

HB-117

Submitted on: 2/14/2025 3:46:15 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Idor Harris	Honolulu Tower	Oppose	Written Testimony Only

Comments:

Honolulu Tower is a 396 unit fee simple condominium located at Beretania and Maunakea Streets. On February 3, 2025, the Board of Directors of the Association of Apartment Owners of Honolulu Tower voted unanimously to oppose this bill.

The amendment to section 2 would stipulate a minimum reserve balance in relation to the tax assessed value. The board does not know how the tax assessed value would be totaled for the whole building because each unit has their own tax assessment. There doesn't seem to be a correlation between tax assessed value and reserves and how such a percentage would be determined?

Therefore the Board of Directors of the Association of Apartment Owners of Honolulu Tower asks that this bill be deferred.

Idor Harris
Resident Manager^[1]_{SEP}

HAWAII FIRST REALTY LLC
4162 Kaimanahila Street
Honolulu, HI 96816
808-282-8051
richard.hawaiifirstrealty@gmail.com

February 15, 2025

Honorable Scot Z. Matayoshi
Honorable Cory M. Chun
Committee on Consumer Protection
415 South Beretania Street
Honolulu, HI 96813

HB117 OPPOSE

Dear Committee,

My name is Richard Emery, and I am submitting this authorized testimony in opposition. On a personal note, I am a thirty-year condominium industry veteran. I am a CAI Reserve Specialist (RS), have reviewed or performed hundreds of Hawaii condominium reserve studies, participated in CAI's national task force for reserve study public policy, and currently serve as an expert in condominium disputes or litigation related to condominium budget and reserve studies.

The basis for this Bill is set an artificial limit for the total replacement reserves of an association.

RESERVE STUDIES:

The preparation of reserve studies is governed by national standards using applicable data for an association to calculate reserve contributions. It is estimated that more than 95% of all Hawaii condominiums adopt reserve studies using the cash flow funding method that excludes percentages under the Pooling Method of preparation. Cash flow funding is the Hawaii industry reserve funding standard. There is no relationship to assessed values.

The total replacement fund goes up and down as components are repaired or replaced. Think of it this way. If an association had only one component of \$1 million dollars that was replaced every 10 years; then in fact the total replacement reserves would grow to \$1 million over ten years and then go to zero when replaced and then the contribution cycle would begin again to grow to \$1 million. The total replacement fund fluctuates and has no correlation to assessed values.

In the end HB117 is contradictory to reserve study standards and ignores cash flow funding rules prepared using national standards. Its impact would result in massive unnecessary funding requirements to associations and ultimately special assessments its owners.

I oppose HB117.

Richard Emery, RS-8
Principal Broker

HB-117

Submitted on: 2/16/2025 12:49:45 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mike Golojuch, Sr.	Palehua Townhouse Association	Oppose	Written Testimony Only

Comments:

We oppose HB117. Please defer the bill.

Mike Golojuch, Sr., President, Palehua Townhouse Association

HB-117

Submitted on: 2/17/2025 7:26:28 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mark McKellar	Law Offices of Mark K. McKellar, LLC	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

For any number of reasons, the replacement reserves fund balance may not comply with section 514B-148(b). Directors rely upon independent reserve study preparers, or other professionals, to prepare replacement reserve studies. The determination of the required replacement reserves assessments is more of an art than a science, requiring hundreds of discretionary decisions and judgment calls. Errors can be made and experts may disagree over the details of the study. Events may occur in which associations find themselves deficient in replacement reserve assessments and it may take time to correct the deficiencies. Directors do not have the capacity to instantly fix deficiencies. Yet, this bill may serve to hold directors strictly liable in circumstances that are completely beyond their control.

This bill changes the way that minimum levels of reserves are calculated. It provides that an association shall assess the unit owners to either fund a minimum of fifty percent of the

estimated replacement reserves assessments or fund one hundred percent of the estimated replacement reserves assessments when using a cash flow plan; provided that the balance of the total replacement reserves fund shall be no less than a yet to be determined percent of the tax-assessed value of the project, unless the amount assessed by the association is sufficient to add at least a yet to be determined percent of the tax-assessed value of the project to the total replacement reserves fund in a calendar year.

Reserve studies are based on projected costs of repairs and replacements, not the projected tax-assessed value of condominium projects (which presumably means the collective value of all condominium units in those projects). There is no correlation between the tax-assessed value of a condominium project and the cost of repairs. A roofer does not give a quote to replace a roof based on the value of the condominium units in the condominium project. A roofer gives a quote based on the cost of roofing materials and labor. This bill will require condominiums to fund their reserves based upon irrational and arbitrary standards. It abandons industry standards for calculating reserves developed by experts in the field. It is an irrational and poorly conceived bill.

For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Mark McKellar



P.O. Box 976
Honolulu, Hawaii 96808

February 17, 2025

Honorable Scot Z. Matayoshi
Honorable Cory M. Chun
Committee on Consumer Protection & Commerce
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **HB 117 OPPOSE**

Dear Chair Matayoshi, Vice Chair Chun and Committee Members:

CAI opposes HB 117. Reserve requirements are currently based upon a legally required reserve study. That study estimates actual requirements, based upon the actual facts of the specific association.

Hawaii Revised Statutes §514B-148(b) provides as follows:

(b) **The association shall assess the unit owners to either fund a minimum of fifty per cent of the estimated replacement reserves assessments or fund one hundred per cent of the estimated replacement reserves assessments when using a cash flow plan;** provided that a new association need not collect estimated replacement reserves assessments until the fiscal year that begins after the association's first annual meeting. For each fiscal year, the association shall collect the amount assessed to fund the estimated replacement reserves assessments for that fiscal year, as determined by the association's plan. (Emphasis added)

Thus, current law sets the appropriate standard. Moreover, HRS §514B-148(a)(5) expressly requires periodic review of the reserve study by an independent reserve study preparer:

5) The estimated replacement reserves assessments that the association will require to maintain the property based on a reserve study performed by or on behalf of the association; **provided that the reserve study, if not prepared by an independent reserve study preparer, shall be reviewed by an independent reserve study preparer not less than every three years;** provided further that a managing agent with industry reserve study designations shall not be considered as having a conflict of interest for purposes of this paragraph;

(Emphasis added) meaning that the reserve study will be tailored to the specific needs of a particular association.

Honorable Scot Z. Matayoshi
Honorable Cory M. Chun
February 17, 2025
Page 2 of 2

HB 117, in contrast, is based upon an arbitrary standard bearing no relation to the needs of a particular association. At least two substantial risks would attend adoption of HB 117.

First, an association might not collect enough money if an arbitrary standard is used. Thus, HB 117 would not serve the purpose of assuring adequate reserves.

The salutary effect of HRS §514B-148(b)'s requirements would vanish if HB 117 were adopted. Current law provides a budgeting tool that is correlated to an actual analysis of an association's needs in light of its particular circumstances.

Second, another association might collect more than is necessary, resulting on a potentially disabling burden on consumers. Allowing associations to reserve based upon a "cash flow plan" mitigates this risk.

HB 70 HD1, in contrast to HB 117, promotes budget discipline by enforcing transparency in relation to the meaningful reserve requirements in current law. HB 70 HD1 enables owners, lenders and purchasers to understand the financial condition of an association at a glance. HB 70 HD1 is to be preferred over HB 117.

Please, therefore, defer HB 70.

CAI Legislative Action Committee, by



Its Chair

HB-117

Submitted on: 2/14/2025 3:47:26 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

I am the owner occupant of a condominium in Honolulu.

This bill is flawed. Each apartment has its own tax assessment. Because of this, it is unclear as to how the tax assessed value would be computed for the building. How would a percentage be determined as there is no correlation between tax assessed value and reserves?

Please kill this ill advised flawed bill.

HB-117

Submitted on: 2/15/2025 5:37:38 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Anne Anderson	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

For any number of reasons, the replacement reserves fund balance may not comply with section 514B-148(b). Directors rely upon independent reserve study preparers, or other professionals, to prepare replacement reserve studies. The determination of the required replacement reserves assessments is more of an art than a science, requiring hundreds of discretionary decisions and judgment calls. Errors can be made and experts may disagree over the details of the study. Events may occur in which associations find themselves deficient in replacement reserve assessments and it may take time to correct the deficiencies. Directors do not have the capacity to instantly fix deficiencies. Yet, this bill may serve to hold directors strictly liable in circumstances that are completely beyond their control.

This bill changes the way that minimum levels of reserves are calculated. It provides that an association shall assess the unit owners to either fund a minimum of fifty percent of the estimated replacement reserves assessments or fund one hundred percent of the estimated replacement reserves assessments when using a cash flow plan; provided that the balance of the total replacement reserves fund shall be no less than a yet to be determined percent of the tax-assessed value of the project, unless the amount assessed by the association is sufficient to add at least a yet to be determined percent of the tax-assessed value of the project to the total replacement reserves fund in a calendar year.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Anne Anderson

HB-117

Submitted on: 2/15/2025 5:48:56 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

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

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Lance Fujisaki

HB-117

Submitted on: 2/15/2025 5:52:38 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
John Toalson	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

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If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

John Toalson

HB-117

Submitted on: 2/15/2025 7:24:15 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Carol Walker	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Carol Walker

HB-117

Submitted on: 2/16/2025 3:31:50 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Targgart	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Michael Targgart

HB-117

Submitted on: 2/16/2025 5:20:20 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joe M Taylor	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Joe Taylor

HB-117

Submitted on: 2/16/2025 5:41:58 PM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Glanstein	Individual	Comments	Written Testimony Only

Comments:

If adopted, this bill will amend HRS §514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in §514B-148(b) may constitute a violation of fiduciary duty. There appears to be no exception for emergencies such as tsunamis or hurricanes.

It has been difficult this past 2 years to find owners who even want to serve on condominium boards. Board members are not experts and compensation is usually prohibited by their governing documents. This bill, if enacted, could have an undesired effect of causing board members to resign when emergencies occur. The most unwelcome consequence is (a) resignation of all board members, (b) board filing for bankruptcy, or (c) board filing for some sort of equitable relief from the courts.

Finally, the reference to the "tax assessed" value of the project could be problematic since it relates to sales rather than actual cost of rebuilding. This tax assessment is usually done in the fourth quarter of the year. It becomes available in mid December and boards have already made their budgets and new maintenance fee announcements for an upcoming calendar year.

**House of Representatives
The Thirty-Third Legislature
Committee on Consumer Protection & Commerce
Wednesday, February 19, 2025
2:00 p.m.**

To: Representative Scot Z. Matayoshi, Chair
Re: HB 117, Relating to Condominiums

Aloha Chair Scot Z. Matayoshi, Vice-Chair Cory M. Chun, and Members of the Committee,

Mahalo for the opportunity to testify in support of the *intent* of HB 117 to provide a fiscally sound and, consequently, a physically safe environment for condominium association owners and residents by holding association directors responsible for the adequate funding of their associations' reserves.

However, the proposed amendment to HRS514B-148,

“The balance of the total replacement reserves fund shall be no less than ___ per cent of the tax-assessed value of the project, unless the amount assessed by the association is sufficient to add at least ___ per cent of the tax-assessed value of the project to the total replacement reserves fund in a calendar year.”

appears to assume that the condominium project may be a property with a significant portion of its tax-assessed value comprised of “assessed building value.” However, there are many condominium projects, commonly identified as “townhouses” or “condominiumized” house structures, throughout Hawaii that have considerable amounts of land (“assessed land value”) in comparison to their physical plant (“assessed building value”).

Thus, I suggest that the proposed amendment should be further amended to reflect “assessed building value” rather than “tax-assessed value.”

While I agree that associations must have adequate reserves to maintain, repair, and replace their physical plant, I am also concerned that unless a progressive schedule to build funding reserves to the mandated levels is offered to associations that lack the necessary funding levels, many local condominium owners and associations will--like our colleagues in Floridaⁱ--face a “condo association financial cliff” that has led to a sizeable increase in the number of condominiums available for sale, causing a decrease in overall condominium values, and liens and foreclosures of those who are unable to sell.

Mahalo for the opportunity to testify.

ⁱ https://peterzalewski.substack.com/p/should-you-worry-about-floridas-2025?utm_source=substack&utm_medium=email

HB-117

Submitted on: 2/17/2025 9:25:53 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rachel Glanstein	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

For any number of reasons, the replacement reserves fund balance may not comply with section 514B-148(b). Directors rely upon independent reserve study preparers, or other professionals, to prepare replacement reserve studies. The determination of the required replacement reserves assessments is more of an art than a science, requiring hundreds of discretionary decisions and judgment calls. Errors can be made and experts may disagree over the details of the study. Events may occur in which associations find themselves deficient in replacement reserve assessments and it may take time to correct the deficiencies. Directors do not have the capacity to instantly fix deficiencies. Yet, this bill may serve to hold directors strictly liable in circumstances that are completely beyond their control.

This bill changes the way that minimum levels of reserves are calculated. It provides that an association shall assess the unit owners to either fund a minimum of fifty percent of the

estimated replacement reserves assessments or fund one hundred percent of the estimated replacement reserves assessments when using a cash flow plan; provided that the balance of the total replacement reserves fund shall be no less than a yet to be determined percent of the tax-assessed value of the project, unless the amount assessed by the association is sufficient to add at least a yet to be determined percent of the tax-assessed value of the project to the total replacement reserves fund in a calendar year.

Reserve studies are based on projected costs of repairs and replacements, not the projected tax-assessed value of condominium projects (which presumably means the collective value of all condominium units in those projects). There is no correlation between the tax-assessed value of a condominium project and the cost of repairs. A roofer does not give a quote to replace a roof based on the value of the condominium units in the condominium project. A roofer gives a quote based on the cost of roofing materials and labor. This bill will require condominiums to fund their reserves based upon irrational and arbitrary standards. It abandons industry standards for calculating reserves developed by experts in the field. It is an irrational and poorly conceived bill.

For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Mahalo for your time.

HB-117

Submitted on: 2/17/2025 10:09:36 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Julie Wassel	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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prepare replacement reserve studies. The determination of the required replacement reserves assessments is more of an art than a science, requiring hundreds of discretionary decisions and judgment calls. Errors can be made and experts may disagree over the details of the study. Events may occur in which associations find themselves deficient in replacement reserve assessments and it may take time to correct the deficiencies. Directors do not have the capacity to instantly fix deficiencies. Yet, this bill may serve to hold directors strictly liable in circumstances that are completely beyond their control.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Julie Wassel

HB-117

Submitted on: 2/17/2025 11:27:43 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
christine morrison	Individual	Support	Remotely Via Zoom

Comments:

RE: Reserve Study

Aloha Legislators,

1. I support HB 117.
2. Uploaded February 9, 2024 association unresolved issues, Senator Hashimoto DCCA letter.
3. In April 2024, a 15-million-dollar construction litigation against the developer was settled, and the association collects monthly interest around \$14,000.
4. **I pay \$15,000 in fees per year and have been denied maintenance (years), construction repairs, and pay for services NEVER rendered.** Or when the landscape service contract costs were reduced 6/2024, owners get no fee reduction.
5. Yet, the reserve study was not done for 8 years and 12/2024 the BOD treasurer stated, “we should make up reserve funds deficits in about 3 years by increasing HOA fees.”
6. **Please** protect consumers’ property rights by an **DCCA ombudsman’s office** or allow the right to **DEANNEX**.

Ms. Morrison

HB-117

Submitted on: 2/18/2025 12:36:02 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Clair George	Individual	Support	Written Testimony Only

Comments:

I support this measure

HB-117

Submitted on: 2/18/2025 8:00:26 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Paul A. Ireland Koftinow	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Matayoshi, Chair, Representative Chun, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 117 for the reasons set forth below.

If adopted, this bill will amend HRS Section 514B-106(a) to state that any violation by a board or its officers or members of the minimum replacement reserves fund balance required in section 514B-148(b) may constitute a violation of fiduciary duty. No exception is made for emergencies or conditions beyond the board's control. Under this bill, boards could be held liable for breach of fiduciary duty when reserve funds are used to repair damage caused by hurricanes or fires or to pay for exorbitant increases in insurance premiums. If adopted, the bill may cause directors to resign when emergencies arise to avoid breaching their fiduciary duties. This may leave associations without board members to make decisions and take action during critical periods when decisions must be made and actions taken to preserve and protect the associations.

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For the foregoing reasons, I respectfully OPPOSE H.B. No. 117 and urge your Committee to defer this measure.

Respectfully submitted,

Paul A. Ireland Koftinow

LATE

HB-117

Submitted on: 2/19/2025 8:44:42 AM

Testimony for CPC on 2/19/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gregory Misakian	Individual	Support	Remotely Via Zoom

Comments:

While I support HB117, much more is needed.

Fiduciary Duty are two words that don't seem well understood or complied with at many condominium associations throughout Hawaii, including mine. I'm still waiting for the 2023 Annual Financial Audit Report at my condominium association, which is a violation of state law for not providing it (HRS 514B-150).

Currently, unless numerous condominium related bills are amended properly, the 2025 Legislative Session will be known for not passing much needed bills for better consumer protections for condominium owners.

The substantive bills that would provide better consumer protections were not scheduled by Committee Chairs from CPC, CPN, and HSG, and this is just another example of our legislators disregarding and disrespecting condominium owners. It's also another example of large campaign donations from some, speaking louder than the voices of the residents of Hawaii.

An **Ombudsman's Office for Condominium Associations** is urgently needed, and our legislators chose to kick this bill down the road again, while simultaneously kicking the condominium owners down the road with it (figuratively speaking).

Gregory Misakian