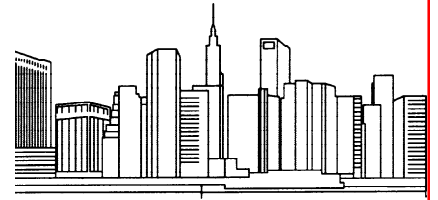
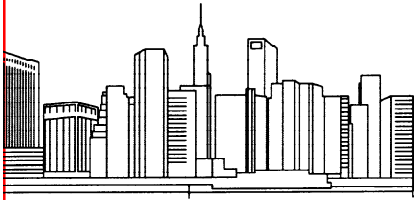


HAWAII CONDOMINIUM BULLETIN



VOLUME 8 NO. 3

FEBRUARY 2000

Funded through the Condominium Education Fund

Excerpts from the Commission's 1999 Annual Report—Condominium Review Committee Report

Per statute the 1999 Annual Report, among other provisions, summarizes the programs of the Real Estate Commission (Commission) and its three standing committees during the fiscal period July 1, 1998 through June 30, 1999. To reduce printing and distribution costs, the full text of the 1999 Annual Report is published on the State of Hawaii Real Estate Commission's Website at <http://www.state.hi.us/hirec>. The following condominium-specific excerpts from the 1999 Annual Report are reprinted here for the benefit of condominium associations, board members, and other interested persons.

* * *

Chair Alfredo Evangelista and Vice Chair Mitchell Imanaka directed the Condominium Review Committee's 1999 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

See Committee on pg. 6

Condominium Specialist Office for the Day—Hilo, Hawaii

On Friday, November 5, 1999, the Real Estate Commission held its Specialist Office for the Day at the offices of the Hawaii Island Board of Realtors in Hilo, Hawaii. The Condominium Education Fund and the Real Estate Education Fund fund this outreach program.

Members of the condominium community were invited to schedule appointments to discuss questions regarding boards, associations, meetings, condominium managing agents, condominium association registration, condominium hotel operators, fidelity bonding, condominium property regime statute, public reports, project registration, new legislation, reserves, and other condominium-

related topics.

Members of the condominium community did not schedule any prior appointments. However, a number of members walked in to discuss with Condominium Specialist Cynthia Yee issues which included developer registration of an unorganized association of apartment owners (AOAO), reserves requirements, collection of delinquent assessments including foreclosure, termination of common services, and collections from tenants, meetings of associations of apartment owners, "super lien" for AOAOs, and use and damages caused by a prospective purchaser's guests or invitees of an apartment owner.

Condominium Hotel Operator and Condominium Managing Agent Reregistration Deadline—November 30, 2000

All Condominium Hotel Operator (CHO) and Condominium Managing Agent (CMA) registrations will expire on December 31, 2000, without exception. The Real Estate Commission, during its December 9, 1999 regular monthly meeting, set a deadline of November 30, of even numbered years for submitting CHO and CMA reregistration applications. The new deadline is a response to amendments made to the laws concerning reregistrations, which purpose is to ensure CHOs and CMAs receive notice of reregistration prior to the expiration date.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at (808) 586-2644 to submit your request.

ALSO IN THIS ISSUE

| | |
|--|---|
| Letter from the Chair | 2 |
| Ask the Condominium Specialist | 2 |
| Non-judicial Foreclosures | 3 |
| Commission Meetings | 5 |
| Education Calendar | 8 |

The Hawaii Condominium Bulletin is funded by the Condominium Education Fund, Real Estate Commission, Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs, State of Hawaii.



Letter from the Chair . . .

Dear Condominium Owners and Managing Agents:

As we begin a new millennium, the Commission wishes you the best for the coming new year !! As done around this time of the year we reflect on the activities of the past year and make plans for improvements and changes for the New Year.

In this issue, we reprint excerpts from the Commission's Condominium Review Committee (CRC) Report to the legislature. The CRC report summarizes the activities of the Commission in the condominium area for the fiscal year period July 1, 1998 to June 30, 1999 and budget information for the Condominium Education Fund. The report is included in the Commission's 1999 Annual Report to the Legislature. The report also describes the programs of the past year and programs for the current fiscal year. The excerpts start on page 1 .

Simultaneously with the passage of the Y2K problem, the reserves deadline of January 1, 2000 has also come and gone. The Commission has received reports that in general most of the AOA's have met the deadline. Since the law provides for owner enforcement of the reserves requirement, of note is what interested others are predicting will happen in those associations who have not adequately assessed for reserves. See the reported predictions discussed in the "Ask the Condominium Specialist" column.

AOA's have reported that one of its continuing concerns is the collection of the growing delinquencies for unpaid assessments. Thus, the reference file provides information on the practicalities of non-judicial foreclosures. AOA's may find the information helpful to enforcing its liens for unpaid assessments. The legislature intended that these non-court procedures would lessen an AOA's costs and expenses as well as time spent in the collection of delinquent assessments.

In closing, I want to remind the condominium community of the Commission's open invitation to participate in the Commission's ongoing planning of its program of work. The program of work is always discussed at the Commission's monthly standing Condominium Review Committee meetings. We look forward to your input. See page 5 for the dates, times, and locations of the meetings.

Sincerely,

Alfredo Evangelista

Alfredo Evangelista, Chair
Condominium Review Committee.

Ask the Condominium Specialist

Q Our association of apartment owners (AOAO) is not in compliance with the laws on reserves requirements. How does this affect the AOA's, insurance, mortgages, values of apartments, appraisals, sales of apartments and board of directors liability?

A The reserves law was passed in 1991. The intent of the condominium law pertaining to governance and management of AOA's is self-governance and management, owner enforcement, mandatory arbitration of disputes and interpretations, use of mediation, and very limited involvement by the Commission except for condominium education and research. Since the enactment of the reserves law, the Commission has had ongoing discussions with condominium organizations, attorneys, reserves specialists, insurance and liability specialists, mortgage lending specialists, and the real estate industry. In summary, this is what the experts are predicting may occur due to inadequate reserves as follows:

1. An apartment owner or owners will sue the AOA and the board of directors for noncompliance with the reserves law and breach of fiduciary duty.
2. Due to the unexpected failure of an asset, there will be a special assessment on each apartment owner. The largest reported special assessment due to unexpected failure of an asset was in the neighborhood of about \$20,000 per apartment owner.
3. AOA and homeowners insurance premiums may increase or may be more difficult to obtain as the underwriting takes into account the financial condition of the AOA and its reserves.
4. Mortgages may be more difficult to obtain or cost more because the underwriting in the mortgage industry does take into account the financial condition of the AOA and its reserves.
5. Appraisals of the apartments may be lower as it does take into account the financial condition of the AOA and its reserves.
6. It may be more difficult to sell an apartment or at a lower price because of the above and the fact that under the real property disclosure law, the owner will have to disclose the financial condition of the AOA including noncompliance with the reserves law and any proposed special assessment.

Q I admit I have been delinquent in paying my assessments. However, these are hard economic times and available work has been intermittent. The association, more specifically the managing agent has terminated the cable service. Can the managing agent do this?

See Q & A on pg. 5

Sections 514A-82(b)(13) and 514A-90(a), Hawaii Revised Statutes allow an association of apartment owners (AOAOs) foreclosing on its lien for unpaid assessments to use non-judicial foreclosures. This article is included here to provide general information about non-judicial foreclosures. It is not intended to provide nor is it a substitute for legal, accounting, or other professional advice on the subject. Neither does it represent the official position or interpretation of the Real Estate Commission or the State of Hawaii. The information is informal and non-binding on the Commission. AOAOs and their boards and other readers are advised to consult with competent professionals on the subject matter.

Author's Note: The following article outlines the basic non-judicial (power of sale) foreclosure procedure provided under Part 1 of Chapter 667, Hawaii Revised Statutes. An alternate non-judicial (power of sale) foreclosure procedure is provided under part II of Chapter 667, Hawaii Revised Statutes. An association should consult with an attorney before using either procedure.

Non-Judicial Foreclosures By Condominiums

For many years, condominium associations have used the judicial foreclosure process to collect on their liens for unpaid maintenance fees. In a judicial foreclosure, the association asks a court to appoint a "commissioner" to auction the apartment of a delinquent owner to pay the unpaid maintenance fees. In 1999, the Legislature amended the condominium law to allow condominium associations to use the *non-judicial* (power of sale) foreclosure process to collect on their liens for unpaid maintenance fees. The non-judicial process is similar to the judicial process, except that the association conducts the auction, without court involvement or the assistance of a commissioner. Essentially, the association, itself, sells the owner's apartment to pay the delinquent maintenance fees.

The two main benefits of non-judicial foreclosure are reduced costs and reduced delays. A non-judicial foreclosure may also help an association be more pro-active. Instead of waiting for the bank to foreclose, the association may be able to do something to protect the association's interests and reduce its losses.

Judicial Foreclosures—Expensive and Slow

The bank usually controls the *judicial* foreclosure process and determines how quickly a foreclosure proceeds because:

- Most condominium owners have to obtain a mortgage to purchase their apartment, so the bank's mortgage

lien is almost always ahead of the association's maintenance fee lien. Therefore, if the apartment is auctioned, the sales proceeds will go to the bank first, before anything is paid to the association.

- Low apartment values usually mean an association recovers nothing from the sales proceeds. For example, if the apartment sells for \$100,000 and the bank's mortgage is for \$150,000, all of the sales proceeds will go to the bank (and it will have a \$50,000 deficiency). The association will receive nothing from the sales proceeds.

- An association cannot usually reduce its losses by pushing the foreclosure ahead without the bank's cooperation. If an association tries to hold a foreclosure sale but the bank holds a mortgage worth more than the value of the unit, no one but the bank will usually bid because, by law, the sale *must* be made subject to the mortgage. No one wants to buy the unit because no one wants to pay off a mortgage which is more than the property is worth. (If the mortgage is not paid off, the bank can foreclose the new buyer out of the apartment.) As a result, the association is usually forced to buy the apartment if the association holds an auction and the bank is not ready or willing to bid.

- Under Hawaii's foreclosure statute, a bank cannot be forced to bid at a foreclosure sale held by the association if the bank's mortgage is recorded prior to the association's lien (it usually is). Therefore, the bank can just sit back and wait, either because it is in no rush to take the property back or because it is still being paid current by the owner. All the while, the association must also wait, even if the owner is not paying the association. *Otherwise, if the association does not wait but asks the commissioner to go ahead with the sale, the association will usually have to pay the commissioner's fees and costs (which can be as much as \$7,000).* Therefore, even if the association only bids one dollar for the apartment at the foreclosure auction, the association will actually have paid \$7,000 to \$10,000 in legal fees and costs (\$2,500 - \$3,500) and commissioner's fees and costs (\$4,500-\$7,000) for the apartment. It may be difficult for the association to recover such large amounts, even if it rents the apartment out.

All those problems mean the association usually has two alternatives in a *judicial* foreclosure: (i) wait for the bank to complete the foreclosure; or (ii) hold a foreclosure sale at which no one but the association will bid on the apartment, leaving the association to pay the commissioner.

Non-judicial foreclosures—benefits and problems

A *non-judicial* foreclosure does *not* eliminate those problems but it is a cheaper and faster process. Since it is cheaper - for example, there is no commissioner to pay and legal fees are reduced - it can cut the association's losses.

(It may even be possible for a board member or manager to assist in the non-judicial foreclosure process to save money.) Since it is faster - a non-judicial foreclosure can be over in about three months - the association does not have to wait for a year or more while the bank completes a judicial foreclosure. (Few *judicial* foreclosures on Oahu take less than a year to complete. For example, it can take four to six months simply to have the court appoint a commissioner to sell the delinquent owner's apartment, and at that point, the commissioner has not even advertised and sold the property, which can take another six to eight weeks. After that, it can take another four to six months for the court to confirm the sale and order the transfer of the apartment to the new owner.)

Under Hawaii's non-judicial foreclosure statute, a foreclosing association gives notice to a delinquent owner (and anyone else with a recorded claim or lien - such as mortgage - against the apartment) that the apartment will be sold to pay off the association's lien if the owner fails to pay the delinquency. The law actually requires that notice be given by publishing the notice in a newspaper for three consecutive weeks (although notice is usually also mailed to or served on the owner and the other persons with an interest in the property). The law also requires that the notice be given to the state tax director and posted on the apartment at least 21 days before the date of the auction. If the owner fails to pay in response to the notice, the association simply sells the apartment, without court involvement, to a new buyer. (Again, when the mortgage is more than the apartment is worth, the new buyer will almost certainly be the association, for the reasons outlined above.) Under the timetable set by statute, a non-judicial foreclosure can be over in three to four months, significantly less time than a judicial foreclosure.

Despite the potential benefits of conducting a non-judicial foreclosure, associations must also carefully evaluate the potential detriments:

- If the association forecloses and becomes the new owner of the apartment, it will no longer have a claim against the owner for maintenance fees owed after the date the association became the owner. In fact, the association will have to pay the maintenance fees (or at least cover the loss resulting from their non-payment).

- If the association holds a non-judicial foreclosure sale, the odds are that the association *will* become the new owner. The bank's mortgage will usually be worth more than the value of the unit, so no one will usually bid because the sale must be made subject to the mortgage (e.g., an apartment worth \$100,000 but subject to a mortgage of \$150,000 is not a good buy). In addition, a title company may be less willing to issue title insurance following a non-judicial foreclosure, so a prospective buyer may have more

difficulty securing a loan.

- Because sale of the apartment to someone else will usually not be possible, the association will have to be ready and able to buy and rent out the apartment (or make some other productive use of it) to recover some of the association's costs. (Again, the association will obtain title to the apartment but probably not marketable title, because the bank's mortgage will not be eliminated by the association's non-judicial foreclosure. Instead, the mortgage will remain as a lien on the apartment until the bank forecloses on the mortgage.) Nevertheless, renting out the apartment while the bank proceeds with foreclosure may help reduce, but not eliminate, an association's losses.

- A non-judicial foreclosure does not eliminate one major cost of foreclosure, the cost to advertise the foreclosure and auction in the newspaper. Both a judicial and a non-judicial foreclosure require that such a notice be published in the paper, at a cost of \$600 to \$800 (less on Neighbor Islands). (That requirement applies in a non-judicial foreclosure even if the owners are personally served with the notice of foreclosure.) Nevertheless, that cost is significantly less than the \$4500 to \$7000 paid to a commissioner in a judicial foreclosure.

When will a non-judicial foreclosure make sense?

One obvious situation will be when the owner is paying the bank but not the association and the owner's mortgage with the bank is significantly more than the unit is worth. For example, if the owner does not respond to a lien and second demand letter, the board can either file foreclosure or do nothing. Doing nothing will allow the owners to pay no maintenance fees for the foreseeable future. Moreover, if the board does nothing and the owner continues to pay the bank, the bank will also do nothing because it is being paid.

In that situation, the association can save the commissioner's fees and part of its legal fees and costs and take possession of the apartment six to eight months sooner than would be possible under a judicial foreclosure. The association will also have eliminated the problem of the owner thumbing his/her nose at the association.

A non-judicial foreclosure may also be useful when an owner simply abandons an apartment (or declares bankruptcy) and the association faces the prospect of waiting for the bank to take 12 to 18 months to complete the judicial foreclosure.

If there is any possibility that obtaining title to the apartment will benefit the association, either as a storage area or to rent out, a quick, non-judicial foreclosure may be a benefit.

In fact, in any situation where (i) the mortgage is worth more than the apartment, and (ii) the association will prob-

See Non-judicial on pg. 5

Non-judicial from pg. 4

ably recover nothing from the sale of the apartment or from the owner, a non-judicial foreclosure may make sense.

Although the non-judicial foreclosure process will not solve all association problems, it may be useful in certain cases. Nevertheless, before undertaking a non-judicial foreclosure, an association should carefully evaluate the “pros” and ‘cons” and consult its attorney.

**Condominium Apartment Owners
on the Commission**

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

- Alfredo G. Evangelista**, Chair of the
Condominium Review Committee
- Iris R. Okawa**
- Patricia Choi**

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

**REAL ESTATE COMMISSION MEETING
SCHEDULE 2000**

- Laws & Rules Review Committee - 9:00 a.m.**
- Education Review Committee - 10:00 a.m.**
- Condominium Review Committee - 1 p.m.**

- Wednesday, February 9, 2000
- Wednesday, March 8, 2000
- Wednesday, April 12, 2000
- Friday, May 10, 2000
- Wednesday, June 14, 2000

Real Estate Commission--9:00 a.m.

- Friday, February 25, 2000
- Wednesday, March 24, 2000
- Friday, April 28, 2000
- Friday, May 26, 2000
- Friday, June 30, 2000

All meetings (unless specifically noted) will be held in the **Kapua'iwa Room, Second Floor, HRH Princess Victoria Kamamalu Building, 1010 Richards Street, Honolulu, Hawaii.**

Meeting dates, locations and times are subject to change without notice. Please call the Real Estate Commission Office, at 586-2643, to confirm the dates, times and locations of the meetings. This material can be made available for individuals with special needs. Please call the Executive Officer at 586-2643 to submit your request.

Note about the Contributing Author

John Morris is co-chair of the Hawaii Legislative Action Committee of the Community Associations Institute (“CAI”), a national organization dedicated to improving the management and operation of community associations nationwide. The national organization has over 17,000 members. The local CAI chapter has approximately 400 members comprised of individuals and condominium and other homeowner associations representing numerous owners in Hawaii. For more information on CAI and its LAC, call 488-1133. John Morris is also an attorney in private practice who is in the process of completing several non-judicial foreclosures for condominiums.

Q & A from pg. 2

A Probably yes. The condominium law (section 514A-90, Hawaii Revised Statutes) provides that an owner has no right to withhold the payment of assessments for any reasons. Thus, the law provides AOAOs several ways to enforce its lien for unpaid assessments. The managing agent on behalf of the AOAO may be utilizing one of the permitted ways. Specifically, the law allows the AOAO to permit its board of directors or managing agent to terminate any delinquent apartment’s access to the common elements and cease supplying any and all services normally supplied or paid for by the AOAO when:

1. The board has adopted a written policy providing for such terminations;
2. A majority of the apartment owners have approved the written policy for such terminations at an annual or special meeting of the AOAO or by written consent of a majority of the apartment owners;
3. The apartment is occupied by the owner; and
4. The AOAO gives a sixty day prior written notice to the delinquent apartment owner and to the apartment owner’s first mortgagee of the non-payment of the apartment owner’s delinquencies.

The legislature intended that these procedures would lessen the AOAO’s costs and expenses incurred with the collection of delinquent assessments. However, the above conditions must first be satisfied before any termination of services or access denial occurs. Nevertheless, any AOAO considering such procedures should first consult with its managing agent and attorney. An AOAO may be required to consider an owner occupant’s special circumstances and needs before terminating any services. The terminated services and privileges should be restored upon payment of all delinquent assessments.

Should you have reasons to contest the assessment, the condominium law requires you to pay the assessment first. An owner who pays the assessment may file in small claims court or require the AOAO to mediate or arbitrate to resolve the dispute.

Committee from pg. 1

include: registration of condominium projects by developers; condominium association (AOAO), condominium managing agent (CMA), and condominium hotel operator (CHO) registrations, governance, education and research programs, inclusive of the programs funded under the Condominium Education Fund (CEF). In past fiscal years, some of the educational programs were administered with the assistance of the Hawaii Real Estate Research and Education Center (HREREC) with funds from CEF. Due to the overall budgetary considerations, at the end of FY 1999, the Commission terminated its contract with the HREREC.

This fiscal year, with the millennium approaching, the CRC, without compromising consumer protection measures, increased its efforts to: minimize government involvement in those condominium governance areas legislatively intended for self governance; and streamline the registration of condominium projects, AOAOs, CMAs and CHOs.

To broaden its programs in the area of condominium education, the CRC engaged in the development of working relationships with organizations involved in condominium association education. Thus, this fiscal year, funds from the CEF were used to subsidize a portion of the seminar registration fees of condominium apartment owners from registered AOAOs. The subsidy was provided only for qualified seminars approved by the Commission. In addition, the CRC continued the implementation of its ongoing programs.

The enactment of new laws at the end of the fiscal year impacted the CRC's Advice, Education, and Referral program of work item. Condominium board members, apartment owners, CMAs and interested others inquired about the following new laws: the collection of delinquencies for common expenses; additional statutory options for investment of as-

sociation of apartment owner's funds; voluntary condominium lease fee conversions; conditions for allowing child care homes in condominiums; and other related legislation.

The law requires the Commission to submit to the legislature annually: (1) a summary of the programs funded during the prior fiscal year with funds from the CEF; (2) the amount of money in the fund, and (3) a copy of the budget for the current fiscal year, including summary information on programs which were funded or are to be funded. This portion of the report includes a summary of the CEF programs that have been funded for the prior fiscal year (1999).

Summary of Programs For Fiscal Year 1999:

Hawaii Condominium Bulletin - Develop, write, edit, print and distribute a quarterly bulletin to all registered AOAOs and registered CMAs. Study feasibility of providing the bulletin through electronic medium. Publish the *Bulletin* on its Website at <http://www.state.hi.us/hirec>.

HREREC Interactive Program - Co-participate with Commission at neighbor island meetings.

Condominium Hotline - Administer in tandem with the real estate hotline the delivery system of condominium information for the neighbor island community utilizing the WATTS line.

HREREC Webpage - Maintain and improve a webpage. Coordinate the transfer of HREREC webpage to Commission's webpage.

HREREC Administration - Plan and imple-

ment transfer to Commission remaining programs, education/research materials, reference materials, records, equipment, computers, etc. on or before June 1999.

Rule-Making - Chapter 107 - Study and evaluate Chapter 107 and HRS Chapter 514A, for rule-making, consider deregulation without reducing consumer protection. Develop drafts of propose rules, review/comment by focus groups and other interested parties.

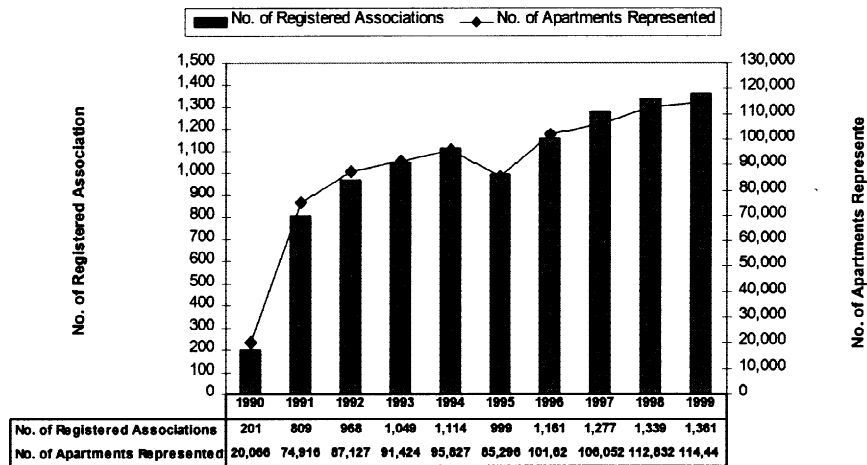
Rule-Making - Chapter 53, Fees - Monitor and review services provided in relation to fees. Develop drafts of propose rules, assist in formal rule making process with Licensing Administrator.

Condominium Project and Developer's Public Reports - Administer registration program. Evaluate the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Plan, develop, and administer any legislative amendments needed. Administer consultant contracts. Study feasibility of finding other means of providing access to developer's public reports. Consider feasibility of including in Commission's webpage a listing of projects with current developer's public reports.

Condominium Association Registration - Administer registration program. Review and monitor program for improvement including computer generated registration forms with previous responses, public list of all registered AOAOs. Plan, develop, and administer any legislative amendments. This year marked the second time AOAOs registered for a biennium period.

Condominium Managing Agent Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. List all registered CMAs in Commission's webpage and

Condominium Association Registration FY 1990-1999



make available preprinted lists upon request.

Condominium Hotel Operator Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. List all registered CHOs in Commission's webpage and make available preprinted lists upon request. Study and determine sources to locate unregistered CHOs, and initiate initial compliance through education. Develop and distribute startup kits for CHOs, similar to CMAs.

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

Condominium Education Fund (CEF) - Administer fund. Prepare, maintain, and review of budget, finance, and records for the CEF. Prepare monthly and annual financial statements, budgets, administer fund investment. Plan and work with department to increase budget for FY00 for additional educational programs. Defer audit, review, and study the feasibility of less costly alternative to a biennial audit.

Advice, Education, and Referral - Provide advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Print and distribute copy of HRS Chapter 514A to all registered AOA's and CMAs. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve webpage. (See page 8.)

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

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

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

Government and Legislative Participation and Report - Research, develop and distribute annual report to the Legislature on CEF programs and funds; consider inclusion on the Commission's webpage. Provide briefings to Legislators and staff;

act as a resource. Attend hearings, provide written and oral testimony on legislative bills, and bill tracking. Respond to elected officials, inquiries or complaints, request for information, etc.

Neighbor Island Outreach - Coordinate and conduct two CRC meetings at neighbor island sites with ERC and LRRC. This fiscal year the CRC convened meetings on Kauai in September 1998 and in Kona in May 1999.

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, South Maui Council, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan).

Condominium Seminars - Use existing educational resources, subsidize, sponsor, assist, or cosponsor statewide seminars and other educational offerings targeted for apartment owners and board members of registered AOA's, registered CMAs and other interested parties. Broaden condominium educational offerings; develop working relationships with organizations involved in condominium education. After approaching various educators, the Commission contracted with CAI Hawaii to form a partnership in providing education to board of directors and apartment owners of registered AOA's through CEF funding. Approximately fifty-one percent of those attending the first inaugural seminar, "Almost Free Legal Advice," were apartment owners of registered AOA's. This inaugural group of apartment owners were able to ask a panel of practicing condominium lawyers advice and information about condominium issues and concerns. At the close of the fiscal year, CAI Hawaii had finalized its plans to submit for Commission approval a number of seminars for the next fiscal year.

Condominium Association Budget and Reserves - Review existing Commission materials, make amendments and distribute where applicable; monitor and report on IRS position on budget and reserves.

Condominium Specialists Office for the Day - Set up office at various neighbor island locations to meet and discuss condominium concerns. Joint program with Real Estate Specialist of the Day. This year, the Office for the Day was held in Hilo and Kona, Hawaii; Kahului, Maui; and Lihue, Kauai.

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

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

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

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

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

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

Records Management - Administer and organize all records, reference materials, reports, minutes, legislation, rules, AG opinions, contracts, etc., with applicable laws including the Uniform Information Practices Act and Records Report System.

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

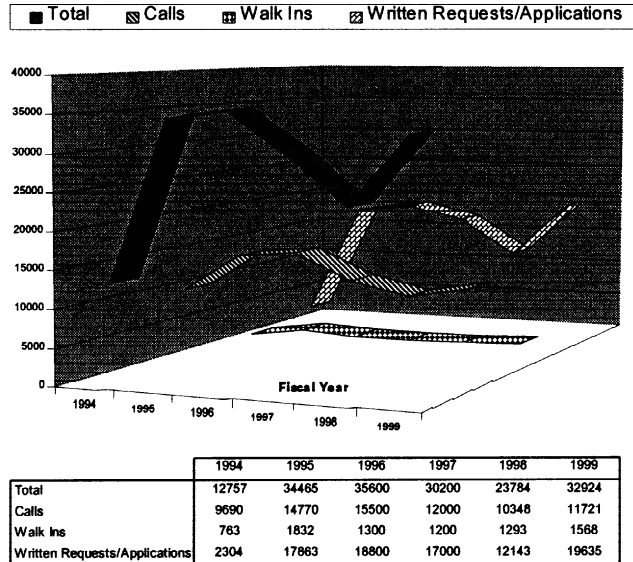
Case Law Review Program - Monitor, collect, and report on judgments and decisions on Hawaii, federal, and other states' court cases; report on governance and development cases; material cases to be considered for Condominium Bulletin.

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

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

HREREC Termination Transition - Work and plan with HREREC the transition of the terminated contract as of June 1999.

Advice Education and Referral Fiscal Years 1994 - 1999



Condominium Education Calendar

This calendar lists upcoming educational events of interest to the condominium community. The Commission expresses **no opinion** about the quality or content of any event listed and the listing should not be construed as an endorsement or sponsorship of any event. Events may be subject to change; please check directly with the provider to confirm each event.

| Date | Time | Event Title | Location | Provider |
|-------------|--------|---------------------------------|------------------------|----------|
| 02/27/00 | TBA | EIFS/mold/sick buildings | Hale Koa Hotel | CAI-H |
| 03/30/00 | TBA | Almost Free Legal Advice | Hale Koa Hotel | CAI-H |
| 04/08/00 | 8 a.m. | One-day seminar: The ABC Course | Honolulu Airport Hotel | CAI-H |
| 04/29/00 | TBA | Contract Pitfalls | Hale Koa Hotel | CAI-H |
| 05/27/00 | TBA | Termites/Landscaping | Hale Koa Hotel | CAI-H |
| 06/15/00 | TBA | Construction Defects | Hale Koa Hotel | CAI-H |
| 07/20/00 | TBA | Legislative Update | Hale Koa Hotel | CAI-H |
| 08/10-11/00 | TBA | Restatement/Servitudes | Hale Koa Hotel | CAI-H |

For full information on the above-listed courses, please call the provider.

| ADT | Provider | Phone | Address |
|--------|--|--------------------|--|
| ADT | Association Development Technologies | 947-7078 (Oahu) | 1164 Bishop St., Ste 124 Honolulu, HI 96813 |
| CAI | Community Associations Institute (National) | (703)548-8600 | 1630 Duke Street Alexandria, VA 22314 |
| CAI-H | Community Associations Institute - Hawaii Chapter | 488-1133 (Oahu) | P.O. Box 976 Honolulu, HI 96808 |
| CCM | Condominium Council of Maui | 879-5266 (Maui) | P.O. Box 647 Kihei, HI 96753 |
| HAC | Oahu Arm Committee | 523-6096 (Oahu) | 1571 Piikoi St, #50 Honolulu, HI 96822 |
| HCAAO | Hawaii Council of Associations of Apartment Owners | 533-2528 (Oahu) | 677 Ala Moana Blvd, #701 Honolulu, HI 96813 |
| HICLE | Hawaii Institute For Continuing Legal Education | 537-1868 (Oahu) | 1132 Bishop St., Suite 906 Honolulu, HI 96813 |
| IREM | Institute of Real Estate Management Hawaii Chapter No. 34 | 737-4000 (Oahu) | 1136 12th Ave, Ste 220 Honolulu, HI 96816 |
| UH-SPP | Special & Professional Programs, College of Continuing Education, University of Hawaii | 956-8244 (Oahu) | 2530 Dole Street Honolulu, HI 96822 |

Real Estate Branch and Real Estate Commission's Web page at: <http://www.state.hi.us/hire>

Address: 250 S. King St., Rm. 702; Honolulu, HI 97813; Phone: 586-2644

HAWAII CONDOMINIUM BULLETIN, FEBRUARY 2000 © Hawaii Real Estate Commission. All rights reserved. This Bulletin, or any part thereof, may not be reproduced without the written permission of the Hawaii Real Estate Commission, except permission is granted to registered associations of apartment owners to reproduce and distribute copies of this entire publication, but not for profit, as an educational service. This publication is intended to provide general information and is not a substitute for obtaining legal advice or other competent professional assistance to address specific circumstances. The information contained in this Bulletin is made pursuant to Hawaii Administrative Rules Section 16-201-92 and is not an official or binding interpretation, opinion or decision of the Hawaii Real Estate Commission or the Department of Commerce and Consumer Affairs. The Hawaii Condominium Bulletin is funded by the Condominium Education Fund.