INSTRUCTIONS

CONDOMINIUM HOTEL OPERATOR REGISTRATION

Access this form via website at: **www.hawaii.gov/hirec**

WHO MUST REGISTER

Any sole proprietor, corporation, partnership, limited liability company (LLC) or limited liability partnership (LLP) which provides transient lodgings for periods of less than 30 days in a condominium project. Condominium hotels include those units in a project as defined in HRS §514A-3 and §514B-3, subject to HRS Chapters 514A and 514B.

The registration and fidelity bond requirements shall not apply to condominium hotel operators who hold an active real estate brokers license.

APPLICATION FORM

Complete the entire application form by filling in the form fillable sections or completing ***legibly in black ink***.

1. The applicant's name must be exactly as registered with the Business Registration Division (BREG), Department of Commerce and Consumer Affairs.
2. If a trade name is used, the trade name must first be registered with BREG. Submit a filed-stamped copy of current trade name registration approved by BREG. The Commission's rules require that BOTH the registration name and the trade name must appear in any advertising, including letterhead stationery and business cards.
3. Provide the address of the physical location of the applicant's place of business in Hawaii.
4. Provide a mailing address if different than the address of the physical location.
5. Provide the telephone number of the place of business in Hawaii.
6. Provide the name, address and phone number of the employee or principal having direct management and responsibility over condominium hotel operations.
7. You must answer ALL questions. If there are any unanswered questions, a deficiency notice will be issued and further review of the application will be suspended until a response is received. If there are any "Yes" answers to questions (1) through (6), refer to the section on "Yes" answers below.
8. Provide the names, titles, license number (if applicable), residence street addresses and phone numbers of officers and directors of a corporation, partners of a partnership or LLP, and manager and members of an LLC. Attach a separate sheet if necessary.
9. **List** all condominium units under condominium hotel operation, including units owned by the condominium hotel operator, and those included in a registered time share plan.
10. The application must be certified by the employee or principal having direct management and responsibility over condominium hotel operations AND by an officer of a corporation, general partner of a partnership or LLP, or manager or member of an LLC.

Submit the following with the application:

ENTITY REGISTRATION
Partnership, LLC or LLP

We will require the following proof to show that the entity is properly registered with the Business Registration Division (BREG), Department of Commerce and Consumer Affairs, State of Hawaii, P.O. Box 40, Honolulu, Hawaii 96810. *(Please write to BREG to obtain the proper forms or call 586-2727 or http://hawaii.gov/dcca/breg)*

If the entity has been registered in this State for LESS THAN one (1) year, **ATTACH** a *"filed-stamped"* copy of the document filed with BREG; or the same certificate mentioned below.

If the entity has been registered in this State for MORE THAN one (1) year, **ATTACH** a *"Certificate of Good Standing"* that was issued not more than 12 months ago.

TRADE NAME

If you are planning to use a trade name, submit a "filed-stamped" copy of current trade name registration approved by the Business Registration Division of the Department of Commerce and Consumer Affairs.

LETTER TO OWNERS

Attach copies of a recently dated letter delivered to all unit owners in each condominium project in which the applicant operates a condominium hotel. The letter shall notify the owners of the non-applicability of the real estate recovery fund for applicant's unpaid judgments.

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DECLARATION AND BYLAWS

Attach true copies of the declaration AND bylaws for each condominium project in which the applicant operates a condominium hotel, certified by the Bureau of Conveyances or Land Court. You must highlight the sections in both the declaration and the bylaws which specifically permit condominium hotel operations or transient lodgings, otherwise the application is incomplete and will not be accepted.

Any questions about the zoning should be directed to:
County of Honolulu - Department of Planning & Permitting, City and County of Honolulu,
650 South King Street, 7th Floor, Honolulu, HI 96813; Phone: 523-4131
Kakaako Community Development District - Hawaii Community Development Authority,
677 Ala Moana Boulevard, #1001, Honolulu, HI 96813; Phone: 587-2870 or 587-2865
County of Hawaii - County of Hawaii, Planning Department,
101 Pauahi Street, Hilo, HI 96720; Phone: 961-8288
County of Kauai - County of Kauai, Planning Department, 4444 Rice Street, Ste 473, Lihue, HI 96766;
Phone: 241-6677
County of Maui - County of Maui, Planning Department, 250 South High Street, Wailuku, HI 96793;
Phone: 270-7735

FEES

Make checks payable to "COMMERCE AND CONSUMER AFFAIRS":

If registration will be issued in an **odd-numbered** year pay.....$305
(Application fee (non-refundable) $75 + Registration fee $100 +
Compliance Resolution Fund $90 + EF $40)

If registration will be issued in an **even-numbered** year, pay.....$210
(Application fee (non-refundable) $75 + Registration fee $50 +
Compliance Resolution Fund $45 + EF $40)

NOTE: *One of the numerous legal requirements that you must meet in order for your new registration to be issued is the payment of fees as set forth in this application. You may be sent a registration certificate before the payment you sent us for your required fees is honored by your bank. If your payment is dishonored, you will have failed to pay the required registration fee and your registration will not be valid, and you may not do business under that registration. Also, a $25.00 service charge shall be assessed for payments that are dishonored for any reason.*

If for any reason you are denied the registration you are applying for, you may be entitled to a hearing as provided by Title 16, Chapter 201, Hawaii Administrative Rules, and/or Chapter 91, Hawaii Revised Statutes. Your written request for a hearing must be directed to the agency that denied your application, and must be made within 60 days of notification that your application for registration has been denied.

BOND REQUIREMENT

Condominium hotel operators are required to obtain a fidelity or employee dishonesty bond which shall protect the condominium hotel operator against fraudulent or dishonest acts by the employees of the condominium hotel operator, and shall cover all employees handling or having custody or control of the condominium hotel operator's or unit owner's funds, or both.

A certification statement of insurance (CSI-01 form enclosed in this packet) or a certificate of insurance, completed and signed by your insurance representative, is required as proof of bond coverage. To avoid delays in processing, **SUBMIT THE PROOF OF BOND WITH YOUR APPLICATION**, or the application will be considered incomplete.

Bond Amount: To calculate the amount of coverage needed, multiply the aggregate number of units in the condominium hotel operation by $500. The minimum bond amount shall be $20,000, regardless of the number of units being operated in the condominium hotel and the maximum is $100,000.

The deductible shall not exceed the greater of $2,000 or 5% of the face amount of the bond. **In no case shall the deductible be greater than $5,000**. "Aggregate number of units" excludes:

1. Units owned by the condominium hotel operator.
2. Units in a registered time share plan managed by a registered time share plan manager.

HRS §467-30 requires the condominium hotel operator to keep a current fidelity or employee dishonesty bond, issued by a company currently authorized by the insurance commissioner of Hawaii to issue insurance in this State, in compliance with the statute and any related rules, which:

1. Names the Department of Commerce and Consumer Affairs, Real Estate Branch, as the certificate holder;
2. Provides the Department of Commerce and Consumer Affairs with written notification of at least thirty calendar days prior to its cancellation, termination or material change to the CSI;

BOND REQUIREMENT (Cont'd)

3. Provides coverage for condominium hotel operator activity only;
4. States that the bond is a fidelity or employee dishonesty bond;
5. States the amount of the deductible or that no deductible applies to the bond. The amount of any deductible may not exceed $2,000 or 5% of the face value of the bond. The deductible may not be greater than $5,000;
6. Names the condominium hotel operator registrant only as the insured and excludes any other person, trade name, business name or entity as the named insured;
7. States that the policy covers the condominium hotel operator against fraudulent or dishonest acts by the employees of the operator;
8. Includes an expiration date or a statement that the bond is continuous; and
9. Specifies whether the bond is a blanket or name schedule type, and if a name schedule type, lists all persons covered.

A bond must be maintained throughout registration. If at any time the bond expires, is canceled or terminated for any reason, or the registrant fails to provide evidence of continuous bond coverage, the condominium hotel operator registration shall be terminated without notice to the condominium hotel operator. An unregistered operator is without authorization to engage in condominium hotel operator activity. Once unregistered, you will be required to complete new registration application requirements in order to obtain registration.

REVIEW AND APPROVAL

All applications must be reviewed and approved by the Real Estate Commission. Allow approximately three weeks for normal processing and notification. If your application is approved, a "Notice of Registration" will be mailed to you. If your application is required to be reviewed at a Commission meeting, the processing time will be longer. You will receive notification of the date, time, and location of the meeting. The Commission meets once each month.

Instructions for "Yes" Answers to Questions (1) through (6) of the Application:

A. The following documentation must be provided with your application. The application will not be considered without this material.

1) Questions (1) through (6) refer to complaints, charges of unlicensed activity, or pending disciplinary actions for any profession, occupation, or license, both real estate and those other than real estate. If your answer is "yes" to one or more of these questions, read paragraph "B" below, AND you must **submit** the following:

i. A statement signed by you explaining the circumstances;

ii. Copies of any documents from the agency, including final orders, petitions, complaints, findings of fact and conclusions of law, and any other relevant documents;

iii. A resume of any employment, business activities, and education since the date of the action; and

iv. You may also include statements from employers, business associates, clients, and others who can attest to your reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.

2) If your application indicates a criminal conviction, read paragraph "B" below, **and** you must **submit** the following:

i. A statement signed by you explaining the circumstances leading to the conviction and detailing all activities since the conviction, including employment and business involvements. Include job title, period of employment, employer's name, description of duties, training attended, and educational courses attended;

ii. A copy of the court order, verdict, and terms of sentence; written proof of completion and/or compliance with applicable terms of sentence, e.g., payment of fine(s) or restitution;

iii. If applicable, a copy of the terms of probation and/or parole and a statement from your probation or parole officer as to your reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing; and

iv. Signed statements from employers, business associates, clients, and others who can attest to your business dealings since the conviction, including a statement as to your reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.

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3) If you have any pending lawsuits, unpaid judgments, outstanding tax obligations, or any other type of involuntary liens against you, read paragraph "B" below, **and submit** the following:

i. A statement signed by you explaining the circumstances and current status, and if no payment or payment arrangement has been made, the reason;

ii. A resume of employment and business activities; and

iii. Copies of the court complaint, judgment, documentation of payment arrangements, lien documents, records of any payments, and other relevant documents.

B. If you answered "yes" to any of the questions from (1) through (6), your application will be reviewed at a monthly Real Estate Commission meeting if you have provided all applicable information and documents as described above. The Commission will not review incomplete applications. If you wish to present oral testimony at the meeting, submit a written request with your application. A courtesy notice with information on the date, time, and location of the meeting will be sent to you.

MAILING ADDRESS Mail the completed registration application, together with the appropriate attachments and the proper fees to:

CHO - REGISTRATION
DCCA, PVL Licensing Branch
P.O. Box 3469
Honolulu, HI 96801

or

Deliver to office location at:

335 Merchant St., Room 301
Honolulu, HI 96813

Forms: (808) 586-3000
Questions: (808) 586-2643

REVIEW Incomplete applications or applications submitted without the required documents will not be accepted.

CLIENT'S FUNDS Client's funds shall be deposited into a trust account in a federally insured depository in Hawaii by the next business day following receipt. The trust fund shall be only in the name of the registered condominium hotel operator. The trust fund account and the handling of the client's funds shall be in compliance with HRS Chapter 467 and its rules.

PLACE OF BUSINESS The principal place of business and branch offices shall be in compliance with HRS Chapter 467 and its rules.

LAWS & RULES A copy of the real estate licensing law and rules, HRS Chapter 467 and HAR Chapter 99, which includes the law and rules on the registration of condominium hotel operators, may be obtained by submitting a written request to the address above. Chapter 436B, Hawaii Revised Statutes, the Professional and Vocational Licensing Act should be read in conjunction with the above statutes.

The laws and rules are also posted on our website at: www.hawaii.gov/hirec.

BIENNIAL REGISTRATION Registrations expire on December 31 of each even-numbered year, and completed re-registration application must be submitted on or before November 30 of each even-numbered year. Re-registration is subject to submitting current fees and evidence of a current fidelity bond. It is the condominium hotel operator's responsibility to re-register, with or without notice. It is the condominium hotel operator's responsibility to provide written notice to the Commission of any changes to the information contained on the registration application forms and documents within ten (10) days of any change.

This material can be made available for individuals with special needs. Please call the Licensing Branch Manager at (808) 586-3000 to submit your request.