

2000 Annual Report

Real Estate Commission

**State of Hawaii
Department of Commerce and Consumer Affairs
Professional and Vocational Licensing Division
Real Estate Branch**

**John Ohama, Chair
Michael G. Ching, Vice Chair
Charles H. Aki
Alfredo G. Evangelista
Mitchell A. Imanaka
Iris R. Okawa
Patricia Choi
Peter Rice
Casey K. Choi**

HAWAII REAL ESTATE COMMISSION

John Ohama

Chair
Oahu

Michael G. Ching

Vice Chair
Kauai

Charles H. Aki

Chair, Education Review Committee
Hawaii

Alfredo G. Evangelista

Chair, Laws and Rules Review Committee
Oahu, Public Member

Mitchell A. Imanaka

Chair, Condominium Review Committee
Oahu

Patricia Choi

Vice Chair, Education Review Committee
Oahu

Iris R. Okawa

Vice Chair, Laws and Rules Review Committee
Oahu, Public Member

Peter Rice

Vice Chair, Condominium Review Committee
Oahu

Casey K. Choi

Commissioner
Oahu, Public Member

Terms Expired on June 30, 2000**Alvin Imamura**

Chair, FY 1998 - 2000
Maui

Nora Nomura

Vice Chair, FY 2000
Oahu, Public Member



**The Honorable Benjamin J. Cayetano, Governor, State of Hawaii
and Ms. Kathryn S. Matayoshi, Director, Department of Commerce and
Consumer Affairs:**

This report on the fiscal year 2000 activities of the Real Estate Commission illustrate a year in which we have seen a decrease in the funding available to us, yet we are now starting to see a rise in the number of licensees that we provide services to.

The Commissioners who serve on this Commission have been able to put forth an extraordinary amount of effort into instituting sweeping changes that will affect the Real Estate industry in Hawaii. Thanks to the Lieutenant Governor's SWAT (Slice Waste and Tape) program, the Commissioners were able to update and change many of the laws and rules pertaining to licensees that were in need of a new perspective. In this coming calendar year, the Commissioners are

undertaking the start of the recodification of HRS Ch. 514A, affecting the condominium community. The Commission is also taking a look at continuing education and how it can be improved. As you know by now, we have changed the format of the continuing education hours and have made nationally certified courses available to the licensee for continuing education credit. We are continuing to try and improve the format of the mandatory core course and expect to see an improved version of this course in the next biennium.

My heartfelt thanks to my fellow Commissioners for their hard work on these projects as well as they're usual duties. I want to thank two outgoing commissioners, former Chair, Alvin Imamura, and former Vice Chair, Nora Nomura, for their leadership during fiscal year 2000. On June 30, they ended a combined 14 years of service on the Commission. For the coming year, my Vice Chair, Mike Ching, will work tirelessly to make sure that all of these projects became reality and has provided inspiration for the commissioners to work as hard as he does. The Chair of the Condominium Review Committee, Mitchell Imanaka, and his new Vice Chair, Peter Rice, have been working in preparation of the huge task of the condominium recodification. The Chair of the Laws and Rules Review Committee, Alfredo Evangelista, and his Vice Chair, Iris Okawa, will be very busy getting all of the SWAT changes incorporated into Chapter 99 of our Laws and Rules. You will see these SWAT changes, hopefully, by the beginning of the new year. The Chair of the Education Review Committee, Charles Aki, and his Vice Chair, Patricia Choi, will be working to try and improve on the continuing education classes and formats. New commissioner and public member Casey Choi is a member of all three committees and has already made contributions to the programs. It has been a very busy year for the Commissioners and staff from the Real Estate Branch. It looks like we will be just as busy this coming year and hope that we can count on your help and support again this year.

The Real Estate Industry in Hawaii has seen a boost in recent months which is reflected by the number of new licenses issued (an increase of 39% from last year) and the total number of licensees (an increase of 11% from last year). At the end of the year, there were 14,500 active and inactive licensees.

The Commission is also responsible for the registration of condominium associations, condominium hotel operators, and condominium managing agents. In 2000, condominium associations representing 114,449 apartments registered with the Commission. There were also 117 registered condominium hotel operators and 113 registered condominium managing agents.

The staff continues to field a staggering number of inquiries, requests, and applications. There were over 26,000 real estate related requests and over 33,000 condominium related requests. During fiscal year 2000, the Commission's web site received 132,000 hits, more than double last year's number.

The Commission has had a very busy fiscal year 2000, and we look forward to a year of change in 2001.

Aloha

 John Ohama
 Chair

**State of Hawaii
Real Estate Commission
Real Estate Branch
Professional and Vocational Licensing
Division
Department of Commerce and Consumer
Affairs**



Kathryn S. Matayoshi, Director
Noe Noe Tom, Deputy Director
Jan K. Yamane, Acting Licensing Administrator

Real Estate Branch:

Calvin Kimura, Supervising Executive Officer
Cynthia Yee, Senior Condominium Specialist
Russell Wong, Real Estate Specialist
Gina Watumull, Condominium Specialist
Lorene Arata, Condominium Specialist
Irene Kotaka, Secretary
Tammy Norton, Secretary
Karyn Takahashi, Clerk Stenographer
Robert Ito, Clerk
Jon Gasper, Clerk
Leilani Yam, Clerk
Toalua Lavatai, Clerk Typist
Janelle Sarae, Clerk Typist

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This material can be made available for individuals with special needs. Please call the Senior Real Estate Specialist at 586-2645 to submit your request.

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Laws and Rules Review Committee Report

The Committee, led by Chair Michael G. Ching and Vice Chair Iris Okawa, completed the fiscal year with a significant chunk of SWAT rulemaking completed. Slice Waste and Tape (SWAT) is the State's project, under Lieutenant Governor Mazie Hirono's leadership, to eliminate unnecessary rules. This is a major project requiring an extensive review and modification of the Chapter 99 rules and is expected to be completed in FY 2001.

The following are among the rule changes under consideration:

Licensing examination

- Permit exam to be taken out-of-state.
- Allow candidates to retake only the part failed.
- Extend the time to apply for a license to 2 years from the date of passing the exam.

Prelicense education

- Permit the prelicense courses to be taught via distance learning.

- Extend the validity of certificates of completion to 2 years.

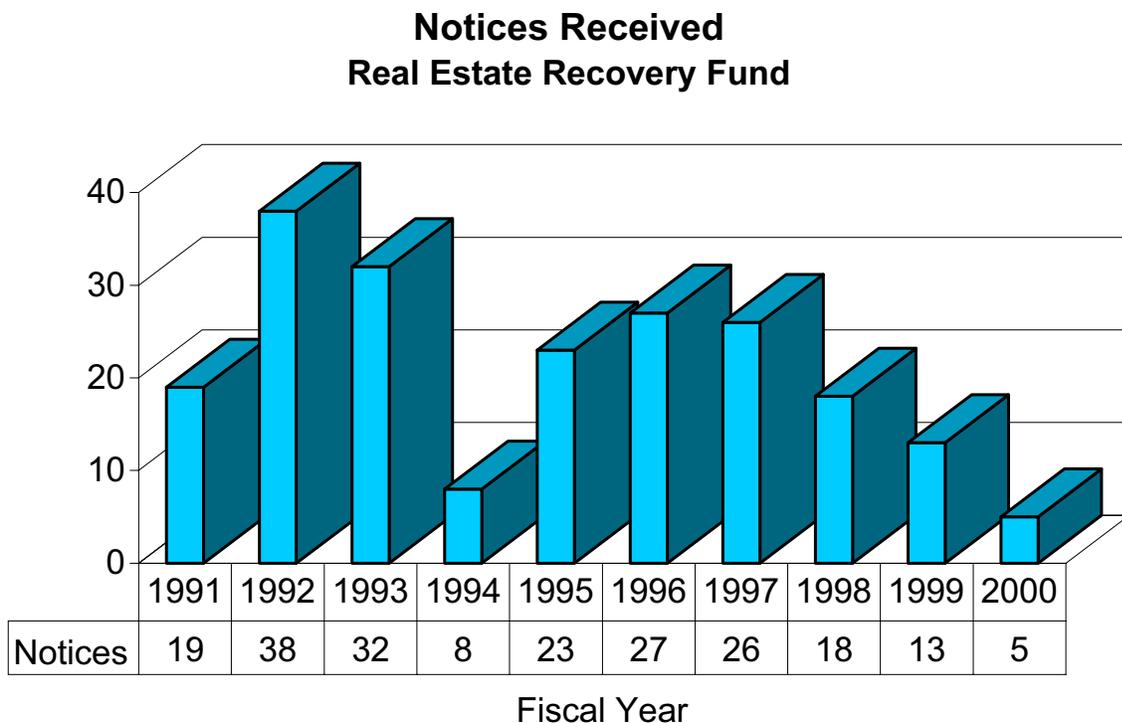
Education equivalency

- Extend the validity of the certificate to 2 years.
- Extend recognition of college courses to include business, business law, and development and finance.

Real estate practice

- Broker may associate licensee who resides on a different island than the main office.
- Remove requirement that licensee's residence must be Hawaii to have an active license. Require that any business done in Hawaii must meet all Hawaii requirements.
- Remove requirement for registration of a branch office if located on the same island as the main office.

Chart 1. Recovery Fund - Notices



- Modify the definition of site office to include CMA, CHO, and offices doing only management or hotel and rental activity.
- Principal broker may appoint multiple brokers in charge at the main office.
- Modify requirement that property for sale be identified as fee simple or leasehold. Fee simple disclosure requirement removed. Require leasehold property to be identified as "leasehold" and not as "L".

Continuing education

- Allow salesperson licensed in the second year of the biennium to renew without CE.
- Allow credit for approved national courses when taken in another state.

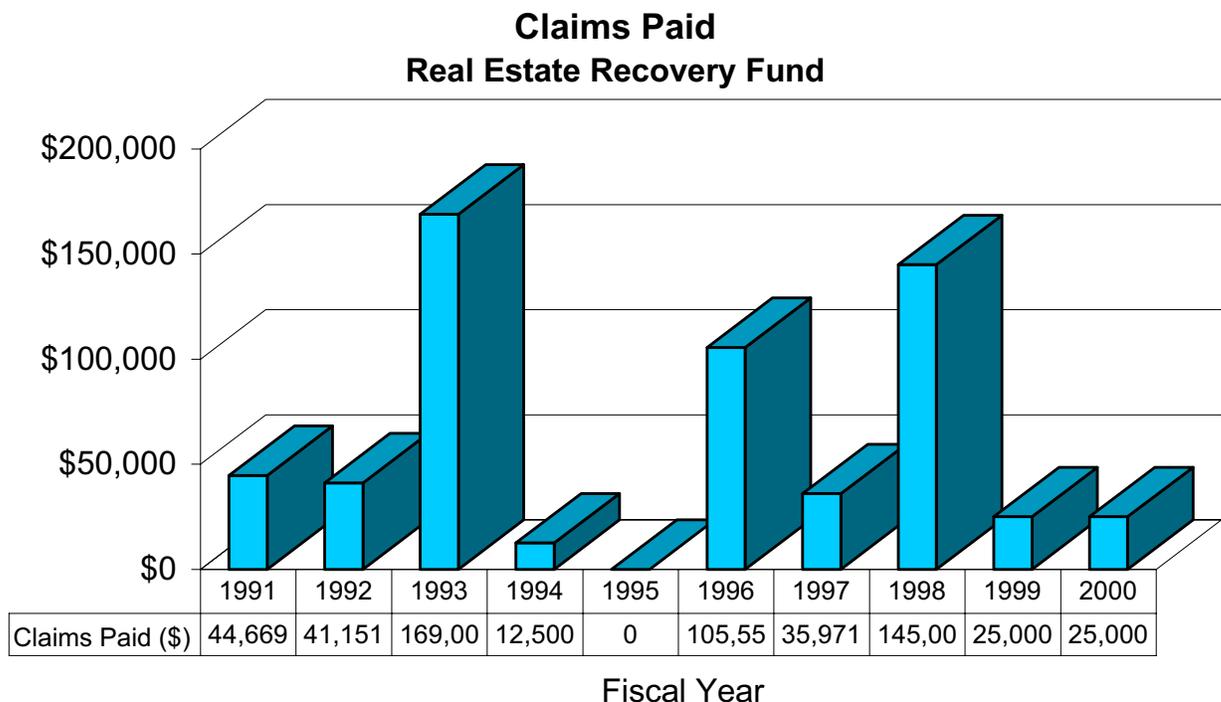
Bills to amend licensing laws were introduced at the 2000 Legislature, however none were enacted. Although no bills passed, the Commissioners and staff were still involved in tracking, researching, and providing testimony on bills that were introduced.

Real Estate Recovery Fund

The Commission is trustee of the real estate recovery fund which is intended to provide a measure of compensation to consumers injured by the fraud, misrepresentation, or deceit of real estate licensees. One of the statutory requirements for obtaining payment from the fund is notifying the Commission of the filing of a court action that may result in payment from the fund. During FY 2000, the Commission received notification in five cases, the fewest in the past ten years. Last fiscal year, the Commission received 13 notices of filings. See Chart 1.

In FY 2000, only one payment totaling \$25,000 was paid out of the recovery fund. The same amount was paid out last fiscal year. Since its inception in 1967, the recovery fund has paid out a total of \$1.9 million.

Chart 2. Recovery Fund - Claims Paid



Education Review Committee Report

Commissioner Charles H. Aki, with Vice Chair John Ohama, directed the Education Review Committee in a year of change. Many of the changes to HRS Chapter 467 imposed by Act 240 (SLH 1999) were implemented during FY 2000. Some requirements, which had been in effect, for many years changed when Act 240 took effect. Although the number of continuing education hours licensees are required to take was not affected, other facets of the program underwent significant modification. The Committee also continued efforts to be accessible to neighbor island licensees.

staff an opportunity to meet in person with licensees, applicants, prospective licensees, and members of the public. An additional benefit when the sessions are held at the Board of Realtors offices is the opportunity to exchange information with the staff of the Boards.

The real estate and condominium specialists visited Kauai, Maui, and Hilo in October and November and Kauai, Maui, and Kailua-Kona in February and March. In all, the specialists met with 17 individuals in addition to representatives of the Boards.

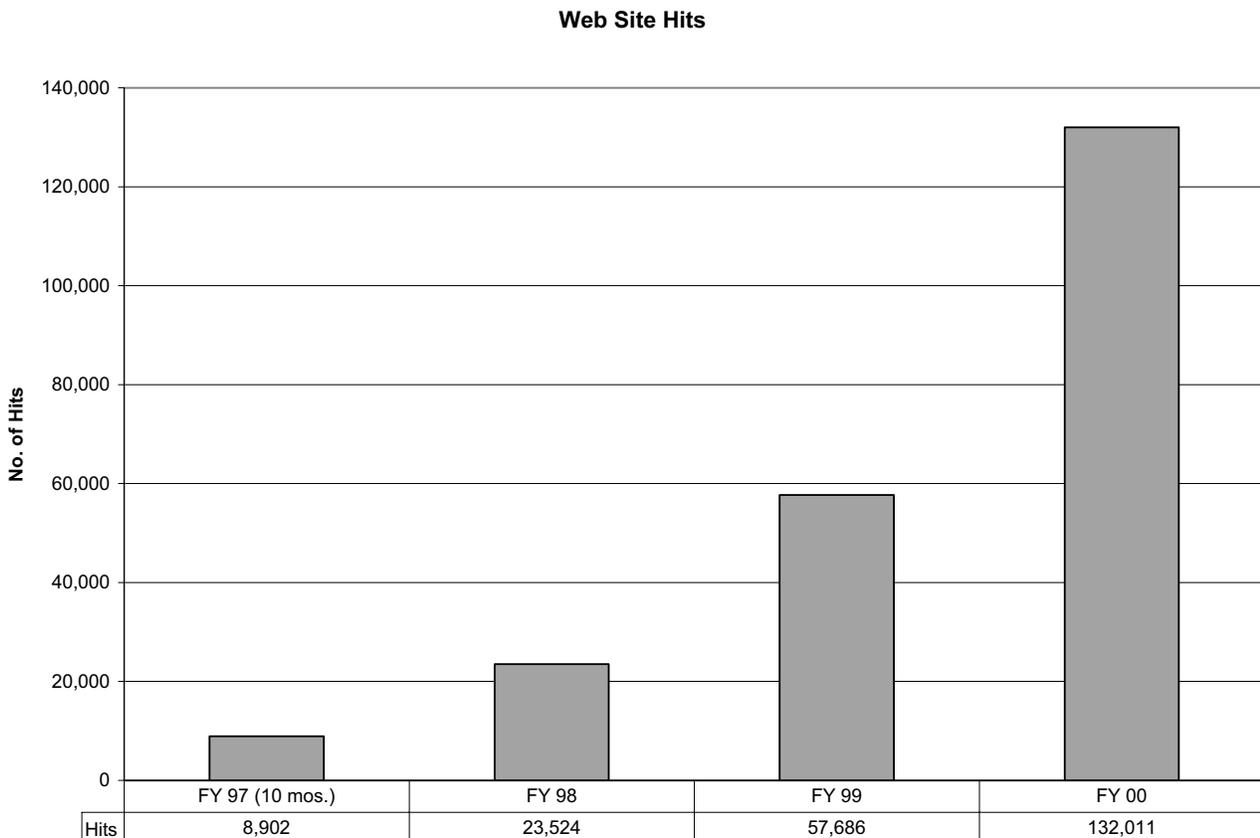
Specialists' Office for the Day

Specialists' Office for the Day provides the

Neighbor Islands Outreach

Twice a year, the Commission convenes

Chart 3. Web Site Hits



standing committee meetings on a neighbor island. In FY 2000, the committees met in Maui in July and in Kauai in May. The meetings afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in a committee meeting.

Continuing Education

Act 240, which took effect in July 1999 brought about a number of changes in the administration of the continuing education program. The law increased flexibility in the length of courses that could be approved, allowed for streamlined approval of national courses, and transferred the certification of instructors from the Commission to the CE providers. As a result, the Commission, which previously only approved courses in 3 1/3-hour increments, approved 4-hour

core and 3-hour elective courses. During the year the Commission approved 36 CE courses, of which 14 were national courses, and 5 CE providers. In FY 2000, CE providers offered 446 classes to 9,118 participants.

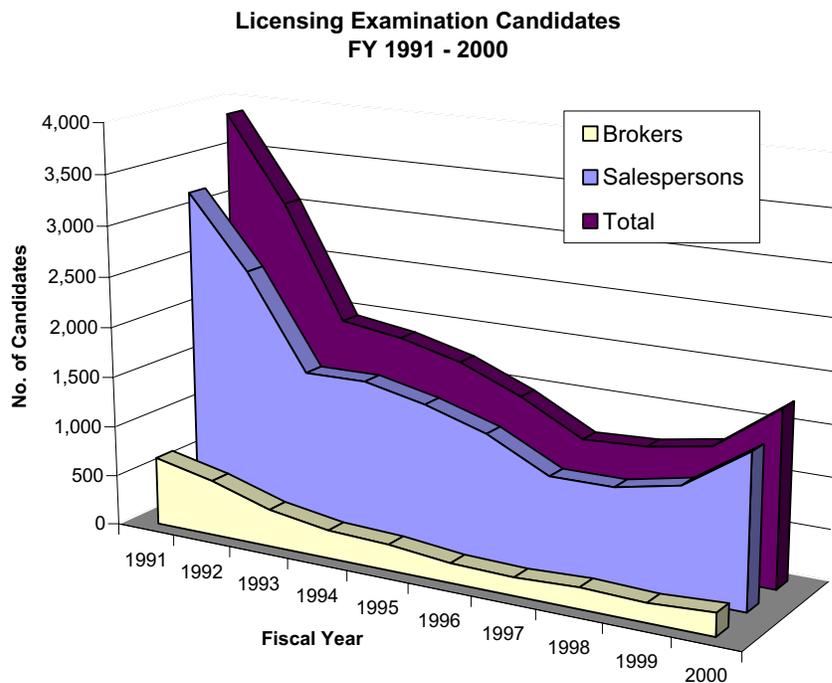
Prelicensure Education

At the end of FY 2000, there were 10 approved prelicense schools and 14 certified prelicense instructors. One school was added in FY 2000. 91 broker and 824 salesperson candidates completed their prelicense education during the year.

Real Estate Licensing Examination

ASI continued as the Commission's examination provider. It offered 5 day a week testing in Honolulu, twice monthly

Chart 4. Licensing Examination Candidates 1991 - 2000



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Brokers	679	552	371	278	255	193	178	207	187	224
Salespersons	3,208	2,495	1,569	1,575	1,444	1,258	952	955	1,082	1,504
Total	3,887	3,047	1,940	1,853	1,699	1,451	1,130	1,162	1,269	1,728

testing in Waikoloa and Kahului, and monthly testing in Kauai. As shown in Table 1, the number of examination candidates increased 36% over last fiscal year. Staff regularly monitors the examination administration on each island to assure the facilities and procedures comply with ASI and Commission policies. In FY 2000, the staff visited the examination sites in Waikoloa and Honolulu.

Table 1. Real Estate Licensing Examination

	FY 1999	FY 2000	% Change
Brokers Tested	187	224	19.8%
Salespersons Tested	1082	1504	39.0%
Total Tested	1269	1728	36.2%
Brokers Pass	87	84	-3.4%
Salespersons Pass	798	1102	38.1%
Total Passed	885	1186	34.0%
% Brokers Pass	46.5%	37.5%	
% Salespersons Pass	73.8%	73.3%	

In August, ASI conducted a two-day test development workshop in Hawaii with a committee that included the Chair and Vice Chair of the Education Review Committee, staff, and invited industry members. The committee reviewed and wrote test questions for the Hawaii specific section of the salesperson and broker examinations. Following the test development sessions, ASI held an Industry Day for prelicense schools and instructors. At the Industry Day session, ASI's Project Director for Test Development explained the test development process and the updated and new areas covered by the test development committee the previous two days.

Act 240 authorized the Commission to grant an equivalency to the uniform section of the examination to candidates licensed

in another state who passed that state's uniform section of the examination. The Commission implemented this program during FY 2000 and received 42 applications for equivalencies to the uniform section.

Broker's Curriculum

The Committee initiated a review of the broker's prelicense curriculum to determine how to update the course. This program will carry over into FY 2001 as the Committee explores feasible options.

Participation With Other Organizations

The Commission continued its participation in events sponsored by local and national organizations. In Hawaii, commissioners and staff participated in a number of Hawaii Association of Realtors® events, including its statewide series of mini conventions and its Real Estate Industry Conference. The Kauai, Maui, Kona, and Hawaii Island Boards of Realtors® allowed the Commission to use their facilities for the two series of Specialists' Office for the Day programs. On a national level, the Commission continued its active participation in the Association of Real Estate Licensing Law Officials (ARELLO) and Real Estate Educators Association (REEA). Participation in national organizations offers an opportunity to see the latest issues, trends, and solutions in the industry and other jurisdictions.

Advice, Education, Referral

The staff continues to field an enormous number of telephone, walk-in, and written inquiries in addition to processing applications. Refer to Chart 5. The ease of access to information, forms, and applications on the Commission's Web site, *hirec*, appears to have provided some relief. While telephone and walk-in inquiries

declined, the number of hits on *hirec* increased dramatically. Refer to Chart 3. *hirec* continues to expand as the Commission makes more forms and information available.

Publications

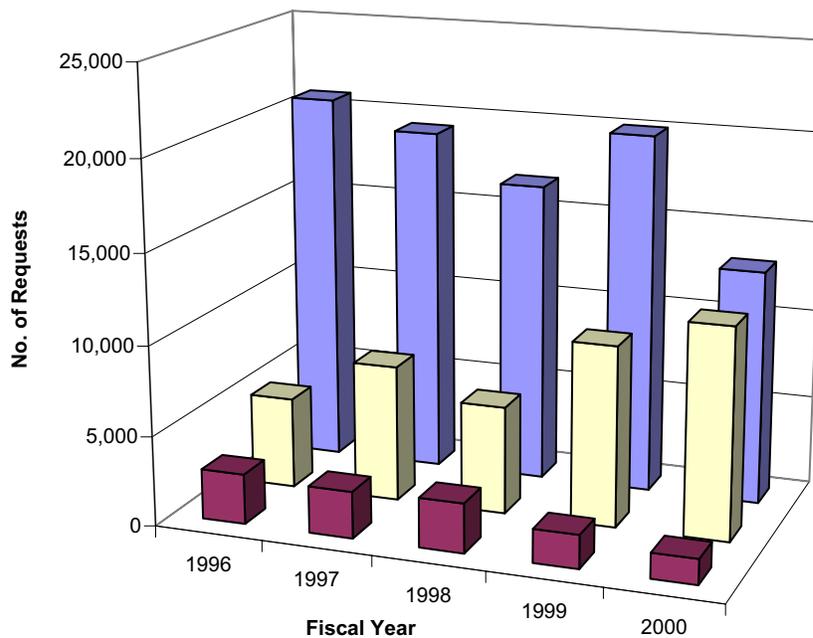
The Commission continues to publish the *Hawaii Real Estate Bulletin* in a traditional newsletter format that is mailed to all current licensees, the Legislature, government officials, ARELLO jurisdictions, and other interested parties. It is also available in electronic format on *hirec*. While the *Bulletin* provides articles on current licensing and real estate issues, its usefulness in communicating information with immediacy has been supplanted by *hirec*.

The Commission also publishes a quarterly newsletter, *School Files*, exclusively for the real estate education community. It provides schools, instructors, and providers information on administrative procedures, changes in licensing laws, and other articles relevant to the delivery of real estate education. As with the *Bulletin*, *School Files* is published in print and electronically.

In contrast to the *Bulletin* and *School Files*, the Commission’s Annual Report is primarily an electronic publication. A limited number of printed copies are distributed to the Legislature and Governor. Interested licensees and members of the public may download and print the report on *hirec*.

Chart 5. Inquiries and Applications

Inquiries and Applications - Real Estate



	1996	1997	1998	1999	2000
■ Walk-ins	2,790	2,600	2,748	1,852	1,400
□ Applications/written requests	5,090	7,600	6,010	10,072	11,770
■ Telephone	20,785	19,300	16,761	20,038	13,050

Certificates of Appreciation

The Commission issues Certificates of Appreciation to individuals who have continuously and unselfishly contributed their time and knowledge to the Commission's programs and to the industry. In appreciation for his dedication, in FY 2000, the Commission awarded a Certificate of Appreciation to **Steven W. Gilbert**, the Interim Director of the Hawaii Real Estate Research and Education Center.

Licenses

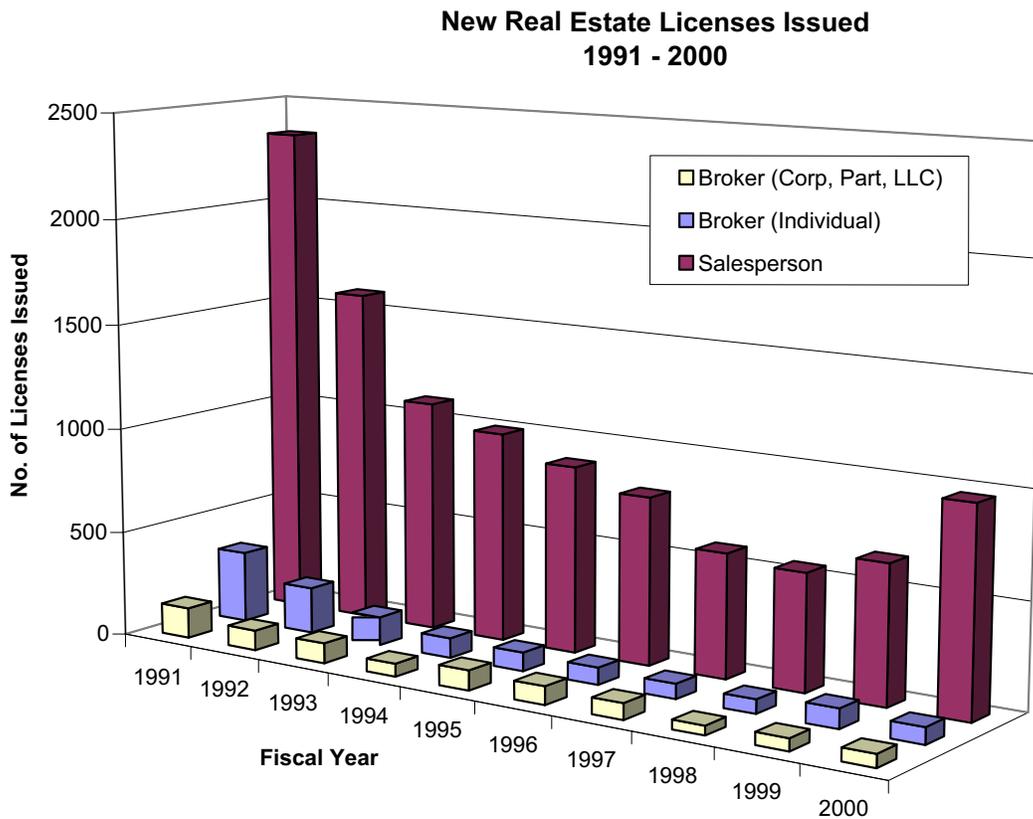
New Licenses

The number of new licenses issued in FY 2000 increased 39% over the prior fiscal year. During the year 1,110 new licenses were issued. The 23% decline in new individual broker licenses was more than offset by the 49% increase in new salesperson and 17% increase in new entity licenses.

Current Licenses

The overall number of real estate licenses increased 11% from the end of FY 1999. In FY 2000, active licenses increased 8% over last year while inactive licensees increased 19%. The greatest overall growth has been on the neighbor islands, with Maui increasing 19%, Kauai 18%, and Hawaii 14%. Most of the increase has been in salesperson licensees with a 16% increase, while the number of individual brokers, sole proprietors, and entities each increased less than 5%.

Chart 6. New Real Estate Licenses Issued



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
□ Broker (Corp, Part, LLC)	144	95	95	61	94	86	76	44	58	61
■ Broker (Individual)	337	219	135	94	88	81	71	66	92	78
■ Salesperson	2,342	1,588	1,098	997	886	793	586	553	651	971

Table 2. Current Real Estate Licensees

Current Real Estate Licensees (July 2000) by License Type and Island

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,590	301	308	140	6	1	-	2,346
Salesperson	2,882	638	957	431	16	8	-	4,932
Sole Proprietor	861	130	100	38	4	-	-	1,133
Corporation, Partnership, LLC	711	125	141	61	4	1	-	1,043
Total Active	6,044	1,194	1,506	670	30	10		9,454
Inactive								
Broker	399	72	36	17	2	-	121	647
Salesperson	2,646	497	476	258	3	2	436	4,318
Corporation, Partnership, LLC	47	9	17	3	-	1	4	81
Total Inactive	3,092	578	529	278	5	3	561	5,046
Active and Inactive								
Broker	1,989	373	344	157	8	1	121	2,993
Salesperson	5,528	1,135	1,433	689	19	10	436	9,250
Sole Proprietor	861	130	100	38	4	0	-	1,133
Corporation, Partnership, LLC	758	134	158	64	4	2	4	1,124
Total	9,136	1,772	2,035	948	35	13	561	14,500

Licensees

Chart 7. Real Estate Licensees - By Island

**Real Estate Licensees - By Island
Active and Inactive
July 2000**

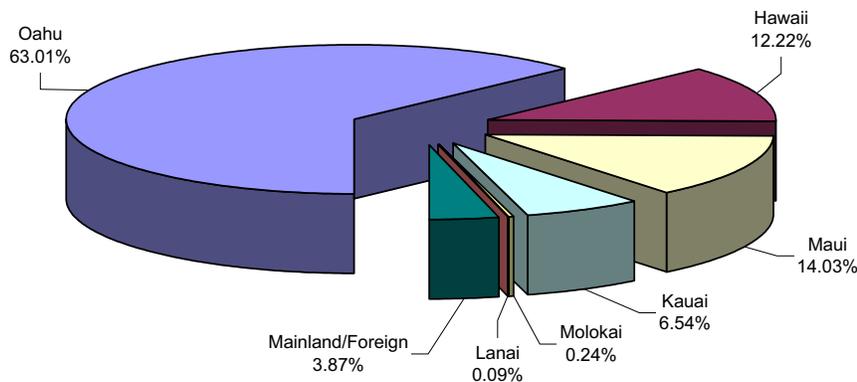
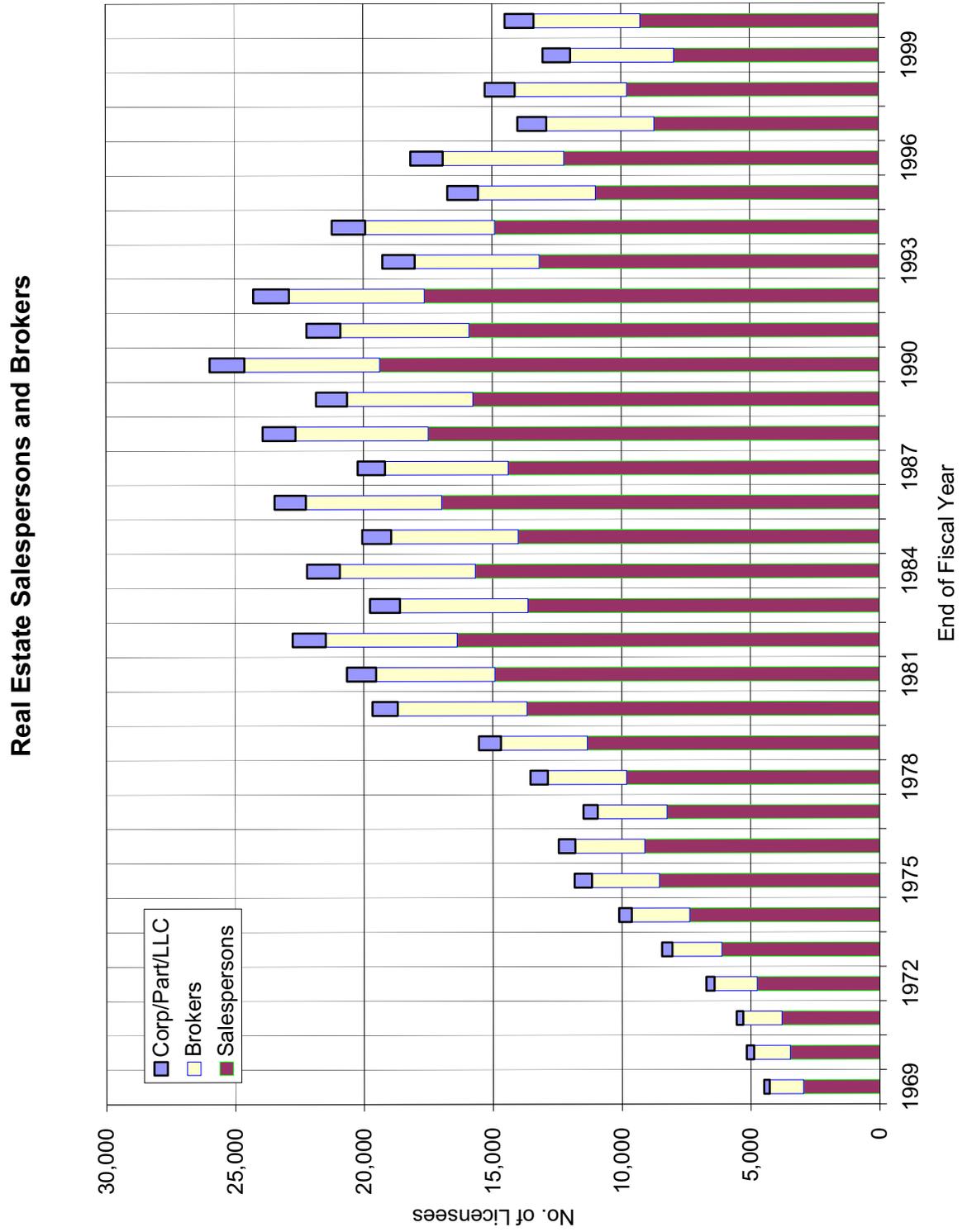


Chart 8. Total Real Estate Licenses



Licenses

Condominium Review Committee

Chair Alfredo Evangelista and Vice Chair Mitchell Imanaka directed the Condominium Review Committee's 2000 fiscal year program of work.

The Condominium Review Committee (CRC) is a Commission standing committee that holds monthly public meetings in which condominium issues are presented, discussed, examined, and considered. This is a working committee that handles "nuts and bolts" issues. Developers, apartment owners, board of directors, condominium managing agents, attorneys, educators, researchers, government officials, and others with condominium concerns participate at the meetings. The responsibilities of the CRC include: registration of condominium projects by developers; condominium association (AOAO), condominium managing agent (CMA), and condominium hotel operator (CHO) registrations; governance, education and research programs, inclusive of the programs funded under the Condominium Education Fund (CEF).

This fiscal year, with the beginning of the new millennium, the CRC, without compromising consumer protection measures, continued in its efforts to minimize government involvement in those condominium governance areas legislatively intended for self governance; and streamline the registration of condominium projects, AOAOs, CMAs and CHOs. The CRC also increased its subsidy of programs in the condominium education area in approving many more seminars for CEF subsidy. The subsidy pays a portion of a condominium apartment owner's seminar registration fees. The subsidy continues to be provided only for condominium apartment owners from

registered AOAOs. The CRC also initiated work on making available to the condominium communities of Kauai and the Big Island "on island" mediation services. The Mediation Center of the Pacific, Inc. fka the Neighborhood Justice Center of Honolulu, Inc. operating physically from Oahu, currently provides mediation services to these communities. Maui continues to be serviced by the Mediation Services of Maui, Inc. In addition, the CRC continued the implementation of its ongoing programs.

The enactment of new laws at the end of the fiscal year impacted the CRC's Advice, Education, and Referral program of work item. Condominium board members, apartment owners, CMAs and interested others inquired about the following new laws: the distribution of proxies by a board of directors using association of apartment owners funds; the permitted use of a proxy which has been copied, faxed, or otherwise reliably reproduced; the assessment of purchasers of delinquent apartments for unpaid common expenses up to \$1800, accrued within six months; the AOAO's representation of all apartment owners in lease renegotiations and expenses to be borne by the remaining lessees as a common expense; recodification of the condominium law; amendments to the owner-occupancy sales requirements; the developer's declaration that a condominium project complies with all county zoning, building ordinances and codes, and other county permitting requirements; and other related legislation.

The law requires the Commission to submit to the legislature annually: (1) a summary of the programs funded during the prior fiscal year with funds from the CEF, (2) the amount of money in the fund,

Condominium Apartment Owners on the Commission

The following members of the Real Estate Commission are condominium apartment owners/occupants:

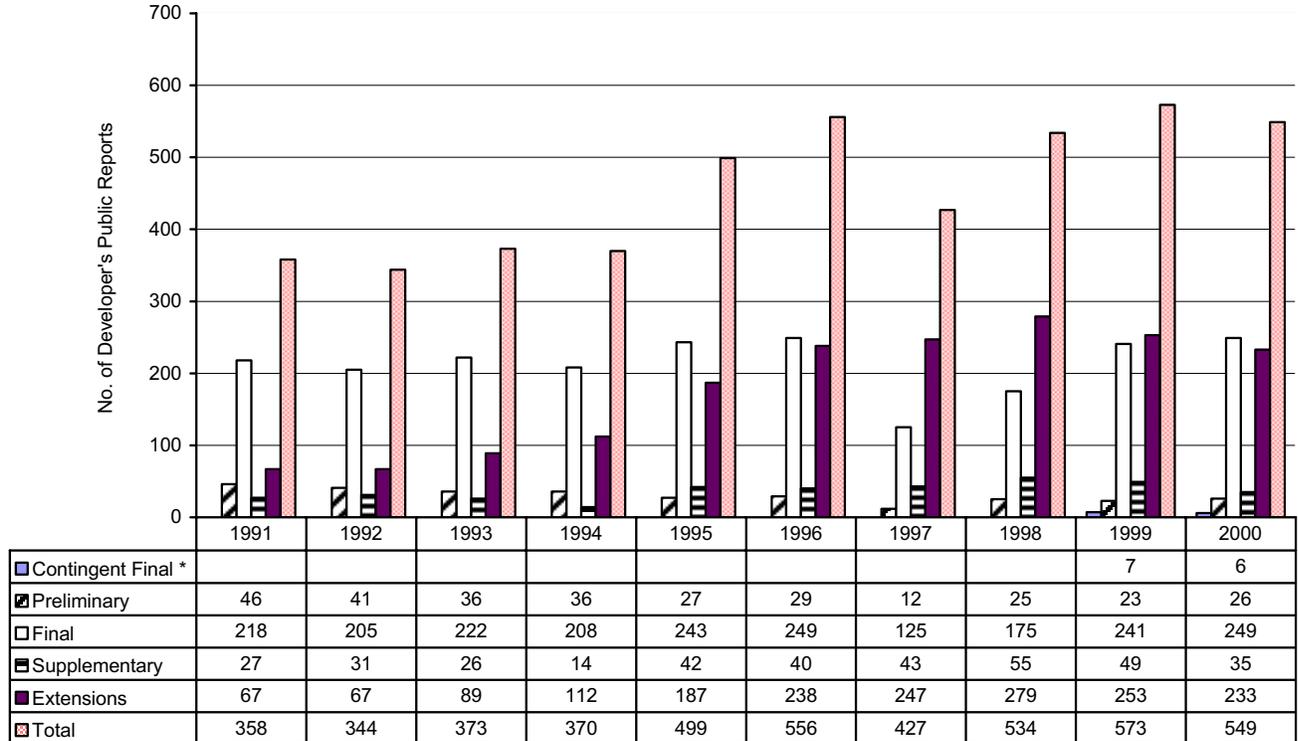
- Alfredo G. Evangelista**
- Iris R. Okawa**
- Patricia Choi.**

Commissioner **Michael G. Ching** and **Casey K. Choi** are condominium apartment owners.

and (3) a copy of the budget for the current fiscal year, including summary information on programs which were funded or are to be funded. This portion of the report includes a summary of the CEF programs that have been funded for the prior fiscal year (2000) and the current fiscal year (2001).

Chart 9. Developer's Public Reports Effective Dates Issued

**Developer's Public Reports Effective Dates Issued
FY 1991 - 2000**



Note: * Contingent Public Report effective June 16, 1997.

Summary of Programs For Fiscal Year 2000:

Hawaii Condominium Bulletin - Develop, write, edit, print and distribute a quarterly bulletin to all registered AOA's and registered CMAs and provide on Commission's website. Study feasibility of providing the bulletin through electronic medium; including electronic distribution prior to hard copy distribution.

Post HREREC Contract Termination Administration - Administer with HREREC the transition of the terminated contract as of June 1999.

Rule-Making - Chapter 107 - Study and evaluate Chapter 107 and HRS Chapter 514A, for rule making, consider deregulation without reducing consumer protection. Administer formal rule making process. Research and update new project registration, AOA registration, and CMA registration.

Rule-Making - Chapter 53, Fees - Monitor and review services provided in relation to fees. Develop drafts of propose rules, assist in formal rule making process with Licensing Administrator.

Condominium Project and Developer's Public Reports - Administer registration

Table 3. Condominium Project Filings

Condominium Project Filings Received -- Fiscal Years 1995 -- 2000						
New Projects	1995*	1996*	1997*	1998	1999	2000
Residential No. of Apartments Represented	66 2456	42 1519	40 1378	84 862	47 1028	64 1028
Commercial and Other No. of Apartments Represented	25 152	16 78	25 175	5 198	11 81	18 95
Agricultural No. of Apartments Represented	18 57	27 57	27 104	28 83	27 62	27 51
Total New Projects Total No. of Apartments Represented	109 2781	85 1654	92 1647	117 1143	85 1171	109 1174
Conversions						
Residential No. of Apartments Represented	119 1106	74 386	66 981	54 665	73 368	55 342
Commercial and Other No. of Apartments Represented	9 713	8 68	6 56	4 87	11 734	14 57
Agricultural No. of Apartments Represented	9 36	21 53	37 187	51 130	42 90	47 120
Total Conversion Projects Total No. of Apartments Represented	137 1856	103 496	109 1118	109 882	126 1192	116 519
Combined New & Converted Project Filings Combined No. of Apartments Represented	246 4637	188 2150	201 2765	226 2025	211 2363	225 1693

* Note 1: Numbers and totals may differ from those reported in prior annual reports due in part to the change in the database management software.

Note 2: In mixed use condominium projects, the predominant use is reported. This is done to prevent the multiple counting of a project filing.

program. Evaluate the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Plan, develop and administer any legislative amendments needed. Administer consultant contracts. Study feasibility of finding other means of providing access to developer's public reports. Consider feasibility of including in Commission's webpage a listing of projects with current developer's public reports. Determine feasibility of electronic administration including scanning of document on CDs and computerized tracking.

Condominium Association

Registration - Administer registration program. Review and monitor program for improvement including computer generated

registration and reregistration forms with previous responses. Develop a public list of all registered AOA's for distribution and inclusion in Commission's webpage.

Condominium Managing Agent

Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. List all registered CMAs in Commission's webpage and make preprinted lists available upon request.

Condominium Hotel Operator

Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. List all registered CHOs in Commission's webpage and make preprinted lists available upon request. Study and determine sources to locate

Chart 10. Number of Condominium Apartments

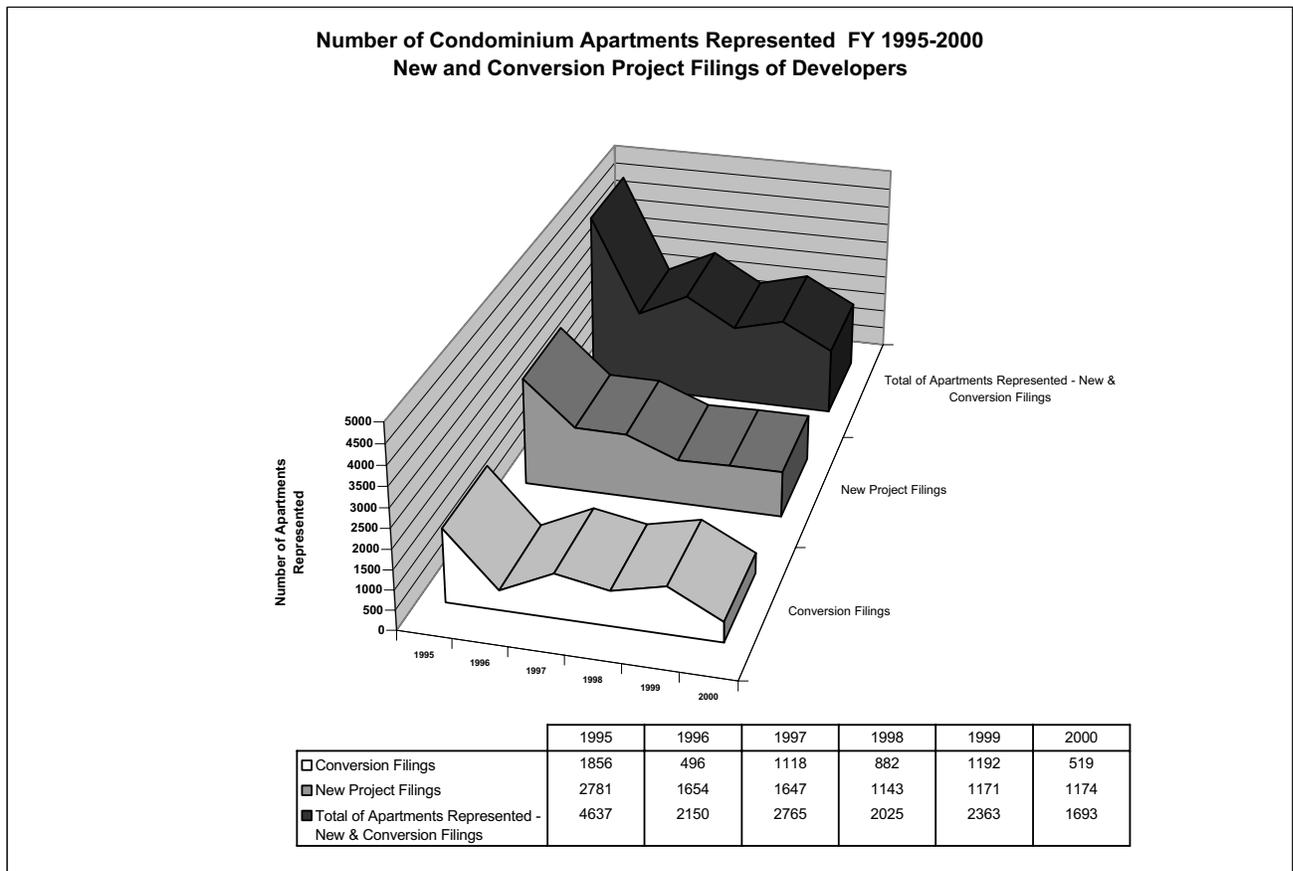


Chart 11. New Residential Projects - By Project Size

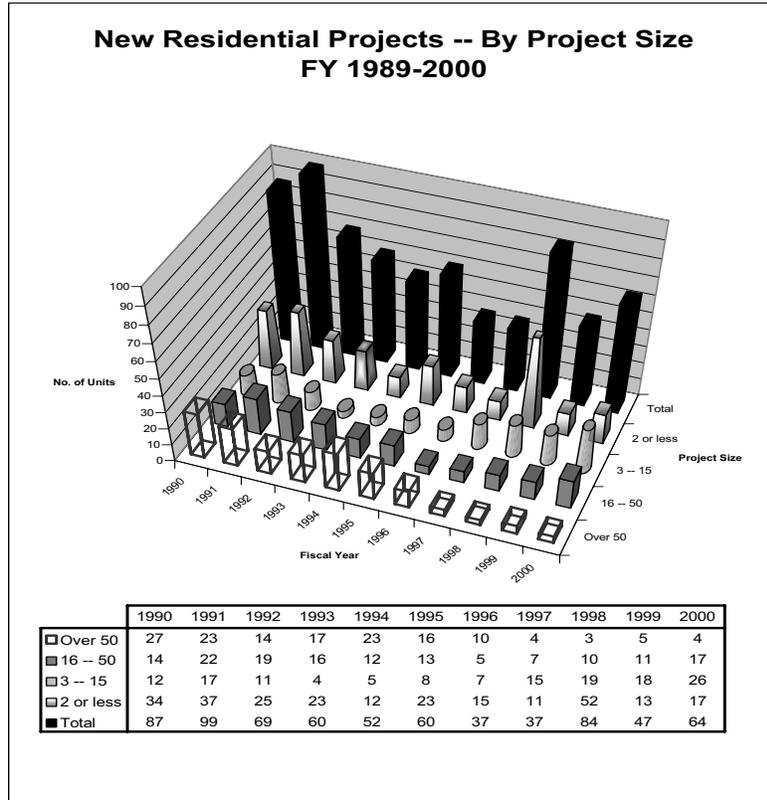
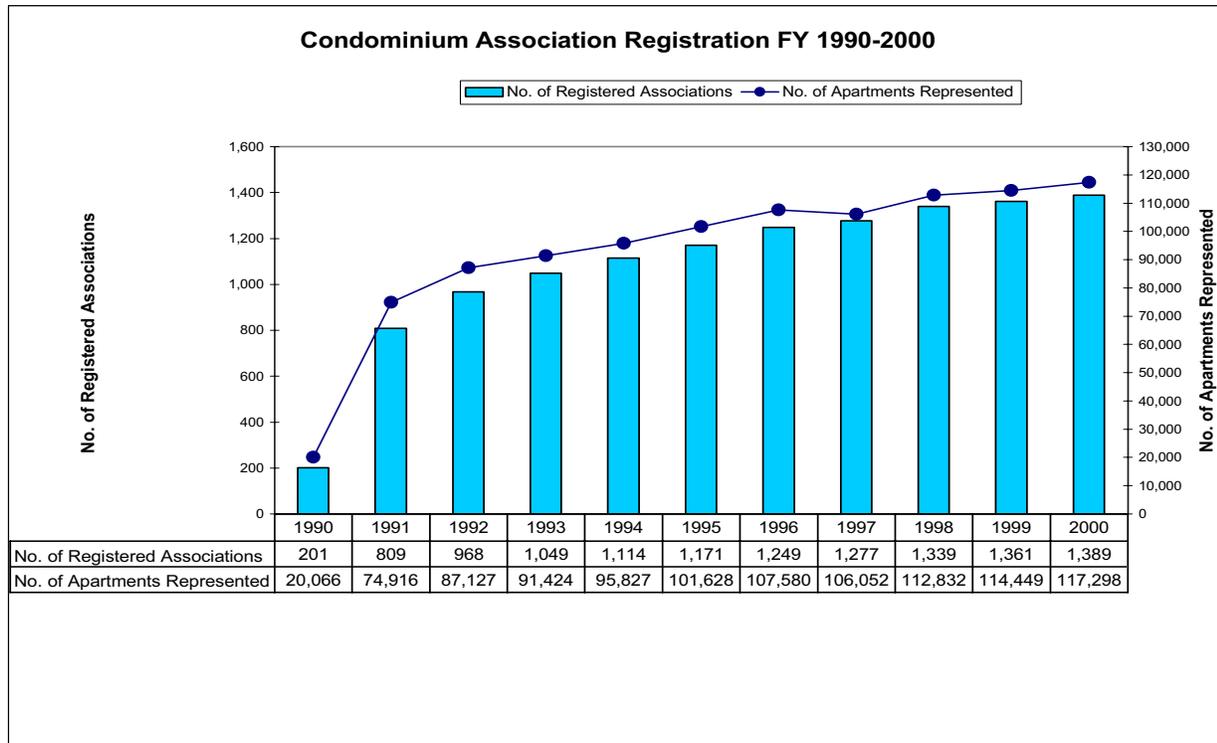


Chart 12. Condominium Association Registration



unregistered CHOs, and initiate initial compliance through education. Develop and distribute start-up kits for CHOs, similar to CMAs.

Recodification of HRS Chapter 514A - Initiate the plan for recodification based on the 1995 Commission’s report to the Legislature, “A Plan to Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime;” include recommended legislation, budget, and coordination of a special Commission task force.

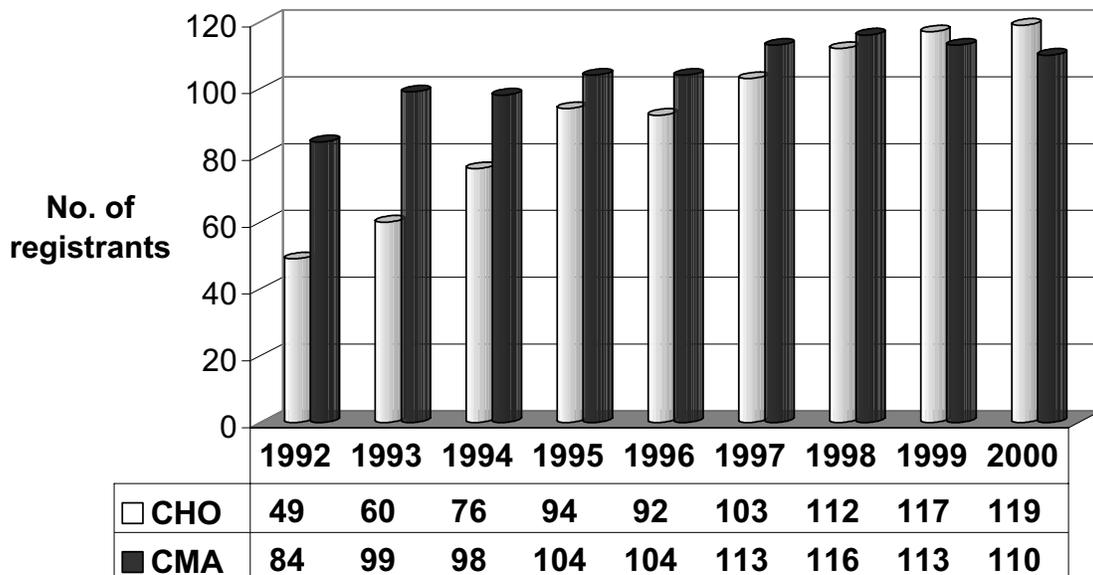
Condominium Education Fund (CEF) - Administer fund. Prepare, maintain, and review of budget, finance, and records for the CEF. Prepare monthly and annual financial statements, budget, administer fund investment. Plan and work with department to increase budget for FY01 for additional educational programs subject to revenue projections. See page 36.

Advice, Education, and Referral - Provide advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Print and distribute copy of HRS Chapter 514A to all registered AOA’s and CMAs. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve webpage.

Condominium Mediation and Arbitration Program - Administer mediation programs. Research, develop, and publish a brochure on dispute resolution, mediation, and arbitration including “trial de novo.” Coordinate joint complaint/mediation program with RICO. Study feasibility of initiating program in other neighbor islands. Continue condominium governance mediation arrangements with providers.

Chart 13. CMA and CHO Registrations

Condominium Managing Agent (CMA) & Hotel Operator (CHO) Registrants Fiscal Years 1992 -- 2000



Meetings and Symposium - Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on Commission webpage.

Legislative Acts and Resolutions - Review and carry out responsibilities of legislative acts and resolutions, amend public copy of HRS Chapter 514A, provide summary of condominium and related acts and resolution for Commission/staff/ bulletin, etc.

Government and Legislative Participation and Report - Research, develop and distribute annual report to the Legislature on CEF programs and funds; consider inclusion on the Commission's webpage. Provide briefings to Legislators and staff; act as a resource. Attend hearings, provide written and oral testimony on legislative bills, and bill tracking. Respond to elected officials, inquiries or complaints, request for information, etc.

Neighbor Island Outreach - Coordinate and conduct two CRC meetings at neighbor island sites with ERC and LRRC. This fiscal year the CRC convened meetings on Maui in July 1999 and on Kauai in May 2000. Study holding meetings in collaboration with local boards, HAR, condominium organizations, etc.

Interactive Participation with Organizations - Active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc. through attendance, membership and participation at local, regional, national, and international meetings, including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan).

Condominium Seminars - Produce seminars for the condominium community through contracts with various providers that provide for registration fee subsidies for apartment owners of registered AOAOS; encourage new providers. Continue to administer CEF subsidies for Commission approved seminars. This year the approved seminars included the following: "Minimize Your Losses... Collections, Foreclosures and Bankruptcy;" "Hidden Treasures in your Annual Budget;" "Anatomy of a Board Meeting," "Toxic Mold In The Home," "The New & Improved Act 236 (Investment Options)," "ABC's Basic Course for Association Leaders," "Penny Wise & Pound Foolish -- How to Avoid the Pitfalls of Contracting For Community Associations," "Almost Free Legal Advice," and "Construction Defects How to Avoid Costly Mistakes & Maximize Your Recovery".

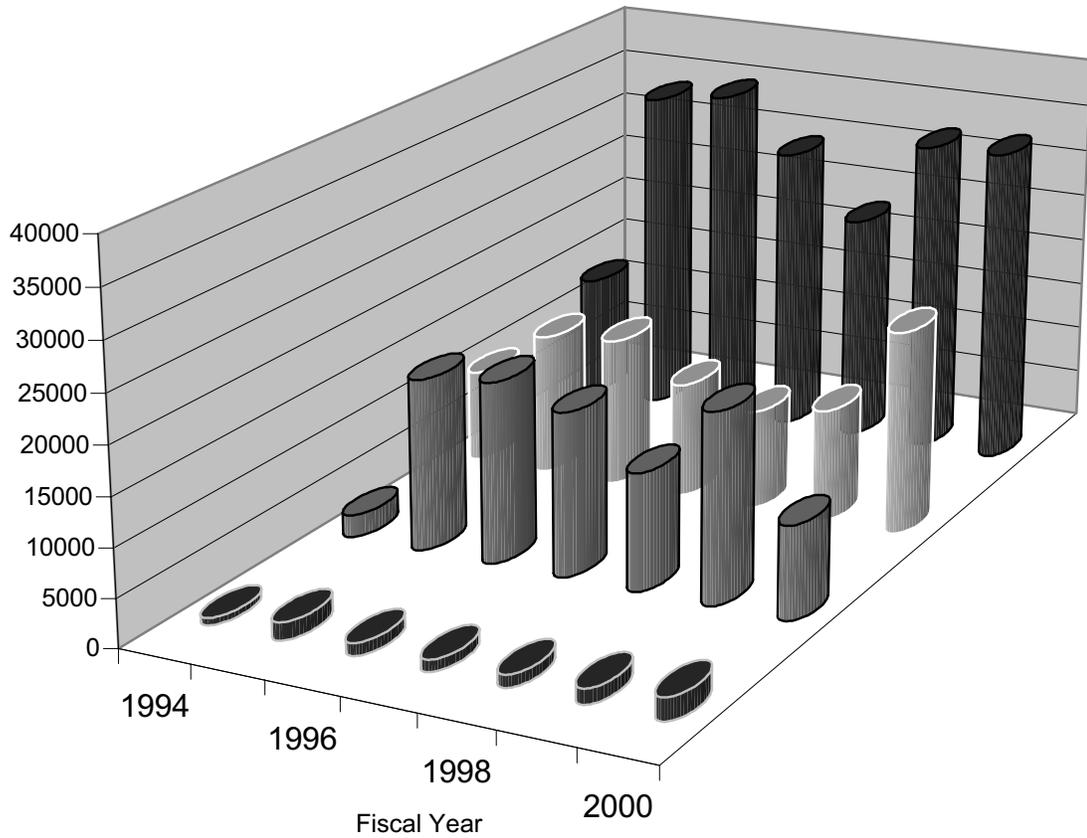
Condominium Specialists Office for the Day - Set up office at various neighbor island locations to meet and discuss condominium concerns. Consider and collaborate arrangements in conjunction with a function of a condominium organization and or at a condominium organization office. This year, the Office of the Day was held twice in Lihue, Kauai; Kahului, Maui; and in Hawaii (Kona and Hilo).

Condominium Speakership Program - Honor requests for speaking engagements for some type of program concerning or related to condominium issues.

New Technology Program - Administer in-house and network computer system; including training, purchases, and DCCA and PVLDD plans. Study feasibility of new technology in the storage, printing of developer's public reports, registration and public information. Administer Commission's

Chart 14. Advice Education and Referral

**Advice Education and Referral
Fiscal Years 1994 - 2000**



	1994	1995	1996	1997	1998	1999	2000
Walk Ins	763	1832	1300	1200	1293	1568	2325
Written Requests/Applications	2304	17863	18800	17000	12143	19635	9650
Calls	9690	14770	15500	12000	10348	11721	21182
Total	12757	34465	35600	30200	23784	32924	33157

Note: Numbers vary from year to year due to many different factors.

webpage with long range plan of including all condominium information, forms, database, etc. plus online registration.

Condominium Reference Library -
Develop in Commission webpage a catalog of all public reference materials provided to State Libraries and at REB office. Develop and maintain materials for a condominium reference library at public libraries, REB office, mediation services offices and neighbor islands.

Start-up Kit for New AOA's and New CMAs - Distribute start-up kit to new registered AOA's, CMAs, and include the CHOs; including public copy of HRS Chapter 514A, and rules, budget and reserves guide, board of directors guide, past condominium bulletins.

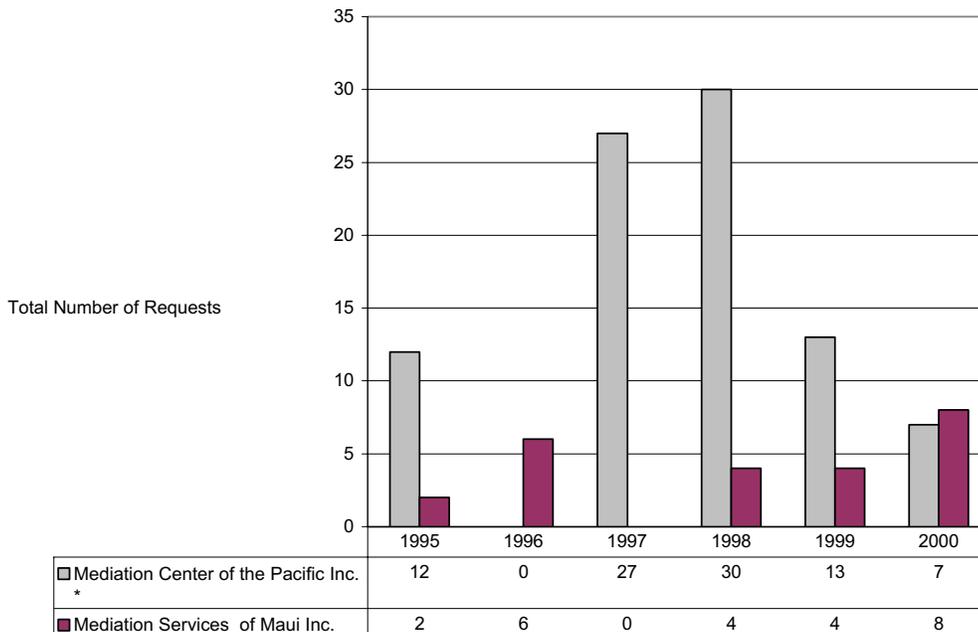
Cooperative Education, Research, and Administrative Program - Participate in and sponsor cooperative education research and administrative programs.

Division and Department Program - Coordinate activities and programs of mutual concern with the PVLD, RICO and the DCCA; including Director's project on deregulation; review, analyze, and coordinate positions on HRS Chapter 436B with PVLD and AG's as it relates to HRS Chapter 514A. Coordinate joint complaint/mediation program with RICO.

Records Management - Administer and organize all records, reference materials, reports, minutes, legislation, rules, AG opinions, contracts, etc. with applicable

Chart 15. Condominium Governance Mediations

Condominium Governance Mediations FY 1995 - 2000



* fka Neighborhood Justice Center Of Honolulu, Inc.

laws including the Uniform Information Practices Act and Records Report System. Research options or alternative for records storage and public information.

CPR Project Workshop and Meetings - Conduct periodic workshops for condominium consultants for purposes of orientation and information.

Case Law Review Program - Monitor, collect and report on judgments and decisions on Hawaii, federal, and other states' court cases; report on governance and development cases; material cases to be considered for Condominium Bulletin.

Limited Equity Cooperatives - Develop forms, procedures and process for Limited Equity Cooperatives, HRS Chapter 421H, falling within the limited responsibility of the Commission.

Staff and Commissioners Development - Develop and train REB staff and Commissioners. Participate in training provided by CAI, ARELLO, REEA, CLEAR and other organizations.

Summary of Programs For Fiscal Year 2001:

Rule-Making - Chapter 107 - Study and evaluate Chapter 107 and HRS Chapter 514A, for rule making, consider deregulation without reducing consumer protection. Administer formal rule making process. Research and update new project registration, AOA registration, and CMA registration. Continue SWAT project to reduce or repeal regulatory burdens; work with Administration and Licensing Administrator on developing amendments for Chapter 107.

Recodification of HRS Chapter 514A - Develop and initiate the plan and CEF budget for recodification, including

development, recruitment, and hiring of temporary staff member based on Act 213 (SLH 2000) and the 1995 Commission's report to the Legislature, "A Plan to Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime." Hold discussions with interested parties, carry out the directives of Act 213 (SLH 2000).

Hawaii Condominium Bulletin - Develop, write, edit, print and distribute a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and provide on Commission's website. Study feasibility of providing the bulletin through electronic medium; including electronic distribution prior to hard copy distribution. Plan, develop and provide for guest articles on relevant topics. Develop plan for in-house electronic publication including software determination and training. Develop and include a survey-evaluation of the bulletin plus include surveys of various other Commission programs.

Rule-Making - Chapter 53, Fees - Monitor and review services provided in relation to fees. Develop drafts of propose rules, assist in formal rule making process with Licensing Administrator. Implement, administer, and disseminate information on fee amendments of the May 2000 hearing.

Condominium Project and Developer's Public Reports - Administer registration program. Evaluate the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Plan, develop and administer any legislative amendments needed. Administer consultant contracts. Update and amend all project forms and instructions. Implement plan of providing access to developer's public reports through compact discs (CDs), State Library locations, REC

webpage etc. Implement plan of listing of project with current developer's public reports on REC webpage. Implement plan of electronic administration including scanning of documents on CDs and computerized project tracking. Study, report and recommend a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys.

Condominium Association Registration -

Administer registration program. Review and monitor program for improvement. Develop a paperless fidelity bond review process. Administer reregistration filing deadline of May 31, 2001 and provide numerous advance communications about the deadline. Study, report, and initiate electronic/ computerized/ Scantron/ bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Develop a public list of all registered AOAOs for distribution and inclusion in Commission's webpage, including scanning of the actual registration forms in REC webpage.

Condominium Managing Agent

Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. Develop a paperless fidelity bond review process. Administer reregistration program, provide advance messages on new reregistration deadline of November 30, 2000. Participate in Batch Renewal Program . List all registered CMAs in Commission's webpage and make preprinted lists available upon request. Include in listing information on PB; and maintenance of a fidelity bond or not.

Condominium Hotel Operator

Registration - Administer registration program. Review and monitor program for

improvement and problem resolutions with Licensing Branch. Administer reregistration program, provide advance messages on new reregistration deadline of November 30, 2000. Participate in Batch Renewal Program List all registered CHOs in Commission's webpage and make preprinted lists available upon request. Include in listing information on PB or not, and maintenance of a fidelity bond or not. Study and determine sources to locate unregistered CHOs, and initiate initial compliance through education. Develop and distribute start-up kits for CHOs, similar to CMAs.

Condominium Education Fund (CEF) -

Administer fund. Prepare, maintain, and review of budget, finance, and records for the CEF. Prepare monthly and annual financial statements, budget, administer fund investment. Plan and work with department to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections. See page 36.

Advice, Education, and Referral -

Provide advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Print and distribute copy of HRS Chapter 514A to all registered AOAOs and CMAs. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve webpage.

Condominium Mediation and Arbitration Program -

Administer mediation programs. Research, develop, and publish a brochure on dispute resolution, mediation, arbitration including "trial de novo," and RICO program, etc. Coordinate joint complaint/ mediation program with RICO. Initiate and work with Mediation Center of the Pacific to

provide educational seminars to board of directors, apartment owners, CMAs on purpose of alternative dispute resolution and mediation. Initiate feasibility of contracting with other vendors for additional programs on neighbor islands . Continue condominium governance mediation arrangements with providers. Provide periodic reports to CRC on meaningful information on each case submitted for subsidy programs which is to be utilized in education programs, including Condo Bulletin and REC webpage.

Meetings and Symposium - Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on Commission webpage.

Legislative Acts and Resolutions - Review and carry out responsibilities of legislative acts and resolutions, amend public copy of HRS Chapter 514A, provide summary of condominium and related acts and resolution for Commission/staff/bulletin, etc.

Government and Legislative Participation and Report - Research, develop and distribute annual report to the Legislature on CEF programs and funds; immediately upon completion to be submitted to REC webpage. Provide briefings to Legislators and staff; act as a resource. Attend hearings, provide written and oral testimony on legislative bills, and bill tracking. Respond to elected officials, inquiries or complaints, request for information, etc.

Neighbor Island Outreach - Coordinate and conduct two CRC meetings at neighbor island sites with ERC and LRRC. This fiscal year the CRC meetings are scheduled for the islands of Maui, Fall 2000, and Hawaii, May 2001. Study holding meetings in collaboration with local boards, HAR, condominium organizations, etc.

Interactive Participation with Organizations - Active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc. through attendance, membership and participation at local, regional, national, and international meetings, including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan).

Condominium Seminars - Produce seminars for the condominium community through contracts with various providers that provide for registration fee subsidies for apartment owners of registered AOAOS; encourage new providers. Continue to administer CEF subsidies for Commission approved seminars including the following: "2000 Legislative Update," "Covering Your Assets," "Covenant Enforcement Case Law Update!," and "Psychos, Pot Pushers, Prostitutes & Parking - Solving the "P" Problem in Community Associations." Study and report on the feasibility of a seminar on reserves, especially the cash flow funding method, collaborate with CAI - Hawaii.

Condominium Specialists Office for the Day - Set up office at various neighbor island locations to meet and discuss condominium concerns. Consider and collaborate arrangements in conjunction with a function of a condominium organization and or at a condominium organization office.

Condominium Speakership Program - Honor requests for speaking engagements for some type of program concerning or related to condominium issues.

New Technology Program - Administer in-house and network computer system; including training, purchases, and DCCA and PVL D plans. Study feasibility of new technology in the storage, printing of developer's public reports, registration and public information. Administer Commission's webpage with long range plan of including all condominium information, forms, database, etc. plus online registration.

Condominium Reference Library - Develop in Commission webpage a catalog of all public reference materials provided to State Libraries and at REB office. Develop and maintain materials for a condominium reference library at public libraries, REB office, mediation services offices and neighbor islands. Study and report on the feasibility of increasing and adding new educational materials at libraries, especially in high CPR concentrated areas, collaborate with CAI-Hawaii, and consider an internet reference library system including links with REC webpage and possible licensing arrangements with national providers such as CAI.

Start-up Kit for New AOAOs and New CMAs - Distribute start-up kit to new registered AOAOs, CMAs, and include the CHOs; including public copy of HRS Chapter 514A, and rules, budget and reserves guide, board of directors guide, past condominium bulletins.

Cooperative Education, Research, and Administrative Program - Participate in and sponsor cooperative education research and administrative programs.

Division and Department Program - Coordinate activities and programs of mutual concern with the PVL D, RICO and the DCCA; including Director's project on deregulation; review, analyze, and coordinate positions on HRS Chapter 436B with PVL D and AG's as it relates to HRS Chapter 514A. Coordinate

joint complaint/ mediation program with RICO.

Records Management - Administer and organize all records, reference materials, reports, minutes, legislation, rules, AG opinions, contracts, etc. with applicable laws including the Uniform Information Practices Act and Records Report System. Research options or alternative for records storage and public information.

CPR Project Workshop and Meetings - Conduct periodic workshops for condominium consultants for purposes of orientation and information. Consider consultant alternating as workshop lead and developing curriculum for workshop dates of December 2000 and June 2001. Facilitate a workshop with developers, attorneys, condominium consultants, CMAs, AOAO focus groups for purposes of discussing governance issues and how to address the issues early in the life of a CPR, from initial documents to the first AOAO meeting.

Case Law Review Program - Monitor, collect and report on judgments and decisions on Hawaii, federal, and other states' court cases; report on governance and development cases; material cases to be considered for Condominium Bulletin.

Limited Equity Cooperatives - Develop forms, procedures and process for Limited Equity Cooperatives, HRS Chapter 421H, falling within the limited responsibility of the Commission.

Staff and Commissioners Development - Develop and train REB staff and Commissioners. Participate in training provided by CAI, ARELLO, REEA, CLEAR and other organizations.

Administrative Actions

Disciplinary Actions

The Commission took disciplinary action against 38 licensees in FY 2000. This was a 41% increase over the 27 licensees disciplined in FY 1999. Fines totaling \$16,500 were assessed against 29 of the licensees. Eight licensees had their licenses revoked and 4 were required to complete educational courses. Table 4 provides detail on disciplinary actions and Chart 17 shows the distribution by the type of real estate activity involved in the case. Chart 16 provides historical information on the number of licensees disciplined.

In addition, 2 licenses were suspended due to noncompliance with the Child Support Enforcement Agency's order of support or failure to comply with a subpoena or warrant relating to paternity or child support proceedings.

Appeals

Eight applicants appealed Commission denials of their applications. The appeals involved 3 salesperson, 1 sole proprietor, 2 broker experience, and 2 restoration applications. Three of the appeals went to hearing, and in each case, the Commission's Final Order upheld the Commission's decision. Four of the appeals were withdrawn and one is pending.

Table 4. Administrative Actions

FY 2000 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	21
Time Share	2
Condominium Managing Agent	1
Property Management	9
Tax Obligations	5
Total	38
Licenses Revoked	8
Licenses Suspended	0
Licenses Fined	29
Total fines	\$16,500
Licenses Subject to Other Sanctions	4

Chart 16. Disciplinary Actions

Disciplinary Actions 1991 - 2000

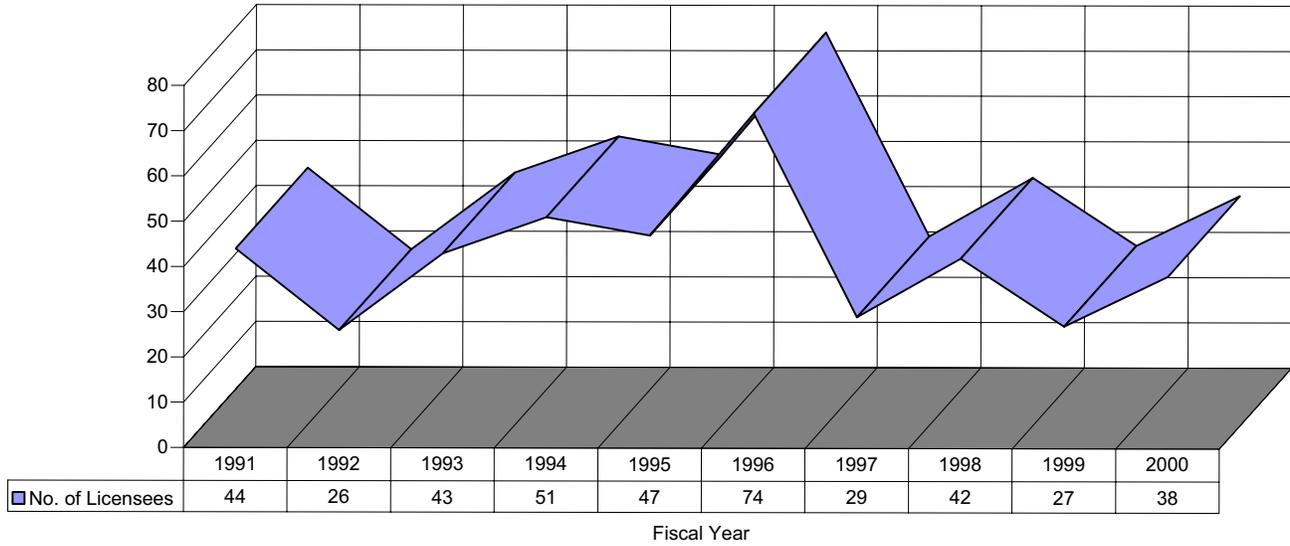
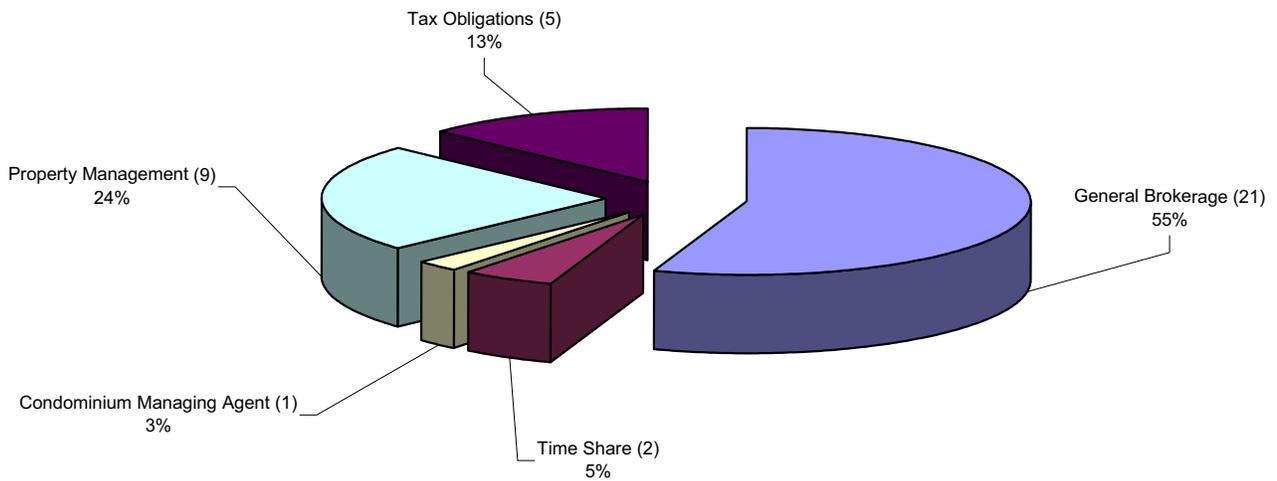


Chart 17. Disciplinary Actions By Activity

Disciplinary Actions by Activity FY 2000 (No. of Licensees)



Regulated Industries Complaints Office (RICO)

RICO receives, investigates, and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have been on a general decline since 1990 and continued downward in FY 2000. RICO received 116 real estate complaints in FY 2000, compared to 152 in FY 1999. Refer to Chart 18.

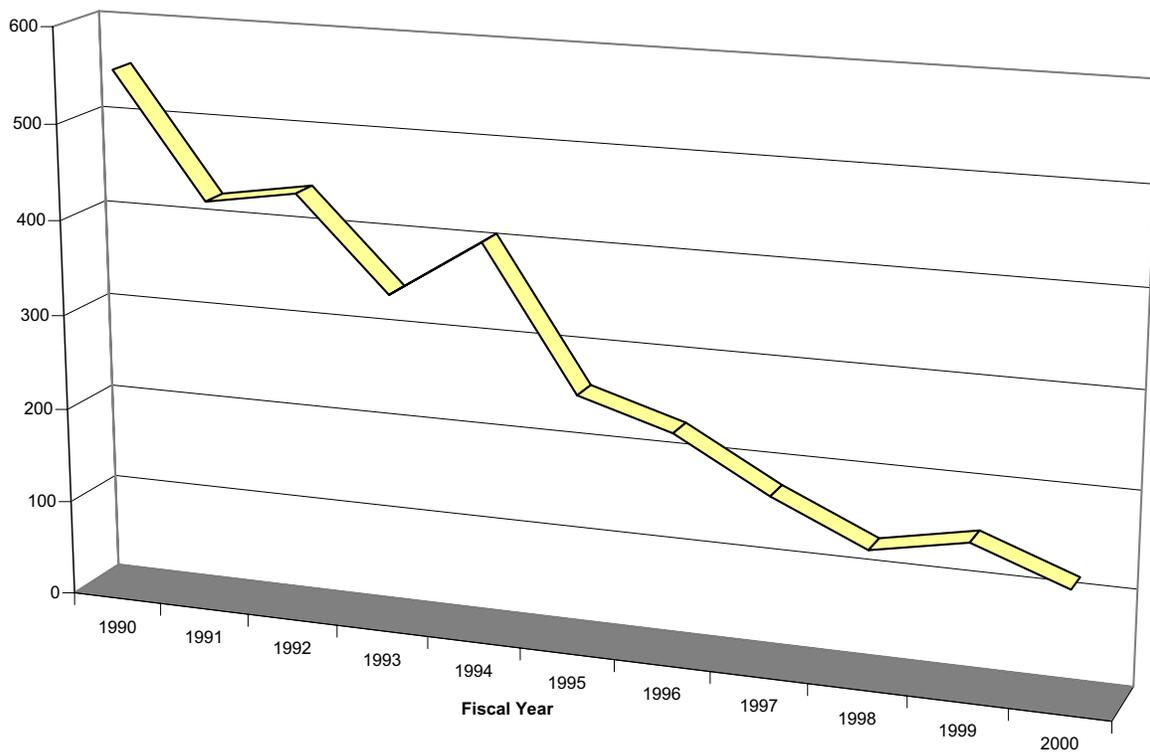
59 of the complaints are pending while 57 have been closed. Of the closed complaints: there was insufficient evidence in 28 cases, warning letters were issued in 13 cases, 5 cases were resolved by the parties, 4 cases were more appropriate for

civil legal action, and no violation was found in 3 cases.

Charts 19 and 20 show the number of cases in which specific provisions of law or rule were violated or alleged to be violated. The allegations are based on RICO complaints. The violations found or admitted show the number of disciplinary action cases in which the licensee(s) admitted or the hearings officer found a violation of a specific rule or law in disciplinary actions that are concluded by settlement agreement, there often is no admission of violations.

Chart 18. RICO Complaints

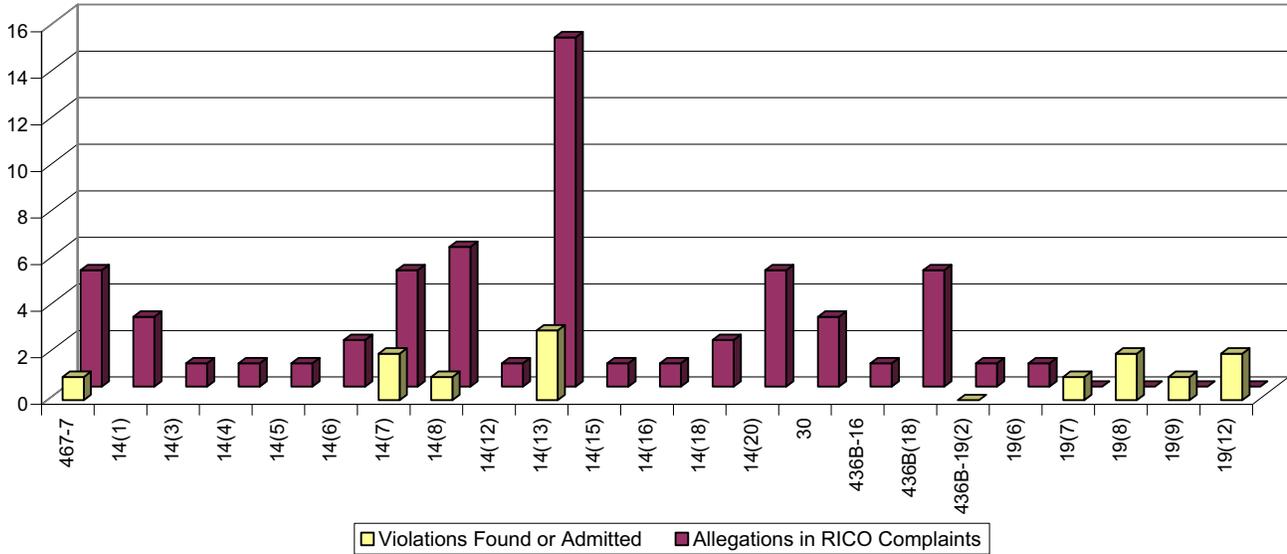
**RICO Complaints - Real Estate
FY 1990 - 2000**



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Complaints	554	425	441	345	407	260	231	177	133	152	116

Chart 19. Statutory Violations

HRS Ch. 467 and 436B
Complaints and Violations Found

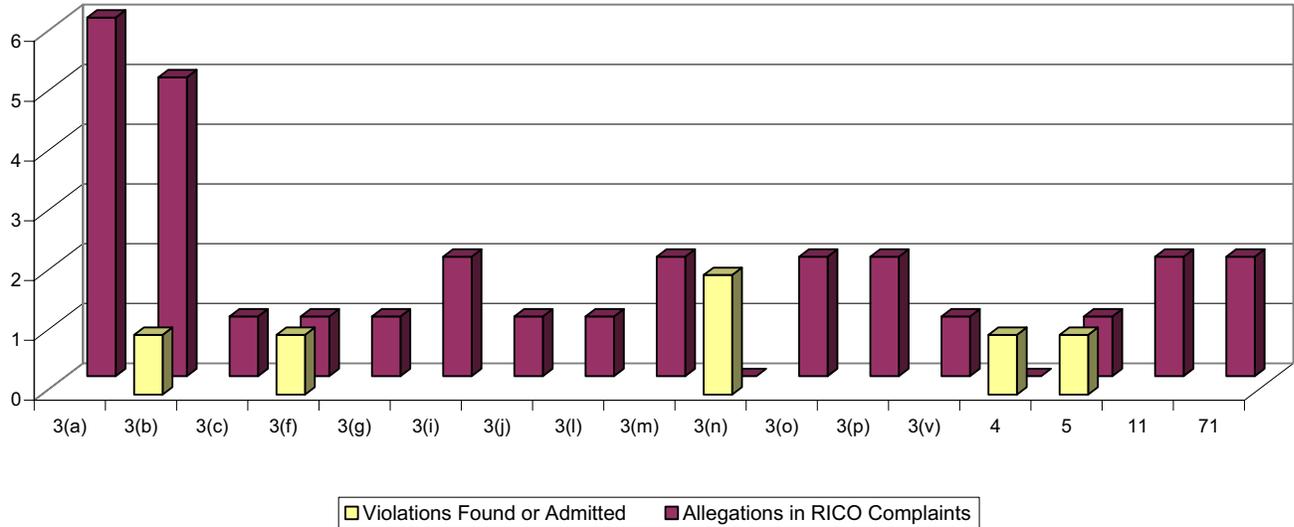


Regulated Industries Complaints Office

§467-7	License required to act as real estate broker or salesperson.		
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§467-30	Registration, licenses, and bonding requirements for condominium hotel operators.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-16	Licensee shall provide written notice within thirty days to the licensing authority of any judgment, award, disciplinary sanction, order, or other determination, which adjudges or finds that the licensee is civilly, criminally, or otherwise liable for any personal injury, property damage, or loss caused by the licensee's conduct in the practice of the licensee's profession or vocation.
§467-14(6)	Salesperson acting as a real estate broker.	§436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§467-14(12)	Licensee fails to obtain on the contract between the parties to the real estate transaction confirmation of who the real estate broker represents.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14(13)	Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.	§436B-19(12)	Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license.
§467-14(15)	Commingling the money or other property of the licensee's principal with the licensee's own.		
§467-14(16)	Converting other people's moneys to the licensee's own use.		
§467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts.		
§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.		

Chart 20. Rule Violations

**Rules Ch. 99
Complaints and Violations Found**



§16-99-3(a)	Licensee shall fully protect the general public in its real estate transactions.	§16-99-3(n)	A broker shall maintain a place of business located in this state at a business address registered with the commission from which the broker conducts business and where the broker's books and records are maintained.
§16-99-3(b)	Licensee shall protect the public from fraud, misrepresentation, or unethical practices in the real estate field.	§16-99-3(o)	A principal broker shall advise the commission in writing about absences of more than 14 days and designate another broker as the temporary principal broker.
§16-99-3(c)	Licensee shall not be a party to the naming of a false consideration in any document.	§16-99-3(p)	No licensee shall act as a broker, broker-salesperson, or salesperson from more than one firm or office.
§16-99-3(f)	Licensee shall see that financial obligations and commitments are in writing.	§16-99-3(v)	Licensee shall not convert other people's moneys to the licensee's own use.
§16-99-3(g)	Licensee shall not acquire property without making the true position known in writing to the owner.	§16-99-4	Violation of client trust account rules.
§16-99-3(i)	Broker shall not submit or advertise property without written authorization.	§16-99-5	Licensee shall file the licensee's address with the commission and shall notify the commission of any change.
§16-99-3(j)	Licensee shall transmit immediately all written offers to the listing broker.	§16-99-11	Violation of advertising rules.
§16-99-3(l)	Licensee shall not place any sign or advertisement indicating a property is for sale, rent, lease, or exchange without the written authorization of the owner or seller.	§16-99-71	Real estate activities of each firm shall be under the direct management and supervision of a principal broker.
§16-99-3(m)	A principal broker or broker in charge shall be immediately responsible for the real estate operations conducted at the place of business.		

REAL ESTATE EDUCATION FUND

Fund Balance As of June 30, 2000 (Unaudited)	FY 2000 Expenditures and Encumbrances (Unaudited)
ASSETS	I. Operations
Cash	Personnel \$246,292
In State Treasury \$192,995	Supplies 1,743
Short term cash investments 237,088	Postage 1,139
Investment securities (cost) 79,463	Equipment Rentals/Maintenance 6,158
Investment income due from Recovery Fund 51,073	Total Operations 255,331
Total Assets 560,619	
LIABILITIES AND FUND BALANCE	II. Direct Licensee Education
Liabilities	Annual Report/Quarterly Bulletin 34,726
Payables 46,900	Instructor's Development Workshop 1,000
Fund Balance	Neighbor Islands Outreach 719
Reserve for Encumbrances 37,105	Advice, Education, Referral Programs 330
Unreserved 476,614	Total Direct Licensee Education 52,602
Balance 513,719	
Total Liabilities and Fund Balance \$560,619	III. Indirect Licensee Education
	Interactive Participation w/Orgs. 5,531
	Division and Department Programs 96
	Staff / Commissioners Development 2,741
	Miscellaneous 107
	Dues & Subscriptions 230
	Total Indirect Licensee Education 8,704
	Total Expenditures and Encumbrances \$316,637
Revenues and Expenditures For the Year Ended June 30, 2000 (Unaudited)	
Revenues	
Fees \$75,955	
Investment income 46,799	
Total Revenues 122,754	
Expenditures 279,532	
Excess (Deficiency) of revenues over expenditures (156,778)	
Fund Balance	
Beginning of Year 670,497	
End of Year \$513,719	

Revenues and Expenditures and Encumbrances FY 1996 - 2000

	Fiscal Year				
	1996	1997	1998	1999	2000
Revenues					
Fees	\$68,895	\$579,390	\$55,880	\$539,033	\$75,955
Investment Income	67,403	38,586	49,045	48,280	46,799
Total Revenues	136,298	617,976	104,925	587,313	122,754
Expenditures and Encumbrances	367,227	473,892	371,700	316,508	316,637
Excess (deficiency) over Revenues	(\$230,929)	\$144,084	(\$266,775)	\$270,805	(\$193,883)

Real Estate Recovery Fund

Fund Balance As of June 30, 2000 (Unaudited)

ASSETS	
Cash	
In State Treasury	\$205,374
Short term cash investments	366,699
Investment securities (cost)	127,079
Total Assets	<u>\$699,152</u>

FY 2000 Recovery Fund Payments

Case No.	Licensee	Amount
S.P. 00-1-0082	Dickson Ken Yamamoto dba DKY Realty	\$25,000

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$29,294
Investment income due to Real Estate Education Fund	<u>51,073</u>
Fund Balance	
Reserve for Encumbrances	2,600
Unreserved	616,185
Balance	<u>618,785</u>
Total Liabilities and Fund Balance	<u>\$699,152</u>

Revenues and Expenditures For the Year Ended June 30, 2000 (Unaudited)

Revenues	
Fees	\$60,200
Expenditures	
Operations	21,477
Legal Services	9,967
Claims	25,000
Total Expenditures	<u>56,445</u>
Excess (deficiency) of revenues over expenditures	3,755
Fund Balance	
Beginning of Year	615,030
End of Year	<u>\$618,785</u>

Revenues and Expenditures and Encumbrances FY 1996 - 2000

	Fiscal Year				
	1996	1997	1998	1999	2000
Revenues					
Fees	\$55,191	\$35,764	\$38,202	\$44,217	\$60,200
Expenditures and Encumbrances					
Operations			4,820	13,960	21,477
Legal Services	50,562	44,823	50,255	33,060	9,967
Claims	105,554	35,971	145,000	25,000	25,000
Total Expenditures and Encumbrances	<u>156,116</u>	<u>80,794</u>	<u>200,075</u>	<u>72,020</u>	<u>56,445</u>
Recoveries	(555)	(64)	48,745	0	0
Excess (deficiency) of revenues over expenditures and encumbrances	(\$101,480)	(\$45,094)	(\$113,128)	(\$27,803)	\$3,755

Condominium Education Fund

Fund Balance As of June 30, 2000 (Unaudited)	FY 2000 Expenditures and Encumbrances (Unaudited)
ASSETS	
Cash	Personnel \$60,592
In State Treasury \$295,667	Supplies 5,710
Short term cash investments 650,000	Postage 5,813
Total Assets \$945,617	Equipment Rentals/Maintenance 6,061
	Education and Research 53,787
	Equipment for Office 3,484
LIABILITIES AND FUND BALANCE	Staff/Commissioner Development 3,358
Liabilities	Dues & Subscriptions 90
Payables \$15,570	Miscellaneous 82
Fund Balance	
Reserve for Encumbrances 25,399	Total Expenditures and Encumbrances \$138,977
Unreserved 904,648	
Balance 930,047	
Total Liabilities and Fund Balance 945,617	

Revenues and Expenditures For the Year Ended June 30, 2000 (Unaudited)

Revenues	
Fees \$42,711	
Investment income 21,514	
Total Revenues 64,225	
Expenditures 113,578	
Excess (deficiency) of revenues over expenditures (49,353)	
Fund Balance	
Beginning of Year 979,400	
End of Year \$930,047	

FY 2001 Budget

Personnel \$182,888
Supplies 7,500
Postage 7,000
Equipment Rentals/Maintenance 12,000
Contingency 1,000
Education and Research 102,511
Equipment for Office 5,000
Staff/Commissioner Development 5,000
Resource Materials 5,000
Dues & Subscriptions 2,000
Miscellaneous 1,000
Total Expenditures and Encumbrances \$330,899

Revenues and Expenditures and Encumbrances FY 1996 - 2000

	Fiscal Year				
	1996	1997	1998	1999	2000
Revenues					
Fees \$265,885	\$265,885	\$565,060	\$93,310	\$535,580	\$42,711
Investment Income 3,943	3,943	7,582	18,928	19,909	21,514
Total Revenues 269,828	269,828	572,642	112,238	555,489	64,225
Expenditures and Encumbrances 243,883	243,883	230,263	255,443	255,472	138,977
Excess (deficiency) over Revenues \$25,945	\$25,945	\$342,379	(\$143,205)	\$300,017	(\$74,752)

FY 2000 Program of Work

Education Review Committee

Continuing Education 1999-2000 Core

Course – Continue to work with Core Course committee to finalize the core course; implement and administer new law on core course equivalency and its certification; research and report on recommendations on the future of the core course.

Evaluation and Education System for CE and Prelicensing Instructors

– In a collaboration with the Hawaii Association of REALTORS® and HARES, continue to administer evaluation system of prelicensing and continuing education instructors.

Post HREREC Contract Termination

Administration – Administration of no-cost extension agreement of the contract that terminated June 30, 1999 with Research Corporation of the University of Hawaii (RCUH), College of Business Administration, Office of Research Administration, Contracts and Grants Management Office; final transfer of reference materials, equipment, extra copies of educational distribution materials, including continuing education courses and other courses, etc.

Administration of Prelicense Education Program, Schools and Instructors

– Administration of prelicense schools and instructors, applications, approval process, information, renewals, certification, records management, re-evaluation, etc. Coordination of instructor's examination program. Administration of evaluation system on schools and instructors. Research, development, printing, and distribution of quarterly *School Files*, a bulletin for educators; a joint program with Continuing Education Program.

Administration of Examinations

– Administration of real estate licensing examination program, including contract

administration with ASI, information, trouble shooting, review and amendments to application booklets, periodic reports, EXPro daily exams, etc.

Administration of Continuing Education

Elective Courses – Provide administrative information to elective course providers and licensees, assist providers in submissions, review submission applications, review submitted curriculum, make recommendations, and records management.

Administration of Continuing Education Program, Providers, and Instructors

– Administration of continuing education program, providers, instructors, courses, information center, records management, etc. Research, development, printing, and distribution of quarterly *School Files*, a bulletin for educators; a joint program with Prelicense Education Program. Development, printing, and distribution of continuing education course schedule.

Real Estate Education Fund (REEF)

– Maintenance and review of budget, finance, and records for REEF; preparation of monthly and annual financial statements; preparation of annual biennial budgets; administration of fund investment programs, including contract administration and procurement code management.

Annual Report and Quarterly Bulletin

– Research, edit, printing, and distribution of quarterly REC bulletin; contract administration with consultant, procurement code management.

Meetings and Symposium – Plan, coordinate, and conduct monthly Education Review Committee meetings.

Advice, Education, and Referral – Provide advice, education, and referral to applicants, licensees, government officials, consumers,

public, organizations, etc., including research, reproduction, mailing, etc. Develop a distribution system of educational and informational products to each principal broker and broker in charge. Publish and distribute educational and informational materials; provide educational materials through REC website.

Neighbor Island Outreach – Hold two ERC meetings on neighbor island sites, with CRC and LRRC.

Interactive Participation with Organizations – Active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects of mutual concern, training, etc.

Real Estate Seminars – Provide for a statewide seminar for real estate licensees and/or consumers through a contractor via subsidy, sponsoring, assisting, or co-sponsoring.

Legislative Participation, Research, and Report – Research, participate, and/or report on any request by the Legislature, including resolutions, agreements, and issues of mutual concern.

Real Estate Specialist Office of the Day – Real Estate Specialists set up office at RICO neighbor island offices or other sites to provide advice, education, and referral with advanced publicity, mailouts, and appointments; upon request, provide training to RICO investigators.

Real Estate Speakership Program – Subject to State government approvals and priorities, honor request to provide a speaker, resource person, or participant in a function related to real estate education.

Instructor's Development Workshop – Development, sponsoring, coordination, and/or production of instructor development workshops for prelicensing and continuing education instructors to meet rule requirements.

Uniform Section Equivalency of Prelicensing Examination – Implement and administer new law on recognizing as an equivalency to the uniform part of the exam, passage of the uniform part of another state's exam. Implement ASI contract provision and new law on utilizing either part of exam for different purposes.

Prelicensing Education Equivalency Administration – Study and evaluate educational requirements of other states and jurisdictions in coordination with ARELLO.

Records Management – Evaluate, plan, reorganize, and implement a centralized, consistent, user friendly, computerized glossary of the existing and future records and files.

Real Estate Reference Library – Subscribe and purchase real estate reference materials for public review, study and report on the feasibility of a program through the Hawaii State Library system similar to the Condominium Review Committee's program.

New Technology Program and REC Website – Administration of in-house and network computer system, coordination with DCCA's coordinator, training of staff, purchases of hardware and software, programming, etc.

Information Distribution System – Research, development, and implementation of a centralized information distribution system for all the education products produced by the REC and HREREC; a standardized policy and procedure for distribution, purchasing, copyright, specific permission copying or generic permission copying of brochures, reports, video tapes, etc.

New Salesperson and New Broker Startup Kits – Package and distribute startup kits to newly licensed salespersons.

Cooperative Education, Research, and Administration Program – Actively participate and sponsor cooperative education, research and administrative programs for those persons, Branches, Divisions, Department personnel,

Attorney General's Office that provide direct or indirect services to REC or are part of a real estate related program.

Division and Department Programs – Coordinate activities and programs of mutual concern with PVL and DCCA.

Staff and Commissioners Development – Development and training of staff and commissioners for better administration of the real estate programs. Participate in training and educational opportunities provided by REEA, ARELLO, CAI, CLEAR and other organizations.

Broker Curriculum and Resources – ERC focus group to review final report and materials, and make recommendations to ERC.

Laws and Rules Review Committee

Real Estate Recovery Fund – Provide information and advice; process and administer claims; coordinate responsibilities with consultant attorney; administer records management, financial reports, administer investment of funds; maintenance and review of budget, preparation of financial statements, preparation of budget.

Rule Making, Chapter 99 – Study and evaluate Chapter 99, HAR, and Chapter 467, HRS, for possible rule making.

Rule Making, Chapter 52, Fees – Monitor and review services provided in relations to fees charges, research/study, make recommendations, develop drafts, administer rule making, hearing approval; in coordination with Licensing Administrator.

Real Estate Licensing, Registration & Certification Administration – Review and recommend amendments to licensure requirements to improve consumer protection, or streamline the licensing program for new real estate licenses. Handle appeals for license/certification/registration denials.

Meetings and Symposium – Plan, coordinate, and conduct monthly LRRC meetings.

Advice, Education, and Referral – Provide advice, education, and referral to applicants, licensees, government officials, consumers, public, media/press, etc., including research, reproduction, mailing, etc. Print or reprint and distribute REC educational materials, including PB/BIC distribution; provide educational materials through REC website.

Neighbor Island Outreach – Hold two LRRC meeting on neighbor island sites with CRC and ERC.

Legislative Acts and Resolutions – Review legislative acts; develop summary briefing for bulletin, Commissioners/Staff, REC website, etc. Plan and implement requirements of acts and resolutions.

Legislative and Government Participation – Provide briefings to Legislators and staff, act as a resource to Legislators, draft language, draft committee reports, etc. Research, study, and draft written testimony on non-REC bills; provide oral testimony at hearings, etc. Respond to and work on inquiries/complaints/requests for information/general assistance.

Interactive Participation with Organizations – Continue active participation with Hawaii, Pacific Rim, national, and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects and mutual concern, training, etc.

Review of Services and Organization – Analyze and initiate steps to improve the services provided or amend processes without compromising consumer protection, to streamline for effectiveness and efficiency, amendments to laws, amendments to rules, amending forms, amending the system, staffing, equipment, reorganization, etc. Conduct meetings and exchanges with Licensing Branch personnel.

Application Processing and Forms – Study and evaluate the processing of application forms, the wall and pocket card license; evaluate and amend forms and instructions; assist in mainframe computer programming issues. Study and report on other electronic/computer methods to improve application processing and providing a database, including additional uses of bar coding and services offered by testing companies and others. Study feasibility of providing more application forms through Internet and fax on demand with coordination with PVL.

ARELLO National Disciplinary Action Data Bank – Continue participation in the ARELLO National Disciplinary Action Data Bank to assist in background review of applicants and assist in consumer protection nationally.

Licensing Renewal – Develop plan for 01/02 renewal, administer new statutory filing deadlines and an earlier distribution of renewal application forms. Distribute a list of all current real estate salespersons to principal brokers to update records periodically and at least six months prior to renewal deadline.

Commissioners Education Program – Research and draft amendments to REC Reference Book. Hold orientation sessions for new Commissioners and annual workshop for all Commissioners.

Division and Department Programs – Coordinate and work with PVL, DCCA, and others on any program of mutual concern, joint program with ERC and CRC.

HUD/ARELLO Fair Housing Agreement – Administer the terms of the agreement and coordinate annual review by HUD officials. Participate with ARELLO Fair Housing Committee and work with ARELLO on the terms of the agreement.

Case Law Review Program – Monitor, collect, and report on case law, disciplinary actions, judgments and decisions on Hawaii court cases,

federal court cases, and other states court cases; material cases to be considered for Real Estate Bulletin and webpage.

FY 2001 Program of Work

Education Review Committee

Continuing Education 1999-2000 Core Course Evaluation and Education System for CE and Prelicensing Instructors
 Broker Curriculum and Resources
 Administration of Prelicense Education Program, Schools, and Instructors
 Administration of Examinations
 Administration of Continuing Education Elective Courses
 Administration of Continuing Education Program, Providers, and Instructors
 Real Estate Education Fund (REEF)
 Annual Report and Quarterly Bulletin Meetings and Symposium
 Advice, Education, and Referral
 Neighbor Island Outreach
 Interactive Participation with Organizations
 Real Estate Seminars
 Legislative Participation, Research, and Report
 Real Estate Specialist Office of the Day
 Real Estate Speakership Program
 Instructor's Development Workshop
 Uniform Section Equivalency of Prelicensing Examination
 Prelicensing Education Equivalency Administration
 Records Management
 Real Estate Reference Library
 New Technology Program and REC Website
 Information Distribution System
 New Salesperson and New Broker Startup Kits
 Cooperative Education, Research, and Administration Program
 Division and Department Programs
 Staff and Commissioners Development

Laws and Rules Review Committee

Real Estate Recovery Fund
 Rule Making, Chapter 99
 Rule Making, Chapter 53, Fees
 Real Estate Licensing, Registration, & Certification Administration
 Licensing Renewal Meetings
 Advice, Education, and Referral
 Neighbor Island Outreach
 Legislative Acts and Resolutions
 Legislative and Government Participation
 Interactive Participation with Organizations
 Review of Services and Organization
 Application Processing and Forms
 ARELLO National Disciplinary Action Data Bank
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