

2004 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
Peter Rice
Vern M. Yamanaka
Louis E. Abrams
Kathleen H. Kagawa
Marshall D. Chinen
Trudy I. Nishihara**

The 2004 Hawaii Real Estate Commission

John Ohama
Chair
Oahu

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

Peter Rice
Vice Chair, Condominium Review Committee
Maui

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

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

Vern M. Yamanaka
Vice Chair, Education Review Committee
Hawaii

Trudy I. Nishihara
Vice Chair, Education Review Committee
Oahu

Kathleen H. Kagawa
Oahu

Marshall D. Chinen
Oahu, Public Member

Commissioners Completing Term June 30, 2003

Peter Rice
Vice Chair, Condominium Review Committee
Maui

Marshall D. Chinen
Oahu, Public Member

Commissioners Starting Term July 1, 2004

Carol Mae Ball
Maui

Michele Sunahara Loudermilk
Oahu Public Member

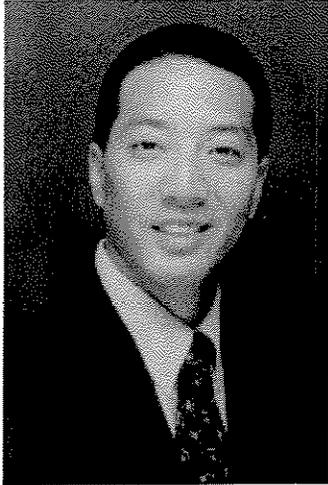
The Purpose of the Commission:

In summary, the purpose of the Commission:

“...the protection of the general public in its real estate transactions.”

“...promote the advancement of education and research in the field of real estate for the benefit of the public and those licensed under the provision of this chapter (467, HRS) and the improvement and more efficient administration of the real estate industry.”

“...promoting...”education and research in the field of condominium management, condominium registration, and real estate for the benefit of the public and those required to be registered under this chapter (514A).”



The Honorable Linda Lingle, Governor, State of Hawaii, Members of the Twenty-Third State Legislature and Mark E. Recktenwald Director, Department of Commerce and Consumer Affairs:

Aloha!

It is my great privilege to present you with the annual report on the state of the Real Estate Commission for 2004. The Commission currently oversees approximately 17,826 licensees. Of these, there about 12,544 active licensees in the State. We also currently oversee approximately 1,469 condominium associations, and 17 condominium hotel operators. In FY04, there was a dramatic increase in the number of condominium apartments being offered for sale as condominium conversion projects. There were 7,788 conversions as compared to FY03 project filings of 1,191. These filings and new project filings brought the total number of current and projected apartment owners of registered condominium associations to 135,708, to whom the Commission provides and

anticipates will provide, information, advice, education, and referral.

The Real Estate Commission is responsible for education, licensure and discipline of real estate agents, pre-license real estate schools, continuing education providers, condominium projects, condominium associations, condominium managing agents, and certification of pre-license courses and curriculum. It is also responsible for overseeing the development of course curriculum and examination for the broker and salesperson applicants; monitoring activities of the real estate education schools, providers, and instructors, publishing and disseminating reports; and intervening in court cases involving the real estate recovery fund.

It will be important for the Commission to keep the continuity and drive that has enabled it to accomplish all of the groundbreaking, revolutionary, and historic accomplishments that it has during the last eight years. The key to all of this will be knowledgeable, hard working, and dedicated appointees for this hard working Commission. It will also be important that the funding needed by the Commission be made available for the projects that are already under way as well as future programs that are needed as the industry changes. The following is a brief summary of the current program of work by each of our three committees.

In 2005, the focus of the Education Review Committee will be on implementation of a new broker's curriculum. A new mandatory core course will be developed for continuing education for the next biennium. The salespersons curriculum will be revamped. More continuing education opportunities should be made available to licensees via more national designation programs as well as those designed and taught by local providers. The revamping of all of the education program for the real estate industry is a huge task and will be the main focus of this Committee and the Commission in the next few years. The focus on continuing to improve the quality of education for the real estate industry will be a responsibility taken on by the Education Review Committee, headed by Vern Yamanaka, the Chair and by Trudy Nishihara, the Vice-Chair. Commissioner Trudy Nishihara has put together a volunteer task force of industry experts that have put forth recommendations, reviewed curriculums, reviewed the mandatory core course, and wrote test questions for the new broker's test. In short, these volunteers, along with the prodding and guidance of the Chair and Vice-Chair of this Committee, have done an outstanding job. I believe that the education programs are in very capable hands of these two very knowledgeable and experienced commissioners.

The Chair of the Laws and Rules Review Committee, Iris Okawa has done and will continue to do an outstanding job for the Commission. Commissioner Okawa is a public member who has become an integral part of our ongoing relationship with ARELLO (Association of Law Licensing Officials) as a representative and speaker from Hawaii who is well respected and looked to for her opinions and her

knowledge. Her Vice-Chair is Louis Abrams from Kauai. Commissioner Abrams is responsible for the sub-committee looking into the challenges associated with implementing rules and regulations that pertain to internet advertising and Virtual Office Websites. Commissioner Abrams has done an outstanding job with a sub-committee on "Agency". The Hawaii Association of Realtors is contemplating putting forth a bill in this year's legislative session to redefine the agency laws in Hawaii for real estate. This could be a huge change for the entire industry and careful study and much work will be needed. Commissioner Abrams is to be especially commended for his work on these important and leading edge sub-committee's. With the very capable leadership of these two commissioners, the Committee is well equipped to handle the challenges ahead.

The Real Estate Commission in the 2005 legislative session will be looking to finalize the bill to re-codify HRS 514A, the condominium law. Portions of the bill were passed last session, but parts of the bill were held over until the 2005 session for final passage. The re-codification of HRS 514A has been long overdue (30+ years) and is being spearheaded by the Vice-Chair of the Commission, Mitchell Imanaka. Commissioner Imanaka also serves as the Chair of the Condominium Review Committee. Commissioner Imanaka's Vice-Chair is Kathleen Kagawa. Commissioner Kagawa has been a quite but effective force, helping Chair Imanaka's agenda for the Condominium Review Committee. A volunteer "blue ribbon" panel of condominium experts has been helping to draft and pass this historic bill. The draft of the portions of the re-codification bill that did not pass last year will be submitted to the 2005 legislature and the Real Estate Commission humbly asks for your support.

In 2005, it will be important that the Real Estate Commission stay stable and keep continuity. Commissioners, Louis Abrams, Vern Yamanaka, Kathleen Kagawa, and Trudy Nishihara have all proven themselves hard working and very active. It is a blessing to have such concerned, active and hard working volunteer individuals. These commissioners will be 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 general public for the better.

The two freshman commissioners are getting their feet wet and learning the program of work. We are fortunate to have Commissioner Carol Ball join us and she will be a valuable resource for the Education Review Committee. Michelle Sunahara Loudermilk is an attorney, and a public member who is not afraid to roll up her sleeves and get to work. The Laws and Rules Review Committee has been having her work on a sub-committee to look into the rules changes that the commission will eventually have to do with all of the changes in our program of work.

The work that has been done by the Real Estate Commission in the last eight years has been, and will continue to be, revolutionary and groundbreaking. We will have a brand new broker's curriculum to upgrade the quality of education and therefore, the quality of professionalism to the consumer. We will be working on revamping the salespersons curriculum to follow suit. We will have a new condominium law that has been long overdue and will provide clarity and direction to a law that was in desperate need of an overhaul. The laws pertaining to licensees have been revamped, changed, and brought current. Our mandatory continuing education core course has been continually revamped and continues to undergo change. We have done almost all of this with volunteer help from the community. This alone, would qualify for these accomplishments to be outstanding in that we have probably saved the State millions of dollars by doing it ourselves. Concerned commissioners and volunteers from throughout the community have done an almost miraculous job of accomplishing the Commission's program of work to date. All of the things that I have mentioned, along with a closer working relationship with the industry, have been long overdue and will be necessary for the Commission to move forward and be leaders in the global real estate community. The Commission is working hard to achieve that goal, but will need the funding and the support of everyone involved, to make that happen. The results of all of these programs will ultimately benefit the consumer and the public in general. The Commission is striving to make the real estate practice in Hawaii more professional and more accountable than ever before. With all of the changing technologies making the world smaller, we still have much more work to do, but we have made the initial steps that can take this industry to the next step and make our State, a better, more professional place to do business. I am proud to have served along side of my fellow commissioners along with a group of dedicated volunteers in the community, and have accomplished what I think is almost miraculous, with limited resources and many constraints. I

thank you for your support and ask for your continued support for the Commission in the future.

Without the help and support of the Director of the Department of Commerce and Consumer Affairs (DCCA), the Director of Licensing, 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 black ink that reads "John Ohama". The signature is written in a cursive, flowing style.

John Ohama
Chairman 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**



Mark E. Recktenwald, Director
Lawrence M. Reifurth, Deputy Director
Noe Noe Tom, Licensing Administrator

Real Estate Branch:

Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Cynthia Yee, Senior Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Kimura, Real Estate Specialist
Ryan Yamashiro, Real Estate Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Irene Kotaka, Secretary
Tammy Norton, Secretary
Karyn Takahashi, Clerk Stenographer
Robert Ito, Clerk
Jon Gasper, 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 586-2643 to submit your request.

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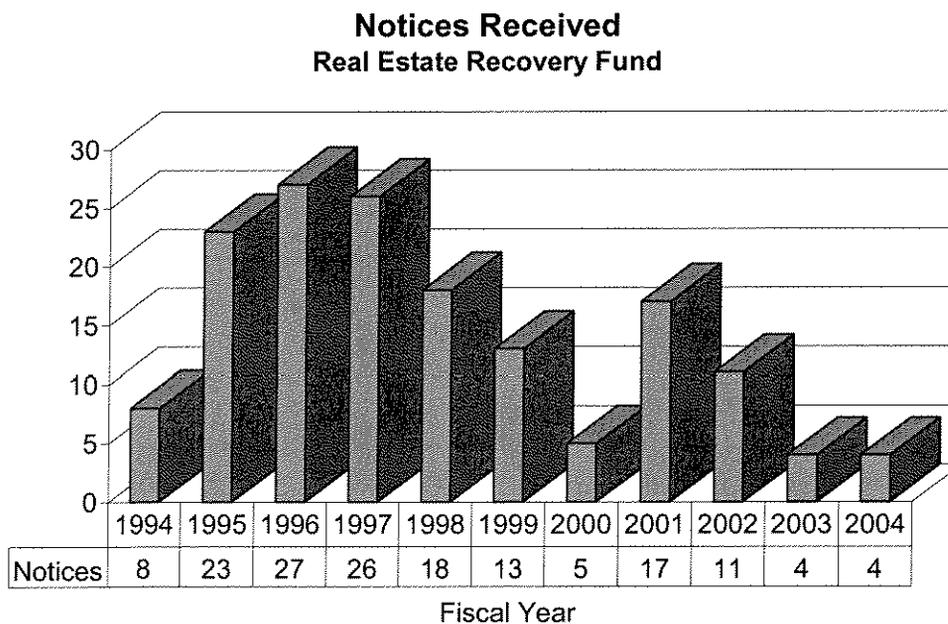
Laws and Rules Review Committee Report

The Committee, for FY 2004, led by Chair Iris R. Okawa and Vice Chair Louis Abrams, had an active year with legislation, recovery fund administration, licensing programs, and reactive issues.

Legislation

- Act 12, amends Chapter 467, HRS, allowing the Real Estate Commission to enter into formal license recognition agreements with other states and jurisdictions recognized by ARELLO.
- Act 186, amends Chapter 508D, HRS, requires disclosure of any release or waiver of liability for a construction defect, considered a material fact, by the seller of residential real property.
- Act 8, amends Chapter 481P, HRS, providing that it is an unfair or deceptive trade practice and a violation for any seller or telephone solicitor to call a telephone number that is listed in the national Do-Not-Call Registry administered by the FTC and FCC.
- Act 59, amends Chapter 846E, HRS, relaxing sex offender registration and notification, requires the judicial council to establish a task force to engage in a comprehensive review of public access to information regarding persons convicted of sexual offenses.
- Act 50, amends Chapter 708, HRS, relating to criminal trespass in the 2nd degree. Provides that a person commits the offense of criminal

Chart 1. Recovery Fund - Notices



trespass in the 2nd degree if the person enters or remains unlawfully in or upon the commercial premises or public property after a reasonable warning or request to leave by the owner, or lessee, their authorized agent, or a police officer.

The Commission, through the Professional and Vocational Licensing Division, developed and initiated a plan for the 2004 on-line renewals for real estate licensees with fee payment by credit card. One of the goals of the plan is to increase the number of on-line renewals, which was about 30 percent for all real estate licensees for the initial on-line renewal in 2002.

Special Subcommittees

For this fiscal year, the Committee expanded the direction of two subcommittees and added another. The three subcommittees are as follows:

- Subcommittee on Internet Advertising and VOWS
- Subcommittee on Referral Fees and License Recognition
- Subcommittee on Property Manager Licensing and Related Issues

Real Estate Recovery Fund

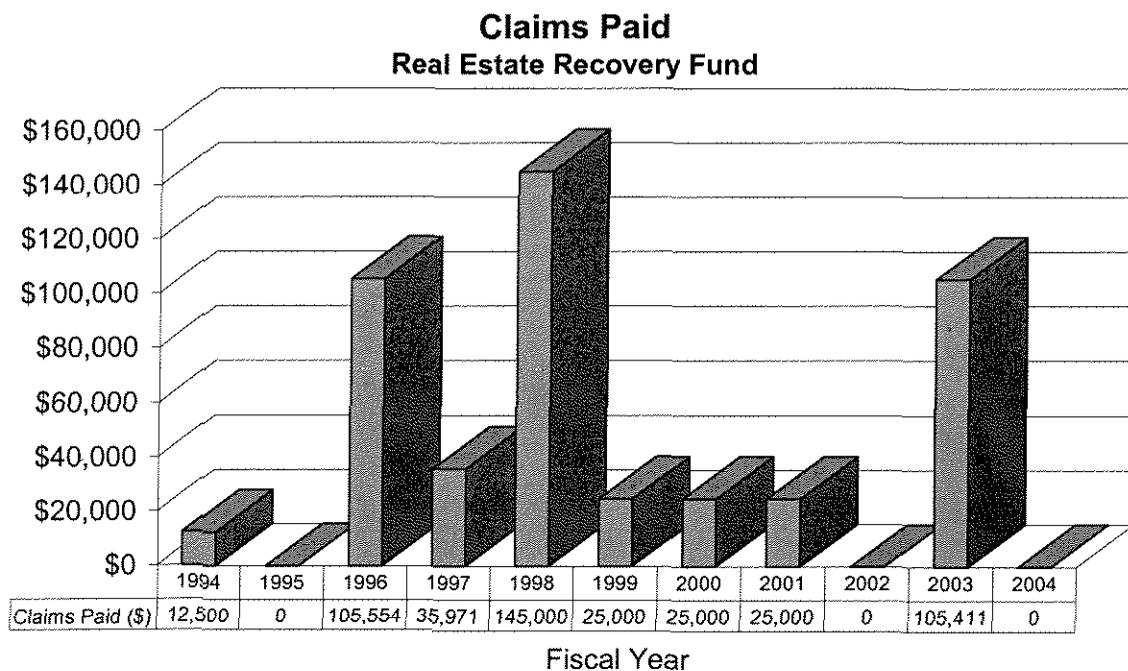
The Commission is trustee of the Real Estate Recovery Fund which is intended to provide a measure of compensation to consumers injured by the fraud, misrepresentation, or deceit by real estate licensees. One of the statutory requirements for obtaining payment from the fund is notifying the Commission of the filing of a court action that may result in payment from the fund.

Licensing

During FY 2004, the Commission received notification in 4 cases, no increases from the notices received in 2003. See Chart 1.

In FY 2004, 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.

Chart 2. Recovery Fund - Claims Paid



FY 2004 Program of Work

Laws and Rules Review Committee

Real Estate Recovery Fund - Administered 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 - Studied, evaluated, researched, and developed rule amendments for the formal rule making process; implemented 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 - Administered the licensing, registration, and certification requirements, including applications, review, policies, procedures, appeals, subpoenas, and requests for records under OIP.

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

Meetings - Administered the monthly committee meeting.

Advice, Education, and Referral - Responded and provided information to inquiries via telephone, walk-ins, faxes, written, emails, and through the Commission's website; printed and distributed Commission-developed information; and responded to inquiries from government officials.

Neighbor Island Outreach - Held three

committee meetings at neighbor island sites.

Legislative Acts and Resolutions - Reviewed, reported, and developed summaries on all related acts and resolutions; implemented requirements of directly-related acts and resolutions.

Legislative and Government Participation - Participated in the legislative sessions; provided briefings and acted as resource to Legislators, government officials, and staff; researched and submitted testimony on bills and resolutions, including oral testimony; and assisted Legislators and government officials in responding to the community.

Interactive Participation with Organizations - Continued active participation with Hawaii, the 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 - Analyzed and initiated 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. Conducted meetings and exchanges with Licensing Branch personnel.

Application Processing and Forms –

Studied and evaluated the processing of application forms, evaluated and amended forms and instructions; assisted in mainframe computer programming issues. Studied and reported on other electronic/computerized 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 – Continued participation in the ARELLO National Disciplinary Action Data Bank to assist in the background review of applicants and assist in consumer protection nationally.

Commissioners Education Program –

Researched and provided reference materials to Commissioners, provided orientation sessions for new Commissioners, and conducted periodic workshops for all Commissioners.

Division and Department Programs –

Coordinated and worked with PVL, DCCA, and others on any program of mutual concern, joint program with ERC and CRC.

HUD/ARELLO Fair Housing Agreement –

Administered the terms of the agreement and coordinate annual review by HUD officials. Participate with ARELLO's Fair Housing Committee and work with ARELLO on the terms of the agreement.

Case Law Review Program –

Monitored, collected, and reported 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 2005 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/VOWS
 Referral Fees/License Recognition
 Property Management and Related
 Issues
 Agency Issues
Meetings
Licensing Renewal
Legislative and Government Participation
Interactive Participation with Organizations
Legislative Acts and Resolutions
Neighbor Island Outreach
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
Division and Department Programs
HUD/ARELLO Fair Housing Agreement

Administrative Actions

Disciplinary Actions

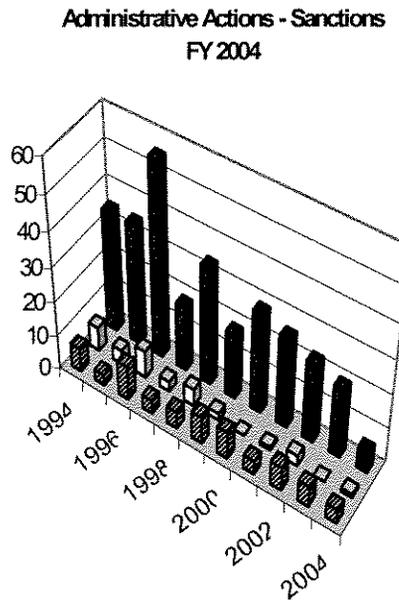
The Commission took disciplinary action against 12 licensees in FY 2004. This was a 48% decrease over the 23 licensees disciplined in FY 2003. Fines totaling \$15,500 were assessed against 6 of the licensees. Four licensees had their licenses revoked. There was one license suspension. Table 1 and Chart 3 provides detail on disciplinary actions and Chart 4 shows the distribution by the type of real estate activity involved in the case. Of note, fines totalling \$15,500 are down as compared to last year's fines totalling \$40,250. Chart 3 provides historical information on the number of licensees disciplined.

Table 1. Administrative Actions

FY 2004 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	4
Property Management	6
Crime related to profession	1
Tax Obligations	1
Total	12
Licenses Revoked	4
Licenses Suspended	1
Licenses Fined	6
Total fines	\$15,500
Licenses Subject to Other Sanctions	10

Chart 3. Administrative Actions - Sanctions



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
▨ Licenses Revoked	7	3	10	4	5	8	8	4	7	6	4
□ Licenses Suspended	7	4	8	3	5	2	0	1	3	0	1
■ Licenses Fined	35	35	56	19	34	19	29	26	23	20	6

Chart 4. Disciplinary Actions

Disciplinary Actions 1994 - 2004

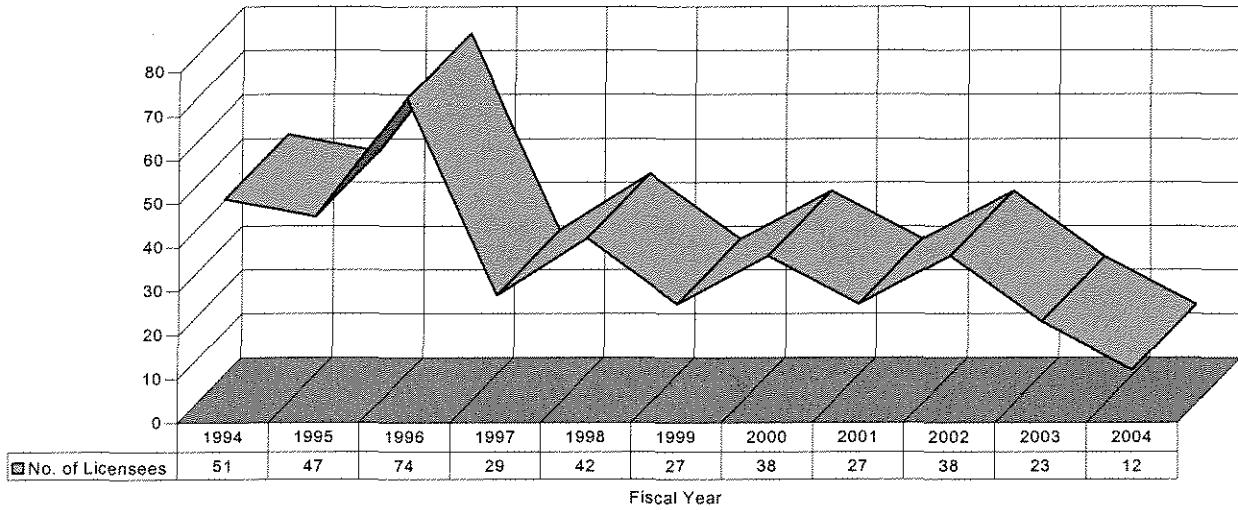
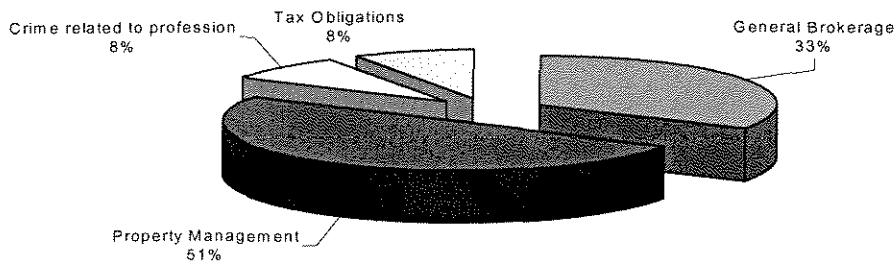


Chart 5. Disciplinary Actions By Activity

**Disciplinary Actions by Activity
FY 2004
(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, except for a slight rise in FY 2002 and again in 2004. RICO received 67 real estate complaints in FY 2004, compared to 64 in FY 2003. Refer to Chart 5.

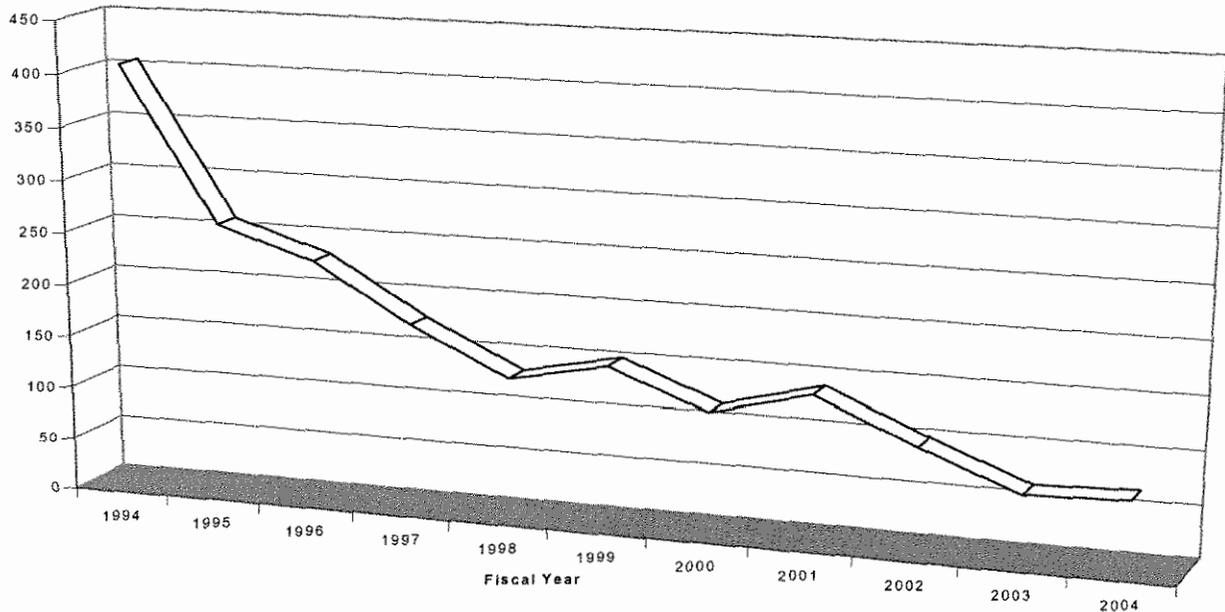
Fifty-three (53) of the complaints are pending while 14 have been closed. Of the closed complaints, there was insufficient evidence in 1 case, warning letters were issued in 11 cases, 1 case was resolved, and in one case RICO was unable to proceed due to the respondent

being unlocatable.

Charts 6 and 7 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 6. RICO Complaints

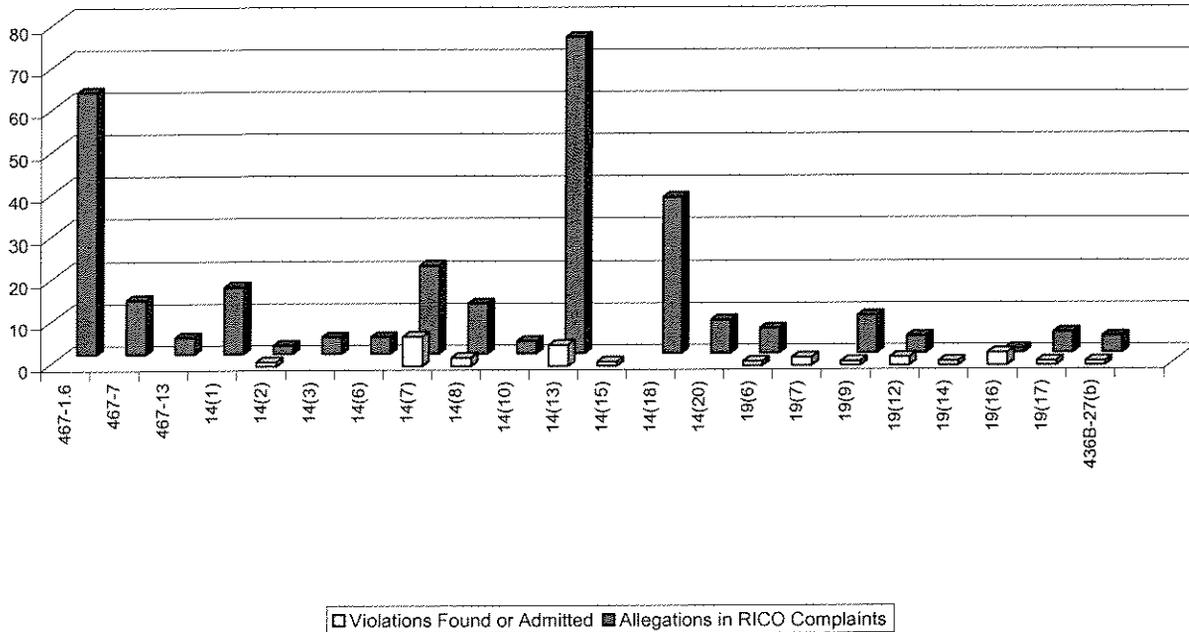
**RICO Complaints - Real Estate
FY 1994 - 2004**



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Complaints	407	260	231	177	133	152	116	140	100	64	67

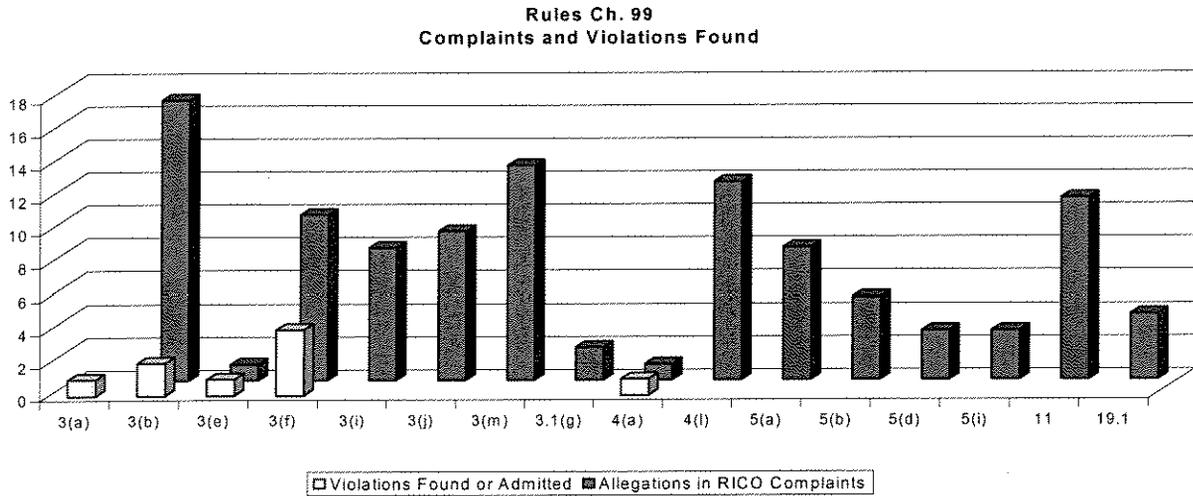
Chart 7. Statutory Violations

**HRS Ch. 467 and 436B
Complaints and Violations Found**



§467-1.6	Principal broker shall have direct management and supervision of the firm and its licensees.		agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts.
§467-7	License required to act as a real estate broker or salesperson.		
§467-13	Licensee shall deliver a copy of the agreement or contract to the parties signing it at the time the signature is obtained.	§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14 (6)	Salesperson acting or attempts to act as a real estate broker or represents or attempts to represent any real estate broker other than the one employed or associated with.	§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(7)	Failing to account for moneys belonging to others.	§436B-19(14)	Criminal conviction, whether by nolo contendere or otherwise, of a penal crime directly related to the qualifications, functions, or duties of the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(16)	Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws [where] licensure is required.
§467-14(10)	Permitting a corporate officer or employee who does not hold a real estate broker's license to have direct management of the brokerage business.	§436B-19(17)	Violating this chapter, the applicable licensing laws, or any rule or order of the licensing authority.
§467-14(13)	Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.	§436B-27(b)	Civil and criminal sanctions for unlicensed activity; fines; injunctive relief; damages; forfeiture.
§467-14(15)	Commingling the money or other property of the licensee's principal with the licensee's own.		
§467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the		

Chart 8. Rule Violations



- | | |
|---|--|
| <p>§16-99-3(a) Licensee shall fully protect the general public in its real estate transactions.</p> <p>§16-99-3(b) Licensee shall protect the public from fraud, misrepresentation, or unethical practices in the real estate field.</p> <p>§16-99-3(e) Broker shall keep in special bank accounts, separated from the broker's own funds, money coming into the broker's possession in trust for other persons.</p> <p>§16-99-3(f) Licensee shall see that financial obligations and commitments are in writing.</p> <p>§16-99-3(i) Broker shall not submit or advertise property without written authorization.</p> <p>§16-99-3(j) Licensee shall transmit immediately all written offers to the listing broker.</p> <p>§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.</p> <p>§16-99-3.1(g) Licensee may not be the agent for both the buyer and the seller without obtaining the written consent of both the buyer and the seller.</p> <p>§16-99-4(a) Every brokerage firm that does not immediately place all funds entrusted to the brokerage firm in a neutral escrow depository, shall maintain a trust fund account in this State with some bank or recognized depository, which is</p> | <p>federally insured, and place all entrusted funds therein.</p> <p>§16-99-4(l) Information about escrow accounts and records for real estate transactions under the real estate brokerage firm shall be retained for at least three years, subject to inspection by the commission or its representative at the place of business.</p> <p>§16-99-5(a) Each individual licensee shall file with the commission and shall notify the commission of any change in writing, within ten days of the change, on a form provided by the commission.</p> <p>§16-99-5(b) Name and address filing requirements for each brokerage firm.</p> <p>§16-99-5(d) A principal broker or broker in charge shall release a licensee from employment or association within ten days upon written request. Any individual licensee who changes employing or associating brokerage firm shall notify the commission in writing, on a form provided by the commission, within ten days of the change, or immediately place the individual's license on inactive status.</p> <p>§16-99-5(i) A licensee shall be subject to disciplinary action for failure to submit notifications required by this section within ten days of change.</p> <p>§16-99-11(a) Advertisements</p> <p>§16-99-19.1 License name</p> |
|---|--|

Education Review Committee Report

The Committee, for FY 2004, under the leadership of Chair Vern Yamanaka and Vice Chair Trudy Nishihara, continued to address important and varied 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 and Hilo in FY 2004.

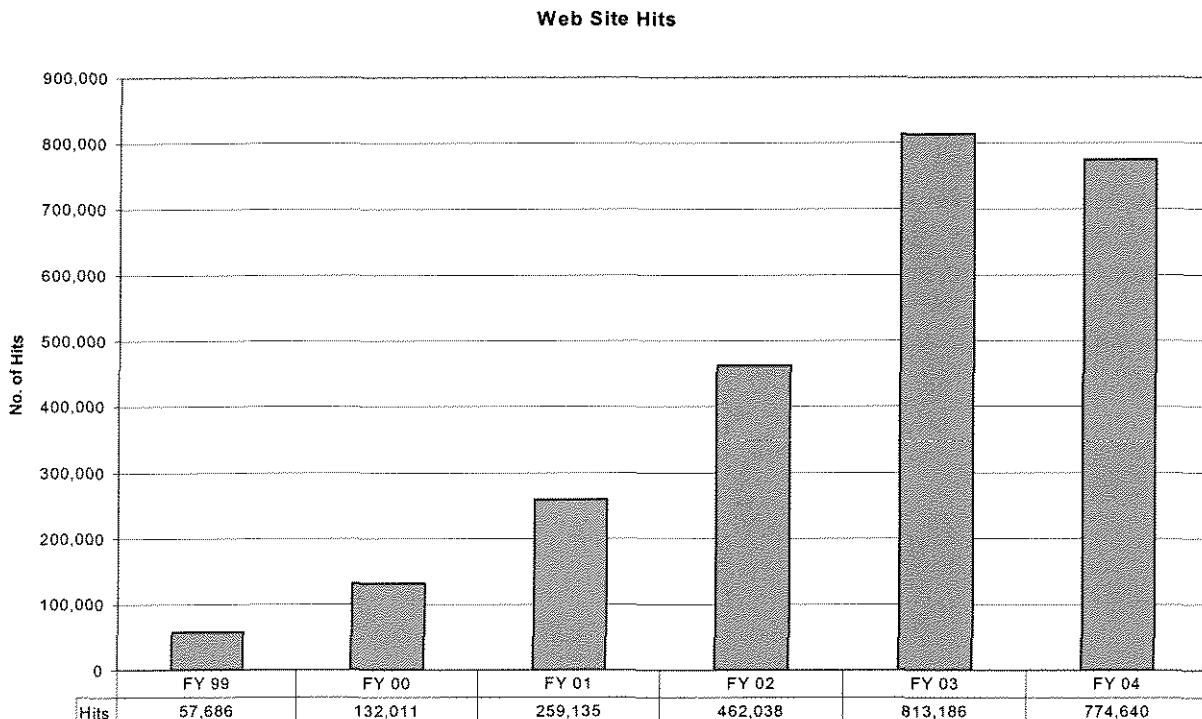
Neighbor Islands Outreach

The Commission convenes its standing committee meetings on a neighbor island two to three times a year. The committees met on Kauai in September, Maui in January, and in Hilo in May. The meetings afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in committee meetings.

Instructors Development Workshop

In March, 2004, the Commission sponsored an Instructors Development

Chart 9. Web Site Hits



Workshop (IDW) at the REALTORS® Association of Maui, Inc., in conjunction with the unveiling of its 2003-2004 core course. A second IDW was held on Oahu in March, 2004.

Continuing Education

During the fiscal year, there were 146 approved CE courses, an increase over the 97 approved CE courses in the previous fiscal year. Fifty (50) of the courses were national courses. There were 25 CE providers. CE providers offered 982 classes to 9,456 participants as compared to the previous fiscal year of 376 classes offered to 18,575 participants.

Prelicense Education and Experience

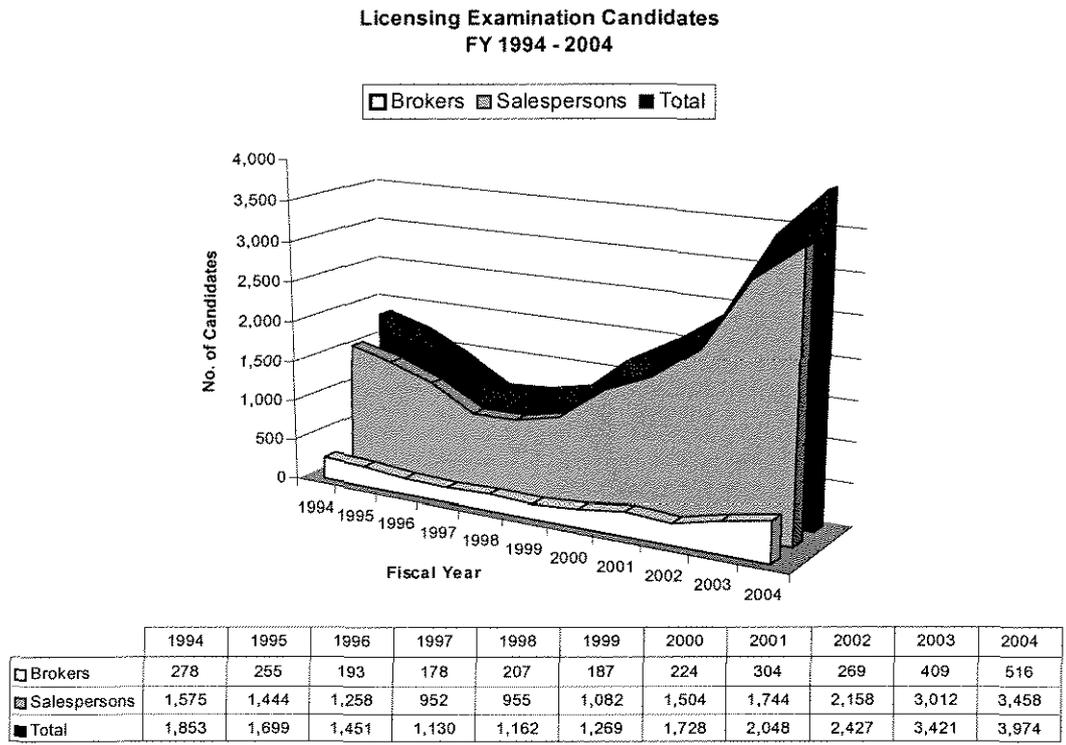
At the end of FY 2004, there were 30 certified prelicense instructors. There were no new approved prelicense schools. There were 120 broker candidates and 1,412 salesperson candidates who completed the courses during the fiscal year.

During the fiscal year, there were 350 applications approved for equivalency to the prelicensing education requirement. In addition, there were 252 applications approved for prelicensing experience for broker candidates.

Real Estate Licensing Examination

Promissor continued offering five days a week testing in Honolulu, three times a

Chart 10. Licensing Examination Candidates 1994 -



month in Waikoloa, and twice a month in Kahului, and Kauai. As shown in Chart 9, and Table 2, the number of examination candidates increased 16% over last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with Promissor and Commission policies.

Table 2. Real Estate Licensing Examination

REAL ESTATE LICENSING EXAMINATION			
	FY 2003	FY 2004	%Change
Brokers Tested	409	516	26.2%
Salespersons Tested	3012	3458	14.8%
Total Tested	3421	3974	16.2%
Brokers Pass	171	201	17.5%
Salespersons Pass	1939	2152	11.0%
Total Passed	2110	2353	11.5%
% Brokers Pass	41.8%	39.0%	
% Salespersons Pass	64.4%	62.2%	

There were 257 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 a slight 2% decrease over the last fiscal year's total of 262 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) Real Estate Educators Association (REEA) and National Association of Realtors (NAR). Participation in national organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry, as well as in 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 15,050 telephone inquiries, 768 walk-in inquiries, 15,137 written inquiries/written requests, faxes, and 4,695 e-mails. See Chart 11.

Website Hits

The ease of access to the Commission's website, www.hawaii.gov/hirec, seven days a week and 24 hours each day for information, forms, and applications has provided over 774,640 hits during the fiscal year. This represents a 5% decrease over last fiscal year's total of 813,186 hits. See Chart 8. The website hits since FY 2003 may have impacted the number of telephone calls, and 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. Electronic access to the Real Estate Branch staff increased dramatically. Staff expects to reflect the ease and importance of

electronic communication and information dissemination in its program of work.

Publications

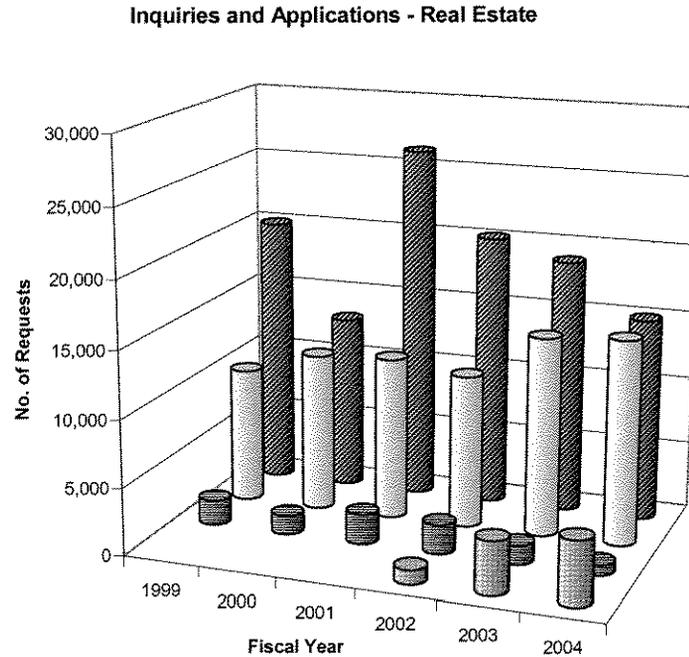
The Commission continues to publish the Hawaii Real Estate Bulletin in a traditional newsletter format that is mailed to all current licensees, Legislators, government officials, ARELLO jurisdictions, and other interested parties. It is also available in electronic format on hirec. While the Bulletin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

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 11. Inquiries and Applications



	1999	2000	2001	2002	2003	2004
E-mail *				1,052	3,889	4,695
Walk-ins	1,852	1,400	2,241	2,185	1,417	768
Applications / written requests	10,072	11,770	12,068	11,343	14,753	15,137
Telephone calls	20,038	13,050	26,295	20,184	18,864	15,050

*For the period November 01 - June 04

Licensees

New Licenses

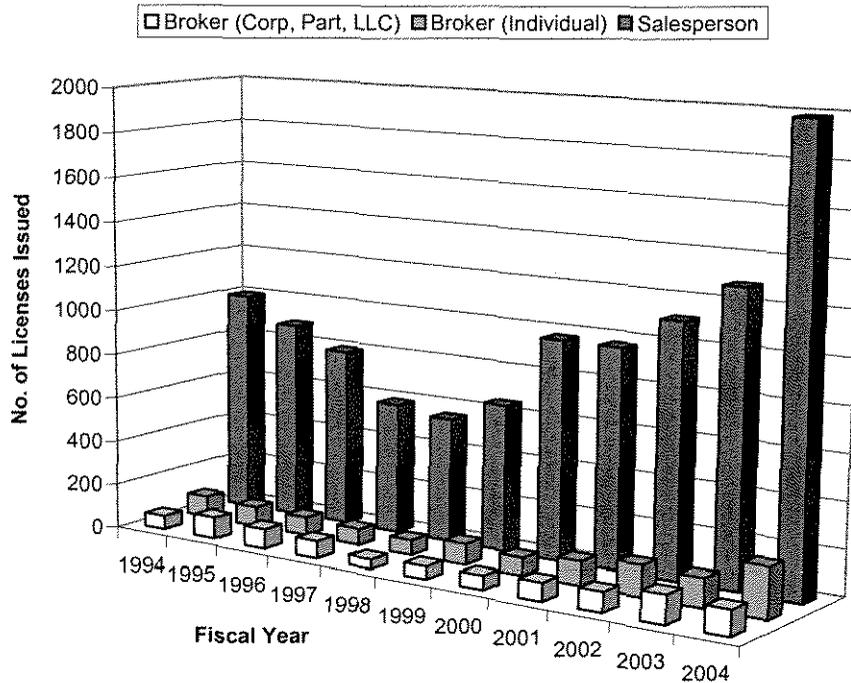
The number of new licenses issued in FY 2004 increased 43% over the prior fiscal year. During the year, 2,194 new licenses were issued. Individual broker licenses increased by 57%, new salesperson licenses increased by 48%, and new entity licenses decreased by 16%.

Current Licenses

The overall number of current real estate licenses increased 18% by the end of FY 2004. In FY 2004, active licenses increased 16% over last year while inactive licenses increased 21%. There was a 15% increase of active licenses on Oahu, and growth on the neighbor islands with Hawaii increasing 22%, Maui 16%, and Kauai 12%. Refer to Table 2, Table 3, Chart 12, Chart 13, and Chart 14.

Chart 12. New Real Estate Licenses Issued

New Real Estate Licenses Issued
1994 - 2004



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
□ Broker (Corp, Part, LLC)	61	94	86	76	44	58	61	81	88	126	112
▒ Broker (Individual)	94	88	81	71	66	92	78	107	138	128	220
■ Salesperson	997	886	793	586	553	651	971	968	1111	1278	1984

Table 3. Current Real Estate Licensees

Current Real Estate Licensees (July 2004) by License Type and Island

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,621	362	346	169	10	4	26	2,538
Salesperson	4,116	1,043	1,501	645	21	6	70	7,402
Sole Proprietor	826	131	114	49	3	1	5	1,129
Corporation, Partnership, LLC	791	183	206	77	5	3		1,265
Total Active	7,354	1,719	2,167	940	39	14	101	12,334
Inactive								
Broker	316	54	27	17	2		135	551
Salesperson	2,435	473	672	343	2	6	407	4,338
Corporation, Partnership, LLC	26	10	9	6			11	62
Total Inactive	2,777	537	708	366	4	6	553	4,951
Active and Inactive								
Broker	1,937	416	373	186	12	4	161	3,089
Salesperson	6,551	1,516	2,173	988	23	12	477	11,740
Sole Proprietor	826	131	114	49	3	1	5	1,129
Corporation, Partnership, LLC	817	193	215	83	5	3	11	1,327
Total	10,131	2,256	2,875	1,306	43	20	654	17,285

Chart 13. Real Estate Licensees - By Island

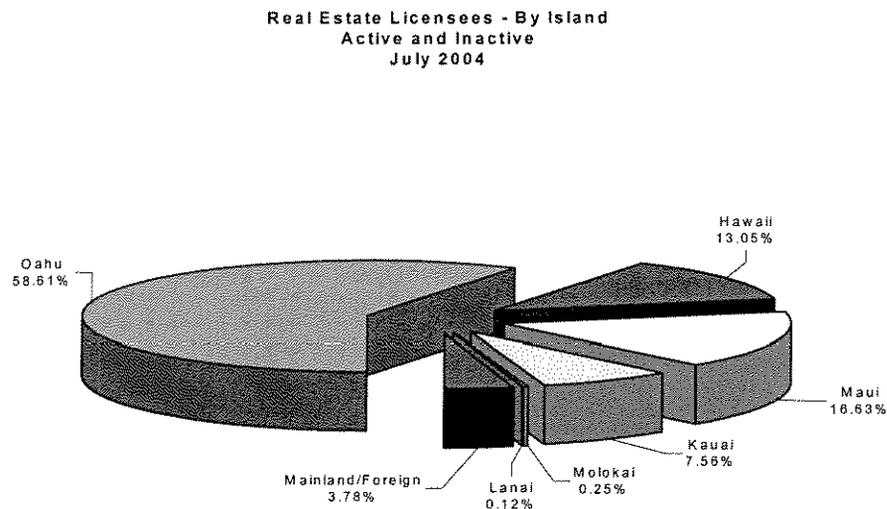
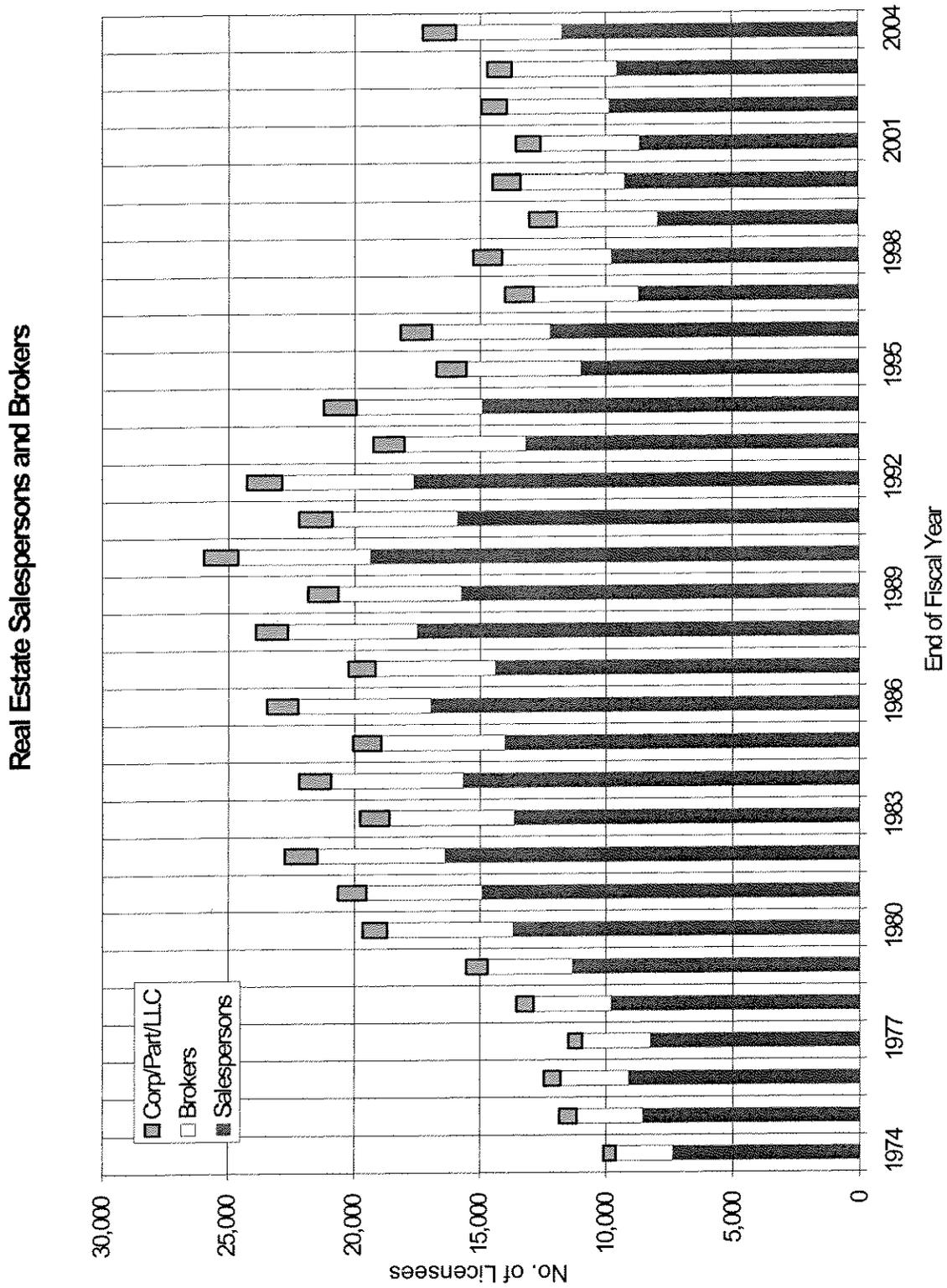


Chart 14. Total Real Estate Licensees



FY 2004 Program of Work

Education Review Committee

Continuing Education 2003-2004 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 – 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 Promissor, information, trouble shooting, review and amendments to application booklets, periodic reports, 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 three 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 Promissor 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 2005 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
Education Evaluation Task Force (EETF)
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 2004 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) and condominium hotel operator (CHO) registrations; and governance, education and research programs, inclusive of the programs funded under the Condominium Education Fund (CEF).

A substantial portion of this years program of work again focused on completing the recodification of the condominium law, Chapter 514A, Hawaii Revised Statute (HRS). The 2000 Legislature recognized that "[Hawaii's] condominium property regimes law is unorganized, inconsistent, and obsolete in some areas, and micromanages condominium associations. . . [t]he law is also overly regulatory, hinders development, and ignores technological changes and the present day development process." This resulted in the passage of Act 213, Session Laws of Hawaii (SLH) 2000,

and Act 131, SLH 2003, required that the Commission continue the conduct of a review of Hawaii's condominium property regimes law (Chapter 514A, Hawaii Revised Statutes), make findings and recommendations for recodification of the law, and develop draft legislation consistent with its review and recommendations for submission to the 2004 Legislature. The Commission completed the task of recodification and submitted its findings and recommendations to the 2004 legislature. The recommendations amongst other action accomplished the following:

- Updated, clarified, and organized Hawaii's condominium law.
- Simplified the disclosure to purchasers (i.e., public report) process.
- To the extent practicable and consistent with adequate consumer protection, avoided "one-size fits all" requirements in consumer protection and condominium management provisions.
- Organized condominium management provisions.
- Made changes, clarifications, and additions to support the fair and efficient functioning of Hawaii's condominium communities.
- Added new provisions dealing with "aging-in-place" issues, including a provision suggested by the Act 185 (SLH 2003) working group.
- Developed a process for receiving feedback to the various drafts and suggestions for improvement of Hawaii's condominium law that has been as important as the substance of what is in the recodification.
- Developed a structure for the Commission's recodification document – with both proposed statutory language and commentary

Condominium Apartment Owners on the Commission

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

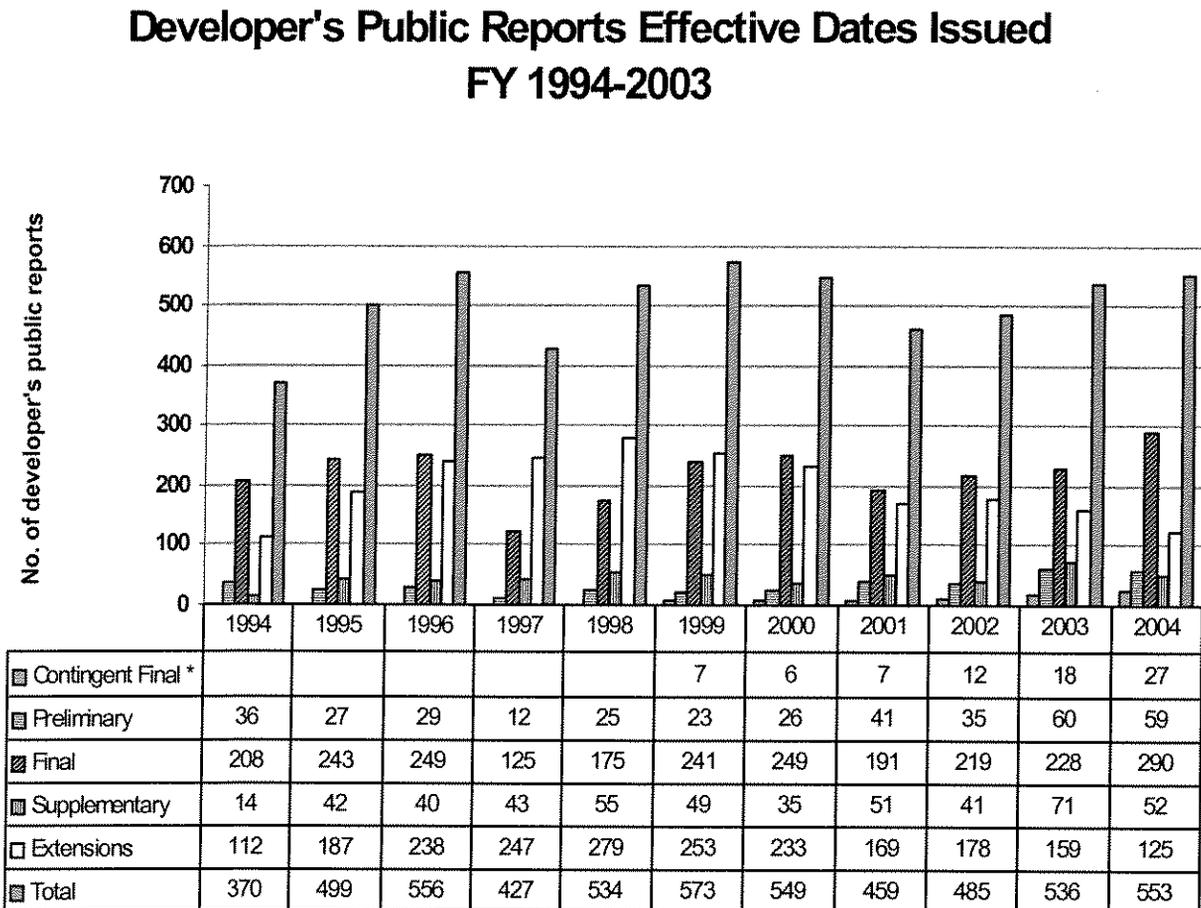
Iris R. Okawa
Peter Rice
Louis Abrams

Commissioners **Kathleen Kagawa** and **Vern Yamanaka** are condominium apartment owners.

explaining how the Commission chose to address particular problems (as well as rejected approaches in appropriate instances) – that easily allows for all stakeholders to have their views reflected in the recodification, even if those views end up being rejected.

After considering the recommendations of the Real Estate Commission and the testimony of many stakeholders, the 2004 Legislature passed Parts I (General Provisions), II

Chart 15. Developer's Public Reports Effective Dates Issued



(Applicability), and VI (Management of Condominiums) of the recodification bill SB 2210, delaying the effective date to July 1, 2005 and subject to the passage of Parts III, IV and V by July 1, 2005.

Parts III (Creation, Alteration, and Termination of Condominiums), IV (Registration and Administration of Condominiums), and V (Protection of Condominium Purchasers) were reserved for further consideration during the legislative interim and next

session.

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, and 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

Table 4. Condominium Project Filings

Condominium Project Filings Received — Fiscal Years 1998 — 2004

New Projects	1998	1999	2000	2001	2002	2003	2004
Residential	84	47	64	66	79	103	193
No. of Apartments Represented	862	1028	1028	1642	2096	3012	6274
Commercial and Other	5	11	18	15	5	10	12
No. of Apartments Represented	198	81	95	367	33	67	1444
Agricultural	28	27	27	30	28	30	29
No. of Apartments Represented	83	62	51	93	74	435	70
Total New Projects	117	85	109	111	112	143	177
Total No. of Apartments Represented	1143	1171	1174	2102	2203	3514	2318
Conversions							
Residential	54	73	55	44	58	92	116
No. of Apartments Represented	665	368	342	454	591	740	1422
Commercial and Other	4	11	14	4	5	20	10
No. of Apartments Represented	87	734	57	234	273	360	777
Agricultural	51	42	47	51	26	46	51
No. of Apartments Represented	130	90	120	128	27	91	119
Total Conversion Project	109	126	116	99	89	158	234
Total No. of Apartments Represented	882	1192	519	816	891	1191	7788
Combined New & Converted Project Filings							
	226	211	225	210	201	301	411
Combined No. of Apartments Represented							
	2025	2363	1693	2918	3094	4705	10106

* 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.

on making CEF subsidized mediation services available to the neighbor island condominium communities. 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:

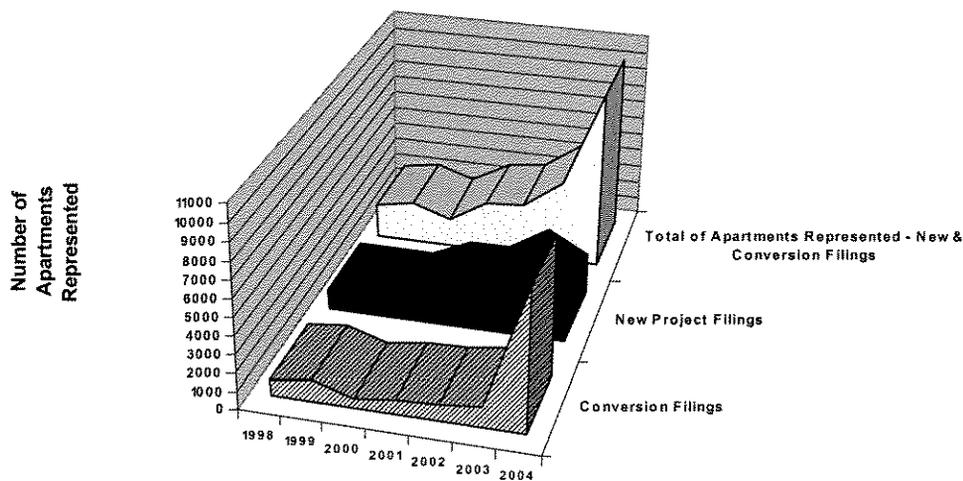
- ACT 11 clarifies that a licensing application be considered abandoned if it is not completed and the required documents and other information are not submitted by DCCA within 2 years from the last date documents or information were requested or

submitted.

- Act 72 amends §514A-13, HRS, clarifies that the condominium board may lease or change the use of common elements without owners approval if acting under its authority to install, or change or abandon the use of telecommunications equipment.
- ACT 116 authorizes DCCA to adjust business registration fees and other non-tax revenues to help align revenue collections with expenditures. Reduces filing and miscellaneous fees.
- ACT 119 establishes procedures to resolve construction defect claims that require notice of the defect, and opportunity to settle or repair, and mediation of unresolved disputes, prior to litigation. The seller of new structure and the contractor doing the

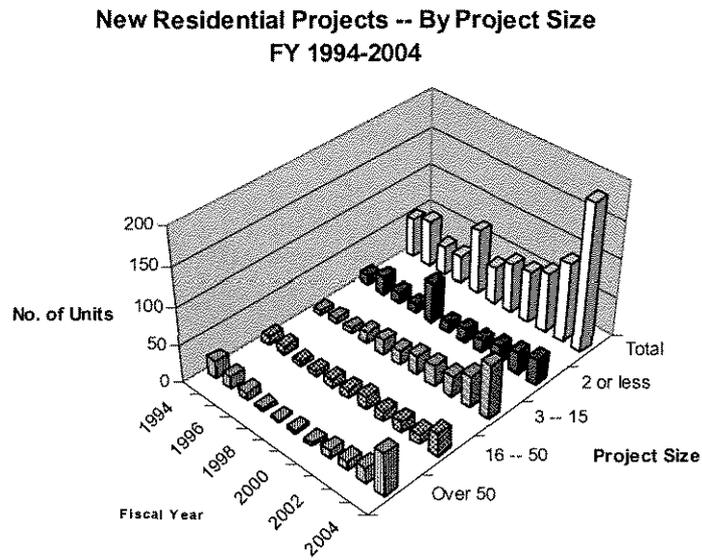
Chart 16. Number of Condominium Apartments

**Number of Condominium Apartments Represented FY 1998-2004
New and Conversion Project Filings of Developers**



	1998	1999	2000	2001	2002	2003	2004
▨ Conversion Filings	882	1192	519	816	891	1191	7788
■ New Project Filings	1143	1171	1174	2102	2203	3514	2318
□ Total of Apartments Represented - New & Conversion Filings	2025	2363	1693	2918	3094	4705	10106

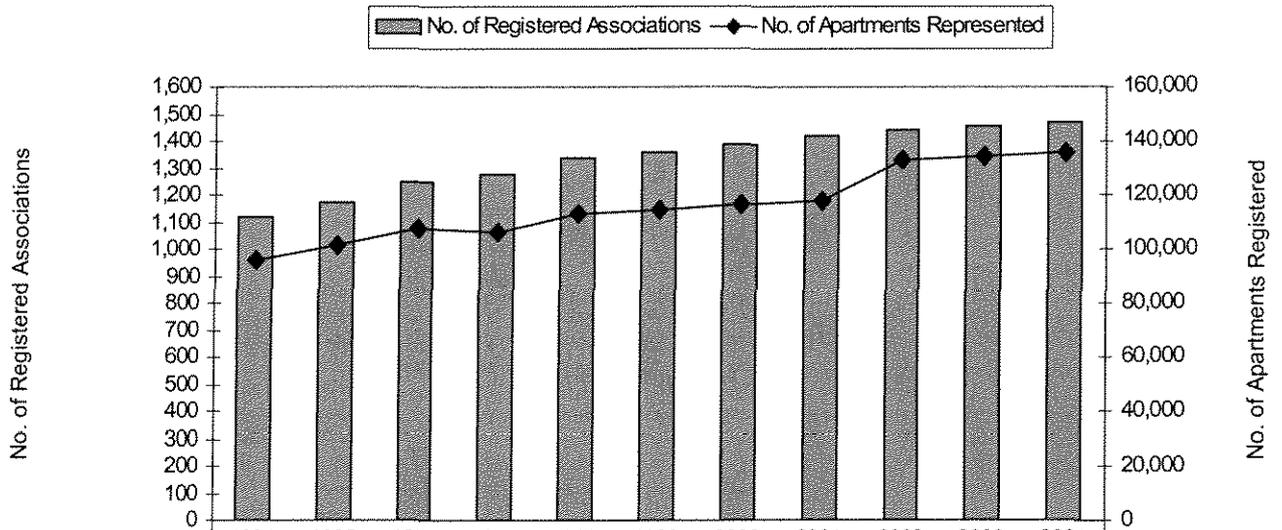
Chart 17. New Residential Projects - By Project Size



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Over 50	23	16	10	4	3	5	4	10	12	20	56
16 -- 50	12	13	5	7	10	11	17	12	15	13	30
3 -- 15	5	8	7	15	19	18	26	27	27	42	72
2 or less	12	23	15	11	52	13	17	17	23	28	34
Total	52	60	37	37	84	47	64	66	77	103	192

Chart 18. Condominium Association Registration

Condominium Association Registration FY 1994-2004



No. of Registered Associations	1,114	1,171	1,249	1,277	1,339	1,361	1,389	1,419	1,439	1,456	1,469
No. of Apartments Represented	95,827	101,628	107,580	106,052	112,832	114,449	116,750	118,209	133,276	134,444	135,708

remodeling include in a contract and require a notice of the contractor's right to resolve alleged construction defects before a claimant may commence litigation, upon entering into a contract for sale of a new structure or the construction of substantial remodeling of a premises.

Abolishes the Design Professional Conciliation Panel. Also defines contractor as ". . .any person, firm, partnership, corporation, association, or other organization that is engaged in the business of designing, manufacturing, supplying products, developing, constructing or selling a dwelling.

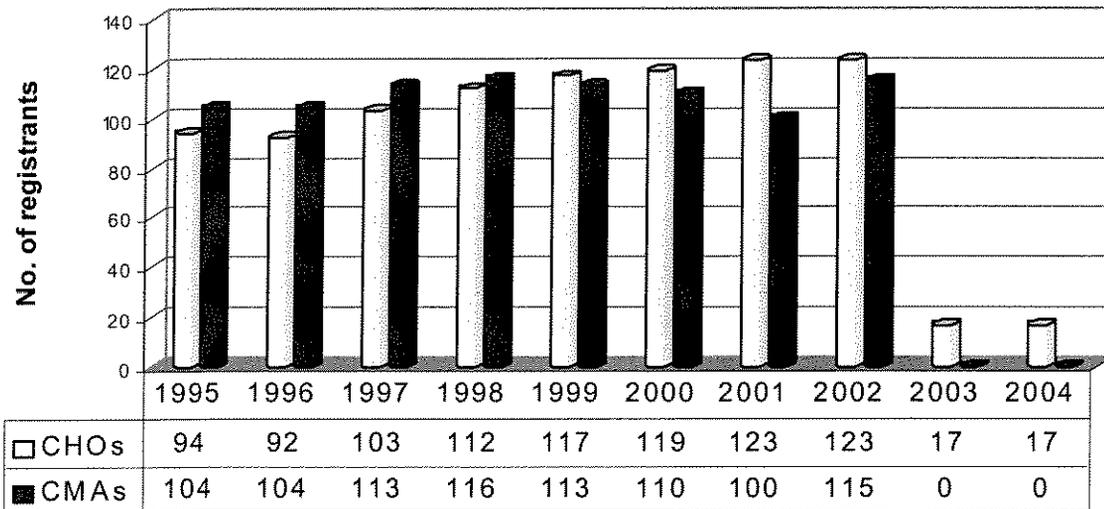
ACT 143 makes it a class C felony to knowingly dispose of certain amounts of solid waste anywhere other than a permitted solid waste management system without

written approval of the director of health.

ACT 164 repeals and replaces the condominium property regimes law in part as follows: Establishes a two year condominium dispute hearings pilot program with funding in the amount of \$25,000 appropriated from the Condominium Education Fund for fiscal year 2004-2005, effective July 1, 2004, which shall be repealed on July 1, 2006 (Part III). The pilot program requires the DCCA hearings officer to hear and decide certain qualifying condominium disputes which have not been successfully resolved by mediation. Requires the Director of Commerce and Consumer Affairs prior to the 2005 and 2006 regular sessions of the Legislature prepare and submit a report to the Legislature evaluating the operation

Chart 19. CMA and CHO Registrations

**Condominium Managing Agent (CMA) & Hotel Operator (CHO) Registrants
Fiscal Years 1994 - 2004**



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

and effect of the pilot program. Delays the effective date of Parts 1 of the Act (General Provisions), II (Applicability), VI (Management of Condominiums) until July 1, 2005; and conditions of the effective date of these parts on the adoption of the provisions relating to the creation, alteration, termination (Part III) registration and administration of condominium (Part IV), and the protection of condominium purchasers (Part V) by July 1, 2005; and appropriates out the Condominium Education Fund to the Department of Commerce and Consumer Affairs to conduct post bill passage educational activities, including the continuation of one full-time temporary condominium specialist.

- ACT 169 creates a misdemeanor offense for obstructing public access to the sea, the shoreline, any inland recreational area by the way of or through any of the public rights of way, transit areas, or public transit corridors. Sets minimum fines.
- ACT 170 exempts agricultural leases and utility and access easements from the prohibition of private restriction on agricultural uses and activities within state agricultural districts.
- ACT 185 increases the bond authorization amount under the Hula Mae multi-family housing program from \$200 million to \$300 million to facilitate the development or rehabilitation of affordable rental housing projects.
- ACT 195 provides an income tax deduction of up to \$3,000 per exceptional tree for expenditures to maintain exceptional trees on the taxpayer's property that have been designated by the county arborist advisory committee as an

exceptional tree.

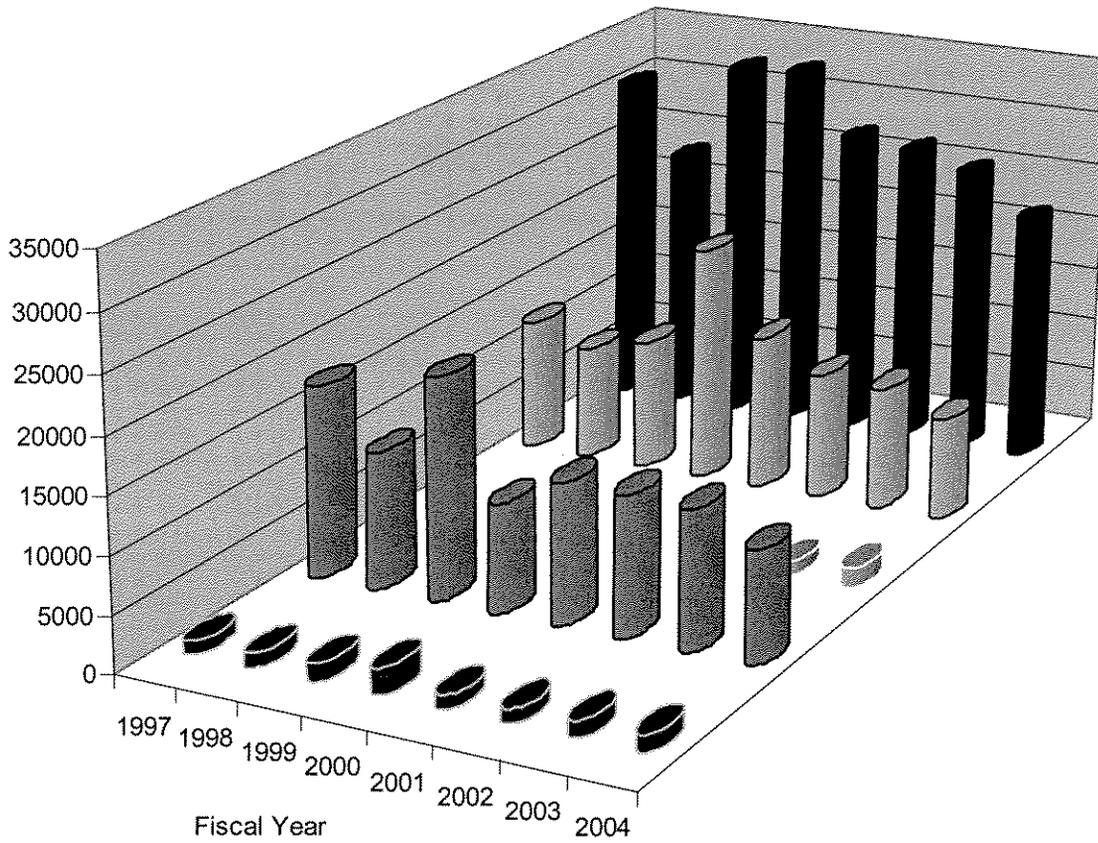
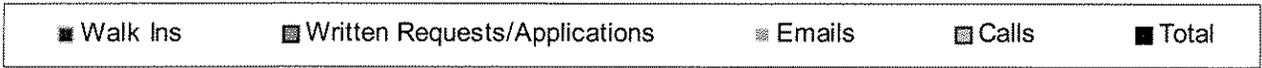
The law requires the Commission to submit to the legislature annually: (1) a summary of the programs funded during the prior fiscal year with funds from the CEF, (2) the amount of money in the fund, and (3) a copy of the budget for the current fiscal year, including summary information on programs which 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 (2004) and the current fiscal year (2005).

Summary of Programs for Fiscal Year 2004:

Recodification of HRS Chapter 514A - Implemented 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.hawaii.gov/hirec>. Held discussions with interested parties, carried out the directives of Act 213 (SLH 2000). Researched, discussed, exchanged, developed progress report and recommendations including any 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 related other entities. Conducted public hearings in each county. Administered other requirements from the 2003 legislative act. Completed and submitted a legislative bill 20 days prior to start of the 2004 session, provided briefings to

Chart 20. Condominium Advice Education and Referral

Advice Education and Referral
Fiscal Years 1997 - 2004



	1997	1998	1999	2000	2001	2002	2003	2004
Walk Ins	1200	1293	1568	2325	1235	1229	1395	1480
Written Requests/Applications	17000	12143	19635	9650	12481	12449	12217	9819
Emails							1259	1819
Calls	12000	10348	11721	21182	13947	11387	10971	9050
Total	30200	23784	32924	33157	27663	27067	25842	22168

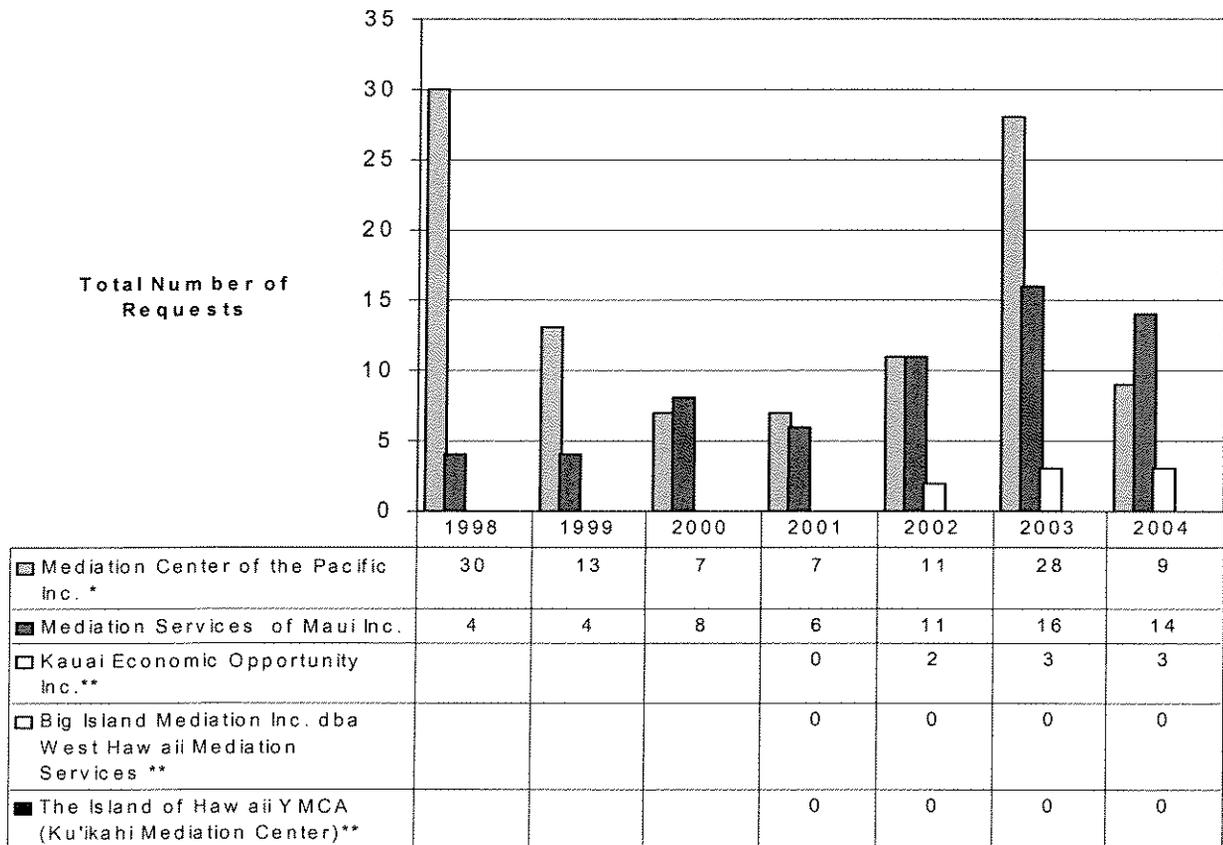
Senate CPH Chair and House CPC Chair and other legislators and staff. Included in the bill a continuation of position and funding to provide education to the condominium community on the recodified law, including drafting the required rule making and development of resources. The above resulted in the passage of ACT 164 (SLH 2004) which repeals and replaces the condominium property regimes law in part as set forth on pages 33 and 34.

Provided advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Printed and distributed copies of HRS Chapter 514A for each registered AOA. Maintained and improved webpage. Updated section to webpage on most commonly asked questions. Augmented delivery of advice, education, and referral, including print, media and community-based interactive efforts. Over a several week period in May and June, 2004,

Advice, Education, and Referral -

Chart 21. Condominium Governance Mediations

Condominium Governance Mediations FY 1998 - 2003**



* fka Neighborhood Justice Center of Honolulu, Inc.
 **Note: New contracts with beginning dates of January 2001; reporting covers January 2001 – June 30, 2001
 ***Note: Act 232 (SLH 2001) made mediation mandatory.

four "Condo Corner" articles were printed in the Honolulu Advertiser, The Maui News, The Garden Island, and the Hawaii Tribune Herald. The articles addressed such issues as first-time condominium ownership, defining condominiums, resolving impasses between homeowners and boards, condominium ownership, and where to find answers to the many questions about condominium living in general. Studied the feasibility of a monthly on-line chat discussion with a condominium specialist on pre-selected topics; promoting self governance by providing a forum for associations to network and problem solve together.

Condominium Project and Developer's Public Reports -

Administered registration program. Evaluated the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Planned, developed, and administered legislative amendments needed with the Time Share Administrator. Administered consultant contracts. Updated and amended all project forms and instructions. Implemented plan of providing access to developer's public reports through compact discs (CDs), State Library locations, REC webpage etc. Made developer's public reports available for public viewing and copying to disc via a PC housed at REB. Continued work on the implementation of listing of project with current developer's public reports on REC webpage. Implemented a plan for electronic administration including scanning of documents on CDs and computerized project tracking. Studied, reported and recommended 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 a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and maintained 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. Consider the development and inclusion of an on going survey-evaluation of the bulletin plus include surveys of various other Commission programs. Updated article on AOAO utilizing technology for self-governance, information, discussion, exchanging, documents, etc. Continued study of feasibility of either increasing bulletin up to 12 pages with the addition of a developer's section, or a developer's bulletin, or a special webpage for developers.

Condominium Mediation and Arbitration Program -

Administered mediation programs. Updated, researched, developed, and published 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 to work with Mediation Center of the Pacific to provide educational seminars to board of directors, apartment owners, CMAs on the purpose of alternative dispute resolution and mediation. Continued condominium governance mediation arrangements with additional providers. Monitored and

reviewed 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 to be utilized in education programs, including Condo Bulletin and REC webpage. Studied the feasibility of the CEF funding the filing of an arbitration. Funded through the CEF the two year condominium dispute hearings pilot program with funding in the amount of \$25,000 appropriated for fiscal year 2004-2005.

Condominium Association Registration -
Administered registration program.

Reviewed and monitored program for improvement. Administered reregistration filing deadline. Study, report, implement, maintain, and update, electronic/ computerized/ Scantron/ bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Maintained and updated internet re-registration. Administered a public list of all registered AOAOs for distribution and inclusion in Commission's webpage.

Condominium Seminars and Symposium

- Produced seminars for the condominium community through contracts with various providers and encourage new providers. Continued to administer a CRC educational advisory group to provide recommendations and input about CRC educational programs; group included 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: "ABC Basic Course," "Condo Wars,"

"Legislative Update," "Balancing the Budget," "Money Pit of Pot of Gold," "Icebergs Ahead," "Annual Meetings," "Trees, Beauty or Hazard," and "Aging in Place: Aging with Grace." Produce a seminar on reserves, especially the cash flow funding method, in collaboration with CAI - Hawaii. Proactively sought additional consultants, especially on the neighbor islands.

Condominium Managing Agent Registration - Continued to 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.

Condominium Hotel Operator Registration - Continued to implement Act 245 (SLH 2001). Administer the biennial re-registration program for 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. Deferred formal rule making process to after the completion of recodification. Continued SWAT project to reduce or repeal regulatory burdens; work with Administration and Licensing Administrator on developing 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 to be submitted to REC webpage. Provided briefings to Legislators and staff; act as a resource. Attended hearings, provide written and oral testimony on legislative bills, and bill tracking. Responded to elected officials, inquiries or complaints, request 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. Pursuant to Act 185 (SLH 2003), participated with the Department of Health in conducting a study on the impact and feasibility of allowing condominium and cooperative housing corporation projects to become licensed as assisted living facilities to provide assisted living services for its residents. Submitted the joint report of findings and recommendations, including proposed legislation to the legislature, regular session of 2004.

Interactive Participation with

Organizations - Actively participated with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, shared 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 three CRC meetings at neighbor island sites with the ERC and the LRRC. This fiscal year the meetings were held on Kauai, Maui, and in Hilo. Held meetings in

collaboration with the 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, and 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. Finalized contract approval and initiate administration of the terms of the contract. See page 49.

Rule-Making - Chapter 53, Fees -

Monitored and reviewed services provided in relation to fees. Developed drafts of proposed rules, assisted in formal rule making process with 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 the workshop date of September 2004. 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

- Held office at various neighbor island locations 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 -

Honored requests for speaking engagements for some type of program concerning or related

to condominium issues. Included requests from AOAOs, CAI, and the Hawaii Bar Association.

New Technology Program - Administered in-house and network computer system; including training, purchases, and DCCA and PVLD plans. Maintained and updated 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; developed CD ROM PC for review and use of educational materials and courses by the public. Studied feasibility of purchasing a wireless PC-based telephone conferencing equipment to facilitate participation of neighbor island condominium community and developers.

Case Law Review Program - Monitored, collected and reported 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 - Distributed start-up kit to new registered AOAOs; 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. Research options or alternative for records storage and public information. Scan and provide electronic storage of records, including minutes.

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.

Condominium Reference Library - Maintained and updated on the Commission's webpage a catalog of all public reference materials provided to State Libraries and at REB office. Maintained and updated 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, 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. Update all condominium library reference materials including board of directors guides and its printing.

Summary of Programs for Fiscal Year 2005:

Recodification of HRS Chapter 514A -

Provide briefings, updates, and presentations to the condominium community, Administration, including on the REC website, Condominium Bulletin, Real Estate Bulletin, etc. Administer "Blue Ribbon Panel" consisting of condominium attorneys and members of the condominium community. Develop multifaceted educational program, conduct educational sessions in each county and through various organizations, administer other requirements from the 2004 legislative act. Work with affected parties to finalize a consensus proposal for the development sections of the 2004 Act. Completion and submission of legislative bill at least 20 days prior to start of the 2005 session, including briefings to Senate CPH Chair and House CPC Chair and other legislators and staff. Joint program with LRRC and ERC as to those recodification issues that are pertinent to real estate licensees.

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. Update section to webpage on most commonly asked questions. Augment delivery of advice, education, and referral, including print, media and community-based interactive efforts ("Condo Moments," "Condo Corner," two 30-minute PBS broadcasts focusing on current condominium issues). Study feasibility of a monthly on-line chat discussion with a condominium specialist on pre-selected topics; promoting self governance by providing a forum for associations to network and problem solve together.

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 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. Make developer's public reports available for public viewing and copying to disc via the 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 Commission's website. Develop plan for in-house electronic publication including software determination and training. Consider the development and inclusion of an on going survey-evaluation of the bulletin plus include surveys of various other Commission programs. Update article on AOAO utilizing technology for self-governance, information, discussion, exchanging, documents, etc. Study feasibility of either increasing bulletin up to 12 pages with the addition of a developer's section, or a developer's bulletin, or a special webpage for developers.

Condominium Mediation and Arbitration Program - Administer mediation programs. Update, 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, CMAs 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. Study the feasibility of the CEF funding the filing of an arbitration.

Condominium Hearings Program -

Implement and assist in the administration of Act 164 (SLH 2004) Condominium Dispute Resolution Pilot Program. Develop an educational and awareness program in partnership with the Department of Commerce and Consumer Affairs Administrative Hearings Office and proponents of the bill.

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, implement, maintain, and update, electronic/computerized/ Scantron/ bar coding registration. Listing of all registered CMAs in REC webpage, including information on PB, fidelity bond, and preprinted lists to be available upon request.

Condominium Hotel Operator Registration

- Administer registration program; administer the biennial CHO reregistration program, participate in Batch Renewal Program. Review and recommend amendments to the administration of CHO registration, including

application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Maintain, and update internet reregistration. 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. Continue to 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. Subject to resources and utilizing existing REC educational materials, produce cost effective seminars utilizing public facilities, staff, commissioners and volunteer speakers; no cost to apartment owners of registered AOAOs. Produce a seminar on reserves, especially the cash flow funding method, collaborate with CAI-Hawaii and other interested parties. Proactively seek additional consultants, especially on the neighbor islands. Joint program with "Recodification of Chapter 514A."

CRC Educational Advisory Group -

Administer the CRC Educational Advisory Group consisting of members of the condominium community who meet periodically; subcommittee to provide recommendations on condominium education.

Condominium Managing Agents

Registration - With Licensing Branch, administer program, registration procedures, forms, instructions, deadlines, deficiencies, enforcement, fidelity bond, etc. for improvement and problem resolutions. Develop a paperless fidelity bond review process. Administer reregistration program, participate in Batch Renewal Program; work with Licensing Branch for internet re-

forms, information, records management, fidelity bond, review process, etc. Provide listing of all registered CHOs upon request, including information on fidelity bond or not, and include in REC webpage. Determine sources to locate unregistered CHOs, including county records, HVB, advertising, etc.; initiate initial compliance through education. Develop and distribute startup kits for CHOs, similar to CMAs.

Rule-Making - Chapter 107 - Study and evaluate Chapter 107, HAR, and Chapter 514A, HRS, for rule-making; research, draft, review/comment by focus groups and other interested parties; informal consultation with Deputy Attorney General, include among others, REC decisions/informal opinions, formal opinions/declaratory rulings, deregulation without reducing consumer protection and reducing use of resources, etc. Administer formal rule-making process; submit to formal process, notice and formal hearing; upon request, provide a copy of proposed rules; consider including proposed rules and/or hearing notice in REC webpage. Provide informal briefings by staff and/or Commissioner. Consider recommendations from Recodification Blue Ribbon Panel, CRC, community workshops, government officials, organizations as to rule-making for Recodification of Chapter 514; joint program with "Recodification of Chapter 514A."

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. Research, draft, and print any reports required by legislative Acts or resolutions or agreement. Amend public copy of Chapter 514A and work with ASO for its publication; study the feasibility of ramseyer format of public copy of Chapter 514A.

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). Joint program with "Recodification of Chapter 514A."

Neighbor Island Outreach - Coordinate and conduct three CRC meetings at neighbor island sites with the ERC and the LRRC. This fiscal year the CRC meetings are scheduled for the islands of Kauai, Maui and Hawaii. 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. Finalize contract

approval and initiate administration of the terms of the contract. See page 48.

Consumer Education - Develop a consumer education program targeting prospective purchasers of condominium units and new owners of condominium units, on initial project sales and resales. Consider a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers.

Rule-Making - Chapter 53, Fees - Monitor and review services provided in relation to fees. Develop drafts of proposed 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 2005. 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. Joint program with "Recodification of Chapter 514A."

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 public information. Scan and provide electronic storage of records, including minutes.

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, RICO and the DCCA; including Director's project on deregulation;

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. Joint program with "Recodification of Chapter 514A."

New Technology Program - Administer in-house and network computer system; including training, purchases, and DCCA and PVL plans. Maintain, update 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. Study feasibility of purchasing a wireless PC-based telephone conferencing equipment to facilitate participation of neighbor island condominium community and developers.

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 AOAs and New CMAs - Distribute start-up kit to new registered AOAs; 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

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.

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. Update all condominium library reference materials including board of directors chapters and its printing, including law amendments. Joint program with "Recodification of Chapter 514A."

REAL ESTATE EDUCATION FUND

Fund Balance As of June 30, 2004 (Unaudited)	FY 2004 Expenditures and Encumbrances (Unaudited)
ASSETS Cash In State Treasury \$794,725 Short term cash investments 147,399 Investment securities (cost) 0 Investment income due from Recovery Fund <u>82,579</u> Total Assets 1,024,703 LIABILITIES AND FUND BALANCE Liabilities Payables 96,392 Fund Balance Reserve for Encumbrances 28,063 Unreserved <u>900,249</u> Balance 928,312 Total Liabilities and Fund Balance \$1,024,703	I. Operations Personnel \$200,165 Supplies 672 Postage 3,514 Equipment Rentals/Maintenance 5,000 Machinery and Equipment <u>239</u> Total Operations \$209,589 II. Direct Licensee Education Annual Report/Quarterly Bulletin 39,524 Neighbor Islands Outreach 2,036 Meetings 39 Programs <u>46,080</u> Total Direct Licensee Education 87,679 III. Indirect Licensee Education Interactive Participation w/Orgs. 9,306 Dues & Subscriptions 317 Miscellaneous <u>34</u> Total Indirect Licensee Education 9,657 Total Expenditures and Encumbrances \$306,926
Revenues and Expenditures For the Year Ended June 30, 2004(Unaudited) (Unaudited)	
Revenues Fees \$141,692 Dividends and Investment <u>14,219</u> Total Revenues 155,911 Expenditures <u>278,863</u> Excess (Deficiency) of revenues over expenditures <u>(122,952)</u> Fund Balance Beginning of Year <u>1,051,264</u> End of Year \$928,312	

Revenues and Expenditures and Encumbrances FY 2000 - 2004

Fiscal Year

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Fees	\$75,955	\$607,915	\$91,080	\$646,845	\$141,692
Investment Income	<u>46,799</u>	<u>17,450</u>	<u>11,480</u>	<u>12,695</u>	<u>14,219</u>
Total Revenues	122,754	625,365	102,560	659,541	155,911
Expenditures and Encumbrances	<u>316,637</u>	<u>194,356</u>	<u>226,642</u>	<u>254,884</u>	<u>278,863</u>
Excess (deficiency) over Revenues	(\$193,883)	\$431,009	(\$124,082)	\$404,657	(\$122,952)

REAL ESTATE RECOVERY FUND

Fund Balance As of June 30, 2004 (Unaudited)

FY 2004 Recovery Fund Payments

ASSETS		Case No.	Licensee	Amount
Cash		Total Payments		\$0
In State Treasury	\$190,368			
Short term cash investments	<u>531,365</u>			
Investment securities (cost)				
Total Assets	\$721,733			

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$13,409
Investment income due to Real Estate	
Education Fund	<u>82,579</u>
Fund Balance	95,988
Unreserved	<u>0</u>
Fund Balance	<u>625,745</u>
Total Liabilities and Fund Balance	\$721,733

Revenues and Expenditures For the Year Ended June 30, 2004 (Unaudited)

Revenues	
Fees	\$116,185
Expenditures	
Operations	31,964
Legal Services	15,994
Claims	<u>0</u>
Total Expenditures	<u>47,958</u>
Excess (deficiency) of revenues over expenditures	68,227
Fund Balance	
Beginning of Year	<u>\$557,517</u>
End of Year	<u>\$625,745</u>

Revenues and Expenditures and Encumbrances FY 2000 - 2004

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Fees	\$60,200	\$64,380	\$69,495	\$86,250	\$116,185
Expenditures and Encumbrances					
Operations	21,477	28,399	27,414	24,499	31,964
Legal Services	9,967	21,494	25,599	27,267	15,994
Claims	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>105,411</u>	<u>0</u>
Total Expenditures and Encumbrances	56,445	74,893	53,013	157,177	47,958
Recoveries	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures and encumbrances	\$3,755	(10,513)	16,482	(70,927)	\$68,227

CONDOMINIUM EDUCATION FUND

**Fund Balance
As of June 30, 2004
(Unaudited)**

**FY 2004 Expenditures and Encumbrances
(Unaudited)**

ASSETS

Cash	
In State Treasury	\$912,428
Short term cash investments	<u>0</u>
Total Assets	<u>\$912,428</u>

Personnel	\$267,723
Supplies	3,312
Postage	4,500
Equipment Rentals/Maintenance	5,717
Education and Research	83,401
Equipment for Office	1,048
Staff/Commissioner Development	810
Resource Materials	34
Dues & Subscriptions	1,492
Miscellaneous	<u>121</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$94,385
Fund Balance	
Reserve for Encumbrances	27,708
Unreserved	<u>790,335</u>
Fund Balance	<u>818,043</u>

Total Expenditures and Encumbrances \$368,157

Total Liabilities and Fund Balance \$912,428

**Revenues and Expenditures
For the Year Ending June 30, 2004
(Unaudited)**

Revenues	
Fees	\$136,024
Investment income	<u>1,410</u>
Total Revenues	137,434
Expenditures	<u>340,450</u>
Excess (deficiency) of revenues over expenditures	(203,016)
Fund Balance	
Beginning of Year	<u>1,021,059</u>
End of Year	<u>\$818,043</u>

FY 2005 Budget

Personnel	\$356,528
Postage	6,000
Equipment Rentals/Maintenance	7,500
Contingency	500
Education and Research	93,511
Staff/Commissioner Development	
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	1,000
Recodification of Chapter 514A	150,000
Condominium Hearing Program	<u>25,000</u>
Total Expenditures and Encumbrances	\$644,039

Revenues and Expenditures and Encumbrances FY 2000-2004

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Fees	\$42,710	\$561,478	\$36,598	\$419,797	\$136,024
Investment Income	<u>21,514</u>	<u>27,220</u>		<u>1,761</u>	<u>1,410</u>
Total Revenues	64,225	588,698	36,598	421,558	137,437
Expenditures and Encumbrances	<u>138,977</u>	<u>261,208</u>	<u>292,054</u>	<u>322,626</u>	<u>340,450</u>
Excess (deficiency) over Revenues	(\$74,752)	\$327,490	(\$255,456)	\$98,932	(\$203,013)