

HB-70-HD-1

Submitted on: 3/8/2025 1:50:33 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Testifying for Hawaii First Realty	Support	In Person

Comments:

There is no current penalty for not complying with the current law. Owners and Buyers need accurate reserve information currently defined in HRS 514B-148 by the mandatory Budget Summary enacted in 2023.



 808-733-7060

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

 808-737-4977

March 14, 2025

The Honorable Jarrett Keohokalole, Chair

Senate Committee on Commerce and Consumer Protection
State Capitol, Conference Room 229 & Videoconference

RE: House Bill 70, HD1, Relating to Condominium

HEARING: Friday, March 14, 2025, at 9:30 a.m.

Aloha Chair Keohokalole, Vice Chair Fukunaga, 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 10,000 members. HAR **supports** House Bill 70, HD1, which requires budget summaries to contain all required information without referring the reader to other portions of the budget. States that the defense of good faith compliance is unavailable to any association whose board adopts a budget that omits the required budget summary. Clarifies the ability to enforce compliance with budget summary and replacement reserves requirements and provides that an association has the burden of proving compliance. Effective 7/1/3000.

In 2023, the Legislature passed, and Act 199 was signed into law, requiring a budget summary with additional details to be prepared on the financial condition of an association. As such, requiring these budget summaries to contain all required information enhances transparency and provides both owners and prospective purchasers with valuable insights into the association's financial health.

Mahalo for the opportunity to provide testimony on this measure.





P.O. Box 976
Honolulu, Hawaii 96808

March 10, 2025

Honorable Jarret Keohokalole
Honorable Carol Fukunaga
Committee on Commerce and Consumer Protection
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **HB 70 HD1 SUPPORT**

Dear Chair Keohokalole, Vice Chair Fukunaga and Committee Members:

CAI supports HB 70 HD1. HB 70 HD1 will protect consumers by excluding the defense of good faith for an association if its board adopts a budget that omits the required detailed budget summary. HB 70 HD1 also clarifies standing requirements and the burden of proving substantial compliance.

Financial transparency is fundamental. The requirement of a budget summary is an important tool to enable owners to easily understand the financial condition of the Association.

The items to be included in the summary are expressed in Hawaii Revised Statutes ("HRS") §514B-148(a)(1-8). Those items must be determined through the budgeting process, so the burden of including a substantially compliant summary is light.

This is particularly so since most of those items reference objective matters (e.g., disclose "cash or accrual" budgeting) and the estimated amounts to be included are to be derived from the work of experts. Association directors are entitled to reasonably rely upon experts. HRS §514B-106 provides, in relevant part, that:

In the performance of their duties, officers and members of the board shall owe the association a fiduciary duty and exercise the degree of care and loyalty required of an officer or director of a corporation organized under chapter 414D.

The general standards for directors are detailed in HRS §414D-149. That section provides, in relevant part, that:

Honorable Jarret Keohokalole
Honorable Carol Fukunaga
March 10, 2025
Page 2 of 2

(b) In discharging the director's duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: ***

(2) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence[.]¹

HB 70 HD1 provides that "The association shall have the burden of proving substantial compliance with this section", which is in accord with an association's existing burden under current law. HRS §514B-148(g) presently provides, in relevant part, that:

In any proceeding to enforce compliance, a board that has not prepared an annual operating budget and reserve study shall have the burden of proving it has complied with this section.

HB 70 HD1 will enforce budget discipline in a manner that remains consistent with self-governance. Please pass HB 70 HD1.

CAI Legislative Action Committee, by


Its Chair

¹ §414D-149 **General standards for directors.** (a) A director shall discharge the director's duties as a director, including the director's duties as a member of a committee:

- (1) In good faith;
- (2) In a manner that is consistent with the director's duty of loyalty to the corporation;
- (3) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(4) In a manner the director reasonably believes to be in the best interests of the corporation.

(b) In discharging the director's duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(2) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or

(3) A committee of the board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence.

(c) A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

(d) A director is not liable to the corporation, any member, or any other person for any action taken or not taken as a director, if the director acted in compliance with this section.

(e) A director shall not be deemed to be a trustee with respect to the corporation or with respect to any property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

(f) Any person who serves as a director to the corporation without remuneration or expectation of remuneration shall not be liable for damage, injury, or loss caused by or resulting from the person's performance of, or failure to perform duties of, the position to which the person was elected or appointed, unless the person was grossly negligent in the performance of, or failure to perform, such duties. For purposes of this section, remuneration does not include payment of reasonable expenses and indemnification or insurance for actions as a director as allowed by sections 414D-159 to 414D-167.

HB-70-HD-1

Submitted on: 3/9/2025 3:39:07 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Honolulu Tower is a 396 unit high rise located at Beretania and Maunakea Streets. On Feb. 3, 2025 the Board of Directors of the Association of Apartment Owners of Honolulu Tower unanimously voted to oppose HB70 and asks that you defer this measure.

Section 2, subsection 1 of the measure (amending subsection (d)): “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B- 148(a), but an owner contends that the summary does not strictly comply with all of the requirements.

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second sentence in Section 2, subsection 2 of the measure (amending subsection (g)) should be deleted: “The association shall have the burden of proving substantial compliance with this section in any such action.” When a plaintiff brings an action, that party has the burden of proof. It is inconsistent with general principles of law to allow a plaintiff to file an action without any burden of proof. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Idor Harris
Resident Manager

HB-70-HD-1

Submitted on: 3/10/2025 3:12:26 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jane Sugimura	Testifying for Hawaii Council of Community Associations	Oppose	Written Testimony Only

Comments:

Hawaii Council of Community Associations (HCCA) has been educating Condominium Board members since 1975. This year is our 50th birthday.

HCCA opposes HB70 HD1 and stand by the testimony provided from Condominium Owners and Board Member testimony from

Lynn Matsusow

Mike Golojuch

Idor Harris

Mary Freemam

Reyna Murakami

Thank you for allowing the submission of this testimony.

Jane Sugimura, President - Hawaii Council of Community Associations (HCCA)

HB-70-HD-1

Submitted on: 3/10/2025 8:29:53 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the

burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Mark McKellar

HB-70-HD-1

Submitted on: 3/11/2025 8:31:14 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul A. Ireland Koftinow	Individual	Oppose	In Person

Comments:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Paul A. Ireland Koftinow

HB-70-HD-1

Submitted on: 3/8/2025 8:37:59 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

HOA\Condo associations are running rampant and overstepping their boundaries and should be held accountable. Too many times HOA\Condo fees are being raised without proper notifications or transparency.

HB-70-HD-1

Submitted on: 3/8/2025 8:48:56 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kate Paine	Individual	Support	Written Testimony Only

Comments:

Budgets of HOA's need support for "self-managed" management

HB-70-HD-1

Submitted on: 3/9/2025 3:28:11 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

I am an owner occupant and board member of a Honolulu condominium. I am also a member of CAI. In reading testimony from a prior committee, I learned that CAI supports this bill. They never informed me or consulted me. I disagree with their position, oppose the bill, and ask that you defer it.

As you are well aware, there are litigious condo owners. They are attracted by gray areas. For example, Section 2, subsection 1 of the measure (amending subsection (d)): “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with all of the requirements.

This bill is also inconsistent with the general principles of law, in that it allows a plaintiff to file an action without any burden of proof. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Hopefully you are aware that when associations are sued, their insurance carriers raise premiums, or worse, no longer offer coverage. The language of this bill is playing into the hands of those companies, especially at a time when premiums are rising and legislators are seeking ways to stop this flow of money.

We already have a self appointed “king” wearing a crown rampaging through the federal government. Hawaii should not follow his example by contravening general principles of law.

Please defer this bill.

HB-70-HD-1

Submitted on: 3/11/2025 3:37:38 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Miri Yi	Individual	Support	Written Testimony Only

Comments:

Aloha e Committee Chairs and Members,

My name is Miri Yi, and I am submitting testimony **in strong support of HB 70.**

For years, my Honolulu condominium has experienced deferred maintenance, poor reserve management, blatant abuse of authority, selective enforcement and a complete lack of transparency in operations and administration. This includes issues with financial data, meeting minutes, contractor vetting, bids, scope of work, invoices, reserve fund management, and much more.

In 2024, our condominium's liability insurance premium skyrocketed by an alarming **829%**, rising to **over \$1,037,000 annually**. This sharp increase came without sufficient explanation or any fair warning. As a result, all owners were unilaterally assessed fees exceeding \$5,200 in some cases, to cover the depleted reserve funds that were used to pay for this insurance increase.

There is a complete lack of accountability from the Board of Directors (BOD), property management agencies, and on-site management and unskilled maintenance workers/vendors. The BOD clearly demonstrates a troubling lack of knowledge of and adherence to, Hawaii Revised Statutes (HRS), CC&Rs, Bylaws, House Rules and other regulations. Furthermore, they sorely lack basic communication skills, common decency/etiquette and routinely utilize the extremely adversarial and malverse parliamentarians to censor homeowners' speech and even deny access to Zoom meetings. Emails and phone calls are not responded to.

The insurance broker/agent for our condominium refuses to respond to questions that the BOD or property managers are unwilling to answer. Additionally, they refuse to provide policy details upon request, adding to the confusion and frustration.

The lack of transparency regarding policy coverage and the overall mismanagement of the reserve funds and process are of great concern. It is particularly troubling that the BODs routinely use attorneys to send letters to owners and field questions at special meetings, rather than providing clear answers directly.

I urge you to pass this bill and provide greater support for homeowners, who are highly vulnerable to terrible abuse and mismanagement in the "self-governed" AOA/HOA environment.

Thank you for the opportunity to submit testimony in **strong support** of this bill.

Very Respectfully,

Miri Yi
Honolulu 96818

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Reyna C. Murakami
AOUO President, Mariner’s Village
AOUO Vice President, The Continental Apartments
AOUO Director, Waialae Place

HB-70-HD-1

Submitted on: 3/10/2025 6:47:26 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

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prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Anne Anderson

HB-70-HD-1

Submitted on: 3/10/2025 7:28:16 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
mary freeman	Individual	Oppose	Written Testimony Only

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Sincerely,

Mary Freeman

Ewa Beach

HB-70-HD-1

Submitted on: 3/10/2025 6:53:22 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Representative Tarnas, Chair, Representative Poepoe, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Joe Taylor

HB-70-HD-1

Submitted on: 3/10/2025 7:32:58 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

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Respectfully submitted,

John Toalson

HB-70-HD-1

Submitted on: 3/10/2025 7:56:41 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Aloha Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Mahalo,

Rachel Glanstein

HB-70-HD-1

Submitted on: 3/11/2025 4:15:13 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Michael Targgart

HB-70-HD-1

Submitted on: 3/11/2025 5:37:26 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: "The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a)." This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: "The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a)."

Second, the new subsection (g) provides that "[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association's board. The association shall have the burden of proving substantial compliance with this section in any such action." The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted

Lance Fujisaki

HB-70-HD-1

Submitted on: 3/11/2025 8:37:31 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Laura Bearden	Individual	Oppose	Written Testimony Only

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Laura Bearden

HB-70-HD-1

Submitted on: 3/11/2025 9:27:09 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

Dear Representative Tarnas, Chair, Representative Poepoe, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Carol Walker

HB-70-HD-1

Submitted on: 3/11/2025 9:27:42 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Laurie Sokach	Individual	Oppose	Written Testimony Only

Comments:

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,

Laurie Sokach AMS, PCAM

Career Association Community Manager

Kona, Hawaii

HB-70-HD-1

Submitted on: 3/11/2025 1:03:04 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Primrose Leong-Nakamoto	Individual	Oppose	Written Testimony Only

Comments:

Dear Representative Tarnas, Chair, Representative Poepoe, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1.

First, I oppose the proposed sentence in Section 2, subsection 1 of the measure (amending subsection (d)) which reads: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that omits the summary required by subsection (a).” This sentence may cause disputes and litigation in the event that an association includes a summary with a budget as specified in HRS Section 514B-148(a), but an owner contends that the summary does not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute. Given the level of detail in the specifications contained in Section 514B-148(a), an Association can easily inadvertently omit information from the summary, or information in the summary may turn out to be inaccurate or incomplete. For example, Section 514B-148(a)(6)(B) requires the disclosure of any component of association property omitted from the reserve study and the basis for the omission. If a component is inadvertently omitted from the summary and the omission is not disclosed, an owner could argue that the association breached its duty to submit a summary meeting the requirements of Section 514B-148(a).

To avoid potential problems and litigation, the second sentence of subsection (d) should read: “The defense of good faith shall be unavailable to an association whenever its board adopts a budget that completely omits the summary required by subsection (a).”

Second, the new subsection (g) provides that “[a]ny unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association’s board. The association shall have the burden of proving substantial compliance with this section in any such action.” The last sentence which shifts the burden of proof on the association should be deleted.

When a plaintiff brings an action, that party has the burden of proof. In some instances, the burden of proof may shift to the defendant, for example, after the plaintiff makes a prima facie showing of certain facts. However, it is inconsistent with general principles of law to allow an owner to file an action without any burden of proof. There is no justification for shifting the burden of proof to an association. If an owner brings an action, the owner should be required to

prove that the association failed to meet the requirements of Section 514B-148(a). The statute may expose associations to costly frivolous litigation over whether they complied with Section 514B-148(a).

Respectfully submitted,
Primrose Leong-Nakamoto

HB-70-HD-1

Submitted on: 3/12/2025 7:40:56 AM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

I support this measure.

LATE

Dear Senator Keohokalole, Chair, Senator Fukunaga, Vice Chair, and Members of the Committee:

I OPPOSE H.B. No. 70, H.D.1

Removing the defense of good faith allowed to an association subjects the association to an unreasonable burden if an owner alleges the association did not strictly comply with the comprehensive list of requirements for the summary as set forth in the statute.

Further, shifting the burden of proof to require an association to prove that it did strictly comply with the detailed specifications in the list of requirements in the summary is punitive.

If a plaintiff brings an action, that party properly has the burden of proof. If an owner brings an action, the owner should be required to prove that the association failed to meet the requirements of Section 514B-148(a). It is inconsistent with general principles of law to allow an owner to file an action without any burden of proof.

Respectfully submitted,

Pamela J. Schell

LATE

HB-70-HD-1

Submitted on: 3/12/2025 5:22:49 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Margaret Murchie	Individual	Support	Written Testimony Only

Comments:

Support. 100%

LATE

HB-70-HD-1

Submitted on: 3/12/2025 6:03:59 PM

Testimony for CPN on 3/14/2025 9:30:00 AM

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

Comments:

1. Reserve studies have not been conducted for ~8 years. In 2025: my reserve fees doubled with a 20.15% increase and deficit of \$14,783 per unit, to be made up in 3 years by the increase in HOA fees.

2. I pay~ \$15,000 in yearly fees. Developer litigation started in 2018 and settled in April 2024 =15 M. I still have no unit "common element" repairs since the litigation.

TESTIMONY IN SUPPORT OF HB70 HD1

For: The Committee on Commerce and Consumer Protection

DATE: Friday, March 14, 2025
TIME: 9:30 AM
PLACE: Conference Room 229 &
Videoconference
State Capitol
415 South Beretania Street

LATE

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee,

My name is Gregory Misakian and I have been advocating for the rights of condominium owners in Hawaii since 2021, when I realized how much misconduct and corruption there is within many condominium associations throughout Hawaii, in addition to misconduct and corruption within numerous large management companies that manage and oversee condominium associations.

I currently serve as 1st Vice President of the Kokua Council, an elder advocacy organization in Hawaii since 1972, a Director at the Hawaii Alliance for Retired Americans, and a member of the Waikiki Neighborhood Board, where we have advocated for better consumer protections for condominium owners in a resolution adopted in 2023 (also adopted by other Neighborhood Boards).

As many as 1/3 of the population of Hawaii lives in condominiums, including many legislators and their friends and families. It has been shown with evidence to support, including many news stories and a great deal of testimony, that condominium owners are being subjected to abusive and predatory practices, often at the direction of the condominium association's President and Board, with management company agents and association attorneys being willful participants. I also know this first-hand, because it's happening at my condominium association, where I and others have been subjected to unlawful retaliation in violation of HRS 514B-191. Our former Maintenance Manager was retaliated

against for simply raising valid concerns regarding serious building issues that needed to be addressed by the Board. The Board President chose to suspend him without informing the Board, which is also a violation of our governing documents, as only the “Board” can make employment decisions. And now there is a lawsuit against the association, which can be seen at eCourt Kokua – Antonio Vierra vs. Keoni Ana AOA.

This Board President is also a former Deputy Attorney General in Hawaii, and a former Corporation Counsel Attorney for the City and County of Honolulu. He is currently employed by our former association law firm (Kobayashi, Sugita & Goda LLC), and was working there before anyone on the Board or the association was even informed, and while they were still our association law firm. Ultimately his actions have cost our association a substantial amount of money in legal expenses and other losses, and the future will only tell what is next regarding assessments and maintenance fees when the current litigation is concluded. I anticipate more litigation and more harm to the association, due to his and other’s bad acts, which there are many of, including evidence of fraud, contract fraud, not obtaining permits for projects, and violating a Department of Planning and Permitting stop work order 3x in one week, with HPD called to take reports. Abuse of power seems to be well established in condominium association Boards, but also seen in many other areas of leadership throughout Hawaii, including at the legislature.

While I support HB70 HD1 and its intentions, owners still have the burden to go to court for enforcement, which can be very costly. The only real solution to address serious issues within condominium associations and their proper management, **is to have enforcement of the laws that you enact.**

Please read and support **HB890** and **SB1265** (companion bill) for an **Ombudsman’s Office for Condominium Associations.**

HB890 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Ombudsman)

SB1265 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Ombudsman)

And also:

HB1209 - RELATING TO CONDOMINIUM ASSOCIATIONS. (Attorneys’ Fees)

HB1311 - RELATING TO CONDOMINIUM PROXY VOTING.

HB1312 - RELATING TO ASSOCIATION MANAGERS.

HB1313 - RELATING TO BOARD MEMBERS.

HB1315 - RELATING TO PARLIAMENTARIANS.

HB1447 - RELATING TO MANAGING AGENTS.

SB1623 - RELATING TO MANAGING AGENTS.

Sadly, as often is the case at the legislature, where some often work for campaign donations before they work for the people of Hawaii, none of these bills were scheduled. It is not too late to take what is in these bills and amend some of the bills the Committee Chairs chose, which mostly do not provide the best solutions or enforceable solutions without condominium owners having to go to court. The #1 goal is to help condominium owners so they do not have to go to court, and have a place to go where they are treated fairly, and where efficient and timely resolutions to issues and concerns can be administered (**i.e., the Ombudsman's Office for Condominium Associations**).

I also ask our legislators to provide a simple breakdown of what they think this section will cost condominium owners if they attempt to enforce it?

Any unit owner shall have standing to bring an action alleging a violation of this section against an association that the unit owner is a member of, and may seek an injunction to enforce compliance with this section by the association's board. The association shall have the burden of proving substantial compliance with this section in any such action."

Will there be a state fund to subsidize the legal costs that may run into the many thousands of dollars if an owner tried to bring an action alleging a violation? Will you establish free legal counsel for those who can't afford it (as you want to do for illegal aliens)?

The people of Hawaii are counting on you to enact condominium consumer protection laws that help the residents of Hawaii, and not ones that just give the illusion of helping.

Gregory Misakian