

SB 2484

Measure Title: RELATING TO PLANNED COMMUNITY ASSOCIATIONS.

Report Title: Community Associations; Unpaid Assessments

Description: Provides a remedy for community associations to recover unpaid assessments for a share of common expenses up to the time of a grant or conveyance of property. Entitles both parties to a statement from the board of directors, either directly or through its managing agent or resident manager, setting forth the amount of the unpaid assessments. Relieves the grantee of liability for any unpaid assessments against the grantor in excess of the amount set forth in the statement, except as to the amount of subsequently dishonored checks mentioned in the statement as having been received within the thirty day period immediately preceding the date of such statement.

Companion: HB2045

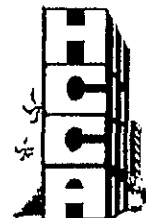
Package: None

Current Referral: CPN

Introducer(s): BAKER, KIDANI, Gabbard, Nishihara, Wakai



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



January 27, 2014

Sen. Rosalyn H. Baker, Chair
Sen. Brian Taniguchi, Vice-Chair
Senate Committee on Commerce and Consumer Protection

Re: SB2484 RELATING TO PLANNED COMMUNITY ASSOCIATIONS
Hearing: Tues., Feb. 4, 2014, 9 a.m., Conf. Rm. #3229

Chair Baker, Vice-Chair Taniguchi and Members of the Committee:

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

HCAAO agrees with the intent and purpose of the SB2483 and, accordingly, we ask that you pass out this bill.

Thank you for the opportunity to testify on this matter.

A handwritten signature in cursive script that reads "Jane Sugimura".

Jane Sugimura
President



February 3, 2014

VIA WEB TRANSMITTAL

Committee on Commerce and Consumer Protection
The Senate, the 27th Legislature
Regular Session of 2014

Re: Testimony in Support of SB2484

Dear Chair Baker, Vice Chair Taniguchi and Committee members:

I am the Vice Chair of the Community Associations Legislative Action Committee ("CAI"). CAI supports SB2484 for the following reasons:

First, the Planned Community Associations ("PCAs") will benefit a lot from SB2484. Many PCAs, especially master associations, underwent the problems identified by the legislature, including but not limited to (a) PCAs did not receive timely notice of the sale transaction of certain unit or lot; (b) PCAs were unable to collect delinquent association dues during the closing for such sale; and (c) PCAs had great difficulty in collecting against prior owners for such unpaid dues when prior owners had moved to the mainland or when they were in bad financial shape. SB2484 will provide effective solutions to the above stated problems.

Second, SB2484 clarifies the responsibilities of existing owners, buyers, escrow officers, and the PCA and/or the PCA's agent as to collection of association dues owed by existing owners in a voluntary conveyance of a unit or lot subject to the PCA. It will help reduce disputes and litigation among PCAs, escrow companies, prior owners and new owners in situations where PCAs' unpaid dues are mistakenly omitted in escrow closings. The right to obtain a statement on delinquency from PCAs and the limitation on liability to the amounts specified in such statement as set forth in SB2484 are fair to homeowners.

Third, SB2484 will provide PCAs the same rights and protections in voluntary sales of homes or lots that condominium associations currently enjoy with the voluntary

Senate Committee on Commerce and Consumer Protection

February 3, 2014

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sale of condominium units under HRS § 514B-144(f), i.e., associations' outstanding assessments are paid and not missed or forgotten.

Last but not the least, SB2484 will prevent certain homeowners from avoiding the payment for debt owed to PCAs by voluntarily transferring their units or lots to trusts or companies controlled by themselves or family members.

CAI represents the association industry, and supports the passage of SB2484.
Thank you!

Sincerely yours,

A handwritten signature in cursive script that reads "Na Lan".

Na Lan

888 Mililani Street, 2nd Floor
Honolulu, Hawaii 96813-2918
Telephone: (808) 523-0702
February 1, 2014

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
REGARDING SENATE BILL 2484

Hearing Date: TUESDAY, February 4, 2014
Time : 9:00 a.m.
Place : Conference Room 229

Chair Baker, Vice Chair Taniguchi, and Members of the Committees,

My name is John Morris and I am an attorney who represents condominium and other homeowner associations. I am testifying in support of SB 2484, which makes a very worthwhile change to the law relating to non-condominium associations.

Escrow companies and others are usually very well aware of the lien of a condominium association. In contrast, non-condominium associations are sometimes the forgotten stepchild; specifically, it is not uncommon for escrow companies and others to handle the sale of a non-condominium association unit and overlook the collection of the association's unpaid assessments for the unit. SB 2484 tries to correct the problem by taking tried and trusted language on voluntarily sales from the condominium law and adding that same language into the non-condominium statute, chapter 421J.

For example, the new language makes the purchaser of a non-condominium unit in a voluntarily sale liable for any unpaid assessments at the date of transfer, while allowing the purchaser to go back against the seller for the unpaid assessments. The new language also allows the purchaser to request a statement from the non-condominium association of the amount owed and to rely on that statement. In other words, the non-condominium association must provide an accurate statement of amounts owed because it will be bound by the figures given in that statement, even if they later turn out to be incorrect.

In summary, the proposed change to chapter 421J protects the interests of both the non-condominium association and the purchaser of a unit governed by the non-condominium association. It does so by taking language that has been in the

TESTIMONY REGARDING SENATE BILL 2484

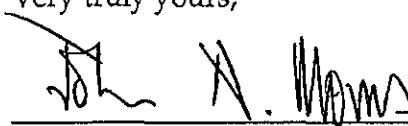
February 1, 2014

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condominium law for many years and transplanting it into chapter 421J.

Please contact me at 523-0702 if you have any questions. Thank you for this opportunity to testify.

Very truly yours,

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

John A. Morris

SB2484

Submitted on: 1/28/2014

Testimony for CPN on Feb 4, 2014 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Walkey	Individual	Support	No

Comments: It's about time!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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