Freddie Mac loan programs. Requiring claimants to provide actual evidence of the construction defect promotes transparency and helps validate construction defect claims. This benefits both contractors and homeowners by providing a basis for a more precise, timely and effective remedy, without litigation. It will also provide a basis upon which mortgage lending on new housing under construction, without legitimate evidence of a construction defect, could continue offering much needed government backed loans.

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects in Hawaii. The proposed changes are pivotal to streamline the resolution process and mitigate the deluge of unnecessary legal disputes that have directly affected 1<sup>st</sup> time homebuyers' and veterans' ability to obtain a low downpayment FHA, VA, Fannie Mae or Freddie Mac loan and that have only deepened Hawaii's housing crisis and made housing further beyond reach for Hawaii's families.

I have great concerns of what will happen to the affordability of home and construction in general. I urge you to support our concerns and to these amendments.

Sincerely,

**Glenn T. Saito**

President  
Commercial Sheetmetal Co., Inc.

FRED LAU  
HAWAIIAN LANDSCAPE CO., INC.  
171 WAOKANKA PLACE  
HONOLULU, HI 96817  
PH. 595-5148 FAX. 595-8148  
LIC.# C-20156

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing. These increases in insurance cost eventually get passed on to buyers which leads to increased home prices in Hawaii, making it more and more difficult for residents to buy homes.

Most importunately, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand,

facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

X 

---

Tyler Lau  
Manager



**HB-2213**

Submitted on: 2/5/2024 1:56:51 PM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
William McKeon	Berding Weil LLP	Oppose	Written Testimony Only

Comments:

This testimony is submitted in opposition to HB No. 2213.

I am an attorney who has represented many homeowner associations with regard to construction defect matters. This testimony is based on my personal experience, that of my firm, and that of many other attorneys and associations.

First, the assertion that insurance costs have increased because of the unrestricted filing of claims against developers is wrong. Insurance costs have increased because insurers pay millions to repair construction defects that result from buildings built fast and cheap, all in the name of increased builder profits.

Second, the assertion that developers are not given an opportunity to repair is wrong. HRS 672E requires that developers be given notice and notice is given. Developers typically are not interested in making expensive repairs. Instead, they promptly turn the matter over to their insurer.

Third, the bill forces homeowners to hire experts and consultants at substantial expense to tell the developer, who built the building and therefore knows how it was constructed and the likely cause of the problem, what is wrong and what it will cost to fix. For example, if the roof leaks, the homeowner cannot call the builder and say, my roof is leaking, fix it. This bill would force a homeowner to hire expensive experts and contractors to investigate and take the roof apart, but NOT fix it, and then provide this information to the developer, who can then decide whether to fix it or not. The costs incurred by the homeowner are not recoverable from the developer. The homeowner should be able to report the problem and the developer, who works with experts and contractors, and who has a right of inspection, and who knows the building, can better determine the cause of the problem and the cost of repair.

Fourth, the bill seeks to penalize an owner who disagrees with a contractor's proposed offer to repair, even if the owner prevails at a later trial. How can a party who prevails at trial be deemed the loser? Should not a contractor who loses at trial have to pay attorneys' fees and costs to the homeowner who was forced to take the developer to court to get their home repaired?

This is a one-sided bill that only benefits contractors who put profits over people.

HB 2213 should be rejected.





February 5, 2024

The Honorable Mark Nakashima, Chair  
The Honorable Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
State House of Representatives  
State Capitol  
Honolulu, HI 96813

Subject: **H.B. 2213 RELATING TO THE CONTRACTOR REPAIR ACT**  
Hearing: Tuesday, February 6, 2024; 2:00pm  
Conference Room 329, State Capitol

Dear Chair Nakashima, Vice Chair Sayama, and Members of the Committee,

My name is Debbie Luning and I am testifying on behalf of Gentry Homes, Ltd. in strong **SUPPORT** of H.B. 2213, RELATING TO THE CONTRACTOR REPAIR ACT. This bill proposes much-needed changes to sections 672E-3 and 672E-4, HRS, relating to repairs of construction defects in housing. More specifically, it requires precise details of a construction defect claim; it establishes clear guidelines and timelines for inspections and repairs; and it discourages the rejection of reasonable offers to correct the defects. We believe that these protections are necessary to streamline the claim resolution process and to help avoid unnecessary legal disputes involving often purported, but unsubstantiated, construction defect claims. Unless these legal disputes are effectively thwarted, Hawaii's housing crisis will only worsen because of the detrimental impacts of such lawsuits on not only potential homebuyers, but the construction industry as a whole.

Steps must be taken to clarify laws relating to construction defect claims; otherwise, the problem will continue to worsen. As mentioned in DR Horton's testimony, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment, government-backed loan programs, most local first-time homebuyers and veterans will be unable to purchase a home of their own in Hawaii. As a developer of workforce housing for local families, we find this to be both undesirable and unacceptable.

We urge you to support this measure and to pass it out of your Committee. Mahalo for your consideration.

Sincerely,

GENTRY HOMES, LTD.

A handwritten signature in blue ink, appearing to read 'D. Luning'.

Debra M. A. Luning  
Director of Governmental Affairs and  
Community Relations

Testimony of Kenneth Kasdan  
State of Hawaii, House of Representatives  
Thirty-Second Legislative Session 2024



To: The Committee on Consumer Protection and Commerce

Chairman Nakashima and Members of the Committee:

My name is Kenneth Kasdan, and I am the Senior Partner of the law firm of Kasdan Turner Thomson Booth, LLLC. Our firm is a Hawaii registered Limited Liability Law Corporation and we have a full-time, fully staffed office here on Oahu. I have been a member of the Hawaii Bar since 2017 and have been practicing law for over 48 years.

My firm currently represents over 2,000 unit owners in various high-rise buildings throughout the Island, including buildings which are over 88% workforce housing, as well as luxury and mixed occupancy buildings. We also presently represent over 4,500 property owners in both single-family detached and townhome developments throughout the state of Hawaii in a certified class action lawsuit regarding corroded foundation systems, and over 1,250 homeowners in a certified class in the Ewa Beach area concerning corroded foundation hardware.

In addition, we have and do represent commercial and other property owners. We have also represented over 4,000 homeowners in the Ewa Beach area concerning corroded foundation hardware, where essentially each and every home has had the entirety of their foundation hardware replaced as a result of hard fought litigation.

The Construction Defect process and the procedures in HRS §672(e) were a part of the groundwork of these settlements, resulting in over 4,000 families now living in safer homes, and all persons in the affected neighborhood no longer at risk that their foundations and building components turn into deadly missiles.

Contractors weaponize the current Contractor Repair Act to frustrate recovery

Hawaii law, in HRS §672(e), while far from a perfect statute, provides a framework for owners to present claims, and if not settled, proceed to arbitration or court. In this statute, the builders and contractors have a right to repair construction defects or pay for repairs. However, they typically use the statute to delay claims; not resolve them. The statute is entitled Contractor's Repair Act, and as drafted, already creates a labyrinth that homeowners must traverse to enforce their rights.

Contractors take advantage of two aspects of the current Contractor Repair Act to make it difficult for homeowners to recover for construction defects.

First, the Contractor Repair Act does not provide a specific timeframe for the completion of the process. Instead, the prelitigation procedure is completed after the parties mediate the claims. Contractors take advantage of this process by refusing to schedule mediation, thus prolonging the

Contractor Repair Act process. In our experience, the Contractor Repair Act process can take more than two years before the matter can proceed to litigation, while the contractors drag their feet.

Second, while the Contractor Repair Act does not require the contractor to provide ANY construction information on the residential project, it already requires homeowners to describe the construction defect claims in detail, provide all test results related to the claims, and provide access to contractors to inspect all testing and conduct its own testing.

In practice, contractors argue that homeowners and associations fail to provide adequate detail and information, regardless of what information is provided, and refuse to proceed with litigation or attempt to dismiss an active lawsuit on these grounds.

On the contrary, contractors refuse to produce any documents or information regarding the construction of the residential projects and are not required to under the current version of the Contractor Repair Act. This makes it significantly more costly and difficult for homeowners and associations to investigate the defects in their homes.

In contrast, homeowners provide significant detail in an abundance of caution in order to ensure that they are complying with the statute. In fact, one respected jurist in a case we are involved in found that the association provided “a substantial amount of information” during the Contractor Repair Act process, and that it was not a “particularly close call” as to whether the Association provided enough information.

#### H.B. No. 2213 will coerce homeowners into accepting a low-ball offer

The bill before you, H.B. No. 2213, creates numerous unfair procedural roadblocks for homeowners to navigate to protect their rights to live in a safe home, a home free from defects—defects which often constitute fire and life/safety hazards.

This bill aims to coerce homeowners into accepting any offer made during the Contractor Repair Act process by: (1) requiring the homeowner to accept the contractor's initial offer; (2) limiting the homeowner's recovery to the total value of the contractor's initial offer; and (3) punishing homeowners who refuse to accept a contractor's proposal, by removing their right to statutory attorney fees and costs, and awarding the contractor fees and costs incurred after the offer was made.

The bill, HB 2213, seeks to utilize attorney fees and costs against the homeowner or association if they “unreasonably reject” a settlement offer. There is no objective definition of what constitutes an unreasonable rejection, creating undue pressure on the owner or association to accept a low-ball offer.

Under the bill, even if the owner or association wins the lawsuit, and is determined to be the prevailing party, they cannot receive attorney fees and costs, a right specifically provided to Hawaii residents under the assumpsit statute (among other statutes), and will be required to pay for the contractors fees and costs. The owner is at risk of ultimately being required to pay the contractors, even after they win the lawsuit.

Thus, under the bill, developers and contractors can pressure independent homeowners and condo associations into accepting a low-ball offer, by threatening them with their attorney fees if their offer is rejected.

#### H.B. No. 2213 will create a prelitigation purgatory

This bill also aims to unreasonably increase the hurdle of the Contractor Repair Act for homeowners, requiring the homeowner and associations to spend significant resources to work up their case and provide both attorney work product and expert work product prior to litigation. The bill requires the production of “actual evidence” of both the nature and cause of the construction defect and repairs, expert reports, photographs, videotapes and any testing done. This will provide further ammunition for contractors to argue that homeowners and associations have failed to meet the requirements of the Contractor Repair Act, thus making it exceedingly difficult to proceed towards a just resolution.

#### H.B. No. 2213 harms purchasers of real property

H.B. No. 2213 aims to place fault on purchasers of residential property for the “soaring costs of housing” and put the costs of defective construction on the homeowner and association.

However, Hawaii homeowners deserve a safe home and protection from shoddy construction.

Are homes at risk from defects? Surely they are. There have been high-rise fires here on Oahu. Residents have died in high-rise fires. Hurricanes have done massive damage to homes and townhouses on the Islands. It is not a question of if, but rather when Hawaii will take another direct hit from hurricane force winds.

This bill puts all the risk on homeowners who make a claim for shoddy construction and reject a builder’s inadequate offer. Let’s not forget, it is the builders and contractors who makes enormous profits on the sale of these properties, while purchasers pay significant amounts of money for their homes.

This is the Consumer Protection Committee of the Hawaii Legislature. The proposed bill does nothing to enhance consumer protection. The proposed bill does nothing to give property owners more rights; all it does is strip rights, forcing homeowners to accept even an inadequate offer to repair or face having to pay the contractor’s attorney fees; and making it increasingly difficult to acquire the funds to fix construction defects.

There is nothing reciprocal or mutual in the bill—it is all one sided.

The contractors, other than contending that their insurance costs are too high, have presented no facts, and no evidence, that the process is not working or is somehow is unfair to them. They have a perfect remedy – why not just build the homes and buildings more carefully? Why not comply with the building code? Why not actually use quality control, not just give it lip service.?

The contractors talk story, but they cannot show why they need more procedural hurdles designed to strip homeowners of their rights.

Thank you for your consideration.



February 5, 2024

Testimony to: House of Representatives Committee on Consumer Protection & Commerce  
Chair Mark M. Nakashima

Presented By: Michael E. Grossi, EVP – Aon Risk Services, Inc. of Hawaii

Subject: H.B. No. 2213 – RELATING TO THE CONTRACTOR REPAIR ACT

Chair Nakashima and Members of the Committee:

I am a licensed insurance broker in the state of Hawaii and have over 28 years of experience in the Hawaii construction insurance market. The insurance costs for residential constructions projects continues to increase in Hawaii. One contributing factor to the excessive cost of construction insurance in Hawaii is the amount of construction defect claim filings.

As the bill point out this cost is passed on to the purchaser of real property, which contributes to the high cost of housing in Hawaii. This bill is a good first step to help lower the cost of construction insurance in Hawaii.

H.B. 2213 clearly benefits all parties who want to ensure a clear and fair way to deal with construction defect claims in Hawaii.

Thank you for the opportunity to provide testimony.

Michael E. Grossi

Executive Vice President

**LATE**

Testimony of  
Pacific Resource Partnership

House Committee On Consumer Protection & Commerce  
Representative Mark M. Nakashima, Chair  
Representative Jackson D. Sayama, Vice Chair

HB 2213—Relating To Contractor Repair Act  
Tuesday, February 6, 2024  
2:00 P.M.

Aloha Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

Pacific Resource Partnership (PRP) is a nonprofit organization that represents the Hawai'i Regional Council of Carpenters, the largest construction union in the state with approximately 6,000 members, in addition to more than 250 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP writes in **strong support** of HB 2213, which protects housing options and affordability for our local residents by requiring that reasonable parameters exist around class-action lawsuits.

The loss of Hawai'i's population is due in large part to the severe shortage of affordable housing units, with many people, including young adults, essential workers such as teachers, doctors, nurses, and a disproportionate number of Native Hawaiians, migrating out of the State for mainland cities with adequate affordable housing and a lower cost of living.<sup>1</sup> We will continue to lose our Kama'āina and the valuable services they provide, unless we adopt reasonable policies that temper the escalating cost of housing, which includes lawsuits that primarily benefit a niche-class of attorneys.

It is our understanding that certain attorneys encourage homeowners to file claims against homebuilders in class action lawsuits that cast a wide net to include not just homes/condo units that are owned, but also homes/condo units that are currently under construction and are awaiting permit approvals from the counties. The only people benefitting from such lawsuits are the attorneys, leaving the homeowner without sufficient funds to remedy damages and first-time homebuyers without access to Federal Housing Administration, Fannie Mae, Department of Veterans Affairs, or other federally guaranteed loans that would have allowed them to qualify for low- and no-down-payment mortgages. Instead, these first-time homebuyers whose potential purchases fall under a class-action lawsuit, are required to pay the full 20% deposit, rendering them unable to qualify for a home.

HB 2213 will help to reduce the unrestricted filing of unsupported construction defect claims against homebuilders that are pursued by claimants seeking damages without first providing an opportunity to resolve the claim and remedy potential defects.

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<sup>1</sup> <https://www.dwell.com/article/hawaii-affordable-housing-crisis-86c0db3e>





**(Continued From Page 1)**

This bill will help to prevent frivolous lawsuits by increasing the opportunity for homebuilders and homeowners to address any potential construction defects without getting involved in costly litigation where everyone loses except for the attorneys. The legal parameters and processes detailed in HB 2213 around construction defect claims will help move the state towards policies that will actually make the homeowner whole again, while supporting a mortgage environment where first-time homebuyers have an opportunity to qualify for low- and no-down-payment mortgages.

As such, we respectfully request your favorable decision on this measure. Thank you for this opportunity to submit written testimony.



Since 1974

**LATE**

Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.



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**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1<sup>st</sup> time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects



Since 1974

in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,



**Victor Wyman**  
**President**



**LATE**

**HB-2213**

Submitted on: 2/5/2024 3:35:57 PM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Matthew Liew	Aon Risk Services, Inc. of Hawaii	Support	Written Testimony Only

Comments:

**The impact of construction defect losses has caused insurance pricing to surge and forced insurers to implement significant mandatory rate increases. Current insurance market conditions are expected to continue for the foreseeable future creating negative pressure on developers' construction budgets as overhead and the cost to build rise.**

**Status quo is economically unfeasible in the long term and will adversely impact future inventory and pricing.**

**This bill is a step in the right direction to help mitigate these escalating costs and will provide a more equitable resolution of construction defect claims.**

**Thank you for the opportunity to provide testimony.**

February 6, 2024

Committee on Consumer Protection & Commerce  
Rep. Mark M. Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair



*Working together for Kapolei*

Tuesday, February 6, 2024  
2:00 p.m. Conference Room #329 and via  
Videoconference

**RE: HB2213 – Relating to Construction**

Dear Chair Nakashima, Vice Chair Sayama, members of the Committees,

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, Ewa Beach, Nanakuli, Waianae and Makaha. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive.

**The Kapolei Chamber of Commerce supports HB2213** which would help prevent frivolous lawsuits by increasing the opportunity for homebuilders and homeowners to address any potential construction defects without a lengthy and costly litigation. This measure would do the following:

1. Provide better notice or detail of alleged defect;
2. Require evidence of any alleged defect;
3. Amending the process and timeframe for inspection; and
4. Limiting recovery to the cost of mitigating the defect and attorney's fees when a proposal to inspect or offer to repair is unreasonably rejected.

Providing greater detail and evidence of a potential defect in the notice of claim with particularity is a crucial improvement to ensure that both parties have a clear understanding of the issues at hand, facilitating an opportunity to work through mitigation or settlement of the issue and reducing the likelihood of misunderstandings or frivolous claims. In addition, requiring claimants to provide detailed evidence, as opposed to just generalized claims, strengthens the validity of construction claims, promotes fair assessments and informed decision-making during the resolution process and typically lead to quicker resolutions and more accurate assessments of damages. These amendments are crucial for fostering a fair and efficient process for addressing construction defects while still protecting the homebuyers' legal rights if the need arises for future litigation.

**West O'ahu is the fastest growing region in the State.** We are in an affordable housing crisis. The housing market in West O'ahu, including new home inventory, provides the much-needed options for our young families and new home buyers as well as our growing veteran population on the west side. First time home buyers and veterans are facing restricted financing options because of these lawsuits.

**Construction at these new developments are being put on hold because of these lawsuits. The cost of the home and insurance goes up because of these lawsuits, making it even more expensive for developers to build homes and consequently more expensive for people to buy homes.**

In conclusion, the proposed changes align with the principles of proactive conflict resolution, promoting a collaborative approach to addressing construction defects. The emphasis on early notification is a strategic and pragmatic step that can significantly contribute to the expeditious resolution of issues, benefiting all stakeholders involved.

Thank you for this opportunity to provide testimony.

Respectfully,

Kiran Polk  
Executive Director



New Homes • Renovations • Custom Kitchens & Baths

To the Honorable,  
Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
And the members of the House Committee on Consumer Protection & Commerce  
32nd Legislature, Regular Session of 2024

RE: In Regards to HB 2213 - Contractor Repair Act  
Hearing Date: 2-6-2024 at 2:00pm  
Conference Room 329, State Capitol

Good day Chair Nakashima, Vice Chair Sayama and Members of the Committee,

I want to express my support for House Bill 2213 – In regards to the Contractors Repair Act proposing changes to Hawaii's construction defect legislation, particularly the emphasis on specificity in notice of claims, requiring actual evidence of the construction defect and discouraging the rejection of reasonable offers. Drawing inspiration from successful models in various states, the amendments promise to bring clarity and efficiency to the claim resolution process. By mandating detailed descriptions of alleged defects and discouraging the rejection of reasonable offers, homeowners and contractors can engage in transparent and productive dialogue, significantly reducing the likelihood of ambiguous or unsubstantiated claims and avoiding potentially significant delays to legitimate needed repairs. This approach aligns with best practices observed in other jurisdictions and is a progressive step toward fostering a constructive and equitable resolution framework in Hawaii.

Equally as important, recent construction defect litigation has caused two significant and unprecedented effects on housing in Hawaii. First, broad claims have halted hundreds of new housing units set to begin construction. Second, and more alarming, broad claims have prohibited the ability of **first time homebuyers to obtain a needed government backed mortgage**. Lack of clarity and **lack of actual evidence of construction defects** in claims has encumbered new condominiums currently under construction. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to disqualify new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly precluded from purchasing. This has only further exacerbated Hawaii's dire housing crisis.

Hawaii's contractors stand behind the quality projects we build, which these amendments will allow us to equitably do and at the same time protect Hawaii's homeowners. I strongly urge the Committee to support these amendments for the benefit of homeowners, contractors, homebuyers and the overall efficiency of the construction defect resolution process in our State.

Sincerely,

Guy Taylor

**HB-2213**

Submitted on: 2/5/2024 6:07:34 AM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nathan Kabei	Individual	Support	Written Testimony Only

Comments:

Nathan Kabei

Foundation Building Materials

180 Sand Island Access Road

Honolulu, HI 96819

Ph# (808)841-5819

Email: Nathan.kabei@fbmsales.com

Representative Mark Nakashima, Chair

Representative Jackson Sayama, Vice Chair

Members of the House Committee on Consumer Protection & Commerce

Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTACTOR REPAIR ACT**

**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**

**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,



I am writing to express my strong **SUPPORT** of HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT proposing changes to Section 672E-3 and -4 of the Hawaii Revised Statutes relating to construction defects in housing.

These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1st time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1st time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient

and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

**5. The Amendments will Help Resolve Claims Without Costly and Lengthy Legal Action by Allowing Contractors to Address the Specific Issue Being Raised.** The amendments will allow contractors to address the specific issue raised by homeowners. The legislation gives both homeowners and contractors an opportunity to reduce claims without costly and lengthy legal action helping to avoid potentially significant delays to much needed repairs. The amount of construction defect litigation in our state has reached a dire tipping point as evidenced by rising insurance costs, increased housing costs and the unavailability of government backed loans (FHA, VA, USDA, Fannie Mae and Freddie Mac) on condos with litigation, all of which preclude countless 1st time homebuyers from purchasing homes.

In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this

legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

Nathan Kabei

Foundation Building Materials

180 Sand Island Access Road

Honolulu, HI 96819

Ph# (808)841-5819

Email: [Nathan.kabei@fbmsales.com](mailto:Nathan.kabei@fbmsales.com)

**HB-2213**

Submitted on: 2/5/2024 11:38:52 AM

Testimony for CPC on 2/6/2024 2:00:00 PM

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

Comments:

Oppose



Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce  
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2213 – RELATING TO THE CONTRACTOR REPAIR ACT**  
**Hearing Date: Tuesday, February 6, 2024 at 2:00pm**  
**Conference Room 329, State Capitol**

Aloha Chair Nakashima, Vice Chair Sayama and Members of the Committee,

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These amendments are crucial for fostering a fair, transparent and efficient process for homeowners as well as contractors in addressing construction defects. These amendments are also critical to curbing unnecessary and protracted lawsuits that have resulted in increased insurance costs on the new construction of much needed housing.

Equally as important, recent construction defect litigation has had an unprecedented effect on 1<sup>st</sup> time homebuyers' ability to obtain a needed government backed mortgage. This has only further exacerbated Hawaii's housing crisis. Lack of clarity and actual evidence of construction defect claims have encumbered not only completed homes but new condominiums currently under construction as well. As a result, FHA, VA, Fannie Mae and Freddie Mac have taken the position to rescind lending approvals on new condominium projects with pending litigation. Without low down payment government backed loan programs and without the 20% down payment required by portfolio lending, most 1<sup>st</sup> time homebuyers and veterans are unfairly preempted from purchasing.

**1. Specificity in Claim Notices Ensures Clarity:** The emphasis on detailing the construction defect in the notice of claim with particularity and specificity is a crucial improvement. This requirement ensures that both parties have a clear understanding of the issues at hand, facilitating more effective communication, transparency and accuracy and reducing the likelihood of misunderstandings and frivolous or unsubstantiated claims. The amendments seek to clarify and strengthen the prelitigation notice requirements consistent with other states that have adopted similar legislation (California, Colorado, Nevada, Florida) to decrease the

number of unsubstantiated claims, encourage early resolution of claims, and reduce the cost of housing and insurance. Clear and detailed notice helps contractors pinpoint the alleged issues, enabling them to address the concerns more effectively and efficiently.

**2. Evidence Submission Promotes Transparency and Efficient Resolution of Claims:** Requiring claimants to provide actual evidence of the construction defect, such as expert reports, photographs, videotapes, and testing results, promotes transparency and helps validate construction defect claims. This provision ensures that contractors have access to comprehensive information, promoting fairness and informed decision-making during the resolution process and preventing disputes over the validity of claims, leading to more efficient and effective resolution of construction defect issues. With respect to construction defect claims, this process allows for quicker resolutions and a more accurate assessment of the damages. This benefits contractors and homeowners by providing a basis for a more precise and effective remedy.

**3. Amending the Process and Timeframe re Inspection and Repairs Provides More Certainty:** By amending the process and timeframe for inspection and repairs, both contractors and homeowners will have more certainty. Establishing clear guidelines and timelines for inspections and repairs can help prevent delays and disputes, providing all parties involved with a clear understanding of the steps and timeframe for resolution. This increased certainty can lead to a more efficient and timely resolution of construction defect claims.

**4. Limiting Recovery and Foreclosing Attorney's Fees When Offers are Unreasonably Rejected Ensures Fairness and Efficient Resolution of Claims:** Limiting recovery and foreclosing attorney's fees when a proposal to inspect or an offer of repair is unreasonably rejected will result in quicker and fairer resolution of construction defect claims. This provision discourages the rejection of reasonable offers and promotes a more efficient resolution process by preventing unnecessary delays and costly disputes. It also helps to prevent the escalation of legal costs, contributing to a more efficient and cost-effective resolution of construction defect issues.

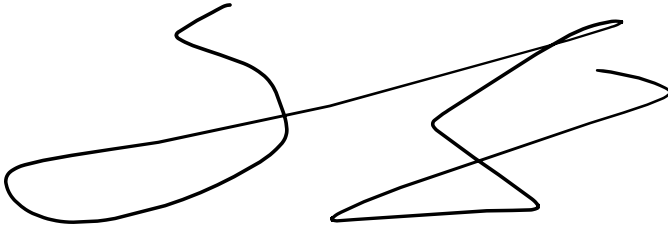
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In conclusion, the proposed changes to Section 672E-3 and -4 of the Hawaii Revised Statutes represent a thoughtful and balanced approach to more effectively address construction defects

in housing and in turn help address Hawaii's housing crisis. These amendments promote early resolution, clarity in communication, and the submission of actual evidence, ultimately benefiting and protecting both homeowners and contractors. I urge you to support and pass this legislation to enhance the fairness and efficiency of the construction defect resolution process in Hawaii and to curb the unnecessary and protracted construction defect litigation that has deepened Hawaii's housing crisis and made housing unattainable for Hawaii's families.

I urge you to lend your support to these amendments.

Sincerely,

A handwritten signature in black ink, appearing to be 'Scott Tajima', written in a cursive style.

Scott Tajima  
FBM  
Outside Sales Representative

**HB-2213**

Submitted on: 2/5/2024 1:46:15 PM

Testimony for CPC on 2/6/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dennis M Lombardi	Individual	Support	Written Testimony Only

Comments:

Testimonial letter attached. Thank you.