

# Bill 37 (2021), CD2 Testimony

**MISC. COM. 83**

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**From:** CLK Council Info  
**Sent:** Friday, March 11, 2022 5:27 PM  
**Subject:** Council Testimony

## Written Testimony

Name Erwin Effendi  
Phone  
Email t193r3105@gmail.com  
Meeting Date 03-16-2022  
Council/PH Committee Council  
Agenda Item Bill 37  
Your position on the matter Support  
Representing Self  
Organization

Written Testimony I support Bill 37 to be suspended altogether because of how expensive it is to do all the other upgrades on the aging building; and the toll it is going to take on owners with limited finances; snowballing into foreclosures and buyers unable to find lenders because the building goes against current code)

Testimony Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Sunday, March 13, 2022 11:02 AM  
**Subject:** Council Testimony

## Written Testimony

Name Denise Boisvert  
Phone  
Email infofordenise@yahoo.com  
Meeting Date 03-16-2022  
Council/PH Committee Council  
Agenda Item Bill 37  
Your position on the matter Support  
Representing Self  
Organization

Dear Chair Waters and City Councilmembers,

I am writing in FULL SUPPORT of Bill 37 regarding the delays, etc. it proposes, but to be perfectly frank, despite the good intentions of a few years ago, I wish that Bill 37 would just SUSPEND or REPEAL Ordinance 19-4.

I am a board member of two condo associations of buildings built in the 1960s and 1970s that are currently dealing with or saving for some very expensive elevator and plumbing replacement projects, and massive spalling projects, plus all the other items in a professional reserve study for buildings of such ages.

Written Testimony One building's insurance costs increased by 29.89% just in the past year, and we were told it is because insurance companies are using national problems to calculate premiums everywhere, and not just based on what is happening in Hawaii or the claim history of the building itself.

The financial burden of maintaining an older building is very heavy. It already takes a toll on everyone – kupuna who may fully depend on Social Security; young adults who scraped to buy a condo because they couldn't afford a house; and all those in-between doing their best to stay afloat.

But Ordinance 19-4 has added to the already very heavy financial burden; and many unforeseen consequences are only now coming to light as noted in recent testimony by Attorney Jane Sugimura,

President of the Hawaii Council of Association of Community Associations, and others.

Please pass Bill 37, but also consider for future legislation suspending or repealing Ordinance 19-4, and focus on having HPD make sure that all buildings have working fire hoses in excellent condition on each floor, and door closers and door thresholds for each apartment.

Thank you for your consideration,  
Denise Boisvert  
Waikiki

Testimony  
Attachment  
Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Monday, March 14, 2022 10:49 AM  
**Subject:** Council Testimony

## Written Testimony

Name Thomas Bazan  
Phone  
Email Tjbuzzb@gmail.com  
Meeting Date 03-16-2022  
Council/PH Council  
Committee  
Agenda Item Bill 37  
Your position on the matter Support  
Representing Self  
Organization

Written Testimony My wife and I are retired and live on social security income. This sprinkler enforcement would drastically impact us financially and may force us out of our home.

Testimony  
Attachment  
Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Monday, March 14, 2022 12:37 PM  
**Subject:** Council Testimony

## Written Testimony

Name Salvatore Anello  
Phone  
Email Ring23@aol.com  
Meeting Date 03-16-2022  
Council/PH Committee Council  
Agenda Item Bill 37  
Your position on the matter Support  
Representing Self  
Organization

### Written Testimony

I understand the need for safety. But these new proposed regulations and requirements are a knee-jerk reaction to a horrific one time tragedy. They are unrealistic on many levels. Most buildings, including the one I live in, can not have a sprinkler system installed without it turning into a major construction project. In our building, Governor Cleghorn, we only seem to have one of two choices. Either all owners have to have their bathroom or kitchen ripped out to accommodate the piping, which is not only a major financial hardship but also a long drawn out inconvenience. The units in our building, like most, have only one bathroom. This would mean not having a bathroom or kitchen for several weeks at best case scenario, but more realistically it would be several months. Several months of families not having a bathroom. That would force us to go to a hotel. How are we supposed to pay for that? The other option is to have the piping run outside the building, through our lanai, and into our unit. This is not only aesthetically unappealing, it would be destructive and invading to our senses.

The other problem is the financial hardship it would impose on all residents, in particular the elderly. Not only the initial cost of the sprinkler system itself but for the cost of removing and installing a kitchen or bath in our home.

Lastly, the lack of qualified contractors to do the sprinkler installation properly just doesn't exist. The number of buildings compared to the number of contractors to do the work is an unachievable goal. Not to mention finding contractors to do the work of removing our kitchen or bathroom.

All of this will ultimately lead to owners needing to sell or get foreclosed on, or buyers unable to get financing because the building

is not up to code . Only adding to the already problematic housing situation. While I support Bill 37, my preference is to have Ordinance 19-4 suspended or repealed.

Testimony  
Attachment

Accept Terms  
and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Monday, March 14, 2022 6:07 PM  
**Subject:** Council Testimony  
**Attachments:** 20220314180701\_CAI\_Common\_Ground\_March\_April\_2022.pdf

## Written Testimony

**Name** Eric B Johnson  
**Phone**  
**Email** elj@hawaiiantel.net  
**Meeting Date** 03-16-2022  
**Council/PH Committee** Council  
**Agenda Item** Bill 37  
**Your position on the matter** Support  
**Representing Organization** Organization  
**Organization** Contessa AOA

**Written Testimony**

The Contessa Supports Bill 37 CD2 for the following reasons:

1. The old deadlines are unrealistic for the massive number of condominiums.
  - a. There are not enough suppliers/contractors to do the installations.
  - b. Supply chain issues with products needed.
  - c. Covid
  - d. Confusion with licensed professionals as to the reading and understanding the Matrix.
2. Finance changes with Fannie Mae and Freddie Mac. They control 62% of the conforming loans. New requirements went into effect 2022.
  - a. Our Banks may not be able to loan money for buying/selling or refinancing due to the new requirements. SEE ATTACHED ATRICLE FROM CAI's MARCH/APRIL ISSUE.
  - b. Most Condominiums will have to have a special assessments for the Sprinkler/LSE. Many owners will want to refinance but due to the Ordinance 19-4, they may not be able to get the refinancing or a loan.
  - c. Owners also may not be able to sell their units through Fannie Mae or Freddie Mac.

With the changes in Bill 37 CD2 to the Ordinance it will provide relief to the condominium owners and give everyone time to work through the issues.

Thank you for the opportunity to comment on Bill 37 CD2.  
Eric Johnson, President Contessa AOA

**Testimony Attachment** 20220314180701\_CAI\_Common\_Ground\_March\_April\_2022.pdf



## GOVERNMENT & PUBLIC AFFAIRS

# Is Your Condo Eligible?

FANNIE MAE AND FREDDIE MAC are government-sponsored enterprises (GSEs), quasi-governmental entities established to enhance the flow of credit to specific sectors of the American economy. Created by Congress, these agencies are privately held companies under the oversight of the Federal Housing Finance Agency to help provide public financial services.

Fannie Mae and Freddie Mac do not lend money to the public directly. Instead, they guarantee third-party loans and purchase loans in the secondary mortgage market. According to FHFA, the two organizations own 62% of conforming loans. Lenders rely on Fannie Mae and Freddie Mac to purchase or guarantee their mortgages because it gives lenders more liquidity, which then allows them to underwrite or fund more mortgages. Without Fannie Mae and Freddie Mac backing, lenders would not be able to maintain the underwriting or funding volume that they do today.

Following the condominium collapse in Surfside, Fla., last year, Fannie Mae and Freddie Mac made changes to the guidelines that mortgage lenders must follow if they want the GSEs to guarantee or purchase their mortgages. Intended to mitigate risk of losses, the new requirements create a database of ineligible condominiums and housing cooperatives. Lenders will—and have—declined lending in buildings with significant deferred maintenance or unsafe conditions, special assessments, insufficient reserve funding, or no reserve study.

Fannie Mae's new requirements became effective Jan. 1. Freddie Mac's new requirements became effective Feb. 28. While Fannie Mae and Freddie Mac are two separate entities with separate guidelines, there is considerable overlap.

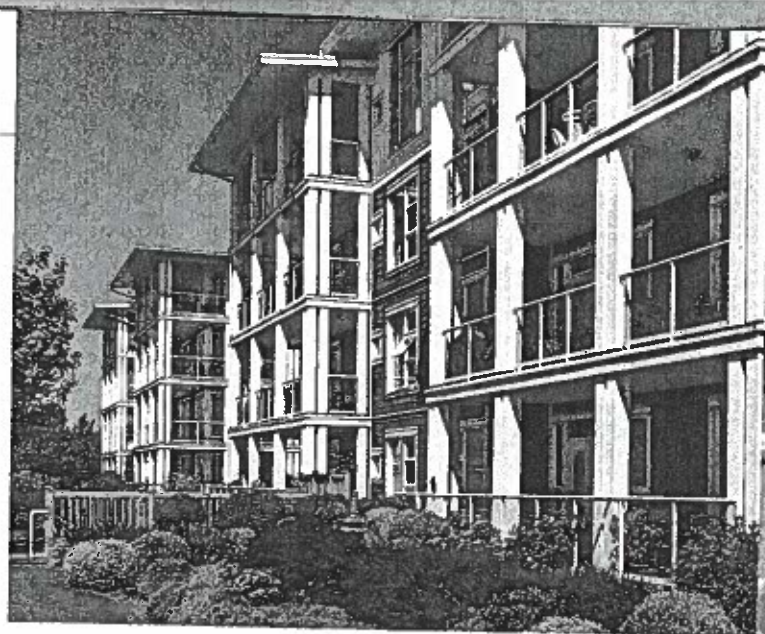
Condominiums and cooperatives with significant deferred maintenance or unsafe conditions are not eligible until repairs are completed.

The new requirements also cover:

**Special assessments.** Lenders must evaluate special assessments within communities to understand the reason for them, the total amount of the assessments, and repayment terms. Lenders will evaluate whether there is a negative impact on association funds to make critical repairs. The special assessment must be considered in the borrower's debt ratios.

**Reserve requirements.** All condominiums and cooperatives must have 10% of assessment income dedicated to reserves.

**Significant deferred maintenance.** A building will be ineligible if:



- A full or partial evacuation of the building to complete repairs is required for more than seven days or an unknown period.
- The project has deficiencies, defects, substantial damage, or deferred maintenance that is severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements.
- The improvements need substantial repairs and rehabilitation or impact any major components that impede the safe and sound functioning of one or more of the building's major structural or mechanical elements including, but not limited to, the foundation, roof, load-bearing structures, electrical systems, HVAC, or plumbing.
- The building has not passed or completed required inspections (by local or state law).

Fannie Mae and Freddie Mac do not consider routine maintenance, improvement projects, or repairs that are isolated to a few units that do not impact the overall building as significant deferred maintenance concerns.

A joint form from the GSEs, Condominium Project Questionnaire Addendum (Form 476A), may help community association boards and managers better prepare for the questions lenders will be asking. Some questions have simple Yes/No responses; others will require additional documentation, such as: Is the condominium/housing cooperative corporation aware of any deficiency to the safety, soundness, structural integrity, or habitability of the project's building?

If the board or manager is unable to answer Yes/No, the following documents may be provided to the lender to help them determine an answer: board meeting minutes; building inspection report or engineer's report; reserve studies; maintenance schedule; or other substantially similar documentation.

While these new requirements are "temporary," they are expected to become permanent in the coming months. CAI continues to work with Fannie Mae and Freddie Mac to encourage changes to the guidelines that will make them more workable for condominiums and housing cooperatives. —DAWN M. BAUMAN, CAE, senior vice president, government and public affairs

» For the latest information on the Fannie Mae and Freddie Mac guidelines and how to navigate these changes, visit [www.caionline.org/condosafety](http://www.caionline.org/condosafety).

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**From:** CLK Council Info  
**Sent:** Tuesday, March 15, 2022 10:21 AM  
**Subject:** Council Testimony

## Written Testimony

Name	Sigrid B. Southworth
Phone	
Email	sigsouth@gmail.com
Meeting Date	03-16-2022
Council/PH Committee	Council
Agenda Item	Bill 37 2021 CD2
Your position on the matter	Support
Representing	Organization
Organization	AOAO 999 Wilder Avenue
Written Testimony	
Testimony Attachment	
Accept Terms and Agreement 1	

IP: 192.168.200.67