60 Minute Proposed Legislation HRLNG Video with Comments & Q&A

Proposed Legislation (Video of Meeting Held on 7/30/2024) Time Provision and Comments

00.00.00 Start of meeting. Condominium issues are widespread, but there is not much that owners can do.

00.02.00 Introduction to the HRLNG website. The site contains a multitude of information about condos. There are pages for Hawaii and the other states.

00.05.20 1. Definitions Needed. Terms such as "declaration," "covenant," "organizational documents" and "rules" need to be clearly defined in the law.

00.07.28 2. Penalties in the Law for Board Members and Property Managers Who Violate the Law. This is by far the most important provision. It proposes a State HOA Office, similar to an ombudsman, but with investigators and attorneys. Without enforcement of the law, boards and managers can freely ignore it. Owners cannot afford to bring lawsuits and may be afraid of retaliation. According to Patrick's calculations, if every association member paid $3/year, that would more than cover the cost of funding such an office.

00.16.35 3. Member Communication; Mandatory Member List with Emails and Phone Numbers. Board members can easily communicate with members, but members cannot easily communicate with each other, especially at large buildings. For example, without the ability to communicate with each other, members will not be able to call for special meetings.

00.18.55 4. Foreclosures – Prevention, $10,000 minimum, 90 day notice, No non-judicial. Members often do not even know that they are being foreclosed on. They could lose their homes over small fines. Fair housing and collection laws should apply. Attorney's fees in making collections should be limited. 00.23.35 5. Covenants, Fines and Collection of Fines. Collection of fines should be fair.

00.26.10 6. Fair Voting Laws for HOAs. Electronic voting should be mandatory, backed up by paper voting, for those who do not use the Internet. All elections should be handled by third party companies. Managers even advise boards to throw away ballots, so that boards can hold onto control.

00.28.18 7. Uniform Enforcement or remove covenant. A member should not be fined for putting up a shed, if other members have installed a shed, without being fined.

00.28.50 8. Usurping Authority, an HOA can only enforce what is in its covenants. Boards should not have the authority to enforce rules outside of covenants, such as city or county ordinances. A board may interpret a rule differently from a government agency.

00.29.45 9. Hidden Covenants and Fines, all restrictions and fines must be in the covenants. Members should be given all covenants, as well as information about the budget and reserves, when they buy into an HOA. The information should also be kept on a website.

00.31.05 10. Creation and Modification of Covenants and Rules, no additional restrictions or fines after 1st house is sold. Boards and managers should not be able to freely add to or modify covenants.

00.32.25 11. No Profit from Foreclosures, or Member's Use of Common Properties. An HOA should not charge members for use of common facilities, although it may rent those facilities to

outsiders in order to raise funds for the association and it may fine members for any damage to those facilities. Board members should not be able to buy foreclosed units or profit from foreclosures.

00.33.35 12. One Set of Laws, easy to read, plain 6th grade language. At our own condo, in the bylaws, there was a provision stating that any expenditure over $5,000, other than ordinary maintenance, was required to be approved by seventy percent of the owners—or that is what it seemed to say. Apparently, it was written, deliberately, in such a garbled way that nobody could say for sure what it meant.

00.34.03 13. Full Transparency. This concerns requests for documents, posting documents on a website and how long associations should keep them.

00.34.39 14. Fully Funded Reserves, can only be spent on Reserve Study Items, full documentation. Reserves should be fully funded from the date when the first unit is sold. Reserves should be maintained every year, with consideration to the depreciation of each item and its current replacement cost. This will prevent members from being hit with huge assessments, or buildings from collapsing from lack of maintenance.

00.36.57 15. Budget Vote – members can vote down individual items or amounts, majority rule. Members, not boards, should be in charge of budget meetings. A vote of more than fifty percent of the owners should be required to approve, not disapprove, of a budget.

00.38.38 16. HOA Attorney and Property Manager Responsibilities. The association attorney or manager must notify the authorities and members of any activities on the premises in violation of the law or the governing documents. Otherwise, the attorney or manager will be personally liable for any damages.

00.40.16 17. Require member vote every 3 years to determine if the HOA should be dissolved. A vote should be held at the same meeting as the election, every three years. Members should have the option of dissolving the HOA if it is unworkable.

00.41.01 18. FHA and VA approved loans, maintain certification, 35% Rental CAP and 20. Limit on Percentage of HOA Units. Limit the percentage of rentals in an HOA, so that potential buyers may qualify for certain loans. Limit the percentage of new homes being built as condos, so that buyers can have more choice.

00.43.38 19. Developer Control (new 12/23/2023 still under discussion). When a developer maintains control because there is no board, or the developer always has a majority on the board, or the developer can remove members of the board, owners will be buying into a dictatorship able to increase fees at will, etc. The proposed legislation was drafted with input from hundreds of condo owners. Questions and discussion. Please see separate pages.

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00.46.46 Questions and discussion. Please see separate pages.

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Time Questions and Discussion

00.47.08 What do the provisions have to say about crooked attorneys? See point (16).

00.48.48 How soon can we put this legislation into effect? We must contact our legislators. Point (2), the State HOA Office, is by far the most important, but it may be easier to pass separate bills, instead of one, big bill.

00.53.12 Hawaii versus WA State. State HOA Office versus Ombudsman. Why mediation is not a remedy for owners. How would boards be penalized if they don't comply? Why not to use the term "ombudsman." The influence of CAI on legislators.

01.05.20 How members would pay fees to fund the State HOA Office.

01.07.00 The need to limit the concentration of condos. Condos save money for the State and keep legislators from having to increase taxes. Buyers will never knowingly choose to live in a dictatorship

01.15.40 The difficulty of limiting new condos in Hawaii—except by using zoning laws.

01.16.45 There should be a limit on the percentage of non-owner-occupied units. Low participation leads to problems. Condo reform is like laws against pollution. Rather than infringing on the rights of corporations, they protect the public.

01.19.47 Government can only make problems worse. Again, how will a State HOA Office be funded? Look at Point (2). At first, the Office may be inundated with complaints, but after early cases set examples, there may be a fall-off.

01.25.10 Succeeding in replacing board members is a "massive hurdle." We should educate owners about their rights.

01.26.55 Patrick talked with an FBI agent, who said that it is possible for a city or county to establish its own Condo Office. The FBI and all of government are corrupt. Point (2) is the most important. Without enforcement, the rest of the provisions are meaningless.

01.33.46 An owner attests how difficult it is to enforce the laws. The city or county idea is a good one. There are a lot of condos in her district.

01.34.45 Legislators ignore us or work against us behind closed doors. In Hawaii, only federal officials can help to fight corruption. Although FBI agents are not interested in condo issues, we could use a contact at the FBI. Hawaii is very corrupt and bribery is common.

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01.38.23 Suggestion that we write to regional FBI offices under one director.

01.41.15 In the eyes of legislators, one email or phone call could represent many votes, because most aggrieved owners don't speak out.

01.42.51 Other kinds of actions. Facebook pages of legislators, Democratic or Republican. We need to be organized.

01.43.55 Many more testify against us. CAI gets people to testify. Bribery and corruption. CAI and association attorneys are not stakeholders, but they have close ties with legislators.

01.45.55 Suggestion that one advocate with many ties could say that she represents a group of owners. We have to keep trying. We need more people to step forward.

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01.48.00 Patrick can give this presentation again or meet with legislators by Zoom. He can answer objections to proposed legislation.

01.50.08 A new member of our group says thanks. Everyone at today's meeting was able to participate constructively.

01.51.26 The video of this meeting will be available.

01.52.40 There is a lot of information, as well as training videos, on the HRLNG website, hoareformleaders.com.

01.53.52 A member attests that the attitude of her board has changed, just because they know that she is taking civic action.

01.55.28 The organizer of this meeting needs more time to organize his thoughts about all of this. Hawaii is unusual for having groups like ours who are working for reform, although Georgia and Florida also have them.

01.57.21 Aloha. There are excellent articles and panel discussions about condo issues on Civil Beat.