

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 104

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 104 entitled:

"A BILL FOR AN ACT RELATING TO FORECLOSURE,"

begs leave to report as follows:

The purpose of this measure is to limit the use of the alternative power of sale foreclosure process for planned community and condominium associations to the recovery of unpaid unit owner assessments that exceed the total amount the association owes to the unit owner.

Your Committee received testimony in support of this measure from one individual. The Community Associations Institute, Hawaii Chapter, and Associa, Inc., opposed this measure.

Your Committee finds that homeowner associations collect assessments from unit owners for the payment of common expenses. Among other options, an association may recover unpaid assessments by foreclosing upon the unit owner using the alternative nonjudicial process established specifically for associations under part VI of Chapter 667, Hawaii Revised Statutes. This measure requires associations seeking to use that process to first offset all amounts the association owes to the unit owner.

Your Committee has amended this measure by changing the effective date to January 1, 2112, to encourage further discussion on the measure.



Should the Committee on Judiciary decide to hear this measure, your Committee respectfully requests that it review whether a homeowner association has the authority to proceed with the alternative power of sale foreclosure process when the association owes money to the unit owner being foreclosed upon.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 104, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 104, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



