



# 2005 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 Imanaka, Vice Chair

Iris R. Okawa

Vern Yamanaka

Louis E. Abrams

Kathleen Kagawa

Trudy Nishihara

Carol Mae Ball

Michele Sunahara Loudermilk

## **The 2005 Hawaii Real Estate Commission**

**John Ohama**  
Chair  
Oahu, Real Estate Broker

**Mitchell A. Imanaka**  
Vice Chair REC, and Chair, Condominium Review Committee  
Oahu, Real Estate Broker

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

**Louis E. Abrams**  
Vice Chair, Laws and Rules Review Committee  
Kauai, Real Estate Broker

**Vern M. Yamanaka**  
Chair, Education Review Committee  
Hawaii, Real Estate Broker

**Trudy I. Nishihara**  
Vice Chair, Education Review Committee  
Oahu, Real Estate Broker

**Kathleen H. Kagawa**  
Vice Chair, Condominium Review Committee  
Oahu, Real Estate Broker

**Michele Sunahara Loudermilk**  
Oahu, Public Member

**Carol Mae Ball**  
Maui, Real Estate Broker

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### **Commissioners Completing Term June 30, 2005:**

**John Ohama, Chair**  
**Mitchell A. Imanaka, Vice Chair, and Chair,**  
**Condominium Review Committee**

### **Commissioner Starting Term July, 2005:**

**Stanley Kuriyama, Chair, Condominium Review**  
**Committee**

### **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 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 Fiscal Year 2005. The Commission currently oversees approximately 17,700 licensees. Of these, approximately 13,094 are active licensees in the State. We also currently oversee approximately 1,501 condominium associations, and 16 condominium hotel operators. In FY 2005 there were 11,877 condominium units created as part of the 288 new project filings. This is a dramatic increase over the 2,318 units created in FY 2004. Conversion and new project filings brought the total number of current apartment owners of registered condominium associations to 138,330, 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. The Commission's work is carried out by three standing committees, the Laws and Rules Review Committee, the Education Review Committee, and the Condominium Review Committee.

The Chair of the Laws and Rules Review Committee, Iris Okawa, continues to do an outstanding job for the Commission. Commissioner Okawa is a two-term public member who is an integral part of our ongoing relationship with ARELLO (Association of Real Estate License Law Officials) as an active director and representative from Hawaii who is well respected and looked to for her opinions and her knowledge. Her Vice Chair is Commissioner Louis Abrams from Kauai. Commissioner Abrams is responsible for the sub-committees 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 third sub-committee on agency. The Hawaii Association of REALTORS will again introduce a bill in the 2006 legislative session to redefine the agency laws in Hawaii for real estate. This could be a huge change to the entire industry and careful study and much work will be needed.

The focus on continuing to improve the quality of education for the real estate industry is the responsibility of the Education Review Committee, chaired by Vern Yamanaka, and assisted by vice chair Trudy Nishihara. Effective January 1, 2005, the Commission implemented a brand new broker's curriculum to upgrade the quality of education and therefore, the quality of professionalism of our licensees. The salesperson's curriculum was also revised and updated this fiscal year. We are targeting January 1, 2006 for implementation of the new salesperson's curriculum. The Commission's 2004-2005 mandatory core course was once again developed for the Commission in both an on-line and live classroom format. The revamping of real estate education is a huge task and will be the main focus of this committee and the commission in the next few years. Commissioner Trudy Nishihara headed a volunteer task force of industry experts that has made recommendations, reviewed curricula, reviewed two mandatory core courses, and reviewed the proposed new salesperson's curriculum.

The 2005 legislative session saw the passage of Act 93 to finally recodify Hawaii Revised Statutes, Chapter 514A, the Condominium Property Regimes law. The emphasis for FY 2006 will be to implement the new law on July 1, 2006. The recodification of HRS Chapter 514A was long overdue (30+ years) and the recodification effort was spearheaded by the vice chair of the Commission, Mitchell Imanaka. Commissioner Imanaka also served as the chair of the Condominium Review Committee. Commissioner Imanaka's vice-chair was Kathleen Kagawa. Commissioner Kagawa has been a quiet but effective force supporting Chair Imanaka's agenda for the Condomin-

ium Review Committee. A volunteer “blue ribbon” panel of condominium experts helped to draft this historic bill.

In 2005-2006, it will be important that the Real Estate Commission remain stable and maintain continuity. Commissioners Iris Okawa, Louis Abrams, Vern Yamanaka, Kathleen Kagawa, and Trudy Nishihara have all proven themselves hard working and very active. These commissioners will be the key to the future of the Real Estate Commission and the future of new programs that will impact the way business is done for our licensees and the general public. They are joined by two new Commissioners, Michele Sunahara Loudermilk, public member, and Carol Mae Ball, a broker and Commissioner from Maui.

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 in general. With changing technologies shrinking the global community, we still have much more work to do. The Commission has taken the initial steps that can lead the real estate industry and make Hawaii a better, more professional place to do business. I thank you for your support and ask for your continued support for the Commission’s endeavors in the future.

I also wish to sincerely acknowledge the help and support of Mark Recktenwald, Director, Department of Commerce and Consumer Affairs (DCCA), Noe Noe Tom, Licensing Administrator, Professional and Vocational Licensing Division, DCCA, the Regulated Industries Complaints Office, DCCA, the Department of the Attorney General, and the Real Estate Branch and its Supervising Executive Officer, Calvin Kimura. On behalf of the Commissioners, we thank them all, as well as the many volunteers in the community who have given their time and expertise to contribute to an improved environment for the real estate licensee as well as the general public.

Respectfully Submitted,

A handwritten signature in cursive script that reads "John Ohama".

John Ohama  
Chair

**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  
Jon Gasper, Clerk  
Janelle Sarae, Clerk  
Toalua Lavatai, Clerk Typist  
Louise Tadaki, Clerk Typist  
Tania Nakano, Clerk**

**335 Merchant Street, Room 333  
Honolulu, Hawaii 96813  
Telephone: 586-2643  
Web: <http://www.hawaii.gov/hirec>  
Email: [hirec@dcca.hawaii.gov](mailto:hirec@dcca.hawaii.gov)**

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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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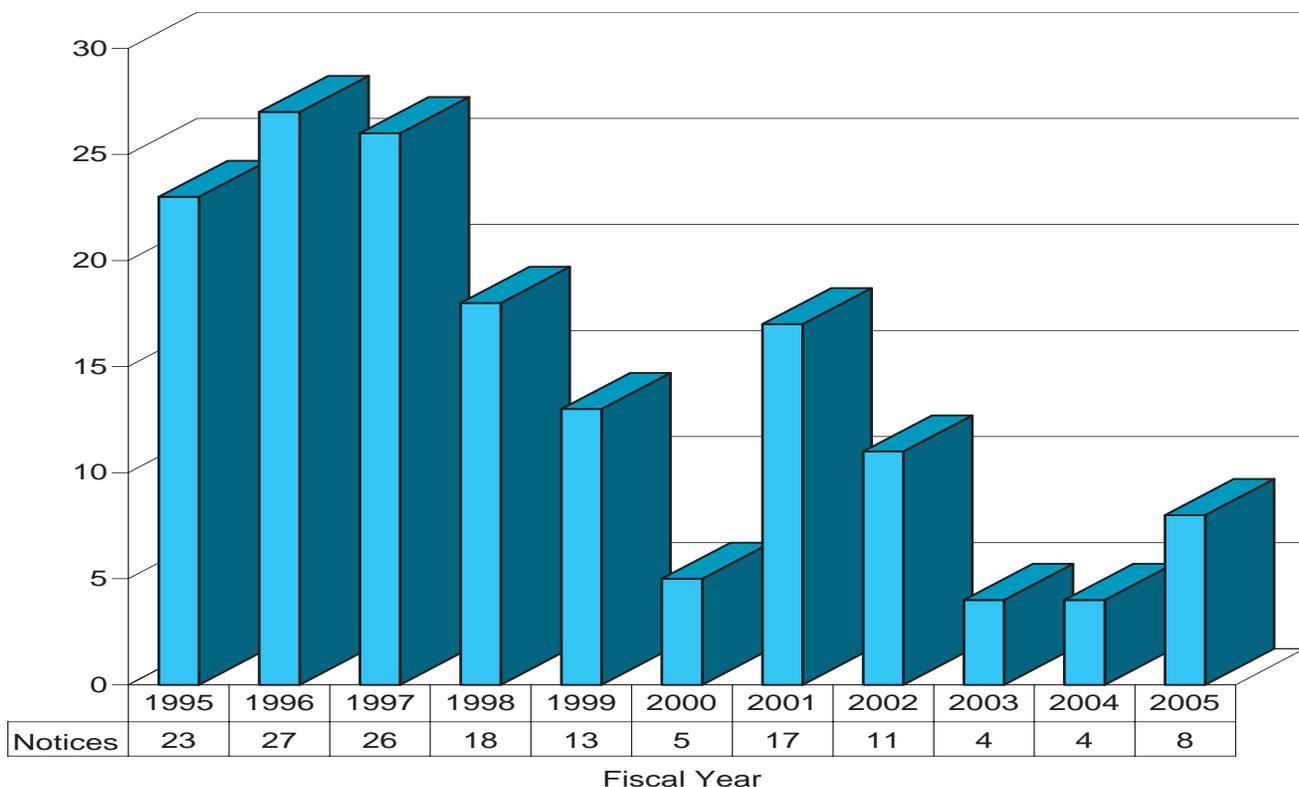
## LAWS AND RULES REVIEW COMMITTEE REPORT

The Committee, for FY 2005, 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 633, HRS - Amends the exclusive jurisdiction of the small claims division of the district court over security deposit disputes between a landlord and tenant to provide concurrent jurisdiction to the regular claims division when adjudicating a summary possession (i.e. eviction) action involving the same parties. Clarifies that the district court having jurisdiction over a civil action involving summary possession has concurrent jurisdiction with the small claims court over security deposit disputes between a landlord and tenant. Effective January 1, 2006.
- Act 82 – Amends Chapter 667, HRS - Provides for non-judicial foreclosure of time share interests under the power of sale. This Act allows a mortgagee to foreclose under the existing power of sale law by giving notice of the intention to foreclose the mortgage.
- Act 83 – Amends Chapter 454, HRS - Amends provisions relating to exemptions from mortgage brokers and solicitors law. Provides that a person licensed as a real estate broker or salesperson in the state selling timeshare interests on behalf of a timeshare plan developer that is licensed as a mortgage broker is exempt.
- Act 170 – Amends Chapter 436B, HRS - Facilitates the process for restoring the professional or vocational license of a member of the Hawaii National Guard, regular military or military reserves whose license has expired, been for-

CHART 1. Recovery Fund - Notices



feited, or deemed delinquent while the member is on active duty and deployed during a state or national crisis. Effective July 1, 2005.

- Act 214 – Amends Chapter 515, HRS - Prohibits discrimination based upon sexual orientation as well as gender expression and identity in all real estate transactions.

### Special Subcommittees

For this fiscal year, the Committee expanded the direction of three subcommittees and added two. The five 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
- Subcommittee on Agency
- Subcommittee on Applicants with Criminal and other Legal Background Issues.

### Licensing

The Commission, through the Professional and Vocational Licensing Division, developed and initiated a plan for the 2005 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.

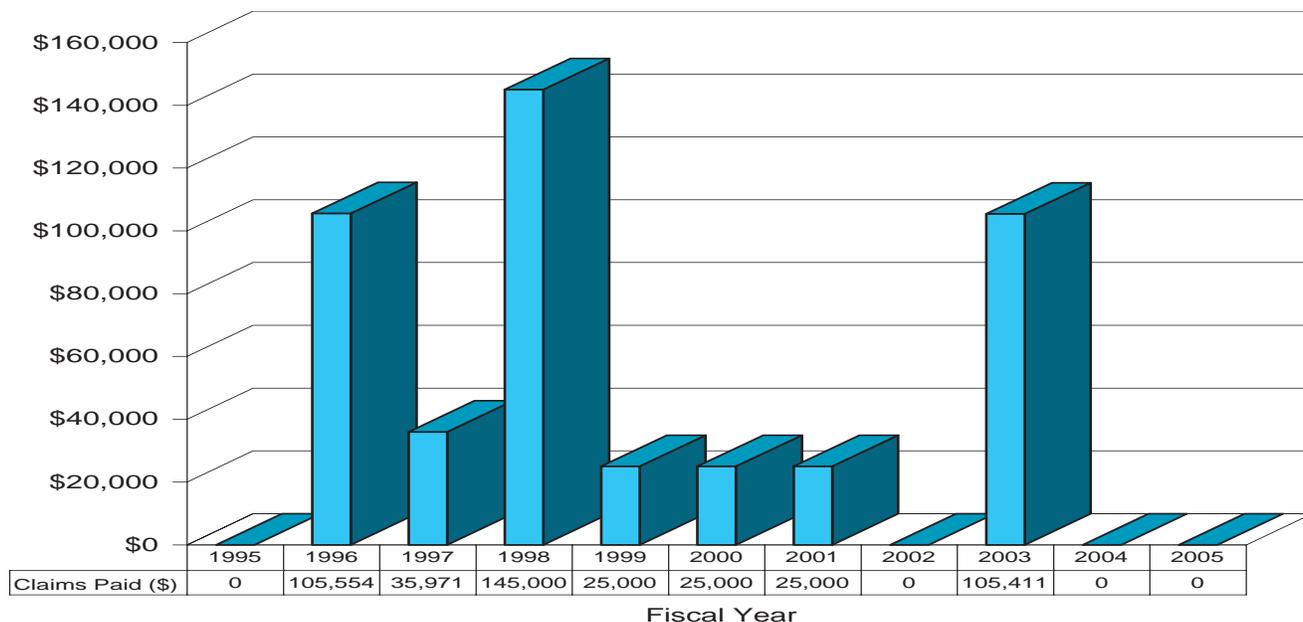
### Real Estate Recovery Fund

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.

During FY 2005, the Commission received notification in 8 cases, a 100% increase from the notices received in 2004. See Chart 1.

In FY 2005, 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 2005 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** - Monitored, reviewed, researched, and made 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; implemented plan, conducted workshops, and disseminated 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 require-

ments 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 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 other programs of mutual concern, joint program with ERC and CRC.

**HUD/ARELLO Fair Housing Agreement**

– Administered the terms of the agreement and coordinated annual review by HUD officials. Participated with ARELLO’s Fair Housing Committee and worked 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 2006 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:
  1. Internet Advertising/VOWS
  2. Referral Fees/License Recognition
  3. Property Manager Licensing and Related Issues
  4. Agency Issues
  5. Applicants with Criminal and other Background 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
- Case Law Review Program
- Rule Making, Chapter 53, Fees
- Commissioners Education Program
- Division and Department Programs
- HUD/ARELLO Fair Housing Agreement

## ADMINISTRATIVE ACTIONS

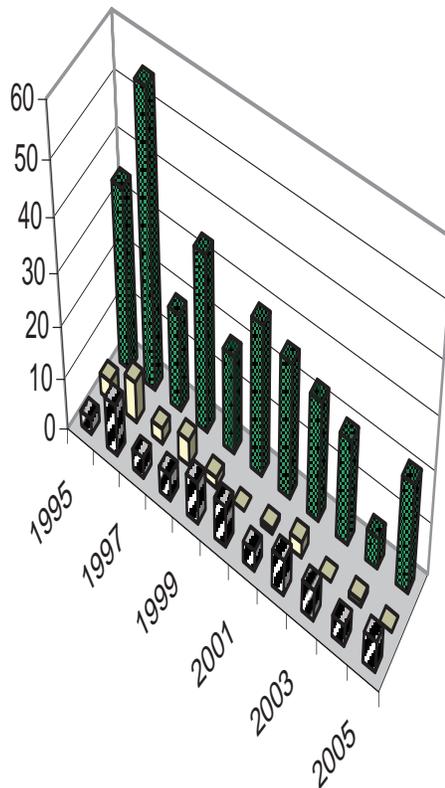
### Disciplinary Actions

The Commission took disciplinary action against 25 licensees in FY 2005. This was a 108% increase over the 12 licensees disciplined in FY 2004. Fines totaling \$39,500 were assessed against 21 of the licensees. Six licensees had their licenses revoked. There were no licenses suspended. Table 1 and Chart 3 provide details on disciplinary actions and Chart 5 shows the distribution by the type of real estate activity involved in the case. Of note, fines totalling \$39,500 are up as compared to last year's fines totalling \$15,500. Chart 4 provides historical information on the number of licensees disciplined.

**Table 1. Administrative Actions**

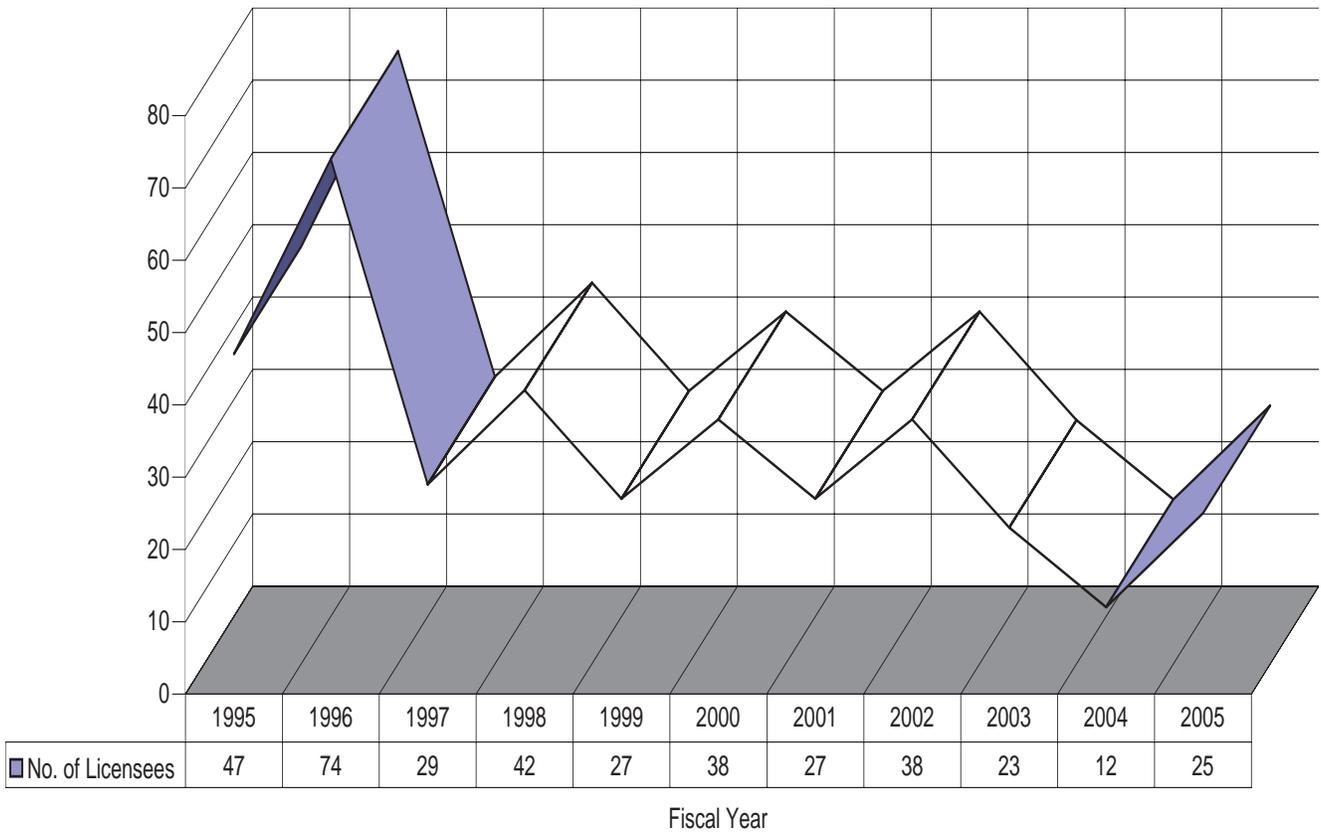
<b>No. of Licensees Disciplined - By Category</b>	
<b>General Brokerage</b>	<b>10</b>
<b>Property Management</b>	<b>6</b>
<b>Advertising</b>	<b>2</b>
<b>Tax Obligations</b>	<b>1</b>
<b>Licensing Requirements</b>	<b>6</b>
<b>Total</b>	<b>25</b>
<b>Licenses Revoked</b>	<b>6</b>
<b>Licenses Suspended</b>	<b>0</b>
<b>Licenses Fined</b>	<b>21</b>
<b>Total fines</b>	<b>\$39,500</b>
<b>Licenses Subject to Other Sanctions</b>	<b>6</b>

**CHART 3. Administrative Actions - Sanctions (FY 1995-2005)**

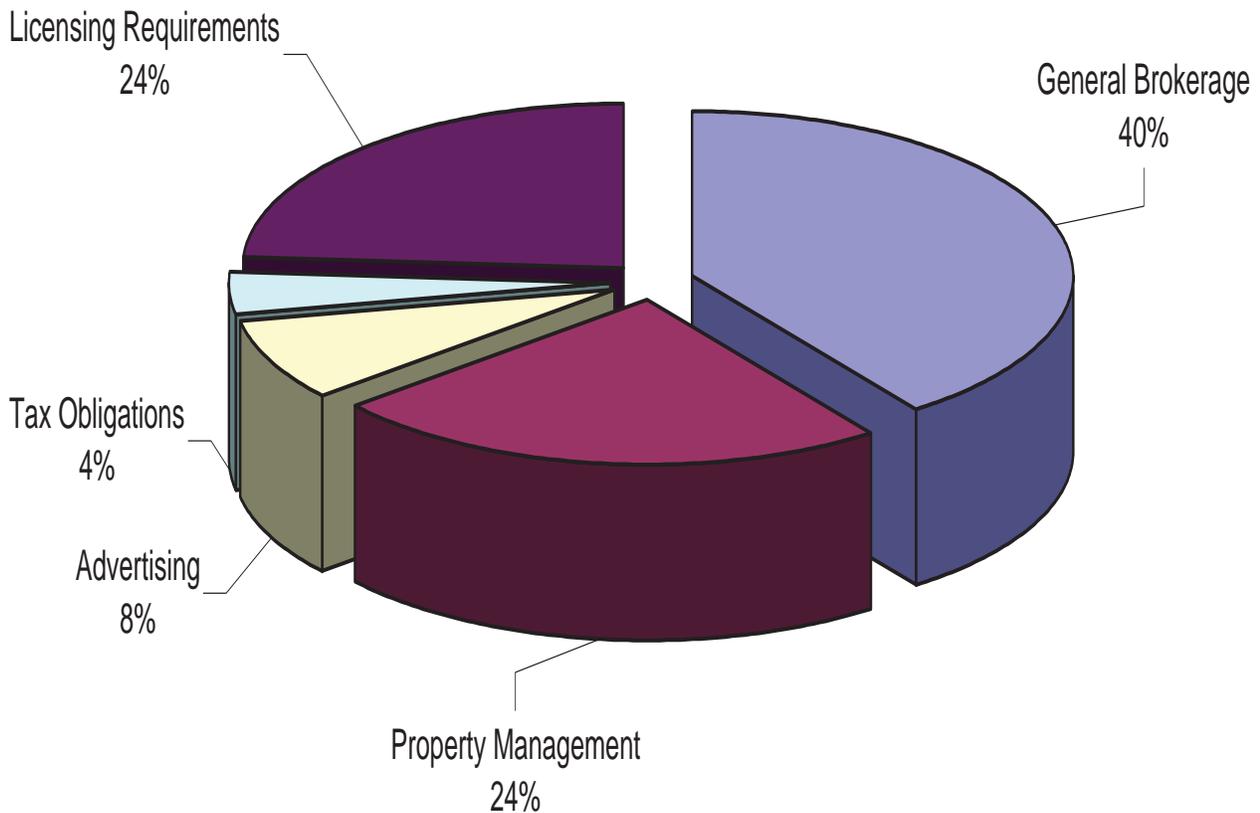


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<span style="display: inline-block; width: 10px; height: 10px; background-color: #333; border: 1px solid black;"></span> Licenses Revoked	3	10	4	5	8	8	4	7	6	4	6
<span style="display: inline-block; width: 10px; height: 10px; background-color: #ccc; border: 1px solid black;"></span> Licenses Suspended	4	8	3	5	2	0	1	3	0	1	0
<span style="display: inline-block; width: 10px; height: 10px; background-color: #006400; border: 1px solid black;"></span> Licenses Fined	35	56	19	34	19	29	26	23	20	6	21

**CHART 4. Disciplinary Actions (FY 1995-2005)**



**CHART 5. Disciplinary Actions By Activity (FY 2005)**



## REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

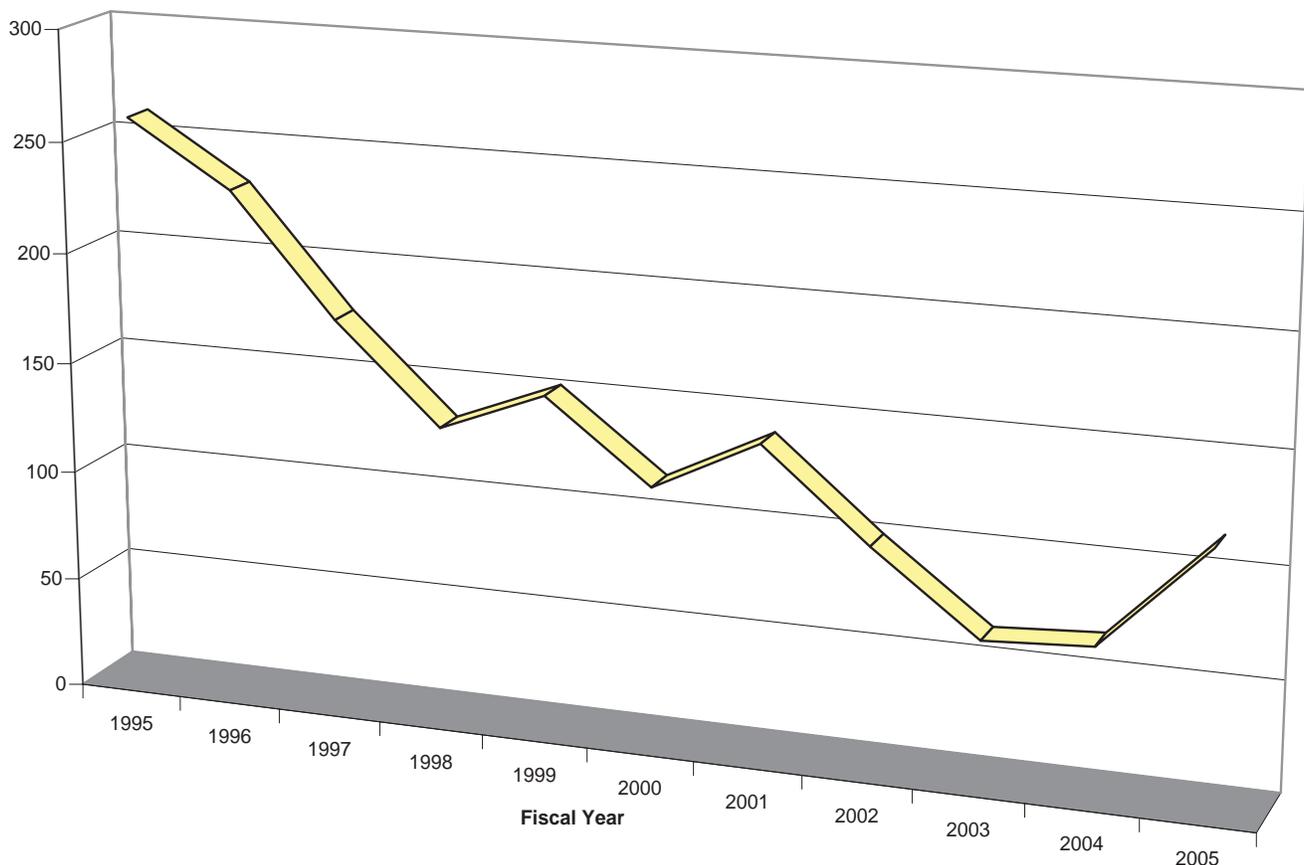
RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 72% increase in 2005. RICO received 115 real estate complaints in FY 2005, compared to 67 in FY 2004. Refer to Chart 6.

Ninety-five (95) of the complaints are pending while 19 have been closed. Of the closed complaints, there was insufficient evidence in 3 cases, warning letters were issued in 11 cases, 3 cases were resolved, in one case RICO determined there was no violation, and one complaint was withdrawn.

Charts 7 and 8 show the number of cases in which specific provision of the law or rule were violated or alleged to be violated. The

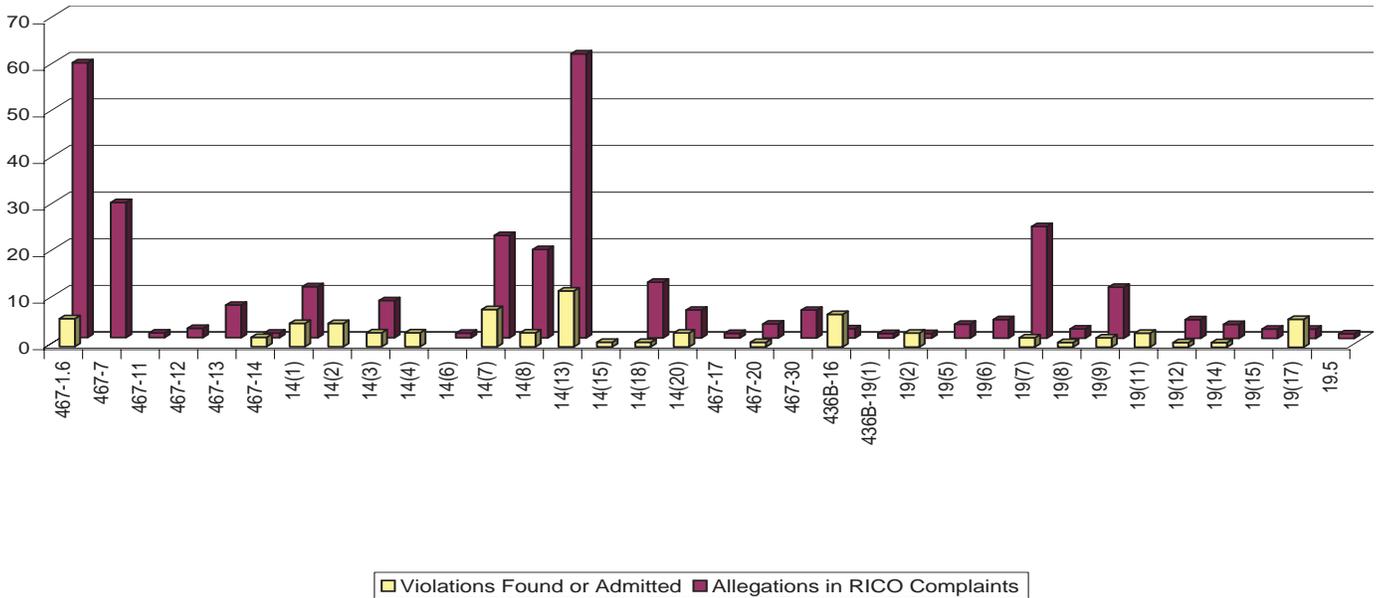
allegations are based on RICO complaints. The violations found or admitted show the number of disciplinary action cases in which the licensee(s) admitted or the hearings officer found a violation of a specific rule or law. In disciplinary actions that are concluded by settlement agreement, there often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

**CHART 6. RICO Complaints (Real Estate FY 1995-2005)**



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Complaints	260	231	177	133	152	116	140	100	64	67	115

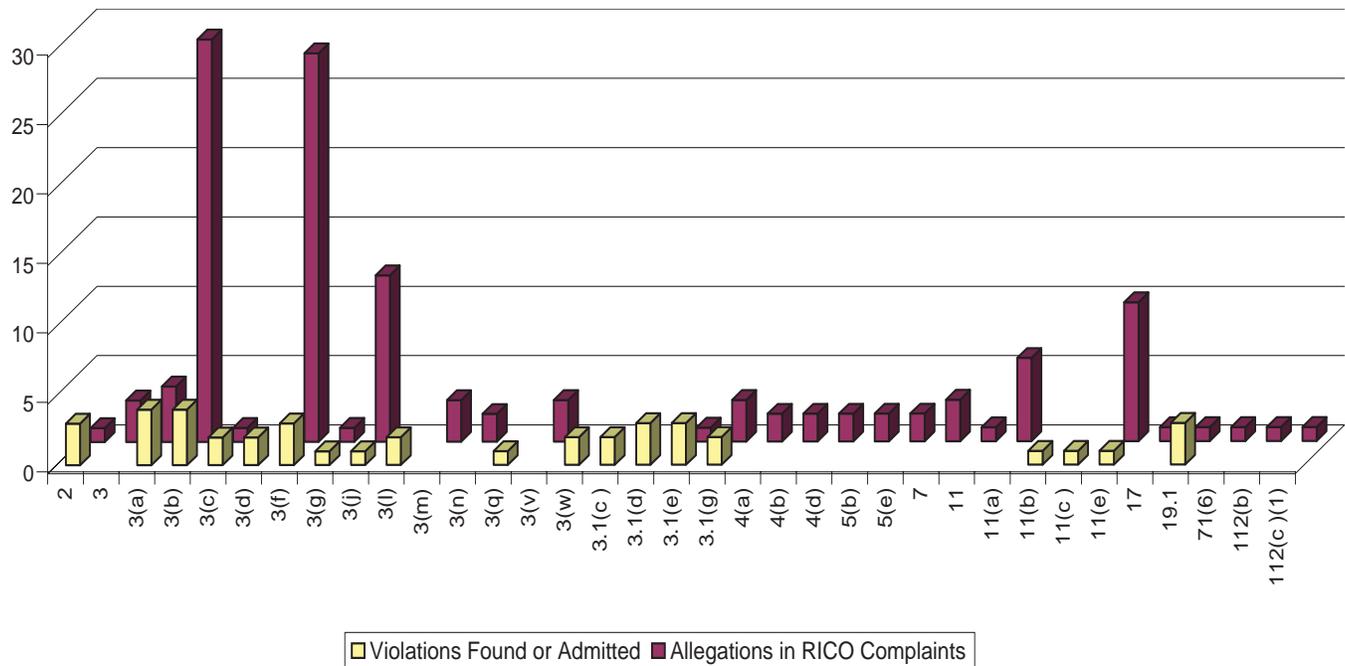
### CHART 7. Statutory Violations (HRS Ch. 467 and 436B)



§467-1.6	Principal broker shall have direct management and supervision of the firm and its licensees.		the licensee’s obligation to avoid error, misrepresentation, or concealment of material facts.
§467-7	Licenses required to act as a real estate broker or salesperson.	§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
§467-11	Fees	§467-20	False statements
§467-12	Place of business and posting of license.	§467-30	Registration, bonding and other requirements for condominium hotel operators.
§467-13	Licensee shall deliver a copy of the agreement or contract to the parties signing it at the time the signature is obtained.	§436B-16	Failure to provide required notification of judgments, awards, disciplinary sanctions, orders, or other determinations to the licensing authority.
§467-14	Revocation, suspension, and fine.	§436B-19(1)	Failure to meet or maintain the conditions and requirements necessary to qualify for the granting of a license.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§436B-19(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-19(5)	Procuring a license through fraud, misrepresentation, or deceit.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(4)	Without first having obtained the written consent to do so of both parties involved in any real estate transaction, acting for both the parties in connection with the transaction, or collecting or attempting to collect commissions or other compensation for the licensee’s services from both of the parties.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of 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(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(11)	Engaging in business under a past or present license issued pursuant to the licensing laws, in a manner causing injury to one or more members of the public.
§467-14(13)	Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.	§436B-19(12)	Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license.
§467-14(15)	Commingling the money or other property of the licensee’s principal with the licensee’s own.	§436B-19(14)	Criminal conviction, whether by nolo contendere or otherwise, of a penal crime directly related to
§467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill		

- the qualifications, functions, or duties of the licensed profession or vocation.
- §436B-19(15) Failure to report in writing to the licensing authority any disciplinary decision issued against the licensee or the applicant in another jurisdiction within thirty days of the disciplinary decision.
- §436B-19(17) Violating this chapter, the applicable licensing laws, or any rule or order of the licensing authority.
- §436B-19.5 Noncompliance with child support order.
- §16-99-2 Relating to Definitions

### CHART 8. Rules Violations (Chapter 99)



- §16-99-3 Relating to Conduct
- §16-99-3(a) Licensee shall fully protect the general public in its real estate transactions.
- §16-99-3(b) Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
- §16-99-3(c) Licensee shall not be a party to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.
- §16-99-3(d) Licensee shall recommend that title be examined, survey be conducted, or legal counsel be obtained when the interest of either party requires it.
- §16-99-3(f) Licensee shall see that financial obligations and commitments are in writing.
- §16-99-3(g) Licensee shall not acquire property without making the true position known in writing to the owner.
- §16-99-3(j) Licensee shall transmit immediately all written offers to the listing broker.
- §16-99-3(l) Licensee shall not place any sign or advertisement indicating a property is for sale, rent, lease, or exchange without the written authorization of the owner or seller and approval of the principal broker or broker in charge.
- §16-99-3(m) A principal broker or broker in charge shall be immediately responsible for the real estate operations conducted at the place of business.

- §16-99-3(n) A brokerage firm shall maintain a place of business located in this state at a business address registered with the commission from which the brokerage firm conducts business and where the brokerage firm books and records are maintained.
- §16-99-3(q) Within ten days of receiving a written request, it shall be the responsibility of the principal broker or broker in charge of the brokerage firm to provide broker applicants formerly or presently employed by or associated with them with an accurate experience certification statement in the form provided by the commission attesting to the length of time that the broker applicant has been actively associated with or employed full-time by the brokerage firm. Falsification of information contained in the certification form shall be cause for revocation or suspension of the broker's or brokerage firm's license and of the salesperson's license if that person is a party to the falsification.
- §16-99-3(v) Licensee shall not convert other people's moneys to the licensee's own use.
- §16-99-3(w) Violations of chapter may cause the revocation or suspension of license.
- §16-99-3.1(c) Required disclosures.
- §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 federally insured, and place all entrusted funds therein.

- §16-99-4(b) Every brokerage firm shall retain for at least three years records of all trust funds which the brokerage firm has received.
- §16-99-4(d) Every brokerage firm shall deposit or place trust funds received into a neutral escrow depository or in a trust fund account with some bank or recognized depository, which is federally insured, by the next business day following their receipts.
- §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.
- §16-99-5(b) Name and address filing requirements for each brokerage firm.
- §16-99-5(e) Any licensee whose license has been forfeited, suspended, revoked, or terminated shall immediately cease employment and shall return the licensee's wall certificate and identification card to the commission.
- §16-99-7 Renewal of license
- §16-99-11 Advertisements
- §16-99-11(a) Advertisements
- §16-99-11(b) No licensee shall advertise "For Sale by Owner," "For Rent by Owner," "For Lease by Owner," or "For Exchange by Owner."
- §16-99-11(c) Current individual real estate licensees, whether active or inactive, shall disclose the licensee's status as a real estate licensee in all advertising and promotional material.
- §16-99-11(e) Licensees Name
- §16-99-19.1 License name
- §16-99-71(6) REPEALED
- §16-99-112(b) Within ten days of the end of any continuing education course or completion of course offered by alternative delivery methods, the continuing education provider shall issue to each student having completed the course a certificate of completion of course on a form prescribed by the commission. Except as provided in sections 16-99-91 and 16-99-92, the continuing education certificate of completion of course is valid only for the biennium license period in which the course was completed.
- §16-99-112(c) Continuing education provider shall submit A listing of licensees who have completed the course with their issued course completion certificate numbers, course and instructor names, and course offering number and date, using a commission prescribed electronic method, together with the prescribed number of copies as requested by the commission.

## Education Review Committee Report

The Committee, for FY 2005, 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 Kauai, Maui and Kona in FY 2005.

### 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 November, and in Kona in June. 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, 2005, the Commission sponsored an Instructors Development Workshop (IDW) at the REALTORS® Association of Maui, Inc., in conjunction with the unveiling of its 2004-2005 core course. A second IDW was held on Oahu in March, 2005.

### Continuing Education

During the fiscal year, there were 112 approved CE courses, a decrease from the 146 approved CE courses in the previous fiscal year. Fifty-eight (58) of the courses were national courses. There were 31 CE providers. CE providers offered 568 classes to 21,487 participants

as compared to the previous fiscal year of 982 classes offered to 9,456 participants.

### Prelicensure Education and Experience

At the end of FY 2005, there were 31 certified prelicense instructors. There were 17 approved prelicense schools. There were 218 broker candidates and 1911 salesperson candidates who completed the courses during the fiscal year.

During the fiscal year, there were 590 applications approved for equivalency to the prelicensing education requirement. In addition, there were 503 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 month in Waikoloa, and twice a month in Kahului, and on Kauai. As shown in Table 2 and Chart 9, the number of examination candidates increased more than 33% over last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with Promissor and Commission policies.

There were 435 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 69% increase over the last fiscal year's total of 257 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 REAL-

TORS®, 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.

**Table 2. Real Estate Licensing Examination**

	FY 2004	FY 2005	% Change
Brokers Tested	516	1022	98.1%
Salespersons Tested	3458	4283	23.9%
Total Tested	3974	5305	33.5%
Brokers Pass	201	360	79.1%
Salespersons Pass	2152	2564	19.1%
Total Passed	2353	2924	24.3%
% Brokers Pass	39.0%	35.2%	
% Salespersons Pass	62.2%	59.9%	

### 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 19,738 telephone inquiries, 904 walk-in inquiries, 17,574 written inquiries/written requests, faxes, and 7,499 e-mails. See Chart 11.

### Website Hits

The ease of access to the REC's website, [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec) (hirec), seven days a week and 24 hours each day for information, forms, and applications has provided well over 679,159 hits during the fiscal year (website statistics for January and a part of February are not included in the total number due to unavailabil-

ity of statistics). See Chart 10. 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 REC's website. Although the website hits have decreased substantially since FY 2003, it appears that the REC's website remains 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.

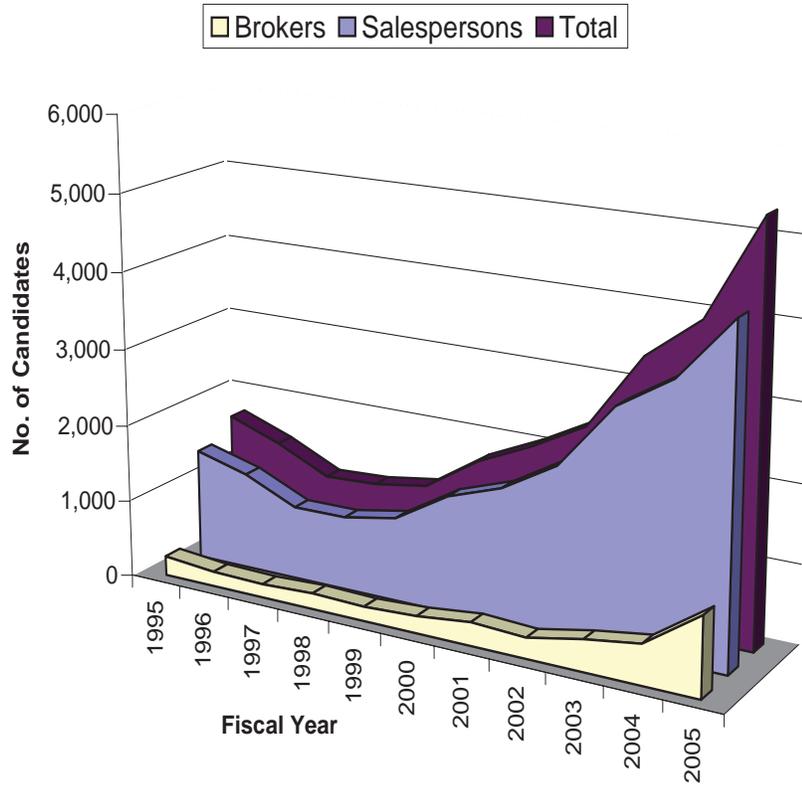
### Publications

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 the REC's website at [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec). While the Bulletin provides articles on current licensing and real estate issues, its usefulness in communicating information with immediacy has been supplanted by the REC's website.

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.

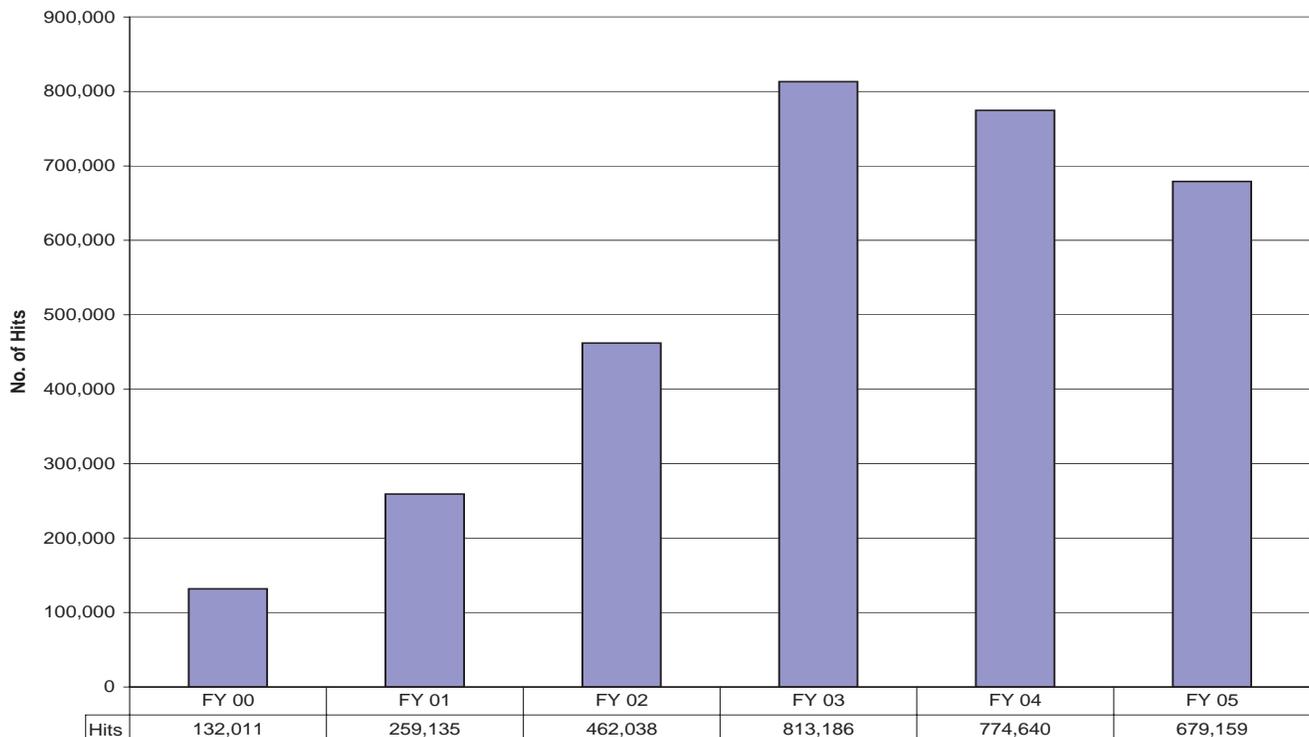
In contrast to the Bulletin and School Files, the Commission's Annual Report is primarily an electronic publication. A limited number of printed copies are distributed to the Legislature and Governor. Interested licensees and members of the public may download and print the report on hirec.

**CHART 9. Licensing Examination Candidates (FY 1995-2005)**



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
□ Brokers	255	193	178	207	187	224	304	269	409	516	1,022
■ Salespersons	1,444	1,258	952	955	1,082	1,504	1,744	2,158	3,012	3,458	4,283
■ Total	1,699	1,451	1,130	1,162	1,269	1,728	2,048	2,427	3,421	3,974	5,305

**CHART 10. Web Site Hits**



## Licenses

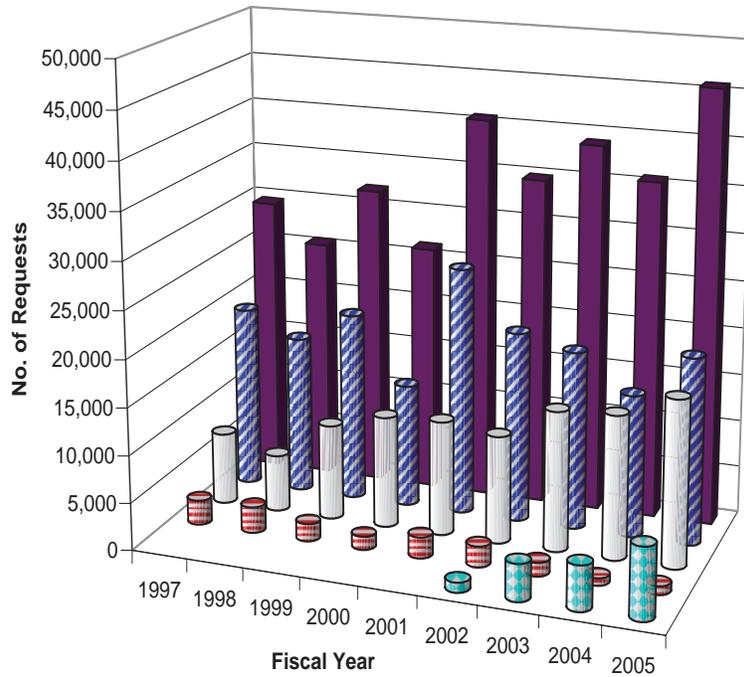
### New Licenses

The number of new licenses issued in FY 2005 increased 19.5% over the prior fiscal year. During the year, 2,622 new licenses were issued. Individual broker licenses increased by 71%, new salesperson licenses increased by 14%, and new entity licenses increased by 23%. Refer to Chart 12.

### Current Licenses

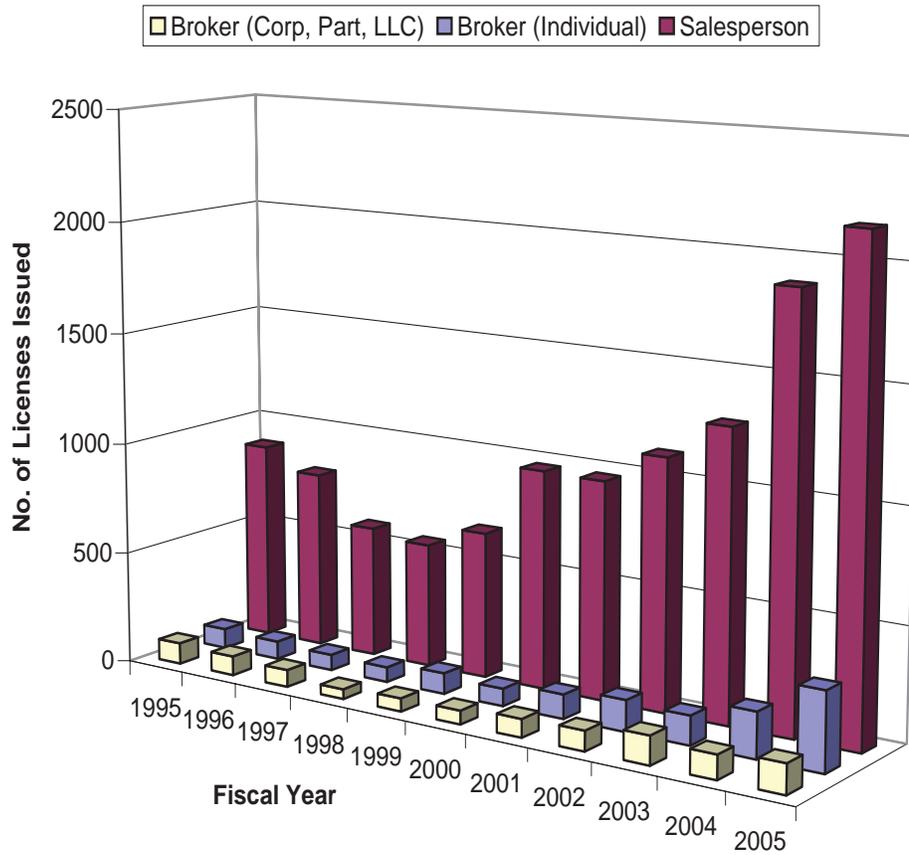
The overall number of current real estate licenses increased 2% by the end of FY 2005. In FY 2005, active licenses increased 7% over last year while inactive licenses decreased 9%. There was a 6% increase of active licenses on Oahu, and growth on the neighbor islands with Hawaii increasing 11%, Maui 4%, and Kauai 10%. Refer to Table 2, Table 3, Chart 13, and Chart 14.

**CHART 11. Inquiries and Applications**



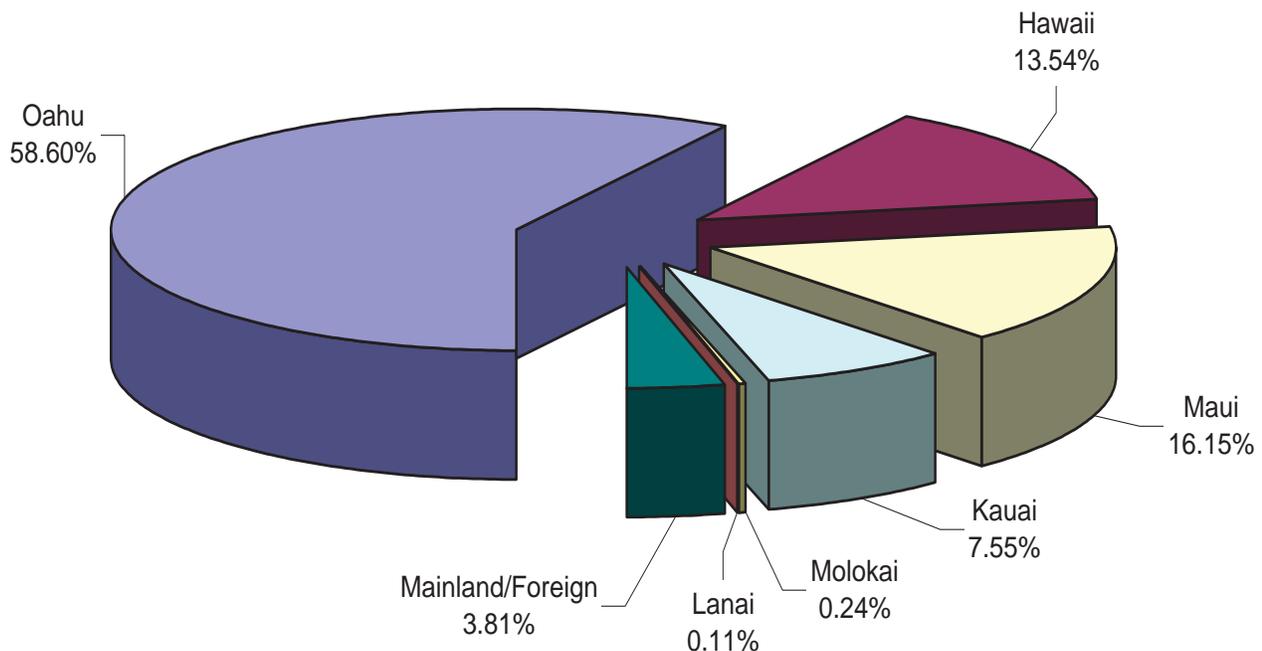
	1997	1998	1999	2000	2001	2002	2003	2004	2005
E-mail						1,052	3,889	4,695	7,499
Walk-ins	2,600	2,748	1,852	1,400	2,241	2,185	1,417	768	904
Applications / written requests	7,600	6,010	10,072	11,770	12,068	11,343	14,753	15,137	17,574
Telephone calls	19,300	16,761	20,038	13,050	26,295	20,184	18,864	15,050	19,738
Total	29,500	25,519	31,962	26,220	40,604	34,764	38,923	35,650	45,715

**CHART 12. New Real Estate Licenses Issued (FY 1995-2005)**



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
■ Broker (Corp, Part, LLC)	94	86	76	44	58	61	81	88	126	106	130
■ Broker (Individual)	88	81	71	66	92	78	107	138	128	201	344
■ Salesperson	886	793	586	553	651	971	968	1111	1278	1887	2148

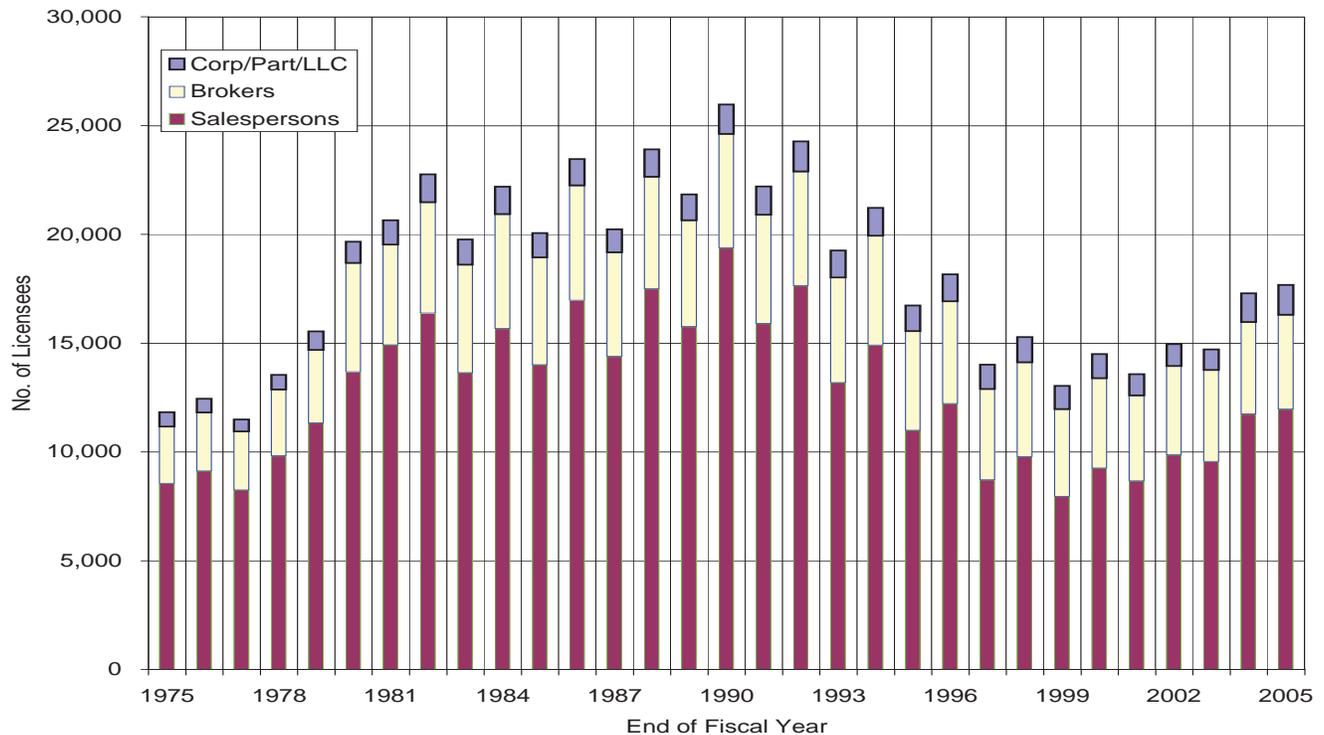
**CHART 13. Real Estate Licensees - By Island (July 2005)**



**Table 3. Current Real Estate Licensees - By License Type and Island (July 2005)**

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
<b>Active</b>								
Broker	1,703	416	379	188	10	4	34	2,734
Salesperson	4,503	1,160	1,564	711	22	5	86	8,051
Sole Proprietor	777	142	103	51	2	1	5	1,081
Corporation, Partnership, LLC	827	197	212	86	4	3	0	1,329
<b>Total Active</b>	<b>7,810</b>	<b>1,915</b>	<b>2,258</b>	<b>1,036</b>	<b>38</b>	<b>13</b>	<b>125</b>	<b>13,195</b>
<b>Inactive</b>								
Broker	293	46	32	24	2	0	126	523
Salesperson	2,227	427	556	271	2	7	420	3,910
Corporation, Partnership, LLC	30	5	9	4	0	0	3	51
<b>Total Inactive</b>	<b>2,550</b>	<b>478</b>	<b>597</b>	<b>299</b>	<b>4</b>	<b>7</b>	<b>549</b>	<b>4,484</b>
<b>Active and Inactive</b>								
Broker	1,996	462	411	212	12	4	160	3,257
Salesperson	6,730	1,587	2,120	982	24	12	506	11,961
Sole Proprietor	777	142	103	51	2	1	5	1,081
Corporation, Partnership, LLC	857	202	221	90	4	3	3	1,380
<b>Total</b>	<b>10,360</b>	<b>2,393</b>	<b>2,855</b>	<b>1,335</b>	<b>42</b>	<b>20</b>	<b>674</b>	<b>17,679</b>

**CHART 14. Total Real Estate Licensees**



## FY 2005 PROGRAM OF WORK

### Education Review Committee

#### **Continuing Education 2005-2006 Core**

**Course** – Researched and developed the core course on law update, rules update, and ethics for licensing biennium; and provided recommendations on the future of the core course.

**Evaluation and Education System for CE and Prelicensing Instructors** – Administered evaluation system of prelicensing and continuing education instructors.

**Broker Curriculum and Resources** - Developed and implemented amended broker curriculum.

**Administration of Prelicense Education Program, Schools and Instructors** – Administered applications, approval process, information, renewals, certification, records management, re-evaluation, etc. Coordinated instructor's examination program. Administered an evaluation system on schools and instructors. Researched, developed, printed, and distributed the quarterly School Files, a bulletin for educators; a joint program with the Continuing Education Program.

**Administration of Examinations** – Administered the real estate licensing examination program, including contract administration with Promissor, information, trouble shooting, reviewed amendments to application booklets, periodic reports, daily exams, etc.

**Administration of Continuing Education Elective Courses** – Provided administrative information to elective course providers and licensees, assisted providers in submissions, reviewed submitted applications, reviewed submitted curriculum, made recommendations, and records management.

**Administration of Continuing Education Program, Providers, and Instructors** – Administered the continuing education program, providers, instructors, courses, information

center, records management, etc. Researched, developed, printed, and distributed quarterly School Files, a bulletin for educators; a joint program with Prelicense Education Program. Developed, printed, and distributed continuing education course schedules.

#### **Education Evaluation Task Force (EETF)**

– Reviewed, recommended, assisted in development, updates and administration of education-related projects and continuing education.

**Real Estate Education Fund (REEF)** – Maintained and reviewed the budget, finance, and records for REEF; prepared quarterly and annual financial statements; prepared annual and biennial budgets; and administered fund investment programs, including contract administration and procurement code management.

**Annual Report and Quarterly Bulletin** – Researched, developed and distributed the Commission's annual report. Researched, edited, printed, and distributed the quarterly REC bulletin; and contract administration with consultant, procurement code management.

**Meetings and Symposium** – Planned, coordinated, and conducted monthly Education Review Committee meetings.

**Advice, Education, and Referral** – Provided advice, education, and referral to applicants, licensees, government officials, consumers, public, organizations, etc., including research, reproduction, mailing, etc. Developed a distribution system of educational and informational products to each principal broker and broker in charge. Published and distributed educational and informational materials; provided educational materials through REC website.

**Neighbor Island Outreach** – Held three ERC meetings on neighbor island sites.

**Interactive Participation with Organizations**

– Actively participated 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** – Provided 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**

– Researched, participated, and reported on requests 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, provided training to RICO investigators.

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

**Instructor’s Development Workshop** – Developed, sponsored, coordinated, and/or produced instructor development workshops for prelicensing and continuing education instructors to have met rule requirements.

**Uniform Section Equivalency of Prelicensing Examination** – Administered applications on the equivalency to the uniform part of the exam, passage of the uniform part of another state’s exam. Implemented Promissor contract provision and new law on utilizing either part of exam for different purposes.

**Prelicensing Education Equivalency Administration** – Administered applications for

prelicensing education equivalencies including consultation with ARELLO.

**Records Management** – Evaluated, planned, reorganized, and implemented a centralized, consistent, user friendly, computerized glossary of the existing and future records and files.

**Real Estate Reference Library** – Subscribed and purchased 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, coordinated with DCCA’s coordinator, training of staff, purchases of hardware and software, programming, etc.

**Information Distribution System** – Researched, developed, and implemented 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**

– Packaged and distributed startup kits to newly licensed salespersons.

**Cooperative Education, Research, and Administration Program**

– Actively participated and sponsored 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 were part of a real estate related program.

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

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

## **FY 2006 PROGRAM OF WORK**

### **EDUCATION REVIEW COMMITTEE**

- Continuing Education Core Course
- Salesperson Curriculum and Resources
- 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 for the Day
- Real Estate Speakership Program
- Prelicensing Education Equivalency Administration
- Uniform Section Equivalency of Prelicensing Examination
- Technology and 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 REPORT

Chair Mitchell Imanaka and Vice Chair Kathleen Kagawa directed the Condominium Review Committee's 2005 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 year's program of work again focused on completing the recodification of the condominium law, Chapter 514A, Hawaii Revised Statutes (HRS). The 2000 Legislature recognized that "[Hawaii's] condominium property regimes law is unorganized, inconsistent, in some instances 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, Act 131, SLH 2003, Act 164, SLH 2004 and Act 93, SLH 2005. Highlights of what the 2005 Legislature did in completing the recodification of the condominium property regimes law (effective July 1, 2006) are summarized here:

- Establishes provisions relating to the creation, alteration, and termination of condominiums; the registration and administration of condominiums; and the protection of condominium purchasers;
- Makes effective July 1, 2006 parts I and II of Act 164 (SLH 2004); provisions relating to the governance and management of condominium associations;
- Amends section -149 relating to the handling and disbursement of association funds conditionally passed last year, by basically changing the amendments to reflect the current law as set forth in section 514A-97(c), HRS.
- Clarifies that:
  - the requirement to file an annual update of a developer's public report extends to a developer's successor or assign;
  - a developer and real estate broker shall keep records of all sales transactions and proceeds in accordance with the requirements of the real estate brokers and salespersons law, chapter 467, HRS, and the related administrative rules;
- Repeals chapter 514A, HRS;
- Adds a standard savings clause provision;
- Clarifies the parameters of the savings clause provision relating to condominium developers and purchasers by providing that the legislation does not affect the parties' rights and obligations under a sales contract for a condominium unit in a project registered under chapter 514A, HRS, prior to the effective date of the new condominium law;
- Deletes the appropriation from the condominium education trust fund for the conduct of post bill passage educational activities; and
- Makes technical amendments to the bill, correcting statutory and other internal references.
- The Commission has included in its Program of Work for Fiscal Year 2006, the implementation of the new condominium

**Condominium Apartment Owners on the Commission**

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

- Iris R. Okawa**
- Louis Abrams**
- Michele Sunahara Loudermilk**

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

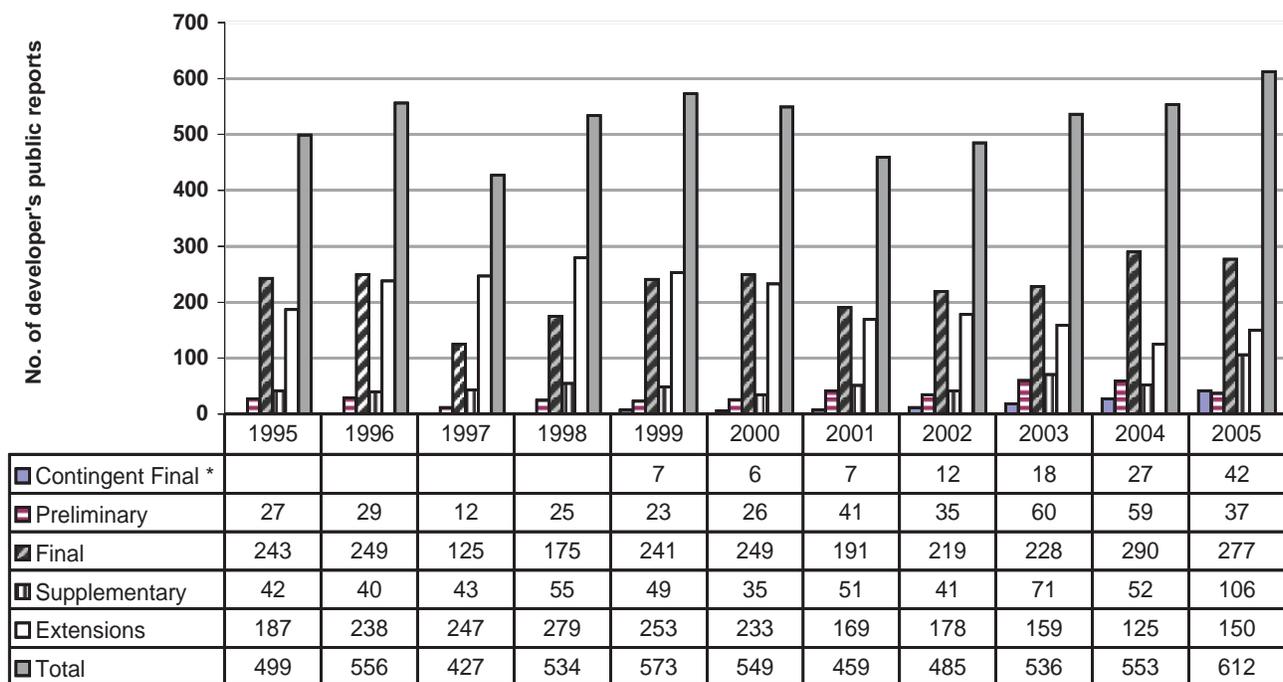
ium law as it relates to the registration of condominium projects, management of condominiums, and an educational program targeted to inform the condominium community, developers, real estate licensees, prospective condominium

purchasers, and the general public about the new condominium law.

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, managing agents and interested others inquired about the following new laws:

- Act 93 (SLH 2005), SB 1132 SD2 HD1 CD1, previously discussed, and known as the recodification bill was approved by the Governor on June 2, 2005.
- Act 89 (SLH 2005) SB 1349 SD1 HD1 CD1 amends provisions relating to documents of the AOA (financial statements, general ledgers, the accounts receivable ledger, accounts payable ledgers, check ledgers, insurance policies, contracts, and invoices of the AOA) by requiring condominium board of direc-

**CHART 15. Developer’s Public Reports Effective Dates Issued**



tors to maintain records for the duration those records are kept by the association and to be available for examination by apartment owners at a convenient location designated by the board.

- Act 90 (SLH 2005) SD1 HD1 CD1 requires the approved board of directors' minutes for the current and prior year be available to any owner at no cost or on a 24-hour loan, at a convenient location at the project to be designated by the board of directors; or be transmitted to any apartment owner making a request for the minutes, by the board of directors, the managing agent, or the association's representative, within 15 days of the

request, as requested by the owner either by mail, electronic mail transmission or facsimile. The owner shall pay a reasonable fee for administrative costs associated with handling the request.

- Act 91 (SLH 2005) SD1 HD1 provides that if the land under the condominium is owned jointly by lessors, all of whom qualify as tax exempt charitable organizations, the sale by one (1) co-lessor to another co-lessor of its interest in the land under the condominium shall not be subject to the lease to fee conversions for condominiums and cooperative housing corporations law.
- Act 92 (SLH 2005) SD1 repeals limitations on issues that may be submitted

**Table 4. Condominium Project Filings**

<b>New Projects</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Residential	47	64	66	79	103	192	219
No. of Apartments Represented	1028	1028	1642	2096	3012	6274	9334
Commercial and Other	11	18	15	5	10	12	25
No. of Apartments Represented	81	95	367	33	67	1444	2338
Agricultural	27	27	30	28	30	29	44
No. of Apartments Represented	62	51	93	74	435	70	205
Total New Projects	85	109	111	112	143	234	288
Total No. of Apartments Represented	1171	1174	2102	2203	3514	2318	11877
<b>Conversions</b>							
Residential	73	55	44	58	92	116	135
No. of Apartments Represented	368	342	454	591	740	1422	2347
Commercial and Other	11	14	4	5	20	10	16
No. of Apartments Represented	734	57	234	273	360	777	1325
Agricultural	42	47	51	26	46	51	30
No. of Apartments Represented	90	120	128	27	91	119	146
Total Conversion Project	126	116	99	89	158	177	181
Total No. of Apartments Represented	1192	519	816	891	1191	7788	3818
<b>Combined New &amp; Converted Project Filings</b>	<b>211</b>	<b>225</b>	<b>210</b>	<b>201</b>	<b>301</b>	<b>411</b>	<b>469</b>
<b>Combined No. of Apartments Represented</b>	<b>2363</b>	<b>1693</b>	<b>2918</b>	<b>3094</b>	<b>4705</b>	<b>10106</b>	<b>15695</b>

\* 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.

and considered for an administrative hearing before an administrative hearing officer as part of a two (2) year pilot program. The issues include: disputes involving an AOA’s declaration, bylaws, house rules, or sections 514A-82(b)(1) to (13), 514A-82.1, 514A-82.15, 514A-82.3, 514A-82.5, 514A-82.6, 514A-83, 514A-83.1, 514A-83.2, 514A-83.4, 514A-83.5, 514A-84, 514A-84.5 or 514A-92.5.

- Act 83 (SLH 2005) HD1 SD1 amends time share law to define “master development” and “person” and redefines “blanket lien,” “developer,” and “project.” Exempts a sales agent of a time share developer licensed as a mortgage broker from broker and solicitor license laws.
- Act 88 (SLH 2005) HD1 SD1 exempts a rental management contract offer or sale under an apartment rental program made

through a licensed real estate broker or salesperson in a condominium project from the securities registration requirement.

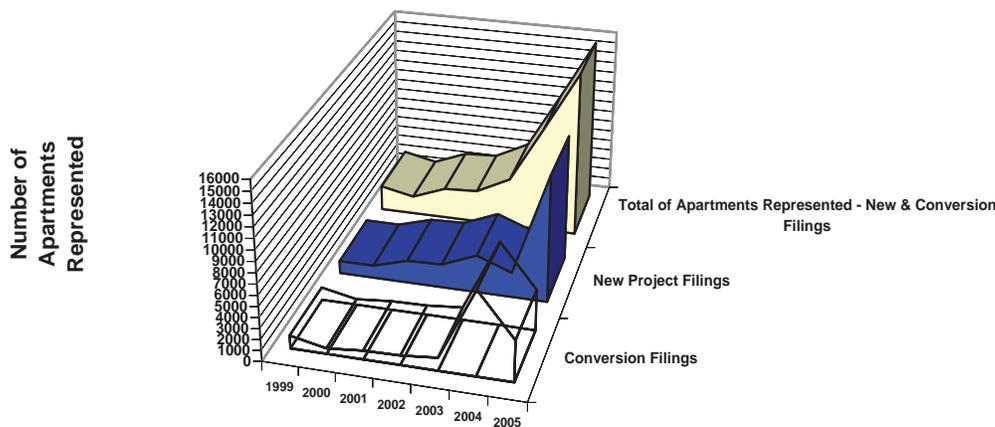
Adopted Resolutions include:

- SCR 79 SD1 HD1 (HSCR 1734) requests the convening of a task force to facilitate the establishment of viable naturally occurring retirement communities.
- HCR 204 requests a sunrise analysis of the regulation of condominium association managers.

Other Condominium Related Legislation Included:

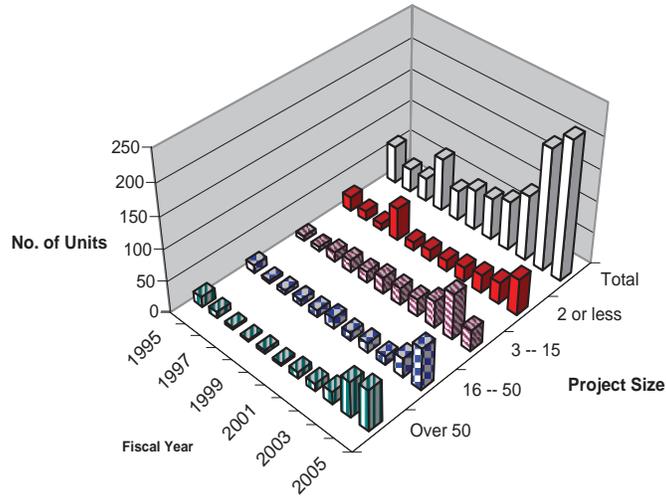
- Act 155 amends provisions relating to content of bylaws under condominium management provisions. Provides that

**Chart 16. Number of Condominium Apartments**



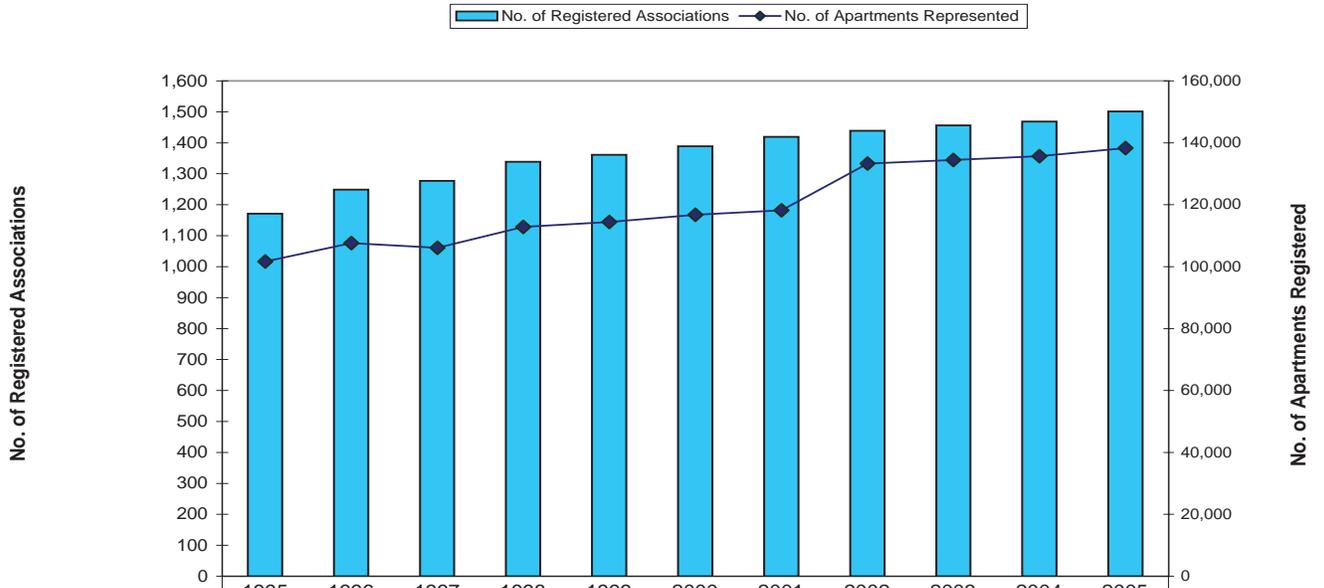
	1999	2000	2001	2002	2003	2004	2005
☐ Conversion Filings	1192	519	816	891	1191	7788	3818
■ New Project Filings	1171	1174	2102	2203	3514	2318	11877
☐ Total of Apartments Represented - New & Conversion Filings	2363	1693	2918	3094	4705	10106	15695

**Chart 17. New Residential Projects - By Size**



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Over 50	16	10	4	3	5	4	10	12	20	56	64
16 -- 50	13	5	7	10	11	17	12	15	13	30	66
3 -- 15	8	7	15	19	18	26	27	27	42	72	33
2 or less	23	15	11	52	13	17	17	23	28	34	57
Total	60	37	37	84	47	64	66	77	103	192	220

**Chart 18. Condominium Association Registration**



No. of Registered Associations	1,171	1,249	1,277	1,339	1,361	1,389	1,419	1,439	1,456	1,469	1,501
No. of Apartments Represented	101,628	107,580	106,052	112,832	114,449	116,750	118,209	133,276	134,444	135,708	138,334

the removal and replacement of members of the board of directors of apartment owners shall be by a vote of a majority of the apartment owners. Adds that if bylaws provide for cumulative voting by the owners, the owners may so vote if an owner gives notice of the owner’s intent to cumulatively vote before voting commences. Amends Act 164, Session Laws of Hawaii, 2004. — SB1798 CD1.

- Act 157 allows the installation of solar energy devices on single-family residential dwellings or townhouses (that are CPRs) pursuant to the “Solar Energy” Placement Device law of Section 196-7, HRS, subject to board or apartment owners consent for placement on a common element. Requires the AOA to adopt rules by December 31, 2006 to provide for the placement of solar energy devices.

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, also consistent with Act 100, (SLH 1999), includes a summary of the CEF programs that have been

funded for the prior fiscal year (2005) and the current fiscal year (2006).

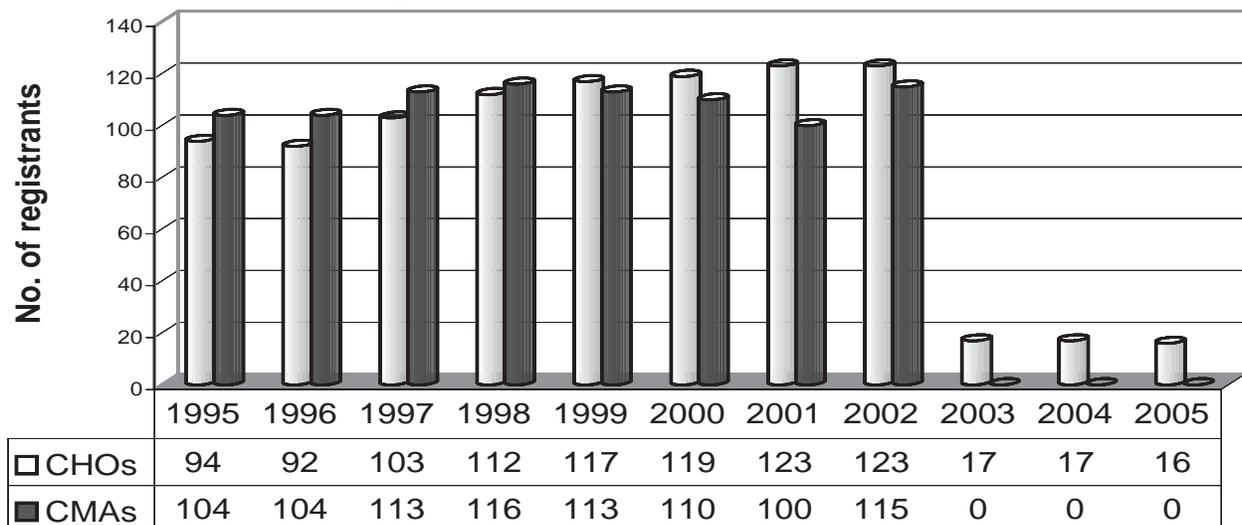
## Summary of Programs for Fiscal Year 2005:

**Recodification of HRS Chapter 514A** – Discussed above.

**Advice, Education, and Referral** - 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 website. Studied the feasibility of a monthly on-line chat discussion with a condominium specialist on pre-selected topics; promoted self governance by providing a forum for associations to network and problem solve together. Monitored the effectiveness of the program. Refer to Chart 20.

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

**Chart 19. CMA and CHO Registrations**



Share Administrator. Administered consultant contracts. Provided access to the developer's public reports via the internet. Continued the study of a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys. Procured new condominium consultants.

**Hawaii Condominium Bulletin** - Developed, wrote, edited, printed and distributed a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and maintained copies on the Commission's website. Provided the bulletin through electronic medium; including electronic distribution prior to hard copy distribution. Began the plan for in-house electronic publication including software purchase and training. 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 website for developers.

**Condominium Mediation and Arbitration Program** - Administered mediation programs. 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. Initiated procurement of mediation providers. 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 was utilized in education programs, including the Condo Bulletin and REC website. Studied the feasibility of the CEF funding the filing of an arbitration.

**Condominium Hearing Program** - Assisted with the administration of a two year condo-

minium dispute hearings pilot program pursuant to Act 164, (SLH 2004). Provided funding in the amount of \$25,000 as appropriated for fiscal year 2005-2006.

#### **Condominium Association Registration**

- Administered the 2005-2007 Condominium Association Biennial Registration program. Reviewed and monitored program for improvement. Administered registration filing deadline. Maintained and updated internet re-registration. Administered a public list of all registered AOAOs for distribution and inclusion in the REC's website.

#### **Condominium Hotel Operator Registration**

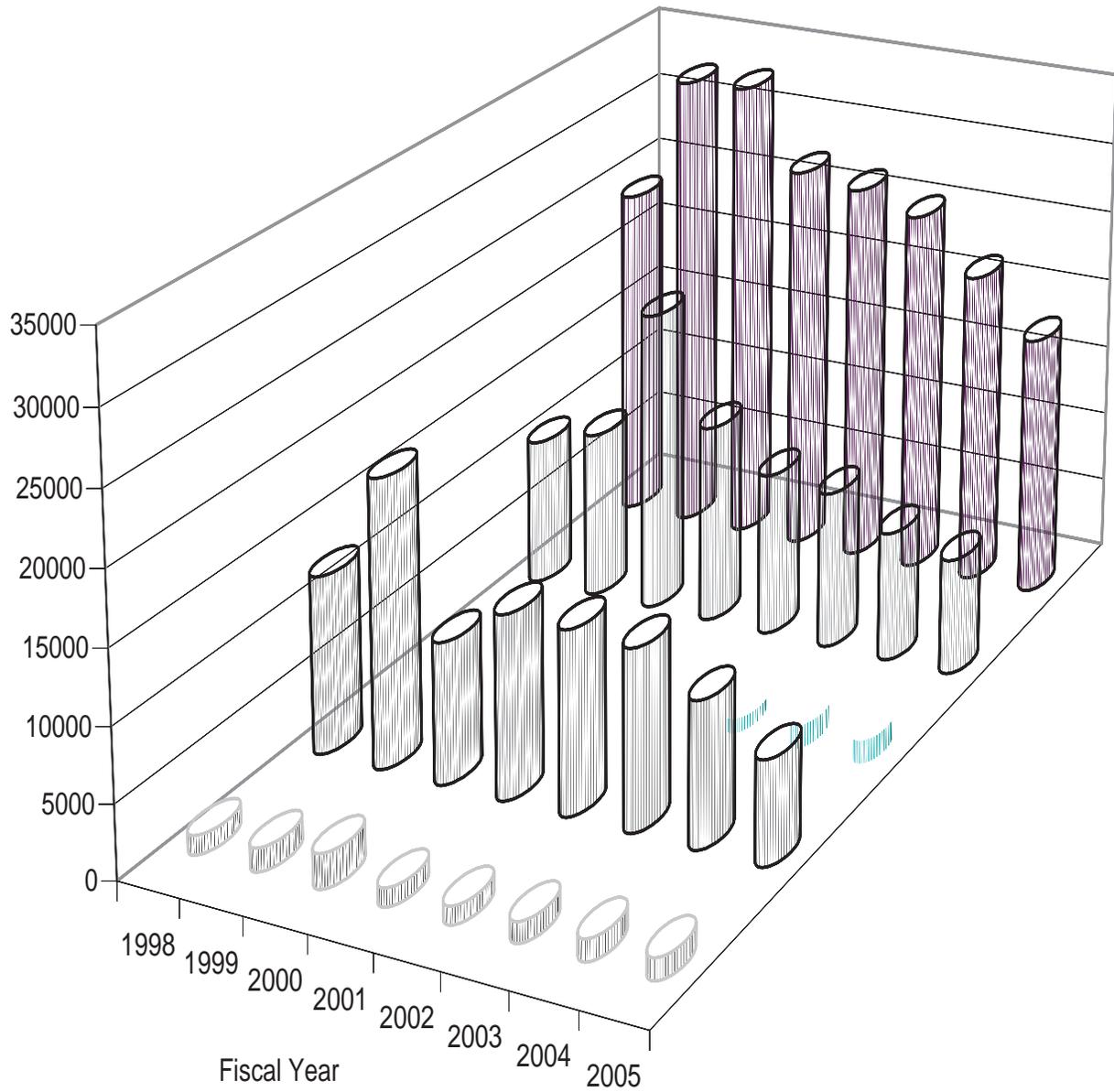
- Continued to implement Act 245 (SLH 2001). Administered the biennial reregistration program for applicants. Reviewed and monitored program for improvement and problem resolutions.

#### **Condominium Seminars and Symposium**

- Produced seminars for the condominium community through contracts with various providers and encouraged 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: "Dealing with Difficult Owner/Board Member," "Ask the Expert," "Owner Rights & Wrongs," "Covenant Enforcement", "Alternative Dispute Resolution," "Aging Building Series," "The Effective One-Hour Board Meeting," "Dealing with Disaster," and "ABC Basic Course." Proactively sought additional consultants, especially on the neighbor islands.

**CRC Education Advisory Group** - Administered the CRC Educational Advisory Group consisting of members of the condominium community who met periodically; subcommit-

**Chart 20. Condominium Advice Education and Referral**



	1998	1999	2000	2001	2002	2003	2004	2005
Walk Ins	1293	1568	2325	1235	1229	1395	1480	1473
Written Requests/Applications	12143	19635	9650	12481	12449	12217	9819	7027
Emails						1259	1819	1812
Calls	10348	11721	21182	13947	11387	10971	9050	8064
<b>Total</b>	<b>23784</b>	<b>32924</b>	<b>33157</b>	<b>27663</b>	<b>27067</b>	<b>25842</b>	<b>22168</b>	<b>18376</b>

tee provided recommendations on condominium education.

**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.

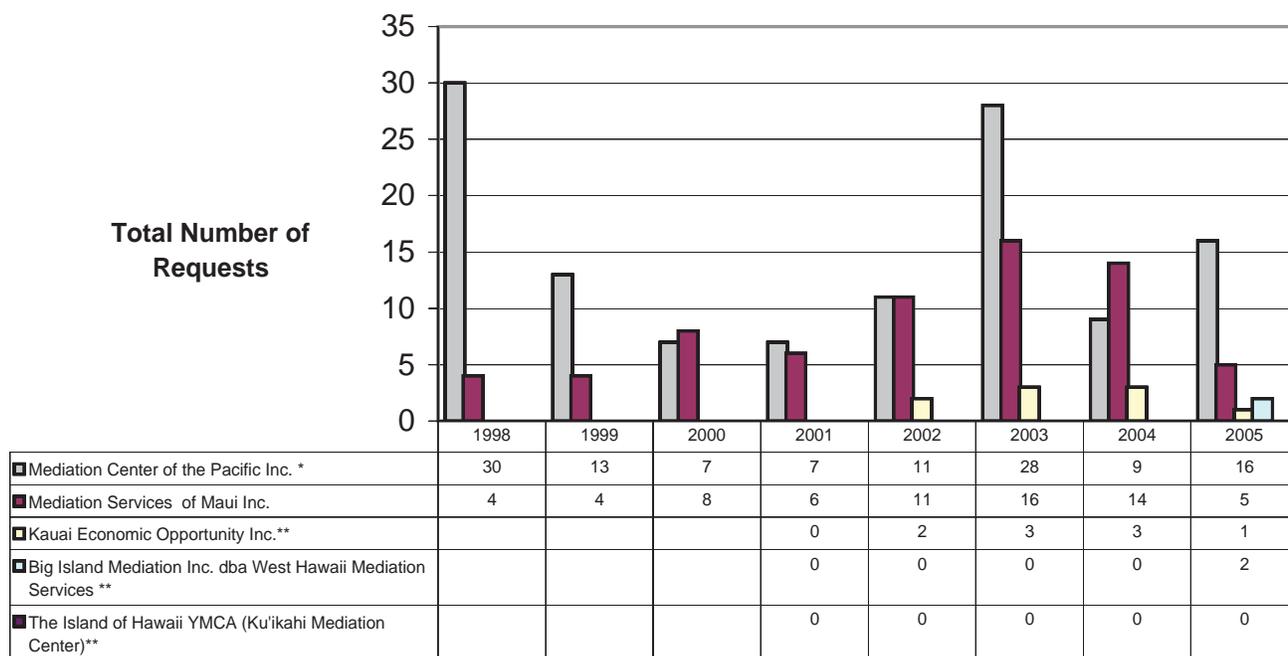
**Rule-Making - Chapter 107** - Studied and evaluated Chapter 107 and HRS Chapter 514A, for rule making consistent with the recodification of HRS, Chapter 514A; considered deregulation without reducing consumer protection. Deferred formal rule making process to after the completion of recodification. Continued SWAT project to reduce or repeal regulatory burdens; worked 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 the REC website.

**Government and Legislative Participation and Report** - Researched, developed and distributed annual report to the Legislature on CEF programs and funds; immediately upon completion it was posted to the REC website. Provided briefings to Legislators and staff; acted as a resource. Attended hearings, provided written and oral testimony on legislative bills, and bill tracking. Responded to elected officials, inquiries or complaints, 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. Participated in

**Chart 21. Condominium Governance Mediations**



\* Ika 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.

SCR 79 - Naturally Occurring Retirement Communities (NORC) Task Force.

**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 Kona. 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 initiated administration of the terms of the contract. See page 44.

**Consumer Education** – Planned for an education program targeting purchasers of condominium units.

**Rule-Making - Chapter 53, Fees** - Monitored and reviewed services provided in relation to fees.

**CPR Project Workshop and Meetings** - Conducted periodic workshops for condominium

consultants for purposes of orientation and information.

**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.

**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 PVL, RICO and DCCA. Reviewed, analyzed, and coordinated positions on Chapter 436B as it relates to Chapter 514A with PVL and AG's Office, especially self executing provisions. Coordinated and worked with RICO on joint program on governance/management complaints and mediation, unified position/voice; see Condominium Mediation and Arbitration Program.

**Condominium Speakership Program** - Honored requests for speaking engagements for programs concerning or related to condominium issues. Included requests from AAOs and CAI.

**New Technology Program** - Maintained and updated the storage, review, printing of developer's public reports, registration and public information. Administered Commission's website 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. 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; reported on governance and development cases; material cases were considered for the 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. Researched options or alternative for records storage and public information. Scanned and provided electronic storage of records, including minutes.

**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 the Commission's website of the 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, collaborated with CAI-Hawaii, and considered an internet reference library system including links with REC website and possible licensing arrangements with national providers such as CAI.

## Summary of Programs Fiscal Year 2006:

**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. Develop a statewide multifaceted low cost educational plan for recodification, develop educational programs for different audiences and through different mediums, conduct educational sessions in each county and through various organizations/government agencies, administer other requirements. Review and amend all affected forms, instructions, informational sheets as appropriate. Review and determine if the existing REC-developed educational materials require revision and the extent of the revisions, report to CRC to consider what steps need to be taken for updating all the materials. Continue the 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 and CMA. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve website. Update section to website 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 online chat discussion with a condominium specialist on pre-selected topics; promote self governance by providing a forum for associations to network and problem solve together and upon request and subject to the SEO's decision, a Condominium Specialist may

attend a registered AOA or Board of Director's meeting.

### **Condominium Project and Developer's**

**Public Reports** - Administer the 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 website etc. Make developer's public reports available for public viewing and copying to disc via the REC website. 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. Implement a plan of electronic administration, including the scanning of documents on CDs and computerized project tracking, consider contracted vendors, consider the development of unalterable fillable developer's public report forms. Study, report, and recommend a comprehensive evaluation system on the registration and review process, including the use of evaluation forms by developers and attorneys.

**Hawaii Condominium Bulletin** - Develop, write, edit, print and distribute a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and maintain on REC 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 website for developers. Study the feasibility of electronic delivery of the bulletin to registered AOAOs and/or delivery solely by REC website with an increased number of bulletins. Consider "developers reference file" and consultants contributing articles.

### **Condominium Mediation and Arbitration**

**Program** - Administer mediation programs. Update, research, develop, and publish a brochure on dispute resolution, mediation, and arbitration. Coordinate joint complaint/mediation program with RICO. Continue to work with the 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 website. Study the feasibility of the CEF funding the filing of an arbitration.

**Condominium Hearings Program** - Assist in the administration of Act 92 (SLH 2005) 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 the 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 registration. List all registered CMAs in REC website, including information on PB, fidelity bond, and arrange for preprinted lists to be available upon request. Compile a biennial profile of registered AOAOs based on the data fields gathered from the registration information.

#### **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. When feasible, schedule seminars with the recodification education program. Research web re-broadcast of all CEF seminars.

**CRC Educational Advisory Group** - Administer the CRC Educational Advisory Group consisting of members of the condominium community who meet periodically. The subcommittee is to provide recommendations on condominium education. Develop a timetable for electronic consumer brochure for condo living. Consider the development of an electronic consumer brochure for seniors. Consider the development of an electronic brochure for real estate brokers to distribute to new owners and tenants of residential condominium units. Seek input on SCR 79 (task force to facilitate the establishment of viable naturally occurring retirement communities).

#### **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 reregistration. List all registered CMAs in REC website, including information on PB, fidelity bond, and arrange for 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 forms, information, records management, fidelity bond, review process, etc. Provide a listing of all registered CHOs upon request, including information on PB or not and fidelity bond or not, and include in the REC website. Determine sources to locate unregistered CHOs, including county records, HVB, advertising, etc. Initiate initial compliance through education. Develop and distribute startup kits for CHOs.

**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 website. Provide informal briefings by staff and/or Commissioner. Consider recommendations received from the various

participants in recodification, CRC, community workshops, government officials, organizations as to rule making for the new law.

**Meetings** - Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on Commission website. Develop meetings minutes on PDF and searchable.

**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 website. 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). When feasible, participate with agencies and organizations to include recodification education programs.

**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. Utilize the Office of Communications for publicity.

**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 44.

**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. Utilize the Office of Communications for publicity.

**Rule-Making - Chapter 53, Fees** - Monitor and review services provided in relation to fees. Develop drafts of propose rules, assist in formal rule making process with the 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 2006. In conjunction with the recodification of Chapter 514A, HRS, facilitate in

part a forum for representatives of developers, attorneys, condominium consultants, CMAs, AOA focus groups for purposes of discussing governance issues and how to address the issues early in the life of a CPR, from initial documentation to the first AOA meeting.

**Condominium Specialists Office for the Day** - Set up office at various neighbor island locations to meet and discuss condominium concerns. Consider and collaborate arrangements in public information. Scan and provide electronic storage of records, including minutes. Utilize the Office of Communications for publicity.

**Condominium Speakership Program** - Honor requests for speaking engagements for some type of program concerning or related to condominium issues, including recodification educational programs.

**Technology and Website** - Administer an in-house and network computer system; including training, purchases, and DCCA and PVLD plans. Maintain, update the storage, review, printing of developer's public reports, registration and public information. Administer the REC website with long range plan of including all condominium information, forms, database, etc. plus online registration. Utilize 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. Study the feasibility of web conferencing and equipment. Study the feasibility of providing AOAs a central depository for all governing documents, minutes, etc. via voluntary participation, including the cost of such a program.

**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; report on material cases to be considered for the Condominium Bulletin.

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

**Records Management** - Administer and organize all records, reference materials, reports, minutes, legislation, rules, AG opinions, contracts, etc., consider distribution of expired records. Consider EH or consultant, or special training for staff. Administer the Records Report System and Uniform Information Practices Act in consultation with the Office of Information Practices; review options for user friendly access to public information. Research options/alternatives for records storage (computer, scanning, optic readers, microfilm, etc.) and public information provided via local e-mail systems or e-government site, including capability of making own copies. 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 PVLD, RICO and the DCCA; including Director's project on deregulation; review, analyze, and coordinate positions on HRS Chapter 436B as it relates to Chapter 514A, HRS with PVLD and AG's office, especially self-executing provisions. 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 the REC's website of the catalog of all public reference materials provided to State Libraries and at the 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 website 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. Whenever feasible, provide information in conjunction with recodification educational programs.

## REAL ESTATE EDUCATION FUND

<b>Fund Balance As of June 30, 2005 (Unaudited)</b>	<b>FY 2005 Expenditures and Encumbrances (Unaudited)</b>
<b>ASSETS</b>	<b>I. Operations</b>
Cash	Personnel \$211,490
In State Treasury \$1,071,094	Supplies 3,943
Short term cash investments 300,000	Postage 3,000
	Equipment Rentals/Maintenance 7,140
Total Assets 1,371,094	Machinery and Equipment 5,067
	Total Operations \$230,641
<b>LIABILITIES AND FUND BALANCE</b>	<b>II. Direct Licensee Education</b>
Liabilities	Advice, Education, Referral 820
Payables (13,837)	Legislative/Government Participation 739
Fund Balance	Neighbor Islands Outreach 3,117
Reserve for Encumbrances 72,836	Annual Report/Quarterly Bulletin 39,972
Unreserved 1,312,096	Real Estate Seminars 5,592
Balance 1,384,932	Instructor's Development Workshop 3,038
Total Liabilities and Fund Balance \$1,371,094	Programs 62,843
	Total Direct Licensee Education 116,121
	<b>III. Indirect Licensee Education</b>
	Interactive Participation w/Orgs. 12,806
	Staff/Commissioners Development 6,976
	Dues & Subscriptions 4,527
	Miscellaneous 20
	Total Indirect Licensee Education 24,329
	Total Expenditures and Encumbrances \$371,091
<b>Revenues and Expenditures For the Year Ended June 30, 2005 (Unaudited)</b>	
Revenues	
Fees \$774,985	
Investment dividends and interest** \$236,122	
**Morgan Stanley accounts liquidated and Closed	
Total Revenues 1,011,107	
Expenditures 298,255	
Excess (Deficiency) of revenues over expenditures 712,853	
Fund Balance	
Beginning of Year 902,057	
End of Year \$1,384,932	

### Revenues and Expenditures and Encumbrances FY 2001 - 2005

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Fees	\$607,915	\$91,080	\$646,845	\$141,692	\$774,985
Investment Income	17,450	11,480	12,695	14,219	**236,122
Total Revenues	625,365	102,560	659,541	155,911	1,011,107
Expenditures and Encumbrances	194,356	226,642	254,884	278,863	298,255
Excess (deficiency) over Revenues	\$431,009	(\$124,082)	\$404,657	(\$122,952)	\$712,853

## Real Estate Recovery Fund

### Fund Balance As of June 30, 2005 (Unaudited)

<b>ASSETS</b>	
Cash	
In State Treasury	\$501,829
Short term cash investments	200,000
Investment securities (cost)	
Total Assets	\$701,829
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Payables	(\$1,426)
Investment income included "In State Treasury" and Paid to Real Estate Education Fund	123
Total Liabilities	(1,302)
Fund Balance	
Reserve for encumbrance	4,709
Unreserved	698,423
Fund Balance	703,131
Total Liabilities and Fund Balance	\$701,829

### FY 2005 Recovery Fund Payments

Case No.	Licensee	Amount
Total Payments		\$0

### Revenues and Expenditures For the Year Ended June 30, 2005 (Unaudited)

Revenues	
Fees	\$130,200
Expenditures	
Operations	35,057
Legal Services	16,345
Claims	0
Total Expenditures	51,402
Excess (deficiency) of revenues over expenditures	78,798
Fund Balance	
Beginning of Year	624,333
End of Year	\$703,131

### Revenues and Expenditures and Encumbrances FY 2001 - 2005

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Fees	\$64,380	\$69,495	\$86,250	\$116,185	\$130,200
Expenditures and Encumbrances					
Operations	28,399	27,414	24,499	31,964	35,057
Legal Services	21,494	25,599	27,267	15,994	16,345
Claims	25,000	0	105,411	0	0
Total Expenditures and Encumbrances	74,893	53,013	157,177	47,958	51,402
Recoveries	0	0	0	0	0
Excess (deficiency) of revenues over expenditures and encumbrances	(\$10,513)	\$16,482	(\$70,927)	\$68,227	\$78,798

## Condominium Education Fund

<b>Fund Balance As of June 30, 2005 (Unaudited)</b>	<b>FY 2005 Expenditures and Encumbrances (Unaudited)</b>
<b>ASSETS</b>	
Cash	Personnel \$230,515
In State Treasury \$739,268	Supplies 4,316
Short term cash investments 200,000	Postage 4,500
Total Assets <u>\$939,268</u>	Equipment Rentals/Maintenance 6,154
	Education and Research 77,999
	Equipment for Office 523
<b>LIABILITIES AND FUND BALANCE</b>	Staff/Commissioner Development 6,264
Liabilities	Resource Materials 0
Payables (\$702)	Dues & Subscriptions 255
Fund Balance	Miscellaneous <u>0</u>
Reserve for Encumbrances 21,693	
Unreserved 918,277	
Fund Balance <u>939,970</u>	Total Expenditures and Encumbrances <u>\$330,524</u>
Total Liabilities and Fund Balance <u>\$939,268</u>	

<b>Revenues and Expenditures For the Year Ending June 30, 2005 (Unaudited)</b>	
<b>Revenues</b>	
Fees \$450,366	
Investment income 3,184	
Total Revenues <u>453,550</u>	
<b>Expenditures</b>	
308,831	
Excess (deficiency) of revenues over expenditures 144,719	
<b>Fund Balance</b>	
Beginning of Year 795,251	
End of Year <u>\$939,970</u>	

FY 2006 Budget	
Personnel	\$357,017
Supplies	1,000
Postage	6,000
Equipment Rentals/Maintenance	6,000
Contingency	500
Education and Research	114,761
Equipment for Office	1,500
Staff/Commissioner Development	6,000
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	750
Total Expenditures and Encumbrances	\$494,528

### Revenues and Expenditures and Encumbrances FY 2001 - 2005

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Revenues</b>					
Fees	\$561,478	\$36,598	\$419,797	\$136,024	\$450,366
Investment Income	27,220		1,761	1,410	3,184
Total Revenues	<u>588,698</u>	<u>36,598</u>	<u>421,558</u>	<u>137,437</u>	<u>\$453,550</u>
<b>Expenditures and Encumbrances</b>					
	261,208	292,054	322,626	340,450	308,831
Excess (deficiency) over Revenues	<u>\$327,490</u>	<u>(\$255,456)</u>	<u>\$98,932</u>	<u>(\$203,013)</u>	<u>\$144,719</u>