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Sen. Jarrett Keohokalole, Chair  
Sen. Carol Fukunaga, Vice-Chair  
Comm. on Commerce & Consumer Protection

Tuesday, February 6, 2024  
9:30 AM  
Via Videoconference

RE: **SB3205** Relating To Condominium Associations - **Support**

Dear Chair Keohokalole, Vice Chair Fukunaga & Committee Members,

The Chamber of Sustainable Commerce represents over 100 small businesses across the State of Hawaii that strive for a triple bottom line: people, planet and prosperity; we know Hawaii can strengthen its economy without hurting workers, consumers, communities or the environment. This is why we support S3205, which establishes the Ombudsman's Office for condo associations and requires condo association board members to meet certain educational requirements.

Yours is the only committee charged with protecting consumers; in this case, 1) protecting condo owners from avoidable, expensive and often ineffective arbitration with associations and 2) protecting condo owners from volunteer board members who refuse to carry out their fiduciary duties with care – to the detriment of individual condo owners.

Data has been available for decades in Hawaii, demonstrating that most conflicts between owners and associations arise from non-compliance with state laws and rules, not a dispute of facts that needs to be adjudicated by an arbitrator, mediator or judge.

Condo-owners already pay a specific fee to the state for condo law education – this fee should be used by an ombudsman's office to 1) educate board members about their fiduciary duties to prevent conflicts and 2) educate both parties in an existing conflict about the relevant rules and responsibilities that should apply to their situation.

Condo owners may find their most valuable asset at the mercy of the association and elected board members. Please do not be persuaded by the laziest or most arrogant board members testifying that being trained on their fiduciary duties would impose an "unreasonable burden" and would discourage people from seeking election to the association board – that would be the point.

When Directors & Officers Insurance covers board members' malfeasance, there is no incentive to do better; SB3205 will help everyone do better.