

**CONDOMINIUM REVIEW COMMITTEE**  
REAL ESTATE COMMISSION  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii  
[www.hawaii.gov/hirec](http://www.hawaii.gov/hirec)

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor as required by Section 92-7(b), Hawaii Revised Statutes.

Date: November 10, 2010

Time: Upon adjournment of the Laws and Rules Review Committee meeting scheduled to convene at 9:30 a.m.

Place: REALTORS® Association of Maui  
441 Ala Makani Place  
Kahului, Maui

Present: Michele Sunahara Loudermilk, Chair, Public / Honolulu Commissioner  
Carol Ball, Broker / Maui Commissioner  
Stanley Kuriyama, Broker / Honolulu Commissioner  
Scott Sherley, Broker / Hilo Commissioner  
Frances Gendrano, Broker / Honolulu Commissioner  
Donna Apisa, Broker / Kauai Commissioner

Neil Fujitani, Supervising Executive Officer  
Cynthia Yee, Senior Condominium Specialist  
Diane Choy Fujimura, Senior Real Estate Specialist  
Shari Wong, Deputy Attorney General  
Karyn Takahashi, Recording Secretary

Others: Roen Hirose, CPA  
Sharon Viger  
Lisa Teichner, REALTORS® Association of Maui, Education Committee Chair

Absent: Trudy Nishihara, Broker / Honolulu Commissioner  
Walt Harvey, Broker / Honolulu Commissioner  
Mark Suiso, Vice Chair, Public / Honolulu Commissioner

Call to Order: Chair Loudermilk called the meeting to order at 9:37 a.m., at which time quorum was established.

Chair's Report: No report was presented.

The Chair announced that the Commission may move into executive session to consider and evaluate personal information relating to individuals applying for licensure in accordance with Section 92-5(a)(1), HRS, and/or to consult with the Commission's attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities in accordance with Section 92-5(a)(4), HRS.

Commissioners Nishihara, Harvey and Suiso were excused from the meeting. Prior notification of their non-attendance was received.

Condominium Specialist's Report: No report.

Minutes: Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to accept the minutes of the October 13, 2010 Condominium Review Committee meeting as circulated.

Condominium Governance and Management:

**AOUO Registrations**

It was reported that as of October 31, 2010, 1,663 AOUOs have successfully registered.

**Condominium Related Articles**

The following articles from the August 2010 issue of *CAI Hawaii* were distributed for informational purposes: "New Hawaii Law Requires Associations To Adopt A Policy Requiring Access to Civil Process Servers" and "The Importance of Reserve Study Standards."

Condominium Project Registration:

**Condominium Project Registration - Public Reports Issued**

A list of those condominium projects issued effective dates during the month of October 2010 were distributed for informational purposes.

PROJ #	PROJECT NAME	PROJECT ADDRESS	TMK #	UNIT	REPORT	DATE
7033	1356 AUPAPAOHE STREET	1356 AUPAPAOHE ST & 1359 AKALANI KAILUA HI 96734	142030059	2	B REPT	10/27/2010
7032	1811 & 1817 PUOWAINA DRIVE	1811 & 1817 PUOWAINA DR HONOLULU HI 96813	122007018	2	B REPT	10/7/2010
6999	1897 CALIFORNIA AVENUE	1897 CALIFORNIA AVE WAHIAWA HI 96786	175009037	2	B REPT	10/13/2010
7012	3161 & 3161A WOODLAWN DRIVE CONDOMINIUM	3161 & 3161A WOODLAWN DR HONOLULU HI 96822	129039046	2	B REPT	10/27/2010
7029	3760 & 3770 MARIPOSA	3758 MARIPOSA DR HONOLULU HI 96816	133024067	2	B REPT	10/15/2010
7026	631 10TH AVENUE	631 631A & 631B 10TH AVENUE HONOLULU HI 96816	132028029	3	B REPT	10/6/2010
7004	939 AND 939-A KAIPII STREET	939 and 939-A KAIPII ST KAILUA HI 96734	143081086	2	B REPT	10/1/2010
6278	HO'OMAIKA'I VILLAGE AT MA'ILI BEACH	87-105-1 TO 87-111-2 KULAAUPUNI ST WAIANAE HI 96792	187001012	8	B AMD 3	10/6/2010
4061	HOLO HOLO EAST	1286 KUKUNA ST KAILUA-KONA HI 96740	373046114	2	SUPPL	10/1/2010
7016	KA HALE LIHI KAI ESTATES	4912 & 4916 ALIOMANU RD ANAHOLA HI 96703	449004007	2	B REPT	10/11/2010
6976	KA'IMINA`AUAO ESTATES	3290 KAPAU RD KOLOA HI 96756	428011012	3	B REPT	10/26/2010
6604	KALAMA MAKAI	345 B AND 345 B-1 KALAMA ST KAILUA HI 96734	143040026	2	B AMD	10/21/2010
7027	KEALAKAI AT KAPOLEI - PHASE III	KAIU AVENUE KAPOLEI HI 96707	191016166	16	B REPT	10/1/2010
5207	KILAEUA WATERFALL FARMS	4141 KILAEUA RD KILAEUA HI 96756	452012015	5	SUPPL 2	10/13/2010
4793	MAKAULA RANCH	73-4185 MAMALAHOA HWY KAILUA KONA HI 96740	373002024	2	FINAL	10/12/2010
5991	MALIE WAI	4-1579 KUHIO HWY KAPAA HI 96746	451005025	5	SUPPL	10/15/2010
6541	MCLERNON ESTATES	3110 & 3116 POIPU RD KOLOA HI 96756	428010019	2	B AMD	10/13/2010
4316	NANI O KALALEA RANCH	ALLOTMT 24-E-2 MOLOAA HUI KAWAIHAU HI 96754	449005001	8	SUPPL 2	10/25/2010

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6969	POKAI MAUKA	86-927 POKAIKUAHIWI PL WAIANAE HI 96792	186001064	3	B REPT	10/27/2010
7030	PULEWA AT MEHANA	KAKALA, MANAWAI, KUNEHI, KUKULU KAPOLEI HI 96707	191016160	120	B REPT	10/28/2010
6838	RAGON CONDOMINIUM	80 KALAI PL LAHAINA HI 96761	248003089	2	B AMD	10/1/2010
6872	TOWN HOMES AT KA MAKANA AT HOAKALEI INCR 3 THE	91-1371 & 91-1379 KEONEULA BLVD EWA BEACH HI 96706	191146027	12	B AMD 2	10/15/2010
6908	TOWN HOMES AT KA MAKANA AT HOAKALEI INCR 5 THE	91-1403 & 91-1411 KEONEULA BLVD EWA BEACH HI 96706	191146122	10	B AMD	10/15/2010
6938	TOWN HOMES AT KA MAKANA AT HOAKALEI INCR 6 THE	KEONE'ULA BLVD & KAMAKANA ST EWA BEACH HI 96706	191134018	30	B AMD	10/15/2010
6472	VANGUARD LOFTS THE	720 KAPIOLANI BLVD HONOLULU HI 96813	121044035	37	B AMD 5	10/26/2010
0	<b>Preliminary Reports</b>					
0	<b>Contingent Final Reports</b>					
1	<b>Final Reports</b>					
4	<b>Supplementary Reports</b>					
12	<b>B Reports</b>					
8	<b>B Amendment Reports</b>					
25	<b>TOTAL REPORTS</b>					

### Case Law

The following article from the October 2010 issue of *Ka Nu Hou* (newsletter of the Real Property & Financial Services Section of the Hawaii State Bar Association) was distributed for informational purposes: "Does Designating Hawaii's Agricultural Lands "Important" Make Them More Important Than They Already Are? A Stakeholder Analysis of the New IAL Legislation" by Douglass Cole (third year law student Richardson School of Law and recipient of the 2009 Real Property Financial Services Section of the Hawaii State Bar Association).

### Program of Work: Rulemaking, Chapter 107

Preliminary rough draft of the proposed rules for Chapter 514B, HRS, Part V Replacement Reserves and Registration of Association of Unit Owners were circulated for review and comments. All comments to be provided to Specialist Yee prior to the end of the month.

Mr. Roen Hirose, CPA, was present to provide comments about the current trends of condominium associations' reserve studies and the funding of such and other information that may be useful in drafting chapter 107 rules.

Mr. Hirose reported that he has done audits for approximately 40 condominium associations on Maui, Oahu, Kauai and the Big Island.

Mr. Hirose provided examples to help the Commissioners understand the difference between the cash flow and percent funded methods of association reserves.

Mr. Hirose also discussed his opinion about developer-owned condominiums and the percent funded method as the preferred method so that reserve funds are available to the condominium when the developer turns the condominium over to the association.

It was further noted that may reserve funding problems arise from self-managed condominium associations.

The Committee thanked Mr. Hirose for his comments and indicated that the Committee will send a copy of the draft rules to Mr. Hirose and the HSCPA for comments and suggestions.

### **Interactive Participation with Organizations**

Chair Loudermilk provided an update of the CCM's request to be linked on the Commission's website. She reported that she spoke with Mr. Al Andrews and provided an explanation of the basis of the Committee's decision.

Mr. Andrews also inquired about how to get on the procurement list for future education programs. Senior Specialist Yee provided guidance and information to Mr. Andrews on how to get on the State's procurement system.

### **Condominium Specialist Office for the Day**

The next Condominium Specialist Office for the Day will be held on Kauai on November 16, 2010 at the Kauai Board of REALTORS® in conjunction with the renewal workshop.

#### **Condominium Organizations Forum:**

No comments, recommendations or concerns were received from the following: Community Associations Institute Hawaii Chapter, Alakahi Foundation, Hawaii Council of Association of Apartment Owners, Hawaii Independent Condominium and Cooperative Owners, Hawaii State Bar Association/Real Property & Financial Services Section, Land Use Research Foundation, Condominium Council of Maui, Hawaii Association of Realtors/Institute of Real Estate Management Hawaii Chapter/ Oahu Arm Committee, others.

#### **CETF Budget & Finance Report:**

Commissioner Sherley moved to accept the Condominium Education Trust Fund Financial Report for the period ending September 30, 2010. Commissioner Gendrano seconded the motion.

Commissioner Kuriyama had a question about the condominium seminars and symposium budget expenditure and budgeted amount.

#### **Recess:**

The Chair recessed the meeting at 10:08 a.m.

#### **Reconvene:**

The Chair reconvened the meeting at 10:15 a.m.

At this time, in connection with Agenda items 6e. Rulemaking Chapter 107 and condominium reserves, the Chair agreed to hear comments from Ms. Sharon Viger a condominium owner.

Ms. Viger shared with the committee comments about her association and reserves, funding of such, expenditures, books and records kept, self management issues and self help course of actions. The committee then discussed the legislative intent of the condominium law as limited government

involvement, self governance and owner enforcement of much of the condominium governance laws. The discussion concluded with the committee considering further study and research of draft proposed rules for condominium self governance.

Ms. Viger reported that she has utilized mediation process twice, employed an attorney, filed with the Regulated Industries Complaint Office. Senior Specialist Yee suggested that Ms. Viger might also contact the Office of Consumer Protection and explore her concerns with that office.

The Commissioners noted that there may be some issues with self-managed associations. Senior Specialist Yee reported that the next section of the preliminary draft rules will attempt to address how records are made available to owners.

CETF Budget &  
Finance Report:

SEO Fujitani reported that the budget expenditure is reflective of how the expenditure is made in practice.

The motion was voted on and unanimously carried to accept the Condominium Education Trust Fund Financial Report for the period ending September 30, 2010

Next Meeting:

December 8, 2010  
Upon adjournment of the Laws and Rules Review Committee meeting scheduled to convene at 9:00 a.m.  
Queen Liliuokalani Conference Room  
King Kalakaua Building  
335 Merchant Street, First Floor  
Honolulu, Hawaii

Adjournment:

With no further business to discuss, Chair Loudermilk adjourned the meeting at 10:34 a.m.

Respectfully submitted:

/s/ Cynthia M. L. Yee

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Cynthia M. L. Yee  
Senior Condominium Specialist

November 30, 2010  
Date

Minutes approved as is.  
 Minutes approved with changes; see minutes of \_\_\_\_\_