



2002 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
Mitchell A. Imanaka, Vice Chair
Iris R. Okawa
Patricia Choi
Peter Rice
Vern M. Yamanaka
Louis E. Abrams
Kathleen H. Kagawa
Marshall D. Chinen**

Hawaii Real Estate Commission

John Ohama
Chair
Oahu

Mitchell A. Imanaka
Vice Chair REC, and Chair, Condominium Review Committee
Oahu

Iris R. Okawa
Chair, Laws and Rules Review Committee
Oahu, Public Member

Patricia Choi
Chair, Education Review Committee
Oahu

Peter Rice
Vice Chair, Condominium Review Committee
Maui

Vern M. Yamanaka
Vice Chair, Education Review Committee
Hawaii

Louis E. Abrams
Vice Chair, Laws and Rules Review Committee
Kauai

Kathleen H. Kagawa
Oahu

Marshall D. Chinen
Oahu, Public Member

Commissioners Completing Terms June 30, 2002

Michael G. Ching
Vice Chair, *Kauai*

Alfredo G. Evangelista
Chair, Laws and Rules Review Committee
Oahu, Public Member

Charles H. Aki
Chair, Education Review Committee
Hawaii

Casey Choi
Oahu, Public Member



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

It is my great privilege to present you with the annual report on the state of the Real Estate Commission for 2002. The Hawaii real estate industry remained rock-steady in the aftermath of September 11 and has recently shown signs of an upward trend. 2002 was an active year for residential real estate in Hawaii. Yet, there were no payouts from the Real Estate Recovery Fund in the 2002 fiscal year. The Commission currently oversees almost 15,000 licensees. Of these, there are about 10,000 active licensees in the State. We also currently oversee approximately 1,439 condominium associations, 112 condominium hotel operators and 116 condominium managing agents.

During the 2001/2002 biennium, the Real Estate Commission designed and implemented a unique mandatory continuing education core course with a 4 hour curriculum. This mandatory core course was nominated for national recognition by the Association of Real Estate Licensing Law Officials (ARELLO).

The focus on improving the quality of education for the real estate industry is a responsibility taken on by the Education Review Committee, headed by Patricia Choi, the chair of the committee and by Vern Yamanaka, the vice-chair of the committee.

The Lieutenant Governor's Slice Waste and Tape (SWAT) program in 2001, gave the Real Estate Commission the needed boost to revamp Hawaii Administrative Rules, Chapter 99. Through 2002, these changes were implemented and clarified, and disseminated to all licensees. The task of clarifying these important rule changes and ensuring that the licensees are educated about the changes, is the responsibility of the chair of the Laws and Rules Review Committee, Iris Okawa. Her new vice-chair is Louis Abrams from Kauai. Additional changes were implemented by the 2002 Hawaii State Legislature and resulted in amendments and changes that enhance Chapter 467, Hawaii Revised Statutes (HRS), for the benefit of real estate licensees and the general public.

The Real Estate Commission for 2002-2003 will continue to develop and further refine a bill to recodify HRS 514A, the Condominium Property Regime law. It has been over forty years since HRS 514A has been reviewed in its entirety in light of current needs and demands. This important move to recodify HRS 514A is being spearheaded by the Vice Chair of the Commission, Mitchell Imanaka. Mitchell also serves as the chair of the Condominium Review Committee. The Vice Chair is Peter Rice from Maui. Gordon Arakaki is the staff attorney who is authoring the bill along with a volunteer "blue ribbon" panel of condominium experts. When the recodification bill is submitted to the legislature, the Real Estate Commission humbly asks for your support.

In 2002, the Real Estate Commission underwent a major change with four new commissioners coming on board in July. The four new commissioners, Louis Abrams, Vern Yamanaka, Kathleen Kagawa and Marshall Chinen, replace a veteran team of commissioners who, collectively, made a huge contribution to the real estate industry and the general public through their selfless dedication and tireless efforts. I am confident that these freshman commissioners are the key to the future of the Real Estate Commission and the future of new programs that will influence the lives of all of our licensees and the general public for the better.

The work that has been done by the Real Estate Commission in the last few years has been revolutionary and groundbreaking. Without the help and support of the Director of the Department of Commerce and Consumer Affairs (DCCA), the Deputy Director of the DCCA, the Acting Licensing Administrator, the cooperation of the Regulated Industries Complaints Office (RICO), the Attorney General's office, and the Supervising Executive Officer of the Branch, Calvin Kimura, and the rest of the Real Estate Branch, none of this would have been possible. On behalf of the commissioners, we would like to thank them all, as well as the many volunteers in the community who have given their time and expertise to contribute to an improved environment for the real estate licensee as well as the general public.

Respectfully Submitted,

A handwritten signature in cursive script that reads "John Ohama". The signature is written in dark ink on a white background.

Chair of the Real Estate Commission

**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
Alan Taniguchi, Executive Officer
Cynthia Yee, Senior Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Arata, Real Estate Specialist
Russell Wong, Real Estate Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Gordon Arakaki, Recodification Attorney
Irene Kotaka, Secretary
Tammy Norton, Secretary
Karyn Takahashi, Clerk Stenographer
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Jon Gasper, Clerk
Toalua Lavatai, 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 586-2643 to submit your request.

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Laws and Rules Review Committee Report

The Committee, for FY 2002, led by Chair Alfredo Evangelista and Vice Chair, Iris Okawa, continued its effort on the Slice Waste and Tape (SWAT) program, which resulted in changes to the real estate licensing law (Chapter 467, HRS).

FY 2001, dramatic changes to the real estate licensing rules (Chapter 99, HAR) and the real estate licensing law occurred. Prior to SWAT, the last amendments to Chapter 99, HAR, were approved in 1991.

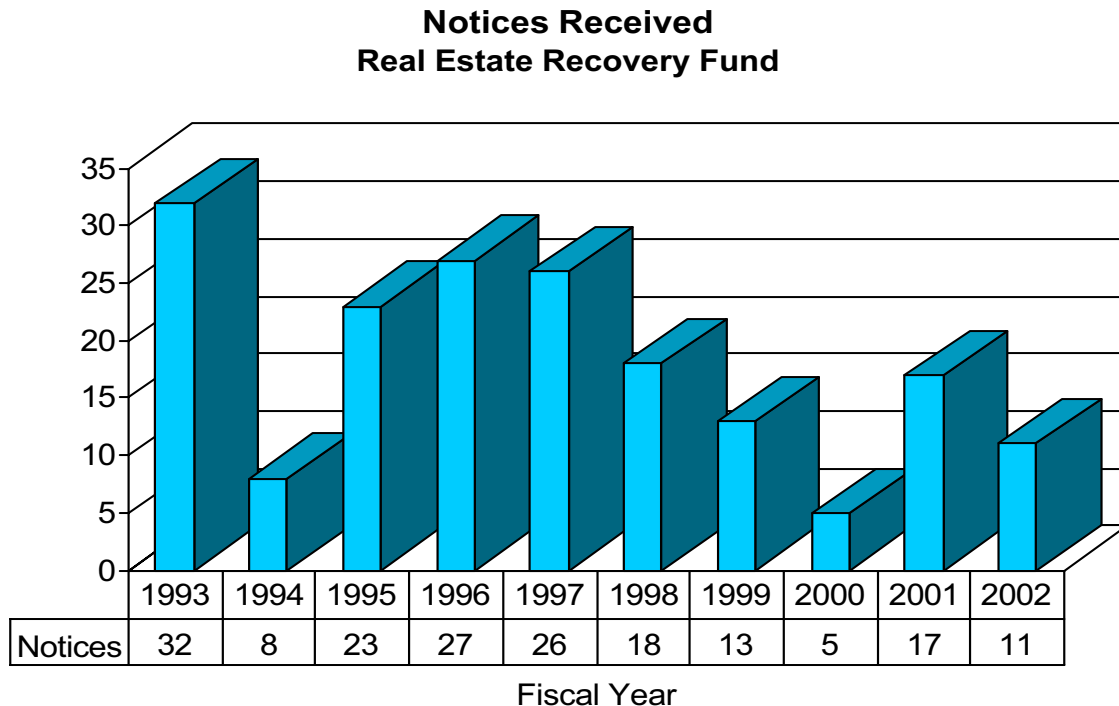
This year, Act 129 (SB 2724, SD 2, HD 1, CD 1) resulted in the following important changes to Chapter 467, HRS:

SWAT

SWAT is the State's project, under the Lieutenant Governor's leadership, to repeal and reduce regulatory burdens on businesses, the general public, and state government. Due to the cooperating working relationship between the Real Estate Commission, the Hawaii Association of REALTORS®, and the Department of Commerce and Consumer Affairs, the administrative rules for real estate licensees (Chapter 99, HAR) was one of the vanguard efforts of SWAT. In

- The Commission may grant an equivalency to the precicensing experience requirement for a broker candidate with a current and unencumbered out-of-state salesperson license up to a maximum of 36 months and to a broker candidate with a current and unencumbered out-of-state broker license full equivalency without having to obtain a Hawaii salesperson license

Chart 1. Recovery Fund - Notices



- first.
- A Hawaii licensee with a current and unencumbered out-of-state license may request a determination of equivalency to Hawaii's CE requirement pertaining to elective courses only. The equivalency shall be based on the successful completion of the CE requirements in the other state prior to the submission of the Hawaii license renewal application and the successful completion of the Hawaii designated mandatory core course.
- Condominium managing agents (CMAs) no longer need to register and provide a fidelity bond if they are active real estate brokers in compliance with and licensed under Chapter 467. CMAs that are not licensed as a real estate broker will continue to register and maintain a fidelity bond.
- Deregulates the law on limited-equity

cooperatives and removes the Commission from any administrative authority, and the developer will not have to register with the Commission.

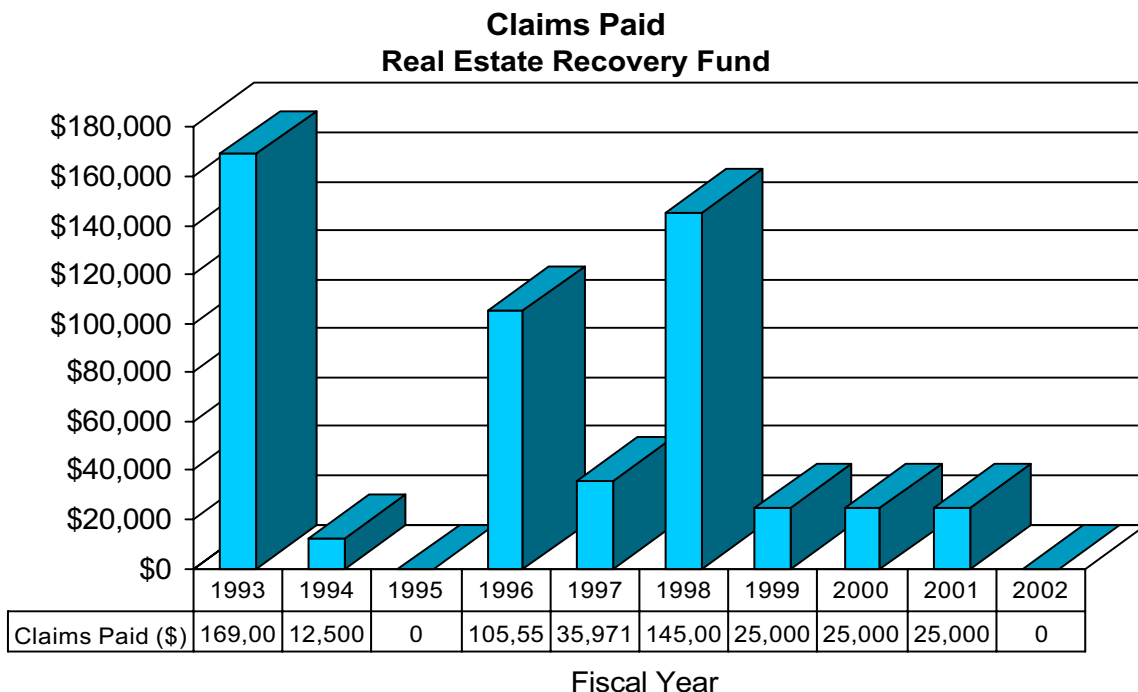
INTERNET ADVERTISING AND REFERRAL FEES

Two new commission subcommittees were formed in FY 2002. The subcommittees on internet advertising and referral fees will be tackling these difficult and fast changing areas of the real estate industry. Technology, while being a boon to business efficiency, also creates areas of gray which need to be clarified to maintain an even playing field within regulatory boundaries.

Real Estate Recovery Fund

The Commission is trustee of the real

Chart 2. Recovery Fund - Claims Paid



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 2002, the Commission received notification in eleven cases, a 35% reduction from the notices received in 2001. See Chart 1.

In FY 2002, there were no payments paid out of the recovery fund. Since its inception in 1967, the recovery fund has paid out a total of \$1.9 million. See Chart 2.

FY 2002 Program of Work

Laws and Rules Review Committee

Real Estate Recovery Fund - Administer the statutory requirements, contracts with consultant attorneys, notice of claims, court orders for payouts, dissemination of information, financial responsibilities of the fund, records management, and the development of reports.

Rule Making, Chapter 99 - Study, evaluate, research, and develop rule amendments for the formal rule making process; implement the SWAT project on rules.

Rule Making, Chapter 53, Fees - Monitor, review, research, and make recommendations on rule amendments for fees through coordination with the Licensing Administrator.

Real Estate Licensing, Registration & Certification Administration - Administer the licensing, registration, and certification requirements including applications, review, policies, procedures, appeals, subpoenas, and requests for records under OIP.

License Renewals - Administer the renewal of real estate licenses including re-registrations; implement plan, conduct workshops, and disseminate information.

Meetings - Administer the monthly committee meeting.

Advice, Education, and Referral - Respond and provide information to inquiries via telephone, walk-ins, faxes, written, emails, and through the Commission's website; print and distribute Commission developed information; and respond to inquiries from government officials.

Neighbor Island Outreach - Hold two committee meetings at neighbor island sites.

Legislative Acts and Resolutions - Review, report, and develop summary on all related acts and resolutions; implement requirements of directly related acts and resolutions.

Legislative and Government Participation - Participate in the legislative sessions; provide briefings and act as resource to Legislators, government officials, and staff; research and submit testimony on bills and resolutions including oral testimony; and assist Legislators and government officials in responding to the community.

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, 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, 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.

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.

Commissioners Education Program – Research and provide reference materials to Commissioners, provide orientation sessions for new Commissioners, and conduct periodic 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 website.

FY 2003 Program of Work

LAWS AND RULES REVIEW COMMITTEE

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

Administrative Actions

Disciplinary Actions

The Commission took disciplinary action against 38 licensees in FY 2002. This was a 41% increase over the 27 licensees disciplined in FY 2001. Fines totaling \$27,250 were assessed against 23 of the licensees. Seven licensees had their licenses revoked. Three licensees were suspended. 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.

Table 4. Administrative Actions

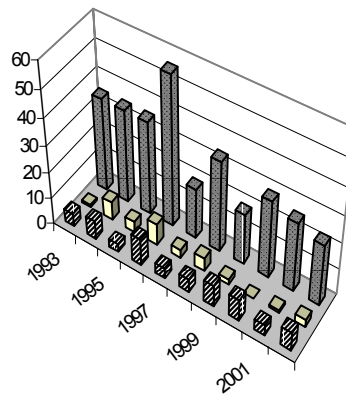
FY 2002 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	16
Failure to maintain license	2
Broker Application	2
Supervision - PB	5
Property Management	11
Crime related to profession	1
Tax Obligations	1
Total	38
Licenses Revoked	7
Licenses Suspended	3
Licenses Fined	23
Total fines	\$27,250
Licenses Subject to Other Sanctions	

Appeals

Three applicants appealed Commission denials of their applications. The appeals involved one salesperson, and two broker experience applications. The appeals went to hearing, and in all of the cases, the Commission's Final Orders were upheld.

**Administrative Actions - Sanctions
FY 2002**



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
▨ Licenses Revoked	5	7	3	10	4	5	8	8	4	7
□ Licenses Suspended	1	7	4	8	3	5	2	0	1	3
■ Licenses Fined	35	35	35	56	19	34	19	29	26	23

Chart 16. Disciplinary Actions

Disciplinary Actions 1993 - 2002

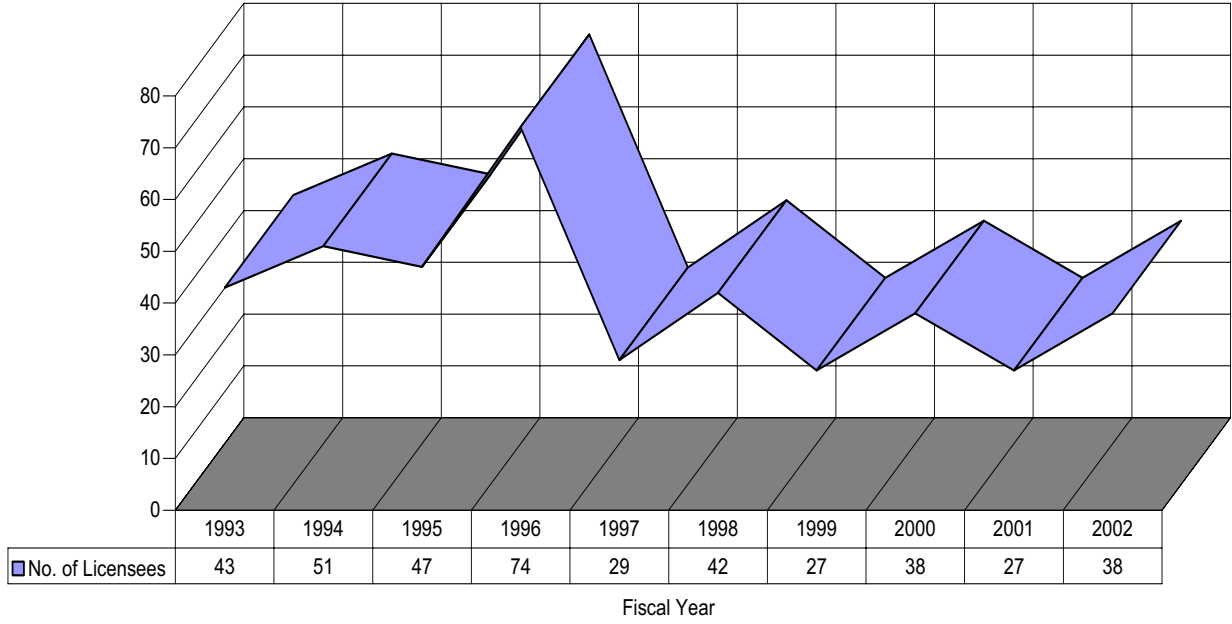
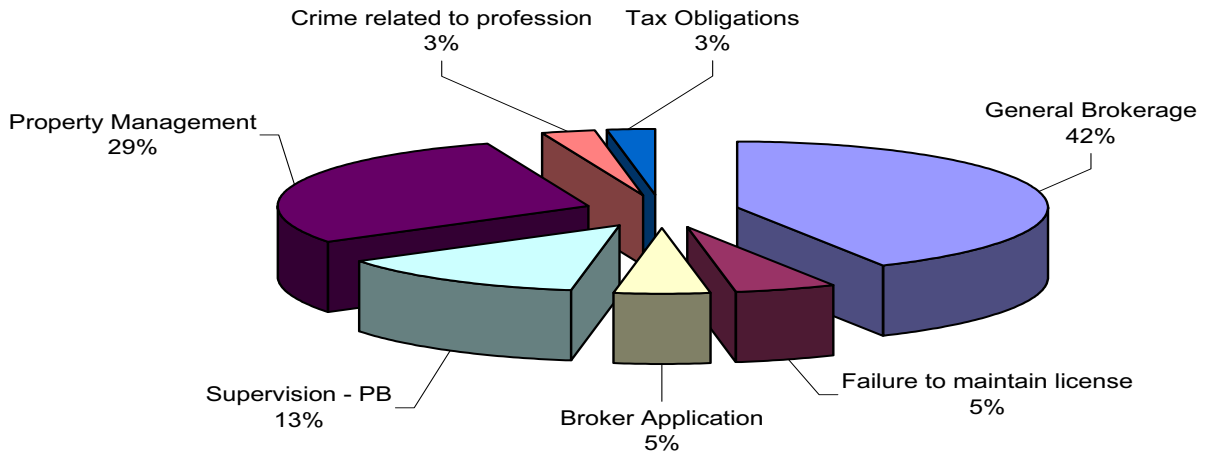


Chart 17. Disciplinary Actions By Activity

Disciplinary Actions by Activity FY 2002 (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 this year, after a slight rise in FY 2001, again declined by 40%. RICO received 100 real estate complaints in FY 2002, compared to 140 in FY 2001. Refer to Chart 18.

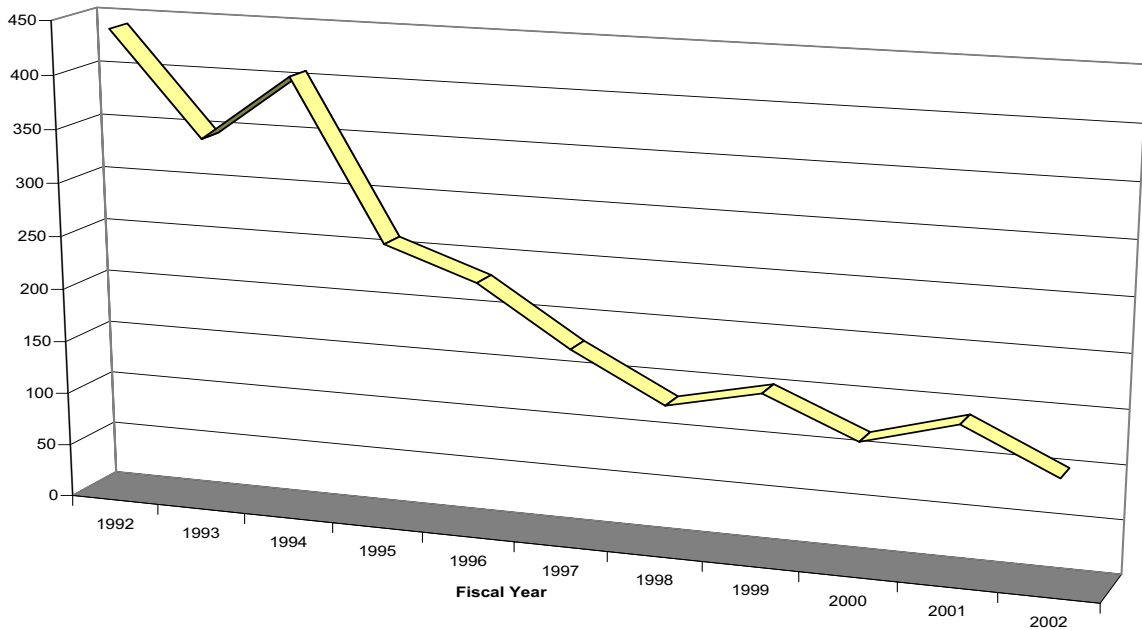
Seventy-seven (77) of the complaints are pending while 23 have been closed. Of the closed complaints, there was insufficient evidence in 5 cases, warning letters were issued in 9 cases, 2 cases were resolved by the

parties, 2 cases were more appropriate for civil legal action, no violation was found in 2 cases, 1 case was closed due to administrative error, and legal action was taken in 2 cases.

Charts 19 and 20 show the number of cases in which specific provision 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.

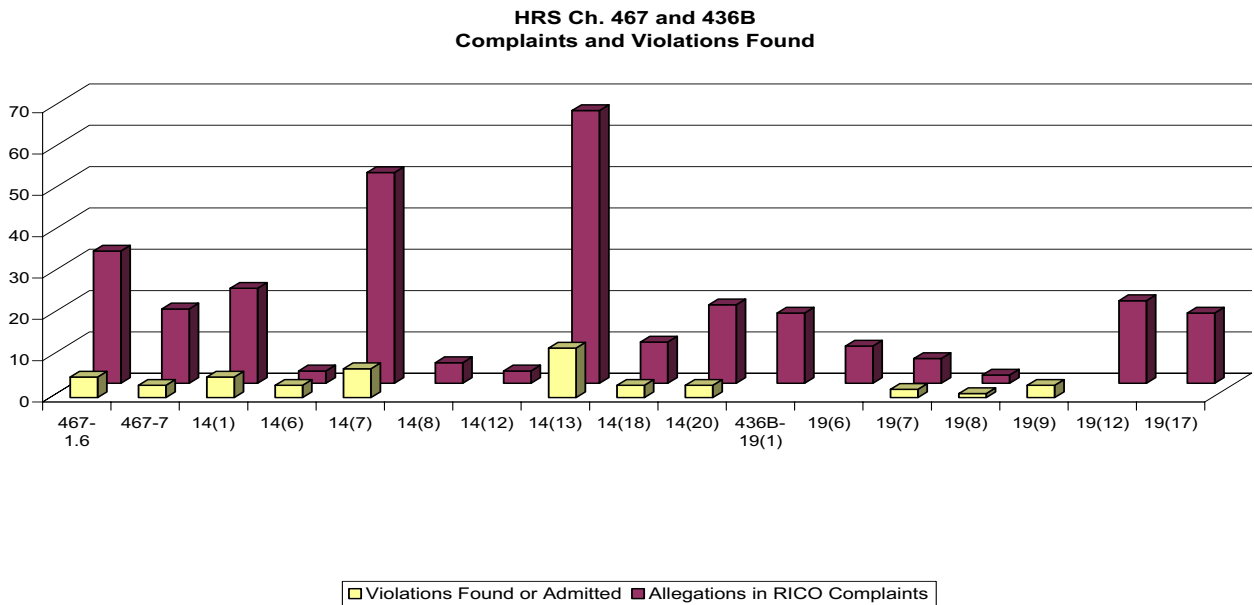
Chart 18. RICO Complaints

**RICO Complaints - Real Estate
FY 1992 - 2002**



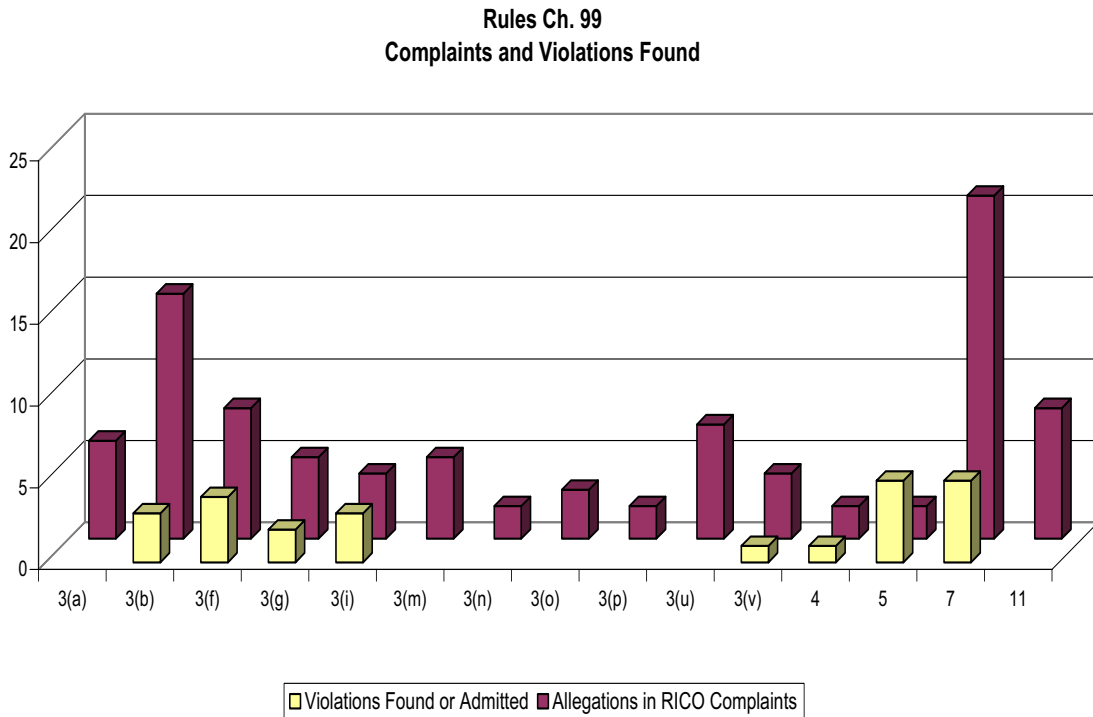
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Complaints	441	345	407	260	231	177	133	152	116	140	100

Chart 19. Statutory Violations



<p>§467-1.6 Principal broker shall have direct management and supervision of the firm and its licensees.</p> <p>§467-7 License required to act as real estate broker or salesperson.</p> <p>§467-14(1) Making any misrepresentation concerning any real estate transaction.</p> <p>§467-14(7) Failing to account for moneys belonging to others.</p> <p>§467-14(8) Conduct constituting fraudulent or dishonest dealings.</p> <p>§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.</p> <p>§467-14(13) Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.</p> <p>§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.</p>	<p>§467-14(20) Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.</p> <p>§436B-19(6) Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.</p> <p>§436B-19(7) Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.</p> <p>§436B-19(8) Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.</p> <p>§436B-19(9) Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.</p> <p>§436B-19(12) Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the</p>
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Chart 20. Rule Violations



- §16-99-3(a) Licensee shall fully protect the general public in its real estate transactions.
- §16-99-3(b) Licensee shall protect the public from fraud, misrepresentation, or unethical practices in the real estate field.
- §16-99-3(f) Licensee shall see that financial obligations and commitments are in writing.
- §16-99-3(g) Licensee shall not acquire property without making the true position known in writing to the owner.
- §16-99-3(i) Broker shall not submit or advertise property without written authorization.
- §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.
- §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(o) A principal broker shall advise the commission in writing about absences of more than 30 days and designate another broker as the temporary principal broker.
- §16-99-3(p) No licensee shall act as a broker, broker-salesperson, or salesperson for more than one firm or office.
- §16-99-3(u) The licensee shall not add to or modify the terms of an instrument previously signed or initiated by a party to a transaction without written consent of all the parties.
- §16-99-3(v) Licensee shall not convert other people's moneys to the licensee's own use.
- §16-99-4 Violation of client trust account rules.

Education Review Committee Report

The Committee, for FY 2002, under the leadership of Chair Charles H. Aki and Vice Chair Patricia Choi, continued to address important education issues.

Specialists' Office for the Day

The Specialists' Office for the Day provides staff with 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 local Board of Realtors®' offices is the opportunity to exchange information with the staff and membership of the local Boards.

The real estate specialists visited Maui in FY 2002.

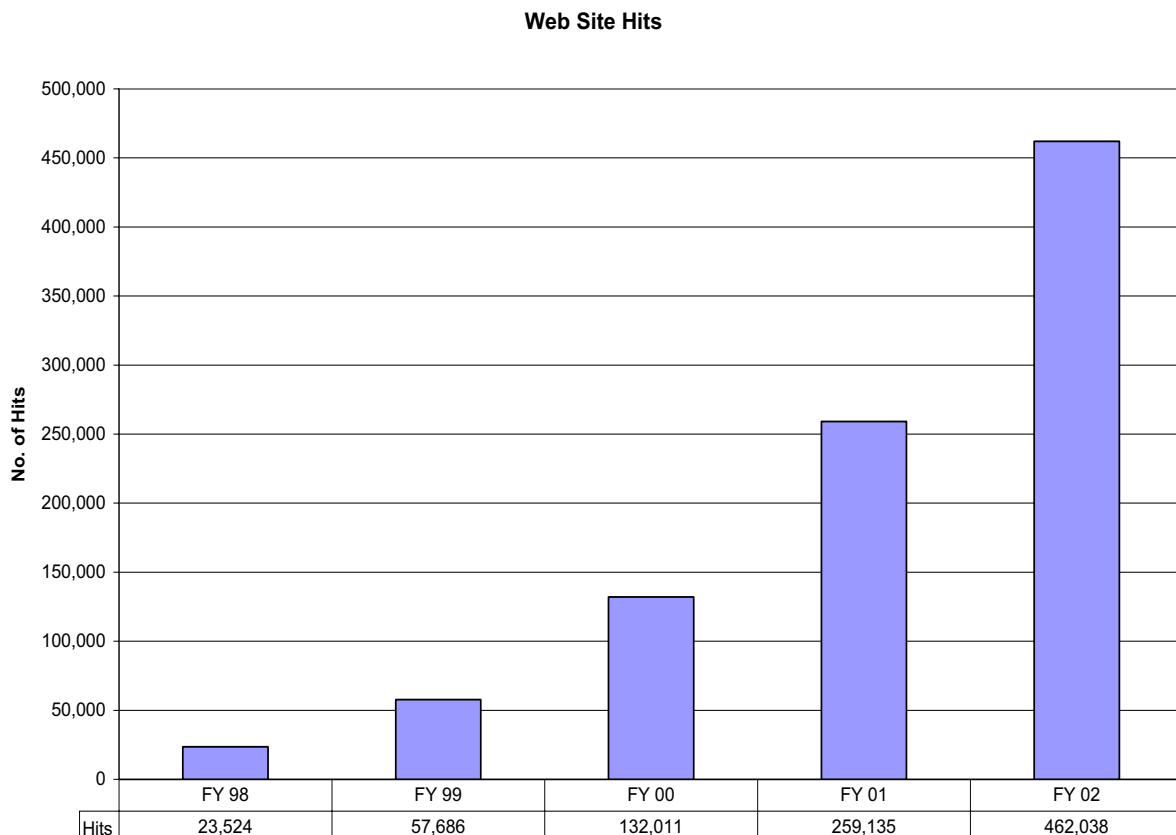
Neighbor Islands Outreach

Twice a year the Commission convenes its standing committee meetings on a neighbor island. The committees met in Maui in January and in Kauai in June. The meetings afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in committee meetings.

Continuing Education

The SWAT-based changes to the real estate licensing law (Chapter 467, HRS) continued this fiscal year. Under ACT 129, an individual real estate

Chart 3. Web Site Hits



licensee who holds a current, unencumbered real estate license in another state, or who holds a current, unencumbered real estate license in a jurisdiction recognized by the Association of Real Estate License Law Officials (ARELLO), with an equivalent real estate licensing law as determined by the Commission, may request a determination of equivalency for the elective course hours of the continuing education requirement. The equivalency shall be based on the successful completion of the continuing education requirements in the other state or jurisdiction prior to submission of the renewal application.

Approval of the equivalency shall be subject to the real estate licensee completing the Commission-

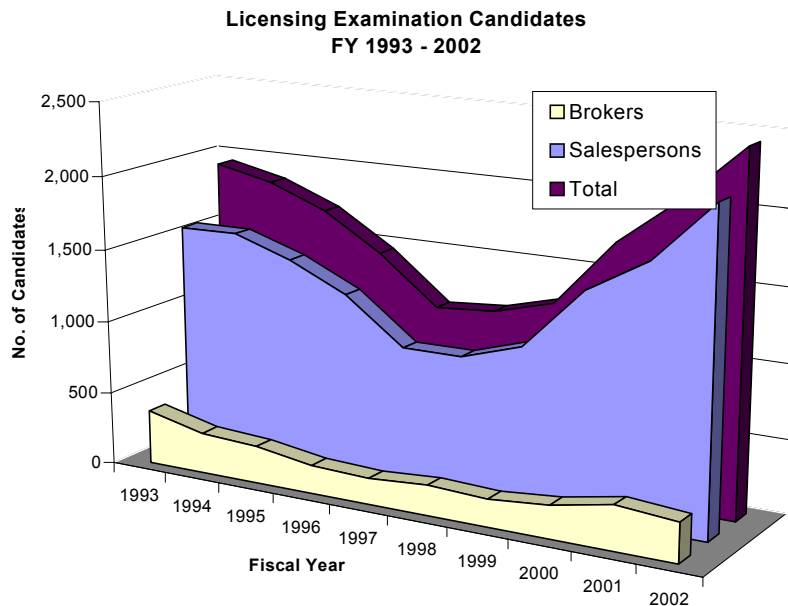
designated core course, as determined by the Commission.

During the fiscal year, there were 66 approved CE courses, an increase over the 51 approved CE courses in the previous fiscal year, and 22 of the courses were national courses. There were 9 CE providers. CE providers offered 867 classes to 7,575 participants as compared to the previous fiscal year of 968 classes offered to 20,065 participants. The decline in numbers is reflective of the numbers in a non-renewal year.

Prelicense Education and Experience

At the end of FY 2002, there were 3 new certified prelicense instructors added to the previous number of 14. The number

Chart 4. Licensing Examination Candidates 1993 - 2002



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Brokers	371	278	255	193	178	207	187	224	304	269
Salespersons	1,569	1,575	1,444	1,258	952	955	1,082	1,504	1,744	2,158
Total	1,940	1,853	1,699	1,451	1,130	1,162	1,269	1,728	2,048	2,427

of approved prelicense schools remained at 12. There were 111 broker candidates and 1,164 salesperson candidates who completed the courses during the fiscal year. This represents slightly lower numbers from FY 2001.

During the fiscal year, there were 237 applications approved for equivalency to the prelicensing education requirement. In addition,

Table 1. Real Estate Licensing Examination

REAL ESTATE LICENSING EXAMINATION			
	FY 2001	FY 2002	% Change
Brokers Tested	304	269	-11.5%
Salespersons Tested	1744	2158	23.7%
Total Tested	2048	2427	18.5%
Brokers Pass	119	125	5.0%
Salespersons Pass	1217	1803	48.2%
Total Passed	1336	1928	44.3%
% Brokers Pass	39.1%	46.5%	
% Salespersons Pass	69.8%	83.5%	

there were 159 applications approved for prelicensing experience for broker candidates.

Real Estate Licensing Examination

ASI, the Commission's examination provider changed its name to CAT*ASI in December 2001 when Houghton Mifflin Co., a division of Vivendi Universal Publishing, purchased ASI. CAT*ASI continued offering five days a week testing in Honolulu, twice monthly testing in Waikoloa and Kahului, and increased testing in Kauai to twice a month. As shown in Chart 4, and Table 1, the number of examination candidates increased 18.5% over last fiscal year. Staff periodically monitors the examination administration on each

island to assure facilities and procedures comply with CAT*ASI and Commission policies.

There were 186 applications approved for equivalency to the uniform section of the examination to candidates licensed in another state who passed that state's uniform section of the examination. This represents another substantial increase over the last fiscal year's total of 111 approvals.

Interactive 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 events with the Hawaii Association of REALTORS®, Kauai Board of REALTORS®, REALTORS® Association of Maui, Hawaii Island Board of REALTORS®, and Kona Board of REALTORS®. On a national level, the Commission continued its active participation in the Association of Real Estate License Law Officials (ARELLO) and Real Estate Educators Association (REEA). Participation in national organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry and other jurisdictions.

Advice, Education, Referral

The staff continued to field an enormous number of telephone, walk-in, written inquiries, faxes, and e-mails. For real estate, the fiscal year produced 20,187 telephone inquiries, 2,185 walk-in inquiries, 11,343 written inquiries/written requests, faxes, and 1,052 e-mails (Nov. '01 – June '02). See Chart 5.

Website Hits

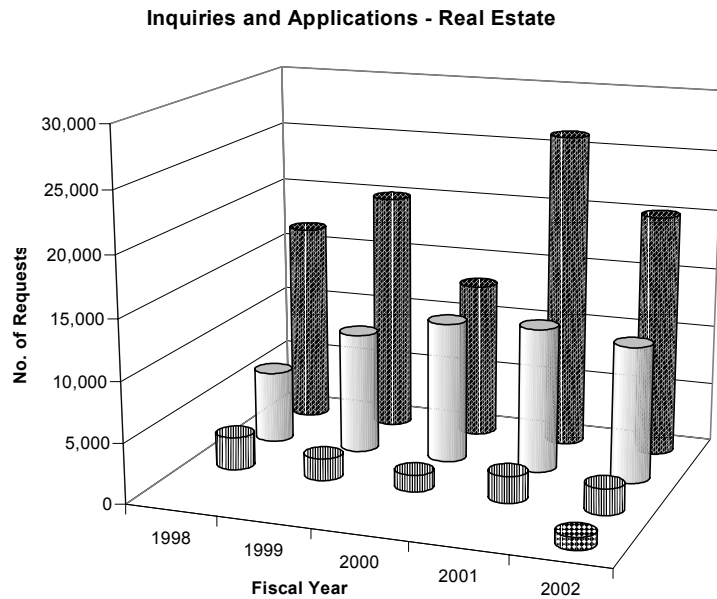
The ease of access to the Commission’s website, www.state.hi.us/hirec, seven days a week and 24 hours each day for information, forms, and applications has provided over 462,038 hits during the fiscal year. This represents a dramatic 56% increase over last fiscal year’s total of 259,135 hits. See Chart 3. The upsurge of website hits may have impacted the decrease in the number of telephone calls, and application/written requests, as well as walk-ins, as information available through these conventional means, is now readily and easily available on the Commission’s website. It appears that the Commission’s website is the number one communication

tool with the real estate and consumer communities.

Publications

The Commission continues to publish the Hawaii Real Estate Bulletin in a traditional newsletter format that is mailed to all current licensees, Legislators, 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

Chart 5. Inquiries and Applications



	1998	1999	2000	2001	2002
■ E-mail *					1,052
▨ Walk-ins	2,748	1,852	1,400	2,241	2,185
□ Applications / written requests	6,010	10,072	11,770	12,068	11,343
■ Telephone calls	16,761	20,038	13,050	26,295	20,184

* For the period November 01 -- June 02

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.

Licensees

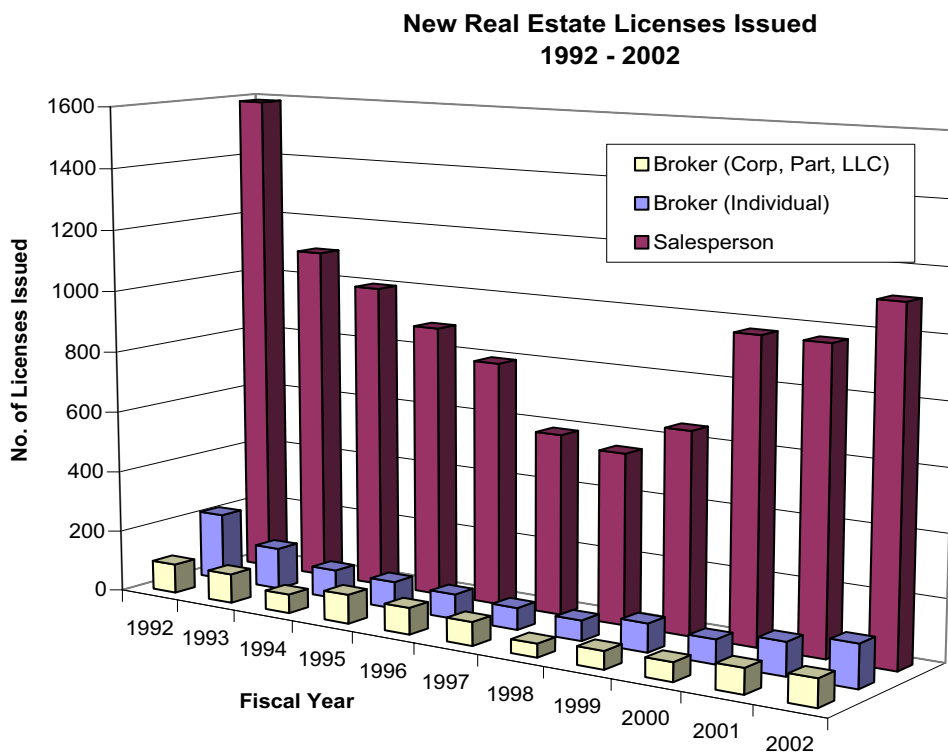
New Licenses

The number of new licenses issued in FY 2002 increased 16% over the prior fiscal year. During the year, 1,337 new licenses were issued. Individual broker licenses increased by 29%, new salesperson licenses increased by 15%, and new entity licenses increased by 7%.

Current Licenses

The overall number of real estate licenses increased 10% by the end of FY 2002. In FY 2002, active licenses increased 6% over last year while inactive licenses increased 17%. There was a 5% increase of active licenses on Oahu, and modest growth on the neighbor islands with Hawaii increasing 7%, Maui 8%, and Kauai 9%. Refer to Table 2.

Chart 6. New Real Estate Licenses Issued



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
□ Broker (Corp, Part, LLC)	95	95	61	94	86	76	44	58	61	81	88
■ Broker (Individual)	219	135	94	88	81	71	66	92	78	107	138
■ Salesperson	1,588	1,098	997	886	793	586	553	651	971	968	1111

Table 2. Current Real Estate Licensees

Current Real Estate Licensees (July 2002) by License Type and Island

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,590	316	320	150	8	2	8	2,394
Salesperson	3,077	767	1,120	508	15	6	36	5,529
Sole Proprietor	844	120	103	42	5		2	1,116
Corporation, Partnership, LLC	632	122	122	49	4		2	931
Total Active	6,143	1,325	1,665	749	32	8	48	9,970
Inactive								
Broker	338	55	30	21	2		128	574
Salesperson	2,513	476	576	332	1	3	425	4,326
Corporation, Partnership, LLC	42	10	9	7		1	12	81
Total Inactive	2,893	541	615	360	3	4	565	4,981
Active and Inactive								
Broker	1,928	371	350	171	10	2	136	2,968
Salesperson	5,590	1,243	1,696	840	16	9	461	9,855
Sole Proprietor	844	120	103	42	5	0	2	1,116
Corporation, Partnership, LLC	674	132	131	56	4	1	14	1,012
Total	9,036	1,866	2,280	1,109	35	12	613	14,951

Chart 7. Real Estate Licensees - By Island

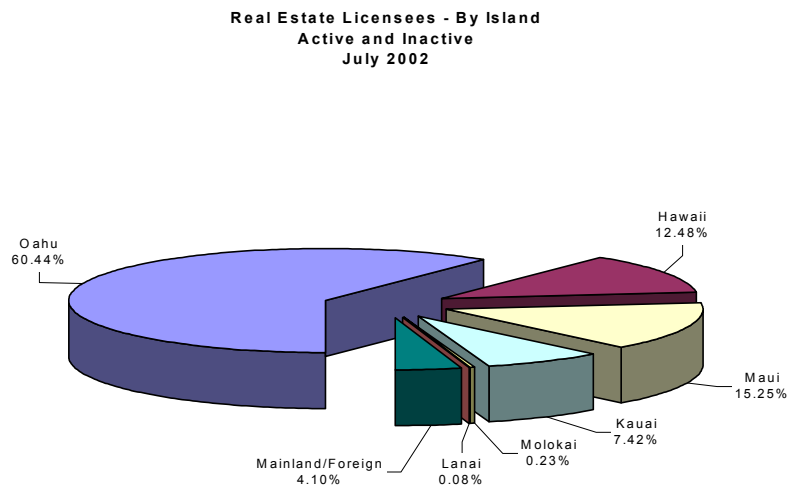
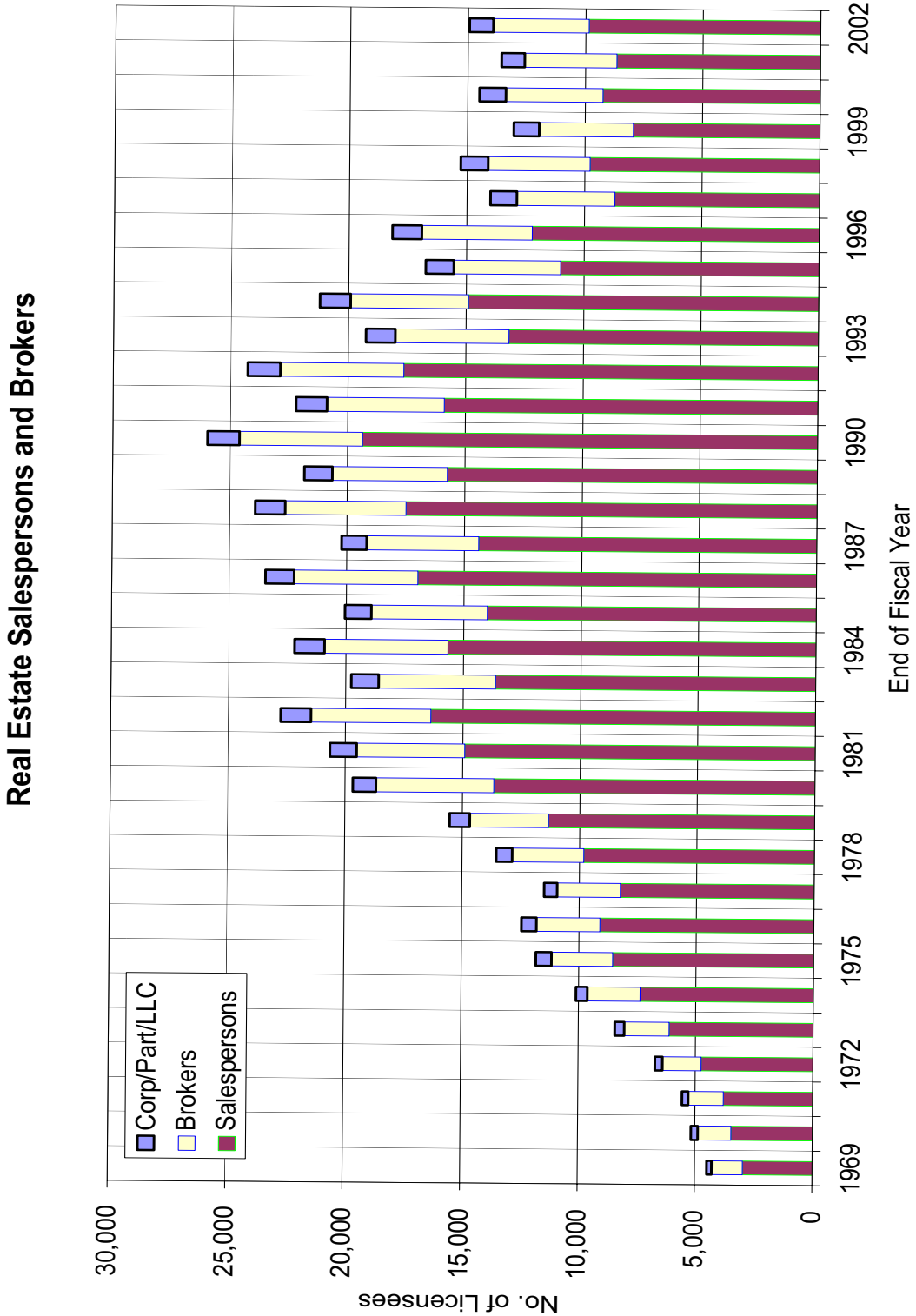


Chart 8. Total Real Estate Licensees



FY 2002 Program of Work

Education Review Committee

Continuing Education 2001-2002 Core Course – Research and develop the core course on law update, rules update, and ethics for licensing biennium; and provide 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.

Broker Curriculum and Resources - Develop and implement amended broker curriculum.

Administration of Prelicense Education Program, Schools and Instructors – Administration of prelicense school 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 the 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 the 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; and administration of fund investment programs, including contract administration and procurement code management.

Annual Report and Quarterly Bulletin – Research, development and distribution of the Commission's annual report. Research, edit, printing, and distribution of quarterly REC bulletin; and 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.

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 – Administer applications on the 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 – Administer applications for prelicensing education equivalencies including consultation 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.

FY 2003 Program of Work

EDUCATION REVIEW COMMITTEE

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

Condominium Review Committee

Chair Mitchell Imanaka and Vice Chair Peter Rice directed the Condominium Review Committee's 2002 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 real estate broker exempt condominium hotel operator (CHO) registrations; and governance, education and research programs, inclusive of the programs funded under the Condominium Education Fund (CEF).

In response to Act 213 (SLH 2000), this fiscal year the CRC directed a substantial portion of its program of work to implementing the Commission's workplan and timetable for recodifying the state Condominium Property Regimes law (Chapter 514A, HRS). The workplan, timetable and status reports are readily available at the Commission's website at <http://www.state.hi.us/hirec>. As mandated by the Act, the Commission is submitting a progress report about its recodification efforts in a separate report to the legislature.

Additionally, 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 streamlined the registration of condominium projects, AOAOs, CMAs and real estate broker exempt CHOs. The CRC also continued its subsidy of programs in the condominium education area in approving seminars for CEF subsidy. The CRC also continued its work on making CEF subsidized mediation services available to the neighbor island condominium communities. The Commission respectively renewed existing contracts with the Mediation Center of the Pacific, Inc., Mediation Services of Maui, Inc.; Kauai Economic Opportunity, Inc., Big Island Mediation, Inc., dba West Hawaii Mediation Services; and The Island of Hawaii YMCA (Ku'ikahi Mediation Center). 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: mandatory mediation costs being the responsibility of each participant unless otherwise agreed; the extension of time for obtaining the vote or written consent of apartment owners to approve amendments to the bylaws from 120 days to 365 days; board of directors authority to install, or cause to be installed, television signal distribution and telecommunications equipment on the common elements; AOAO's responsibility to provide written

Condominium Apartment Owners on the Commission

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

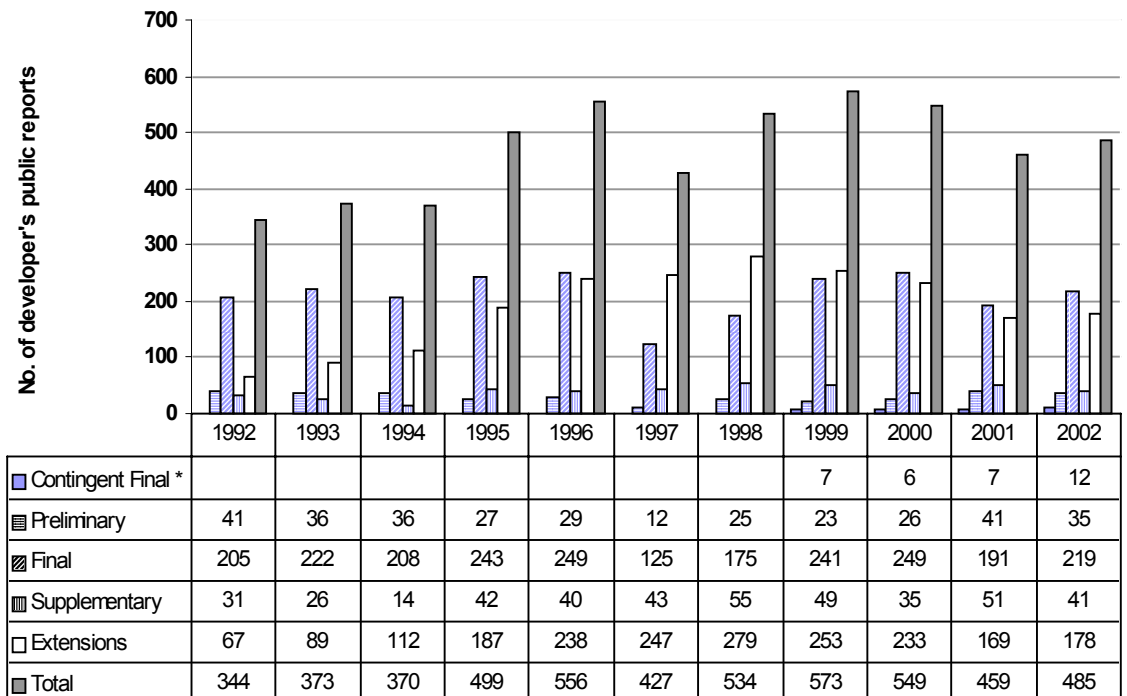
- Alfredo G. Evangelista**
- Iris R. Okawa**
- Patricia Choi**
- Peter Rice.**

Commissioner **Michael G. Ching** is a condominium apartment owner.

notification to an owner of its intent to impose fees for providing any requested legal or other information prior to the imposition of fees; AOAOs purchase and maintenance of flood insurance which meet the requirements of the National Flood Insurance Program and the Federal Insurance Administration; a real estate broker's exemption from the condominium managing agent registration and bonding requirements; repeal of the registration requirement with the Commission for limited equity cooperatives; the acquisition of the fee simple interest if 75% of the remaining

Chart 9. Developer's Public Reports Effective Dates Issued

**Developer's Public Reports Effective Dates Issued
FY 1992-2002**



lessees approve a declaration amendment authorizing the purchase; exemption of the parking stall requirement for apartments designated in a declaration for hotel, time share, transient vacation rental, or commercial use; inapplicability of requiring the delivery to a purchaser or prospective purchaser a true copy of the developer's public report, supplementary public report, abstract, receipt and notice for a duly registered condominium where the time share disclosure statement is not required to be delivered because the offer and sale of the time share interest is made

outside of Hawaii.

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, 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 (2002) and the current fiscal year (2003).

Table 3. Condominium Project Filings

Condominium Project Filings Received -- Fiscal Years 1996 -- 2002							
New Projects	1996*	1997*	1998	1999	2000	2001	2002
Residential	**41	40	84	47	64	66	79
No. of Apartments Represented	1519	1378	862	1028	1028	1642	2096
Commercial and Other	16	25	5	11	18	15	5
No. of Apartments Represented	78	175	198	81	95	367	33
Agricultural	27	27	28	27	27	30	28
No. of Apartments Represented	57	104	83	62	51	93	74
Total New Projects	85	92	117	85	109	111	112
Total No. of Apartments Represented	1654	1647	1143	1171	1174	2102	2203
Conversions							
Residential	74	66	54	73	55	44	58
No. of Apartments Represented	386	981	665	368	342	454	591
Commercial and Other	8	6	4	11	14	4	5
No. of Apartments Represented	68	56	87	734	57	234	273
Agricultural	21	37	51	42	47	51	26
No. of Apartments Represented	53	187	130	90	120	128	27
Total Conversion Project	103	109	109	126	116	99	89
Total No. of Apartments Represented	496	1118	882	1192	519	816	891
Combined New & Converted Project Filings	188	201	226	211	225	210	201
Combined No. of Apartments Represented	2150	2765	2025	2363	1693	2918	3094

* 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.

**Note 3: Correction made to count from previous annual report.

Summary of Programs For Fiscal Year 2002:

Recodification of HRS Chapter 514A -

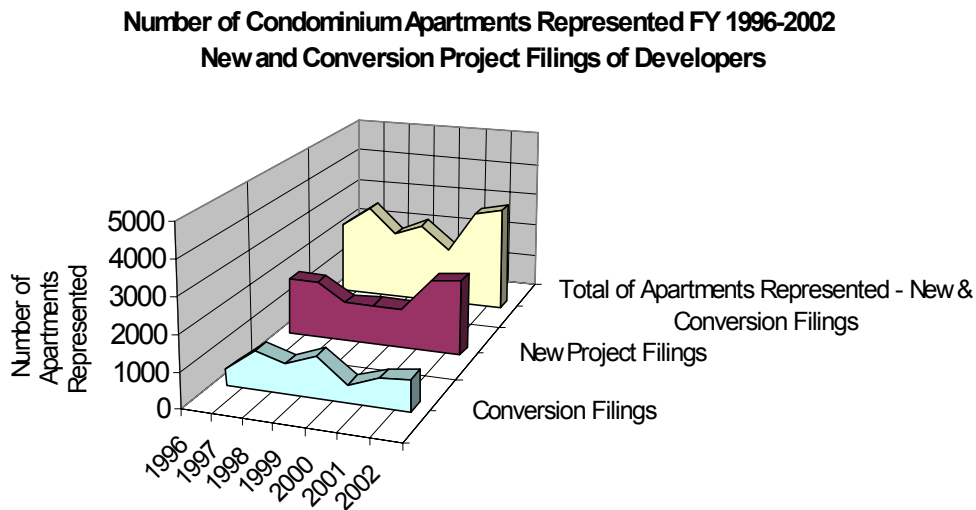
Developed and initiated the plan and CEF budget for recodification, based on Act 213 (SLH 2000) and the 1995 Commission's report to the Legislature, "A Plan to Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime." Recodification workplan and timetable available at Commission's website <http://www.state.hi.us/hirec>. Held discussions with interested parties, carried out the directives of Act 213 (SLH 2000). Researched, discussed, exchanged, developed progress report and recommendations including draft legislation; met and discussed with various sectors of the condominium community. Interacted

with various state, national, and international organizations and government entities. Provided briefings/ power point presentations to the condominium community and other related entities.

Advice, Education, and Referral -

Provided advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. The number of people visiting the Commission's web page (available twenty-four hours) for real estate and condominium advice, education, and referral increased significantly for fiscal years 2001 and 2002. See Chart 3 on page 17. In contrast for FY 2001 and 2002, the total amount of condominium

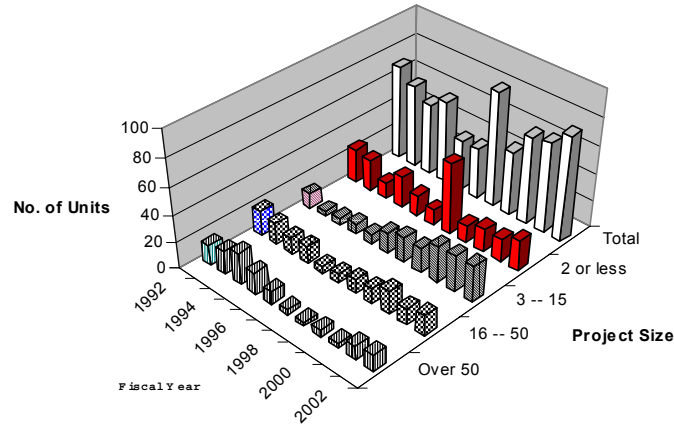
Chart 10. Number of Condominium Apartments



	1996	1997	1998	1999	2000	2001	2002
Conversion Filings	496	1118	882	1192	519	816	891
New Project Filings	1654	1647	1143	1171	1174	2102	2203
Total of Apartments Represented - New & Conversion Filings	2150	2765	2025	2363	1693	2918	3094

Chart 11. New Residential Projects - By Project Size

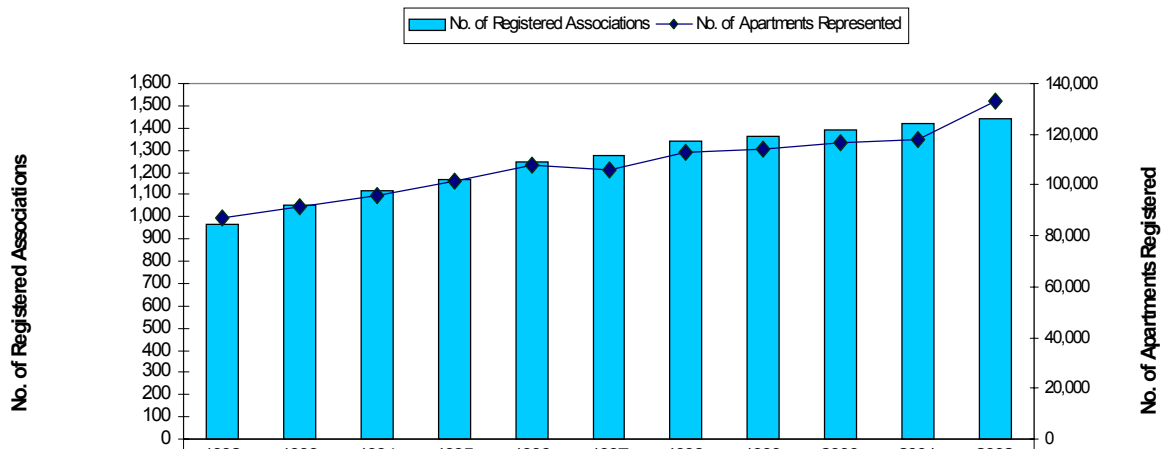
New Residential Projects -- By Project Size
FY 1992-2002



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Over 50	14	17	23	16	10	4	3	5	4	10	12
16 -- 50	19	16	12	13	5	7	10	11	17	12	15
3 -- 15	11	4	5	8	7	15	19	18	26	27	27
2 or less	25	23	12	23	15	11	52	13	17	17	23
Total	69	60	52	60	37	37	84	47	64	66	77

Chart 12. Condominium Association Registration

Condominium Association Registration FY 1992-2002



No. of Registered Associations	968	1,049	1,114	1,171	1,249	1,277	1,339	1,361	1,389	1,419	1,439
No. of Apartments Represented	87,127	91,424	95,827	101,628	107,580	106,052	112,832	114,449	116,750	118,209	133,276

calls and walk ins appears to have decreased. See Chart 14 page 36. Printed and distributed 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. Maintained and improved webpage. Developed most commonly asked questions. Add section to webpage on most commonly asked questions.

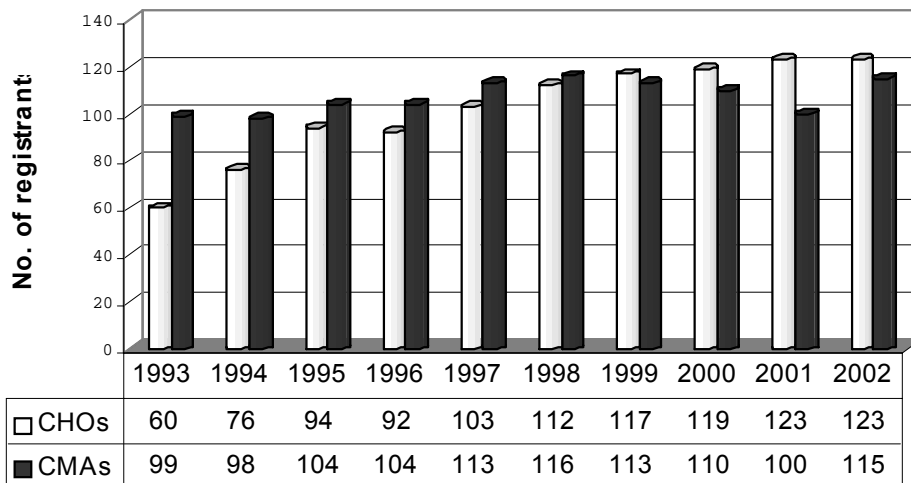
Condominium Project and Developer’s Public Reports -
Administered registration program. Evaluated the process, records, forms, information documents, rules; coordinated with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Planned, developed, and administered legislative amendments

needed, specifically Act 237, with the Time Share Administrator. Administered consultant contracts. Updated and amended 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. Implemented 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.

Hawaii Condominium Bulletin -
Developed, wrote, edited, printed and distributed four (4) issues of a

Chart 13. CMA and CHO Registrations

**Condominium Managing Agent (CMA) & Hotel Operator (CHO) Registrants
Fiscal Years 1993 -- 2002***



* Act 245 (SLH 2001) and Act 129 (SLH 2002) respectively repealed for active real estate brokers the registration and fidelity bond requirements for CHO effective June 14, 2001 and CMA effective May 31, 2002.

quarterly bulletin to all registered AOAOs, CMAs, and provided on Commission's website. Studied feasibility of providing the bulletin through electronic medium; including electronic distribution prior to hard copy distribution. Planned, developed and provided for guest articles on relevant topics. Develop plan for in-house electronic publication including software determination and training. Developed and included a survey-evaluation of the bulletin plus include surveys of various other Commission programs. Develop article on AOAo utilizing technology for self-governance, information, discussion, exchanging, documents, etc.

Condominium Mediation and Arbitration Program

- Administered mediation programs. Researched, developed, and drafted a brochure on dispute resolution, mediation, arbitration including "trial de novo," and RICO program, with distribution through the Commission's webpage and upon request a hard copy. Coordinated joint complaint/mediation program with RICO. Continued 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. Continued condominium governance mediation arrangements with additional providers. Monitor and review the demand for additional consultants. Collected information and statistics for education and annual report purposes; including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). Provided periodic reports to CRC on meaningful information on each case submitted for subsidy programs which is utilized in education programs, including Condo Bulletin and REC

webpage.

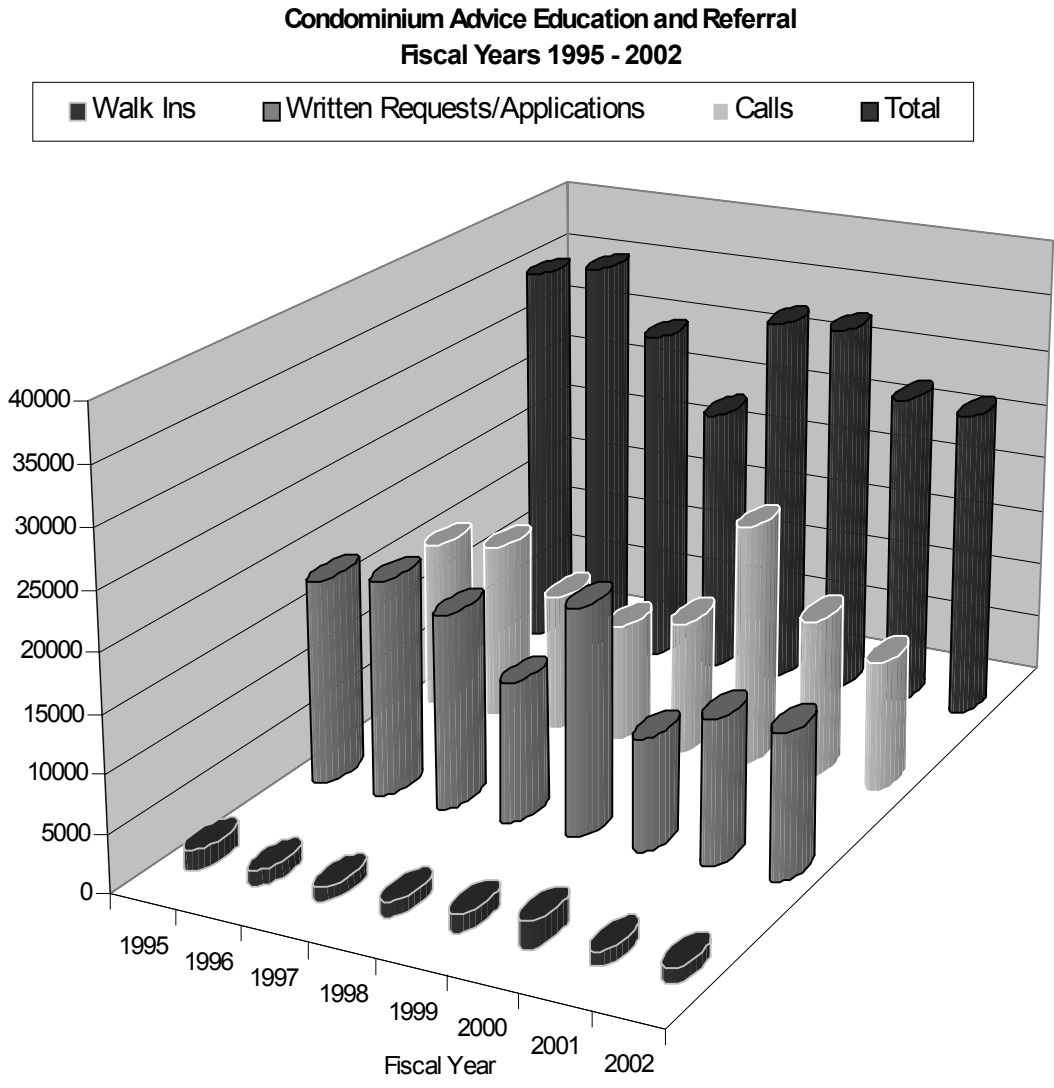
Condominium Association

Registration - Administered registration program. Reviewed and monitored program for improvement. Develop a paperless fidelity bond review process. Administered reregistration filing deadline. Studied, reported, and initiated electronic/ computerized/ Scantron/ bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Explore the feasibility of internet registration. Administered 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 Seminars and

Symposium - Produced seminars for the condominium community through contracts with various providers and encouraged new providers. Develop and administer a CRC educational advisory group to provide recommendations and input about CRC educational programs; group to include board members, resident managers, representatives from self managed AOAOs, CMAs, condominium organizations, and educators. Continued to administer CEF subsidies for Commission approved seminars including the following: "Duties, Responsibilities and Liabilities of Community Association Boards of Directors," "One Hour Board Meetings," "Ask the Experts," "Basic ABC Course." and "Security." Study and report on the feasibility of a seminar on reserves, especially the cash flow funding method, collaborate with CAI - Hawaii. Researched the feasibility of an international symposium on condominiums; considered a consultant contract.

Chart 14. Condominium Advice Education and Referral



	1995	1996	1997	1998	1999	2000	2001	2002
Walk Ins	1832	1300	1200	1293	1568	2325	1235	1229
Written Requests/Applications	17863	18800	17000	12143	19635	9650	12481	12449
Calls	14770	15500	12000	10348	11721	21182	13947	11387
Total	34465	35600	30200	23784	32924	33157	27663	27067

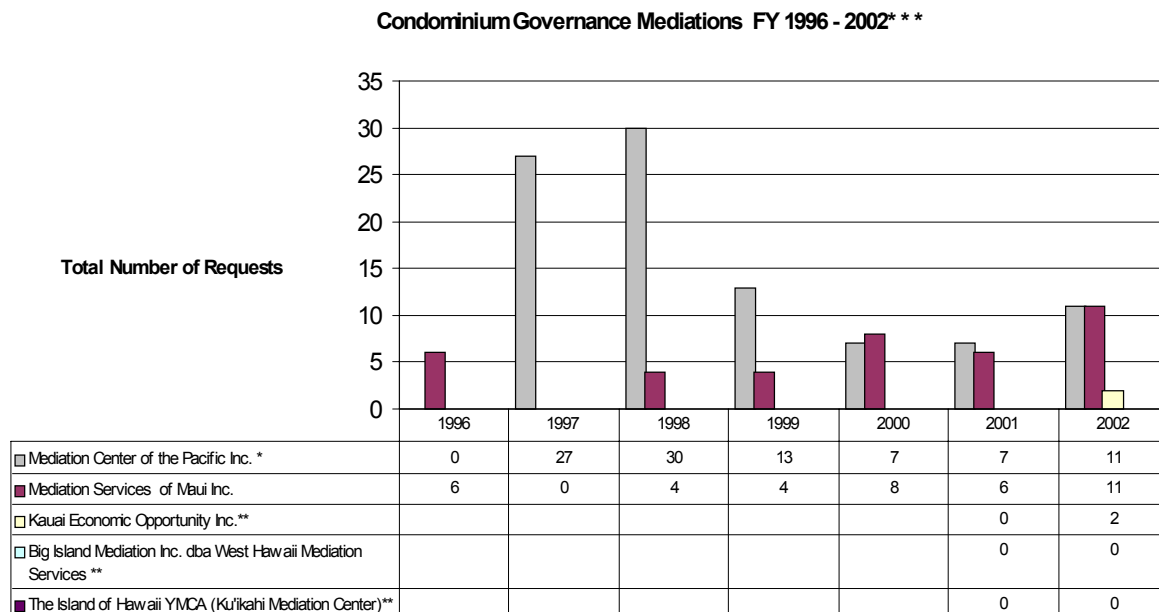
Condominium Managing Agent Registration - Administered registration program. Reviewed and monitored program for improvement and problem resolutions with Licensing Branch. Develop a paperless fidelity bond review process. Administer reregistration program. Participate in Batch Renewal Program. Maintained list of all registered CMAs in Commission's webpage and made preprinted lists available upon request. Include in listing information on PB; and maintenance of a fidelity bond or not. Supported legislation to eliminate duplicative regulation of real estate broker CMAs for consistency with real estate broker CHOs.

Condominium Hotel Operator Registration - Implemented Act 245

(SLH 2001). Administered real estate broker exempt registration program. Reviewed and monitored program for improvement and problem resolutions.

Rule-Making - Chapter 107 - Studied, evaluated, and completed the drafting of Chapter 107 for formal rulemaking. Considered deregulation without reducing consumer protection. Deferred formal rule making process to after the completion of the recodification of Chapter 514A, HRS. Researched and updated new project registration, AOA registration, and broker exempt CHO registration. Continued SWAT project to reduce or repeal regulatory burdens; worked with Administration and Acting Licensing Administrator on developing

Chart 15. Condominium Governance Mediations



* fka Neighborhood Justice Center of Honolulu, Inc.

** Note: New contracts with beginning dates of January 2001; reporting period covers January 2001 – June 30, 2001.

*** Note: Act 232 (SLH 2001) made mediation mandatory.

amendments for Chapter 107.

Meetings - Planned, coordinated, and conducted monthly CRC meetings. Included schedule of meetings and agendas on Commission webpage.

Government and Legislative Participation and Report - Researched, developed and distributed annual report to the Legislature on CEF programs and funds; immediately upon completion submitted report to REC webpage. Provided briefings to Legislators and staff; acted as a resource. Attended hearings, provided written and oral testimony on legislative bills, and bill tracking. Responded to elected officials, inquiries or complaints, and requests for information, etc.

Legislative Acts and Resolutions - Reviewed and carried out responsibilities of legislative acts and resolutions, amended public copy of HRS Chapter 514A, provided summary of condominium and related acts and resolution for Commission/staff/bulletin, 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).

Neighbor Island Outreach - Coordinated and conducted two CRC meetings at neighbor island sites with

ERC and LRRC. This fiscal year the CRC meetings were convened on Maui (Kahului) - January 2002 and Kauai (Lihue) - June 2002 . Studied holding meetings in collaboration with local boards, HAR, condominium organizations, etc.

Condominium Education Fund (CEF) - Administered fund. Prepared, maintained, and reviewed budget, finance, and records for the CEF. Prepared monthly and annual financial statements, budget, administered fund investment. Planned and worked with department to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections. See page 46.

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

CPR Project Workshop and Meetings - Conducted periodic workshops for condominium consultants for purposes of orientation and information. Alternate consultant as workshop lead and develop curriculum for workshop dates. In conjunction with the recodification of Chapter 514A, HRS, facilitated in part a forum for representatives of developers, attorneys, condominium consultants, CMAs, AOA focus groups for purposes of discussing governance issues and how to address the issues early in the life of a CPR, from initial documentation to the first AOA meeting.

Condominium Specialists Office for the Day - Held a joint office-for-the day on Maui to meet and discuss condominium concerns. Considered and collaborated

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 - Administered in-house and networked computer system; including training, purchases, and DCCA and PVLD plans. Studied feasibility of new technology in the storage, review, printing of developer's public reports, registration and public information. Administered Commission's webpage with long range plan of including all condominium information, forms, database, etc. plus online registration. Utilized scanning for website, storage of public information, and other programs; develop CD ROM PC for review and use of educational materials and courses by the public.

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

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

Records Management - Administered and organized 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. Researched options or alternative for records storage and public information.

Cooperative Education, Research, and Administrative Program - Participated in and sponsored cooperative education research and administrative programs.

Division and Department Program -

Coordinated 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. Coordinated joint complaint/mediation program with RICO.

Staff and Commissioners Development -

Developed and trained REB staff and Commissioners. Participated in training provided by CAI, ARELLO, REEA, CLEAR and other organizations. Assisted in amendments to REC Reference Book relative to CRC and its programs.

Limited Equity Cooperatives - Develop forms, procedures and process for Limited Equity Cooperatives, HRS Chapter 421H, falling within the limited responsibility of the Commission. Proposed legislation repealing REC authority; eliminating the double government registration process. A SWAT II initiative; consistent with cooperative housing corporations.

Condominium Reference Library -

Maintain and update in Commission webpage a catalog of all public reference materials provided to State Libraries and at REB office. Maintain and update materials for a condominium reference library at public libraries, REB office, mediation services offices and neighbor islands. Studied and reported on the feasibility of increasing and adding new educational materials at libraries, especially in high CPR concentrated areas, collaborated with CAI-Hawaii, and considered an internet reference library system including links with REC webpage and possible licensing arrangements with national providers such as CAI.

Summary of Programs For Fiscal Year 2003:

Recodification of HRS Chapter 514A -

Implement the plan and CEF budget for recodification, 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."

Recodification workplan and timetable available at Commission's website <http://www.state.hi.us/hirec>. Hold discussions with interested parties, carry out the directives of Act 213 (SLH 2000).

Research, discuss, exchange, develop progress report and recommendations including any draft legislation; meet and discuss with various sectors of the condominium community. Interact with various state, national, and international organizations and government entities. Provide briefings/power point presentations to the condominium community and related other entities.

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 each registered AOA. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve webpage. Add section to webpage on most commonly asked questions.

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; specifically Act 204 (SLH 2002) with the Time Share Administrator. 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.

Hawaii Condominium Bulletin - Develop, write, edit, print and distribute a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and maintain 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. Consider the development and inclusion of a survey-evaluation of the bulletin plus include surveys of various other Commission programs. Develop article on AOA utilizing technology for self-governance, information, discussion, exchanging, documents, etc.

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, with distribution through the Commission's webpage and upon request, a hard copy. Coordinate joint complaint/mediation program with RICO. Continue to work with Mediation Center of the Pacific to provide educational seminars to board of directors, apartment owners,

CMAAs on the purpose of alternative dispute resolution and mediation. Continue condominium governance mediation arrangements with additional providers. Monitor and review the demand for additional consultants. Collect information and statistics for education and annual report purposes; including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). 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.

Condominium Association

Registration - Administer registration program. Review and monitor program for improvement. Develop a paperless fidelity bond review process. Administer reregistration filing deadline. Study, report, and initiate electronic/computerized/ Scantron/ bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Explore the feasibility of internet re-registration. Conduct outreach program with AOAOs for "Steps to a Better Re-registration;" workshops to include neighbor island sites. Administer 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 Seminars and

Symposium - Produce seminars for the condominium community through contracts with various providers; and encourage new providers. Develop and administer a CRC educational advisory group to provide recommendations and input about CRC educational programs; group to include board members, resident managers, representatives from self managed AOAOs, CMAAs, condominium

organizations, and educators. Continue to administer CEF subsidies for Commission approved seminars including the following: "Legislative Update," "How the New Nonprofit Corporation Act Affects the Way Your Association Operates," "AOAO Monies," and "Firing Line--Terminating Association Employees--Do's and Don'ts." Study and report on the feasibility of a seminar on reserves, especially the cash flow funding method, collaborate with CAI - Hawaii.

Condominium Managing Agent

Registration - Implement Act 129 (SLH 2002) eliminating the CMA registration and bonding requirements for active real estate brokers; requirements were a duplicative burden for real estate brokers; consistent with real estate broker CHOs. Provide notices of the elimination to existing registrants.

Condominium Hotel Operator Registration

- Implement Act 245 (SLH 2001). Administer the biennial re-registration program for real estate broker exempt applicants. Review and monitor program for improvement and problem resolutions.

Rule-Making - Chapter 107 - Study and evaluate Chapter 107 and HRS Chapter 514A, for rule making consistent with the recodification of HRS, Chapter 514A; consider deregulation without reducing consumer protection. Defer formal rule making process to after the completion of recodification. Continue SWAT project to reduce or repeal regulatory burdens; work with Administration and Licensing Administrator on developing amendments for Chapter 107.

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

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.

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.

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).

Neighbor Island Outreach - Coordinate and conduct two CRC meetings at neighbor island sites with the ERC and the LRRC. This fiscal year the CRC meetings are scheduled for the islands of Maui (January 2003) and Hawaii (May 2003). Study holding meetings in collaboration with the local boards, HAR, condominium organizations, etc.

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 46.

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.

CPR Project Workshop and Meetings - Conduct periodic workshops for condominium consultants for purposes of orientation and information. Alternate consultant as workshop lead and develop curriculum for the workshop date of September 2003. In conjunction with the recodification of Chapter 514A, HRS, facilitate in part a forum for representatives of developers, attorneys, condominium consultants, CMAs, AOA focus groups for purposes of discussing governance issues and how to address the issues early in the life of a CPR, from initial documentation to the first AOA meeting.

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 PVLVD plans. Study feasibility of new technology in the storage, review, 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. Utilized scanning for website, storage of public information, and

other programs; develop CD ROM PC for review and use of educational materials and courses by the public.

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.

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

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.

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.

Staff and Commissioners Development - Develop and train REB staff and Commissioners. Participate in training provided by CAI, ARELLO, REEA, CLEAR and other organizations. Assist in amendments to REC Reference Book relative to CRC and its programs.

Limited Equity Cooperatives - Implement Act 129 (SLH 2002) repealing the registration of Limited Equity Cooperatives with the Commission.

Condominium Reference Library - Maintain and update on the Commission's webpage a catalog of all public reference materials provided to State Libraries and at REB office. Maintain and update 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.

REAL ESTATE EDUCATION FUND

Fund Balance As of June 30, 2002 (Unaudited)	FY 2002 Expenditures and Encumbrances (Unaudited)
ASSETS	I. Operations
Cash	Personnel \$ 155,750
In State Treasury \$674,080	Supplies 474
Short term cash investments 40,876	Postage 17,806
Investment securities (cost) 79,463	Equipment Rentals/Maintenance 6,125
	Machinery and Equipment 1,198
	Total Operations 181,353
Total Assets 794,420	
LIABILITIES AND FUND BALANCE	II. Direct Licensee Education
Liabilities	Annual Report/Quarterly Bulletin 27,131
Payables 34,816	Neighbor Islands Outreach 2,753
Fund Balance	Total Direct Licensee Education 29,885
Reserve for Encumbrances 19,203	
Unreserved 740,401	III. Indirect Licensee Education
Balance 759,604	Interactive Participation w/Orgs. 7,046
Total Liabilities and Fund Balance \$794,420	Staff / Commissioners Development 5,454
	Miscellaneous 830
	Dues & Subscriptions 2,074
	Total Indirect Licensee Education 15,404
Revenues and Expenditures For the Year Ended June 30, 2002 (Unaudited)	Total Expenditures and Encumbrances 226,642
Revenues	
Fees \$91,080	
Investment income 11,480	
Total Revenues 102,560	
Expenditures 207,438	
Excess (Deficiency) of revenues over expenditures (104,878)	
Fund Balance	
Beginning of Year 953,323	
End of Year \$848,445	

Revenues and Expenditures and Encumbrances FY 1998 - 2002

	Fiscal Year				
	1998	1999	2000	2001	2002
Revenues					
Fees	\$55,880	\$539,033	\$75,955	\$607,915	\$91,080
Investment Income	49,045	48,280	46,799	17,450	11,480
Total Revenues	104,925	587,313	122,754	625,365	102,560
Expenditures and Encumbrances	371,700	316,508	316,637	194,356	226,642
Excess (deficiency) over Revenues	(\$266,775)	\$270,805	(\$193,883)	\$431,009	(\$124,082)

REAL ESTATE RECOVERY FUND

Fund Balance As of June 30, 2002 (Unaudited)

FY 2002 Recovery Fund Payments

ASSETS	Case No.	Licensee	Amount
	NONE		
Cash			
In State Treasury			\$164,048
Short term cash investments			325,459
Investment securities (cost)			
Total Assets			\$489,507
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables			\$4,760
Fund Balance			
Reserve for Encumbrances			0
Unreserved			484,747
Balance			484,747
Total Liabilities and Fund Balance			\$489,507

Revenues and Expenditures For the Year Ended June 30, 2002 (Unaudited)

Revenues	
Fees	\$69,495
Expenditures	
Operations	27,414
Legal Services	25,599
Claims	0
Total Expenditures	53,013
Excess (deficiency) of revenues over expenditures	16,482
Fund Balance	
Beginning of Year	608,272
End of Year	\$624,754

Revenues and Expenditures and Encumbrances FY 1998 - 2002

	Fiscal Year				
	1998	1999	2000	2001	2002
Revenues					
Fees	\$38,202	\$44,217	\$60,200	\$64,380	\$69,495
Expenditures and Encumbrances					
Operations	4,820	13,960	21,477	28,399	27,414
Legal Services	50,255	33,060	9,967	21,494	25,599
Claims	145,000	25,000	25,000	25,000	0
Total Expenditures and Encumbrances	200,075	72,020	56,445	74,893	53,013
Recoveries	48,745			0	0
Excess (deficiency) of revenues over expenditures and encumbrances	(\$113,128)	(\$27,803)	\$3,755	(\$10,513)	\$16,482

CONDOMINIUM EDUCATION FUND

Fund Balance As of June 30, 2002 (Unaudited)	FY 2002 Expenditures and Encumbrances (Unaudited)
ASSETS	
Cash	Personnel \$232,369
In State Treasury \$982,898	Supplies 1,078
Total Assets <u>\$982,898</u>	Postage 7,612
	Equipment Rentals/Maintenance 7,152
	Education and Research 26,702
LIABILITIES AND FUND BALANCE	Equipment for Office 4,053
Liabilities	Staff/Commissioner Development 11,040
Payables \$49,268	Dues & Subscriptions 735
Fund Balance	Miscellaneous <u>1,313</u>
Reserve for Encumbrances 3,058	
Unreserved 930,572	
Balance <u>933,630</u>	Total Expenditures and Encumbrances <u>\$292,054</u>
Total Liabilities and Fund Balance <u><u>982,898</u></u>	

Revenues and Expenditures For the Year Ended June 30, 2002 (Unaudited)	
Revenues	
Fees \$36,598	
Total Revenues <u>\$36,598</u>	
Expenditures	
Excess (deficiency) of revenues over expenditures (252,398)	
Fund Balance	
Beginning of Year 1,328,172	
End of Year <u>\$1,039,176</u>	

FY 2003 Budget	
Personnel	\$315,586
Supplies	7,500
Postage	5,000
Equipment Rentals/Maintenance	12,000
Contingency	1,000
Education and Research	98,636
Equipment for Office	5,000
Staff/Commissioner Development	5,000
Resource Materials	1,000
Dues & Subscriptions	1,375
Miscellaneous	<u>1,000</u>
Total Expenditures and Encumbrances	\$453,097

Revenues and Expenditures and Encumbrances FY 1998 - 2002

	Fiscal Year				
	1998	1999	2000	2001	2002
Revenues					
Fees	\$93,310	\$535,580	\$42,710	\$561,478	\$36,598
Investment Income	18,928	19,909	21,514	27,220	
Total Revenues	<u>112,238</u>	<u>555,489</u>	<u>64,225</u>	<u>588,698</u>	<u>36,598</u>
Expenditures and Encumbrances					
	255,443	255,472	138,977	261,208	292,054
Excess (deficiency) over Revenues	<u>(\$143,205)</u>	<u>\$300,017</u>	<u>(\$74,752)</u>	<u>\$327,490</u>	<u>(\$255,456)</u>