

2007 Annual Report

Real Estate Commission

Real Estate Branch
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

The 2007 Hawaii Real Estate Commission

Trudy I. Nishihara
Chair
Oahu, Real Estate Broker

Stanley M. Kuriyama
Vice Chair
Oahu, Real Estate Broker

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

Michele Sunahara Loudermilk
Vice Chair, Laws and Rules Review Committee
Oahu, Public Member

Carol Mae A. Ball
Chair, Education Review Committee
Maui, Real Estate Broker

Annette Aiona
Vice Chair, Education Review Committee
Hawaii, Real Estate Broker

William Stanley Chee
Chair, Condominium Review Committee
Oahu, Real Estate Broker

Mark Suiso
Vice Chair, Condominium Review Committee
Oahu, Public Member

Frances Allison Torre Gendrano
Oahu, Real Estate Broker

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 and 514B, HRS).”



The Honorable Linda Lingle, Governor, State of Hawaii, Members of the Twenty-Fourth State Legislature, and Lawrence Reifurth, Director, Department of Commerce and Consumer Affairs:

Aloha!

I respectfully present to you the annual report on the status of the Real Estate Commission (Commission) for fiscal year 2007. The Commission currently oversees almost 20,000 licensees statewide, of which approximately 14,500 hold active licenses. There is a slight decrease from 2006, which is indicative of where the market is headed. We also oversee approximately 1,609

condominium associations and 19 condominium hotel operators. The number of condominium units being offered for sale in condominium conversion projects decreased in FY 07. Compared to FY 06 new project filings, there were 9,538 condominium units created as part of 248 new project filings. The Commission provides information, education, and acts as a resource for unit owners throughout the year by way of the Commission's Outreach Program and other educational efforts.

The Commission is responsible for the education, licensure, and discipline of real estate agents, certifying and monitoring activities of prelicense real estate schools, prelicense courses, curricula and instructors, certifying continuing education providers, developing core course continuing education courses, and registering condominium projects, associations, and managing agents. The Commission is also responsible for testing and certifying broker and salesperson applicants, publishing and disseminating reports, and administering the real estate recovery fund.

The Commission has three standing committees: the Laws and Rules Review Committee, the Education Review Committee, and the Condominium Review Committee.

Commissioner Louis Abrams, Chair of the Laws and Rules Review Committee, continues to work closely with the Hawaii Association of REALTORS® (HAR) and the Commission's statewide volunteer Consumer Broker Relationships Ad Hoc Committee. Commissioner Abrams also represents Hawaii as a Director of the Association of Real Estate License Law Officials (ARELLO). Commissioner Michele Sunahara Loudermilk, Vice Chair of the Laws and Rules Review Committee, has focused on establishing background check requirements for new applicants.

Commissioner William Stanley Chee, Chair of the Condominium Review Committee, and Vice Chair, Commissioner Mark Suiso, continue the enormous task of education and administration of the recodified condominium law, Chapter 514B, HRS, and the transitioning from the original law, Chapter 514A, HRS. With the assistance of the Commission's condominium consultants, the transition to the new law is well on its way. As with any law change, amendments, deletions and modifications continue to ensure the intent of the recodified law. The committee has recently created an Ad Hoc Committee on Condominium Education and Research to develop and recommend a five year strategic education plan for the Condominium Education Trust Fund (CETF) for the purpose of evaluating and developing educational programs to better prepare the consumer for condominium purchase and residency.

Commissioner Carol Mae A. Ball, Chair of the Education Review Committee, together with Vice Chair, Commissioner Annette Aiona, continue to work diligently with the Commission's Education Evaluation Task Force (EETF), a long-standing subcommittee made up of industry members, who contribute unselfishly, of their time and effort to maintain professional standards in the real estate industry. As the real estate industry changes, both in business models and internet sales and services, the Commission is considering post-license requirements for brokers and salespersons and increasing the required continuing education hours to maintain the level of professionalism.

Commissioner Stanley Kuriyama serves as the Commission's Vice Chair and actively participates on all committees. His experience and expertise as a two-time Commissioner bring efficiency and insight to the Commission's decisions. Coupled with his knowledge of the real estate industry, he is an invaluable member of the Commission. Commissioner Frances Gendrano earnestly contributes her perspective as a representative of a new generation of real estate licensees, providing a fresh outlook on both on-going and developing trends in the ever-changing real estate industry.

The Commission looks forward to fiscal year 2008 and its many challenges, such as amending the Hawaii Administrative Rules to reflect current business practices of agency and disclosures, developing a required process for background checks of license applicants and licensees, publishing consumer brochures on condominium living for new owners and aging seniors, creating

post-license requirements for salespersons and brokers, increasing hours for continuing education, and maintaining on-going national and international relationships for future regulation to protect our consumers.

Fiscal Year 2007 has been a year of transition for Hawaii's expanding condominium community, and the real estate industry, both on a local and national level. It is with the help and support of outgoing Director Mark Recktenwald and incoming Director, Lawrence Reifurth, Department of Commerce and Consumer Affairs (DCCA), Noe Noe Tom, Licensing Administrator, Professional and Vocational Licensing Division (PVL), the cooperation of the Regulated Industries Complaints Office (RICO), the State Department of the Attorney General, and the Real Estate Branch and its Supervising Executive Officer, Calvin Kimura, that the Commission has been able to accomplish its work.

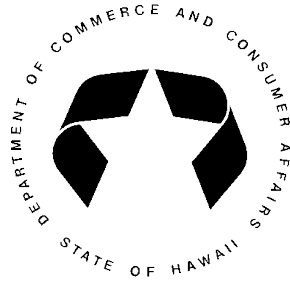
This diverse team of dedicated individuals and their sincere interest and commitment to the protection of Hawaii's consumers has maintained a high degree of professionalism and standards in the real estate industry.

Respectfully submitted,

A handwritten signature in cursive script, likely belonging to Trudy I. Nishihara, written in black ink.

Trudy I. Nishihara
Chair

**Real Estate Commission
Real Estate Branch
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii**



**Lawrence M. Reifurth, Director (Incoming)
Mark E. Recktenwald, Director (Outgoing)
Ronald Boyer, Deputy Director (Incoming)
Lawrence M. Reifurth, Deputy Director (Outgoing)
Noe Noe Tom, Licensing Administrator**

Real Estate Branch:

**Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Irene Kotaka, Secretary
Tania Nakano, Clerk
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist (Incoming)
Lorene Kimura, Real Estate Specialist (Outgoing)
Ryan Yamashiro, Real Estate Specialist
Karyn Takahashi, Clerk Stenographer
Toalua Lavatai, Clerk Typist
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Tammy Norton, Secretary
Jon Gasper, Clerk
Janelle Sarae, Clerk
Louise Tadaki, Clerk Typist**

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This material can be made available for individuals with special needs. Please call the Senior Real Estate Specialist at (808) 586-2643 to submit your request.

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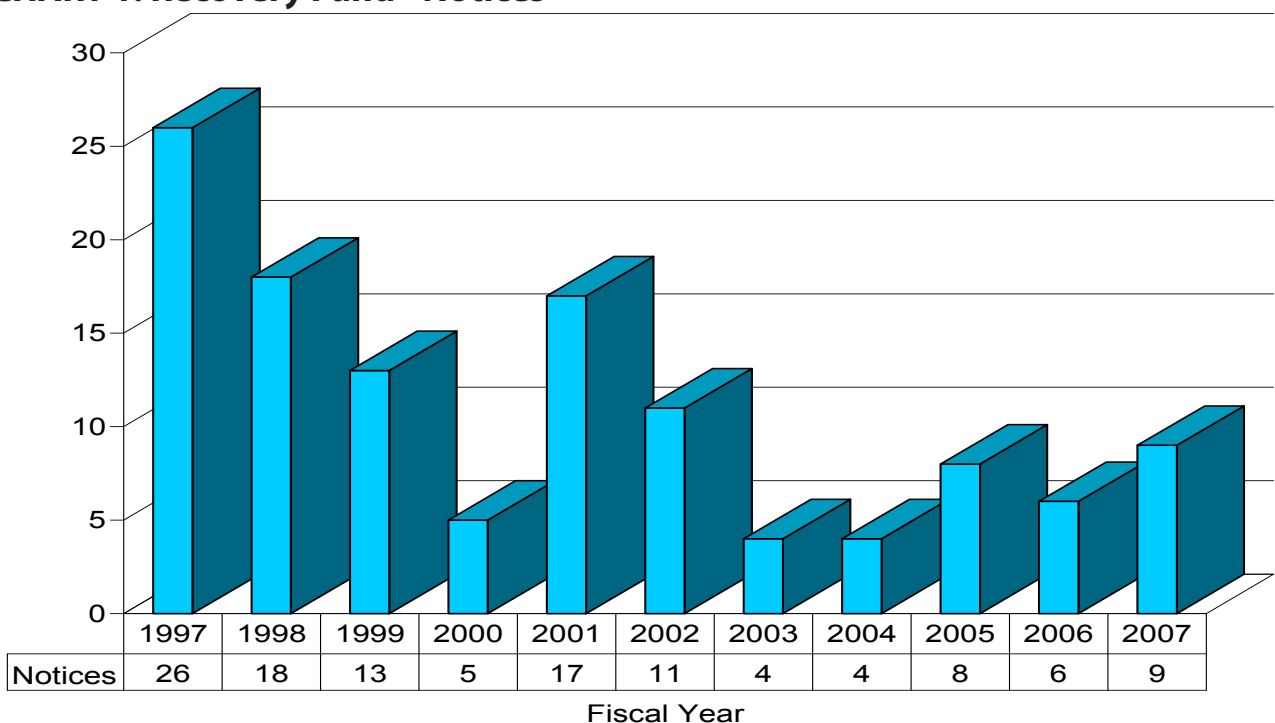
LAWS AND RULES REVIEW COMMITTEE REPORT

The Committee, for FY 2007, led by Chair Louis Abrams and Vice Chair Michele Sunahara Loudermilk, had an active year with legislation, reactive issues, licensing programs, and recovery fund administration.

Legislation

- Act 22** – The purpose of this Act is to clarify the original intent of the Contractor Repair Act, Chapter 672E, HRS, which holds “contractors” responsible for claims. The original intent included “owner-builders” as described in Chapter 444, HRS, who sell or lease a dwelling (including “owner-builders” who sell or lease to their employees) in the definition of “contractor.” This intent inadvertently included real estate brokers and salespersons in the definition of “contractor.” This Act removes the inadvertent inclusion of real estate brokers and salespersons from the definition of “contractor.”
- Act 244** – Amends Chapters 514A (original law) and 514B (recodified law), HRS, Condominium Property Regimes and Condominiums. The purpose of this Act is to correct the inadvertent repeal of a substantial number of sections of Chapter 514A, HRS, retroactive to July 1, 2006. In addition, the Act makes necessary technical, clarifying, and conforming amendments to the condominium law.
- Act 94** – Amends Chapter 412, HRS, by requiring financial institutions to report suspected financial abuse that is directed towards, targets, or is committed against an elder to the Department of Human Services. Financial abuse means financial abuse or economic exploitation. The Act provides certain immunity for the financial institution and the person making the report.
- Act 50** – Amends Chapter 454, HRS, Mortgage Brokers and Solicitors, by providing for additional sanctions for

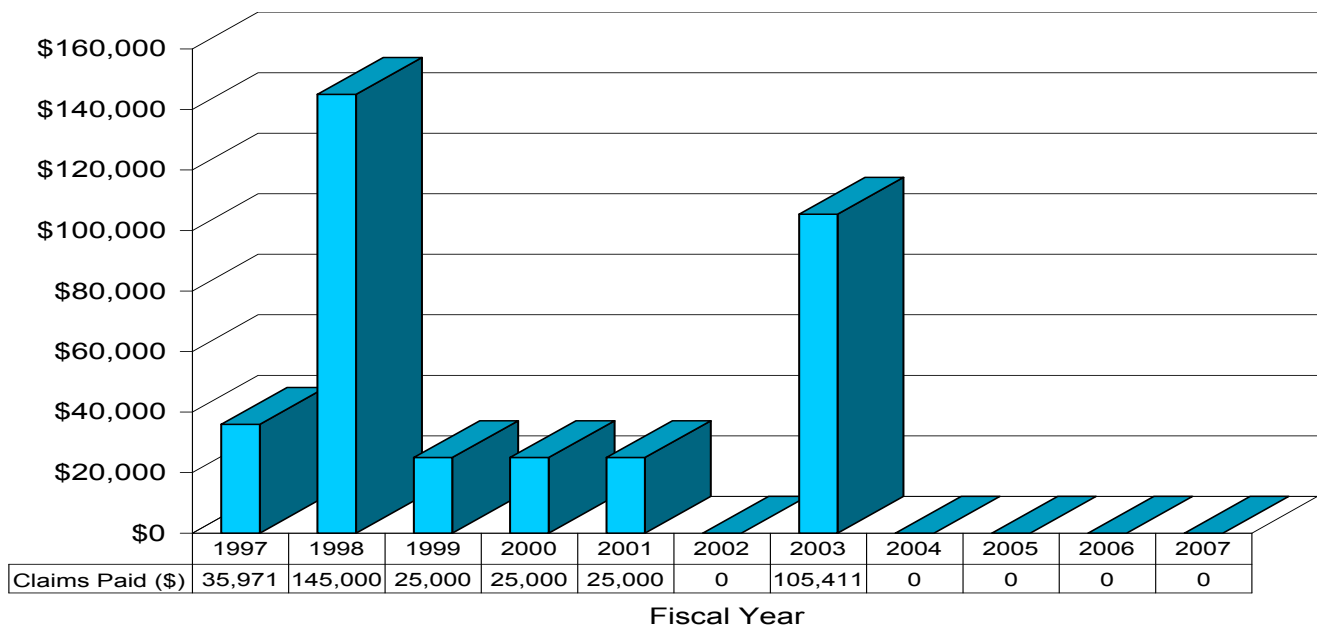
CHART 1. Recovery Fund - Notices



violations committed against elders (62 years of age or older).

- **Act 82** – Establishes the State building code and design standards law. Establishes a state building code council within the Department of Accounting and General Services, who shall adopt a state building code applicable to all construction in the State. Counties are authorized to amend the code. The uniform set of statewide building codes is applicable to one and two family dwellings, all other residential uses, and commercial and industrial buildings, and State buildings.
- **Act 116** – Provides an income tax deduction of 100% of the income derived by a fee simple owner from the sale of a leased fee interest in units within a condominium project, cooperative project, or planned unit development to the association of apartment owners or the residential cooperative corporation of the leasehold units. This will commence after December 31, 2007 and is set to be repealed January 1, 2013.
- **Act 21** – Assists condominium associations in collecting delinquent maintenance fees by making permanent the law allowing condominium associations to assess delinquent maintenance fees against a person who, in a foreclosure proceeding, purchases an apartment to which the fees are attached.
- **Act 241** – Provides that any fee charged to a condominium unit owner to obtain copies of condominium association records shall be reasonable and not exceed \$1 per page.
- **Act 243** – Amends provisions relating to association records and records to be maintained. Prohibits managing agents, resident managers, and association's boards to use or distribute member lists without prior written consent of the board. Makes membership lists the property of the association, and prevents the managing agent, resident manager, or board from using the information contained in the list to create separate lists for the purposes of evading the provision of the statute.

CHART 2. Recovery Fund - Claims Paid



- **SCR 160** – Requesting a sunrise review of the regulation of entities governed by Chapter 514A or 514B, HRS, and the enforcement of policies relating to condominiums in the State through the creation of a Condominium Commission.
- **Act 18** – Amends provisions relating to exemptions from the mortgage brokers and solicitors law. Adds exemption for operating subsidiaries of a bank and savings associations.
- **SCR 75** – Requesting the Auditor to perform a sunrise analysis of the regulation of destination clubs and those who market them.

Special Subcommittees

For fiscal year 2007, the five subcommittees and ad hoc committees were as follows:

Subcommittee on Internet Advertising and VOWS - The Commission's subcommittee continued to research and distribute information from various jurisdictions to its members.

Subcommittee on Referral Fees and License Recognition - The Commission's subcommittee researched and distributed information on various jurisdictional practices throughout the year. Based on this and advice from the Deputy Attorney General, it was recommended that changes in the current rules are necessary to implement any license recognition program.

Subcommittee on Agency and Other Related Issues - This subcommittee merged with the Ad Hoc Committee on Consumer-Broker Relationships.

Subcommittee on Applicants with Criminal and Other Legal Background Issues - The subcommittee researched and discussed

information received from other States who have implemented a criminal background review program of all real estate licensing applicants. The subcommittee desires to discuss and work with the umbrella organization on this issue.

Ad Hoc Committee on Consumer-Broker Relationships - The Ad Hoc Committee on Consumer-Broker Relationships ("Ad Hoc") had a large workload this fiscal year with extensive research, meetings with various organizations and Commissions from other States, and its own meetings. The Ad Hoc was formed due to the initial research and study by the Committee's Chair into the various issues facing the consumer's relationship with real estate licensees, as well as research with ARELLO (Association of Real Estate License Law Officials) and its members. This research and study was initiated due to the introduction of a legislative bill by the Hawaii Association of REALTORS® to the 2005 Legislature. Although the bill was deferred, the Commission desired to continue its review and discussion. The Commission desired a broad perspective on the consumer-broker relationship and requested for officials from each of the Board of REALTOR® organizations, the Regulated Industries Complaints Office, the Hawaii State Bar Association, the Office of the Attorney General, large/small/independent brokerage firms, CCIM, and Real Estate Educators to serve on the committee. The committee conducted nine meetings during the fiscal year.

Licensing

For fiscal year 2007, the total number of licensees peaked at 19,926, down from 20,607 in fiscal year 2006. This represents a 3.3% decrease over the previous fiscal year. The number of real estate licensees has always been cyclical, with the all-time high of 26,090 licensees in 1990 and the lowest count in the past 20 years of 13,033 licensees in 1999.

The Laws and Rules Review Committee, through the Professional and Vocational Licensing Division, developed a plan for increasing the 2006 on-line renewals for real estate licensees. Of the 18,044 total real estate licenses renewed, 15,321 licenses, or 85%, were successfully renewed on-line. This represents nearly double the rate in 2004, when 43% renewed on-line. 93.91% of broker licenses (entity, sole proprietor, principal broker, broker-in-charge, broker-salesperson) were renewed, of these, 81.47% renewed on-line. 83.37% of salesperson licenses were renewed, and of these, 86.49% chose the on-line renewal.

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 2007, the Commission received notification in nine cases, a 50% increase from the FY 2006 notices. See Chart 1.

In FY 2007, 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.

FY 2007 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.

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.

Rule Making, Chapter 99 – Studied, evaluated, researched, and developed rule amendments for the formal rule making process.

Meetings – Administered the monthly committee meetings, as well as subcommittee and ad hoc committee meetings.

License Renewals – Administered the renewal of real estate licenses from October to December 2006, emphasizing on on-line renewals, including re-registrations; implemented plan, conducted workshops on Kauai, Maui, Hawaii island (Hilo and Kona) and Oahu, and disseminated information.

Through the on-line renewal program, licensees were provided an on-line customer appreciation credit of approximately \$30.00. The results were lower renewal fees for licensees and the highest participation rate of licensees renewing their licenses online (over 86%).

Legislative and Government

Participation – Participated in the legislative sessions; provided briefings and acted as a 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 the Association of Real Estate License Law Officials (ARELLO), local, 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. This year included interaction with the National Association of REALTORS® (NAR), the U.S. Department of Justice (DOJ), the Federal Trade Commission (FTC), and the Consumer Federation of America (CFA).

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

Neighbor Island Outreach – Held two committee meetings at neighbor island sites (Maui in January 2007 and Kauai in June 2007).

Review of Services and Organization – Analyzed and initiated steps to improve the services provided, to streamline for effectiveness and efficiency, amendments to laws, amendments to rules, amending forms, amending the system, staffing, equipment, reorganization, etc. Conducted meetings and exchanges with Licensing Branch personnel.

Application Processing and Forms – Studied and evaluated the processing of application forms, evaluated and amended forms and instructions; assisted in mainframe computer programming issues. Studied and reported on other electronic/computerized methods to improve application processing and providing a database, including additional uses of bar coding and services offered by testing companies and others.

ARELLO National Disciplinary Action Data Bank – Continued participation in the ARELLO National Disciplinary Action Data Bank to assist in the background review of applicants and assist in consumer protection nationally.

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 the Real Estate Bulletin and the website.

Rule Making, Chapter 53, Fees – Monitored, reviewed, researched, and made recommendations on rule amendments for fees through coordination with the Licensing Administrator.

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.

Commissioners Education Program – Researched and provided reference materials to Commissioners; provided orientation sessions for new Commissioners; and conducted periodic workshops for all Commissioners. Chair Nishihara participated in ARELLO's Commissioner College.

Division and Department Programs – Coordinated and worked with PVLD, DCCA, and others on any program of mutual concern, joint program with ERC and CRC.

HUD/ARELLO Fair Housing Agreement – Administered the terms of the agreement and coordinated any review by HUD officials. Participated with ARELLO's Fair Housing Committee and worked with ARELLO on the terms of the agreement.

FY 2008 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 and Ad Hoc Committee
- Meetings
- Licensing Renewal
- Legislative and Government Participation
- Interactive Participation with Organizations
- Legislative Acts and Resolutions
- Neighbor Island Outreach
- Review of Services and Organization
- Application Processing and Forms
- ARELLO National Disciplinary Action Data Bank
- Case Law Review Program
- Rule Making, Chapter 53, Fees
- Commissioners Education Program
- Division and Department Programs
- HUD/ARELLO Fair Housing Agreement

ADMINISTRATIVE ACTIONS

Table 1. Administrative Actions

Disciplinary Actions

FY 2007 Administrative Actions

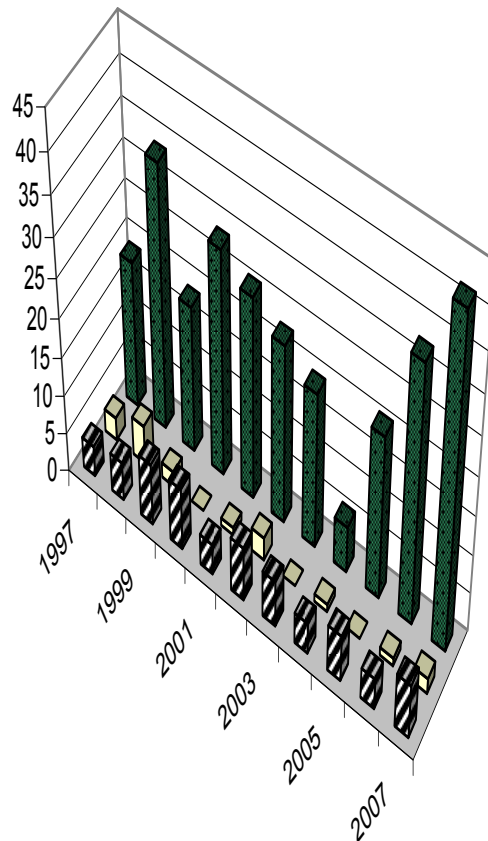
No. of Licensees Disciplined - By Category

General Brokerage	22
Property Management	4
DUI Conviction	1
Drug Conviction	1
Tax Obligation	1
Failure to Disclose Disciplinary Action	1
Failure to Report Judgment	1
Filing False Statement	1
License Requirements	3
Failure to Ensure License Current/Active	1
	<hr/> 36

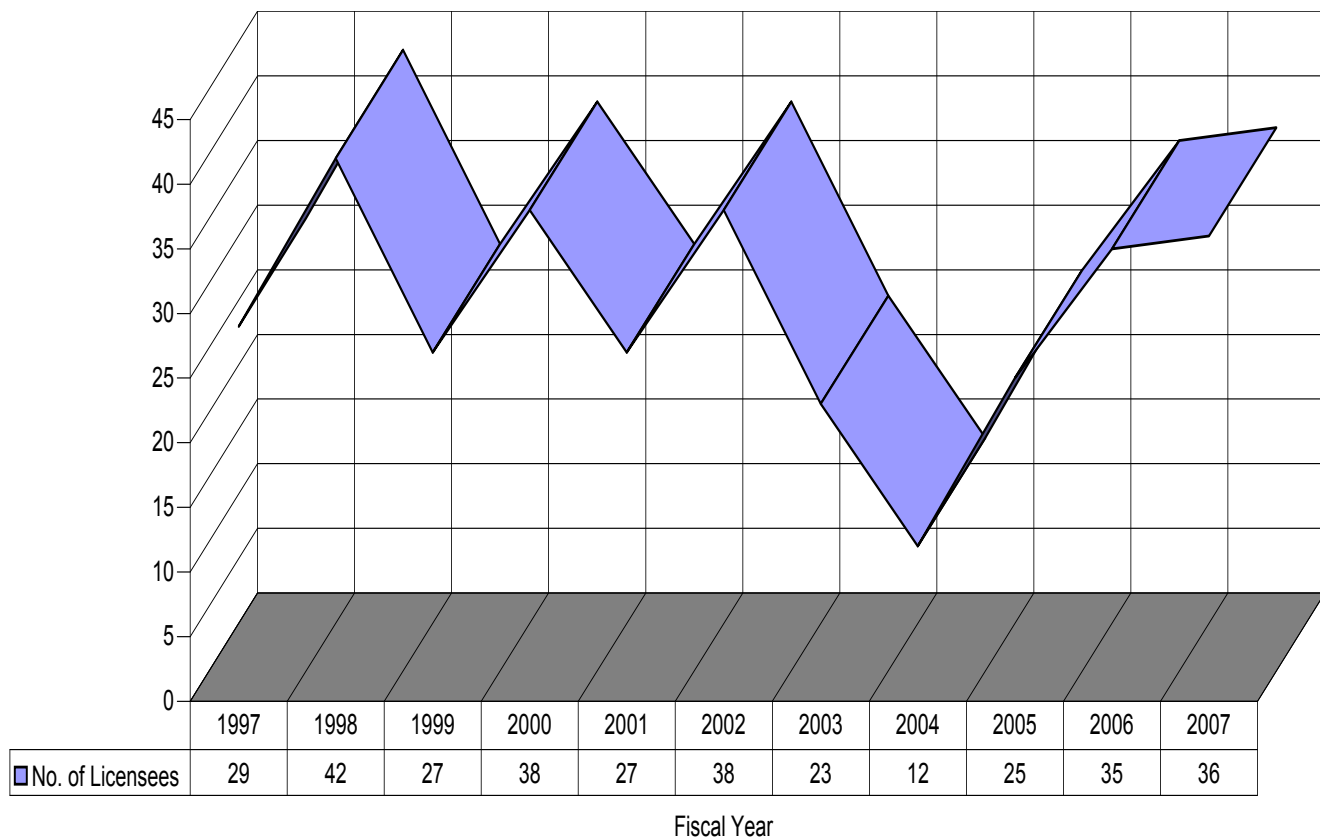
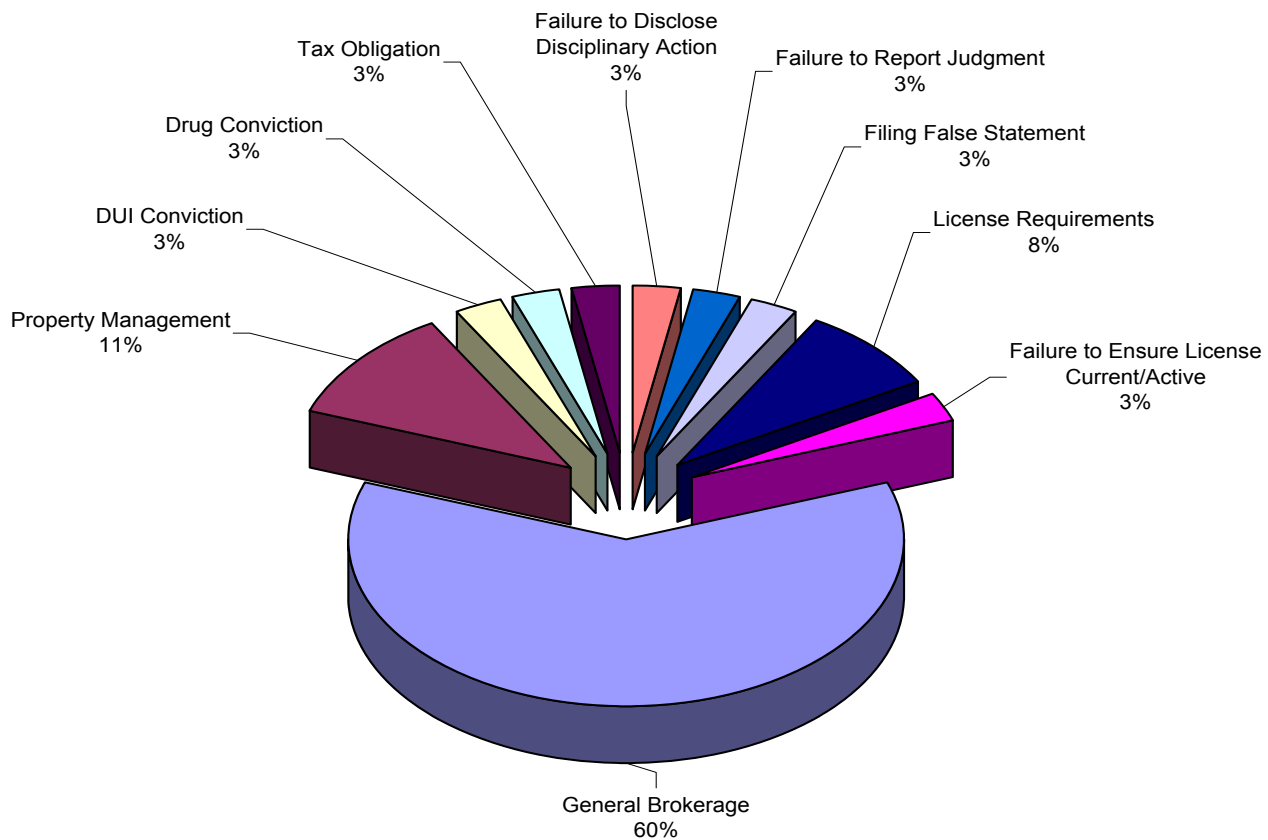
Licenses Revoked	7
Licenses Suspended	2
Licenses Fined	42
Total fines	\$109,500
Licenses Subject to Other Sanctions	7

The Commission took disciplinary action against 36 licensees in FY 2007. This was a 2.6% increase over the 35 licensees disciplined in FY 2006. Fines totaling \$109,500 were assessed against 42 of the licensees. Seven licensees had their licenses revoked and two licenses were 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, the number of licenses fined in 2007 totalling 42 increased 27.3% compared to last year's total of 33. Chart 4 provides historical information on the number of licensees disciplined.

CHART 3. Administrative Actions - Sanctions (FY 1997-2007)



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
▨ Licenses Revoked	4	5	8	8	4	7	6	4	6	4	7
▤ Licenses Suspended	3	5	2	0	1	3	0	1	0	1	2
■ Licenses Fined	19	34	19	29	26	23	20	6	21	33	42

CHART 4. Disciplinary Actions (FY 1997-2007)**CHART 5. Disciplinary Actions By Activity (FY 2007)**

REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

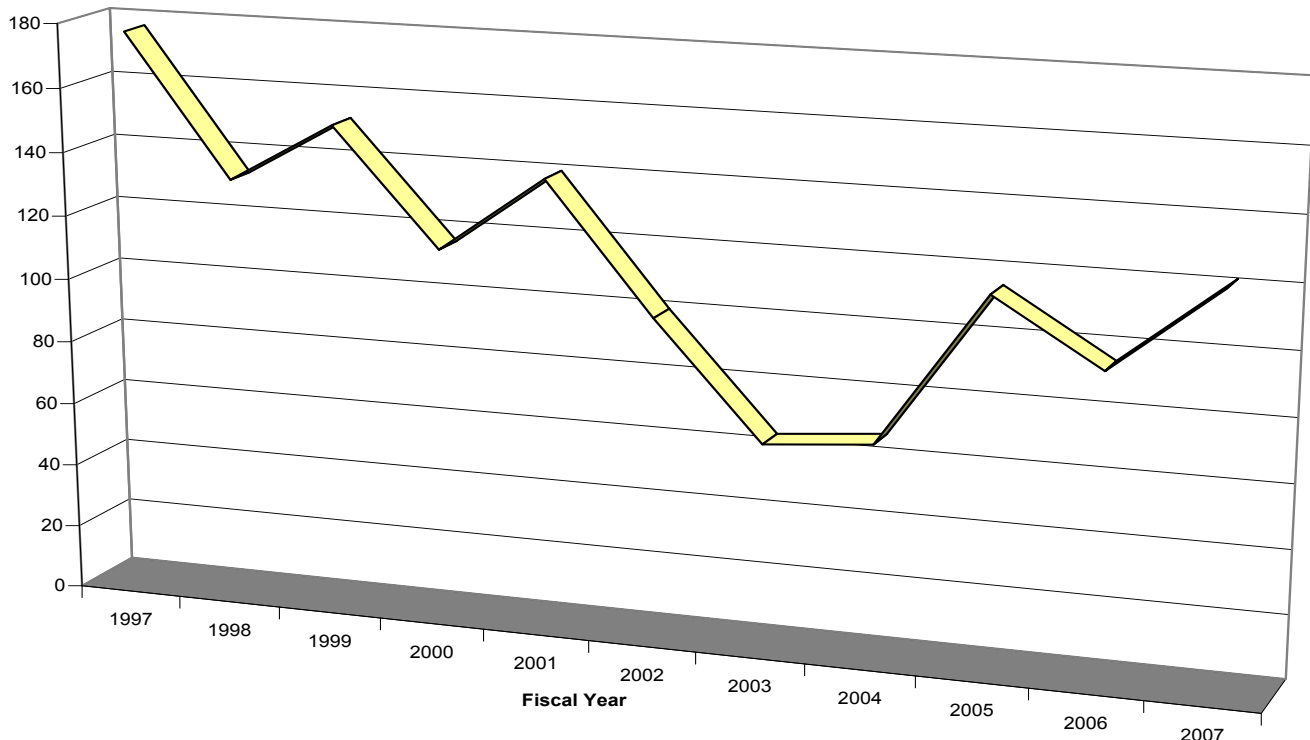
RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 28.4% increase in 2007. RICO received 122 real estate complaints in FY 2007, compared to 95 in FY 2006. Refer to Chart 6.

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.

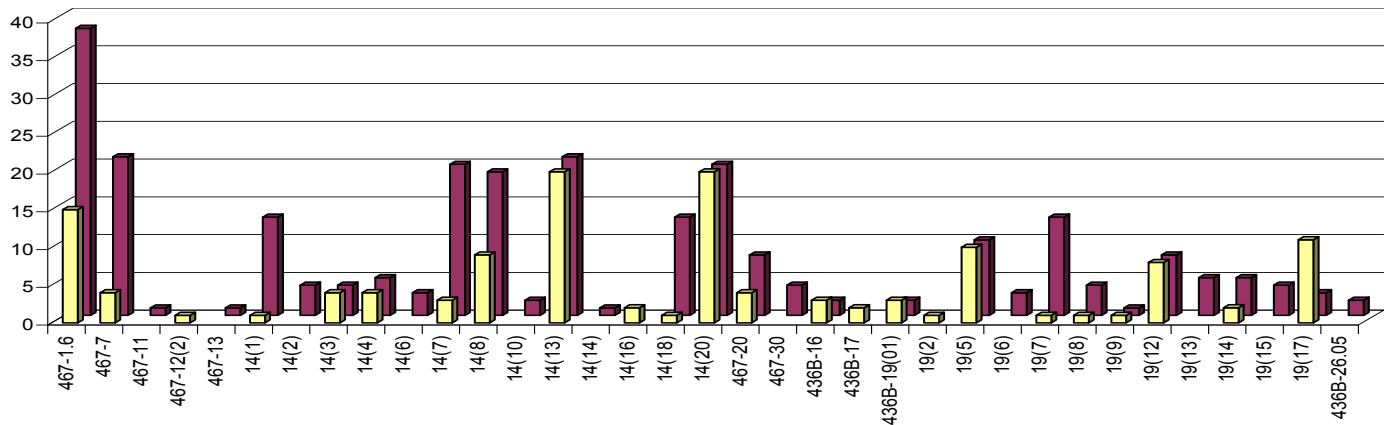
One hundred one of the complaints are pending, while 21 have been closed. Of the closed complaints, there was insufficient evidence in five cases, warning letters were issued in seven cases, one case was resolved, one case RICO determined there was no jurisdiction, in six cases legal action was taken, and one case resulted in an advisory contact.

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

CHART 6. RICO Complaints (Real Estate FY 1997-2007)

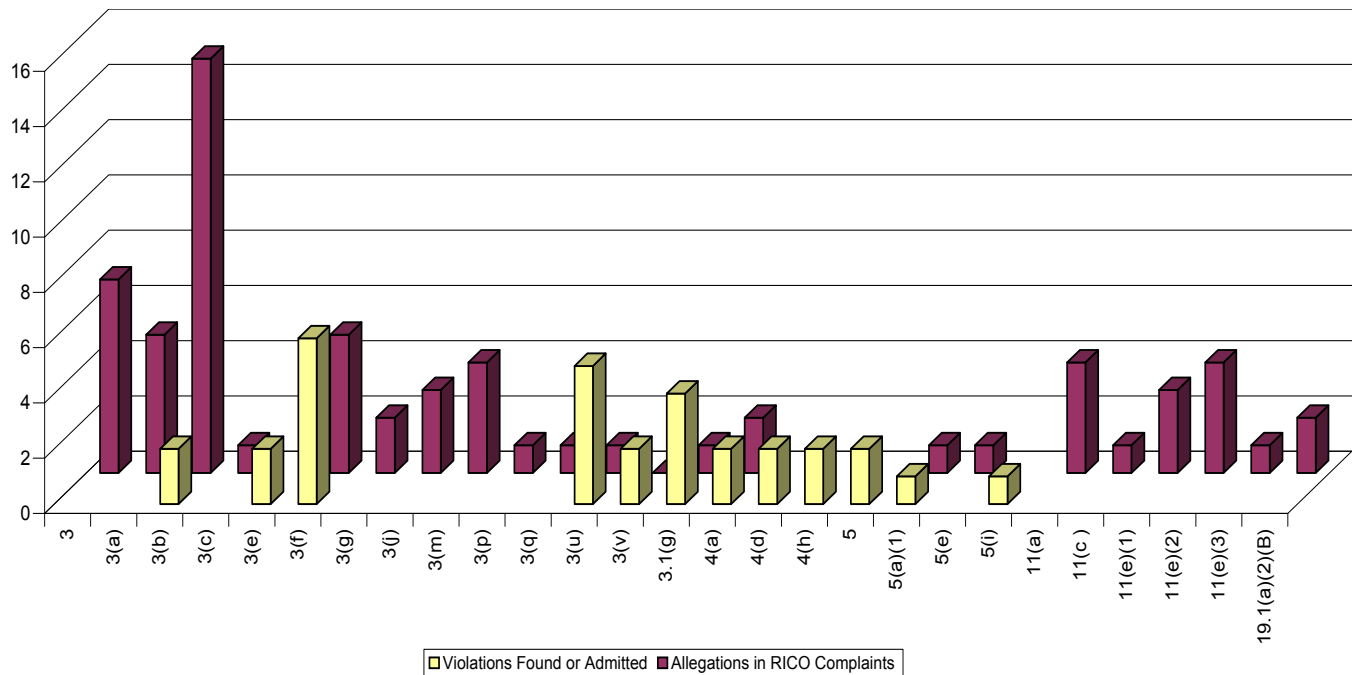


	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Complaints	177	133	152	116	140	100	64	67	115	95	122

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

■ Violations Found or Admitted
 ■ Allegations in RICO Complaints

§467-1.6	Principal broker shall have direct management and supervision of the firm and its licensees.	§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
§467-7	Licenses required to act as a real estate broker or salesperson.	§467-20	False statement.
§467-11	Fees.	§467-30	Registration, bonding and other requirements for condominium hotel operators.
§467-12	Place of business and posting of license.	§436B-16	Notice of judgments, penalties.
§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-17	Licensee shall file with the licensing authority the licensee's current mailing address, business and residence address.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§436B-19	Grounds for refusal to renew, reinstate or restore and for revocation, suspension, denial, or condition of licenses.
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-19(1)	Failure to meet or maintain the conditions and requirements necessary to qualify for the granting of a license.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
§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(5)	Procuring a license through fraud, misrepresentation, or deceit.
§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(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§467-14(10)	Permitting a corporate officer or employee who does not hold a real estate broker's license to have direct management of the brokerage business.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§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(14)	Splitting fees with or otherwise compensating others not licensed.	§436B-19(13)	Revocation, suspension, or other disciplinary action by another state or federal agency against a licensee or applicant for any reason provided by the licensing laws or this section.
§467-14(16)	Converting other people's moneys to the licensee's own use.	§436B-19(14)	Criminal conviction.
§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 licensee's obligation to avoid error, misrepresentation, or concealment of material facts.	§436B-19(15)	Failure to report in writing to the licensing authority
		§436B-19(17)	Violating this chapter, the applicable licensing laws or any rule or order of the licensing authority.
		§436B-26.05	Citation for unlicensed activity.

CHART 8. Rules Violations (Chapter 99, HAR)

§ 16-99-3	Conduct.	§ 16-99-3(u)	The licensee shall not add or modify the terms of the instruments previously signed or initiated by a party to a transaction without written consent of all the parties.
§ 16-99-3(a)	Licensee shall fully protect the general public in its real estate transactions.	§ 16-99-3(v)	Licensee shall not convert other people's moneys to the licensee's own use.
§ 16-99-3(b)	Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.	§ 16-99-3.1(g)	A licensee may not be the agent for both the buyer and the seller without obtaining the written consent of both the buyer and the seller.
§ 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.	§ 16-99-4(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.
§ 16-99-3(e)	Broker shall keep in special bank account, separated from the broker's own funds, moneys coming into the broker's possession in trust for other persons.	§ 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.
§ 16-99-3(f)	Licensee shall see that financial obligations and commitments are in writing.	§ 16-99-5(a)(1)	Notification of change of licensee's legal name, residence address, and mailing address.
§ 16-99-3(g)	Licensee shall not acquire property without making the true position known in writing to the owner.	§ 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.
§ 16-99-3(j)	Licensee shall transmit immediately all written offers to the listing broker.	§ 16-99-5(i)	A licensee shall be subject to disciplinary action for failure to submit notifications required by this section within ten days of the change.
§ 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.	§ 16-99-11(a)	Advertisements.
§ 16-99-3(p)	Licensee shall not act as a broker, broker-salesperson, or salesperson for more than one brokerage firm except that this subsection shall not apply to those situations as described in subsection (o).	§ 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.
§ 16-99-3(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.	§ 16-99-11(e)	Licensee's name - advertising and promotional materials.
		§ 16-99-19.1	License Name.

Education Review Committee Report

The Committee, for fiscal year 2007, under the leadership of Chair Carol Mae Ball and Vice Chair Annette Aiona, 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.

In Fiscal Year 2007, real estate specialists visited Maui in January 2007. Specialists also visited Maui, the Big Island and Kauai in June 2007.

Neighbor Island Outreach

The Commission convenes its standing committee meetings on a neighbor island two to three times a year. The committees met on January 10, 2007, on Maui, and on June 15, 2007, on Kauai. The meetings afforded neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in the committee meetings.

Instructor's Development Workshop

The Commission contracted with the Hawaii Association of REALTORS® to co-sponsor an Instructor's Development Workshop during the 2007-2008 biennium.

Continuing Education (CE)

During the fiscal year, there were 184 approved CE courses, an increase from the 59 approved CE courses in the previous fiscal year. Six of the courses were national courses. There were 36 CE providers. CE providers offered 424 classes to 20,512 participants as

compared to the previous fiscal year of 92 classes offered to 14,415 participants.

Real Estate Licensing Examination

Promissor, a PearsonVUE business, continued offering testing five days a week 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 decreased more than 23% 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 482 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 27% increase over the last fiscal year's total of 381 approvals.

Table 2. Real Estate Licensing Examination

	FY 2006	FY 2007	% Change
Brokers Tested	714	957	34.0%
Salespersons Tested	4838	3306	-31.7%
Total Tested	5552	4263	-23.2%
Brokers Passed	222	293	32.0%
Salespersons Passed	2718	1744	-35.8%
Total Passed	2940	2037	-30.7%
% Brokers Pass	31.1%	30.6%	
% Salespersons Pass	56.2%	52.8%	

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®, including its October 2006 Annual PAC Rim Convention, the Kauai Board of REALTORS®, the REALTORS® Association of Maui, the Hawaii Island Board of REALTORS®, and the Kona Board of REALTORS®. On a national level, the Commission continued its active participation in the Association of Real Estate License Law Officials (ARELLO), the Real Estate Educators Association (REEA), and the National Association of REALTORS® (NAR). Participation in national organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry, as well as in other jurisdictions.

Advice, Education, and 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 20,955 telephone inquiries, 996 walk-in inquiries, 18,985 written inquiries/written requests/faxes, and 13,193 e-mails. See Chart 10.

Website Hits

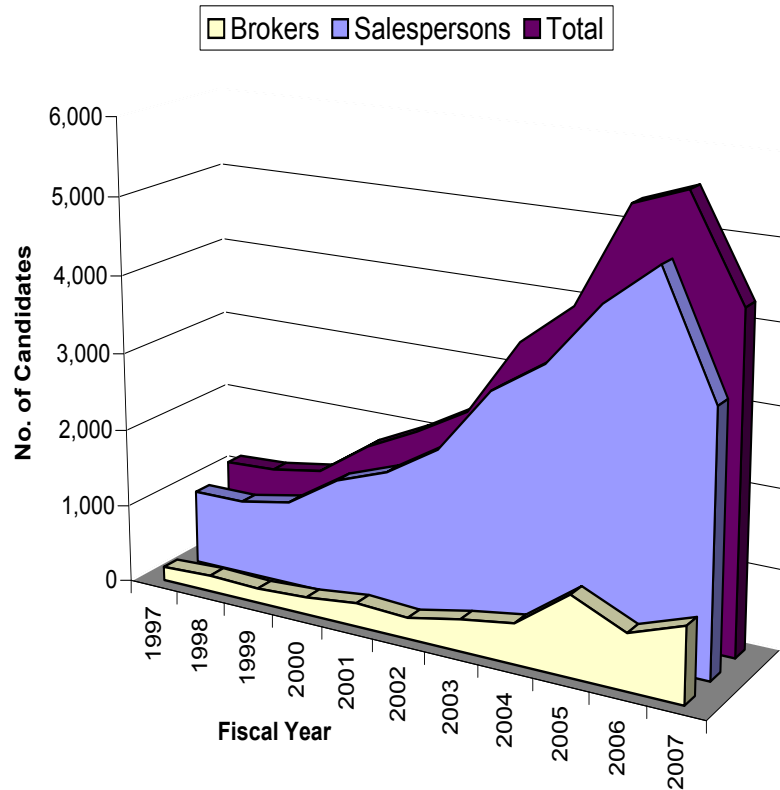
The Commission's website, www.hawaii.gov/hirec, is available seven days a week and 24 hours each day for information, forms, and applications. The website has provided well over 319,232 real estate and condominium related hits during the fiscal year. This represents an increase of 7.8% from the previous year. See Chart 11. The Commission's website remains the number one communication tool with the real estate and consumer communities.

Publications

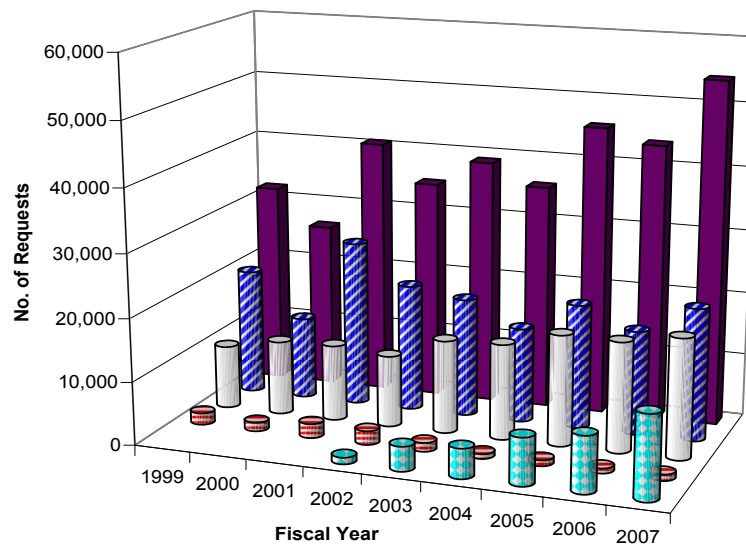
The Commission continues to publish the Hawaii Real Estate *Bulletin* in a traditional newsletter format that is mailed to all current licensees, legislators, government officials, ARELLO jurisdictions, and other interested parties. It is also available in electronic format on the Commission's website at 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 Commission's website.

The Commission also publishes a quarterly newsletter, *School Files*, exclusively for the real estate education community. It provides schools, instructors, and continuing education 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.

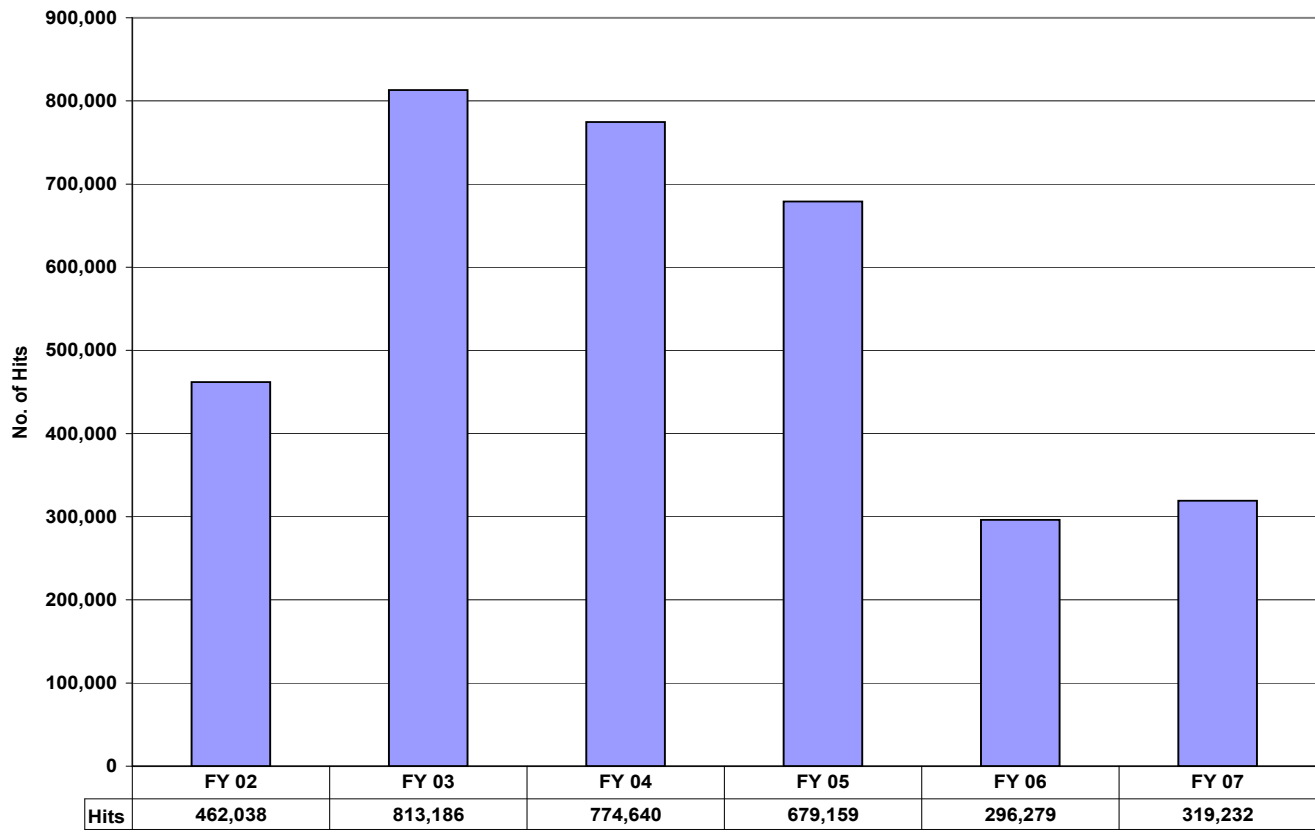
In contrast to the *Bulletin* and *School Files*, the Commission's Annual Report is primarily an electronic publication. A limited number of printed copies are distributed to the Legislature and to the Governor. Interested licensees and members of the public may download and print the report from the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

CHART 9. Licensing Examination Candidates (FY 1997-2007)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Brokers	178	207	187	224	304	269	409	516	1,022	714	957
Salespersons	952	955	1,082	1,504	1,744	2,158	3,012	3,458	4,283	4,838	3,306
Total	1,130	1,162	1,269	1,728	2,048	2,427	3,421	3,974	5,305	5,552	4,263

CHART 10. Inquiries and Applications

	1999	2000	2001	2002	2003	2004	2005	2006	2007
E-mail				1,052	3,889	4,695	7,499	8,886	13,193
Walk-ins	1,852	1,400	2,241	2,185	1,417	768	904	807	996
Applications / written requests	10,072	11,770	12,068	11,343	14,753	15,137	17,574	17,439	18,985
Telephone calls	20,038	13,050	26,295	20,184	18,864	15,050	19,738	16,478	20,995
Total	31,962	26,220	40,604	34,764	38,923	35,650	45,715	43,610	54,169

CHART 11. Website Hits

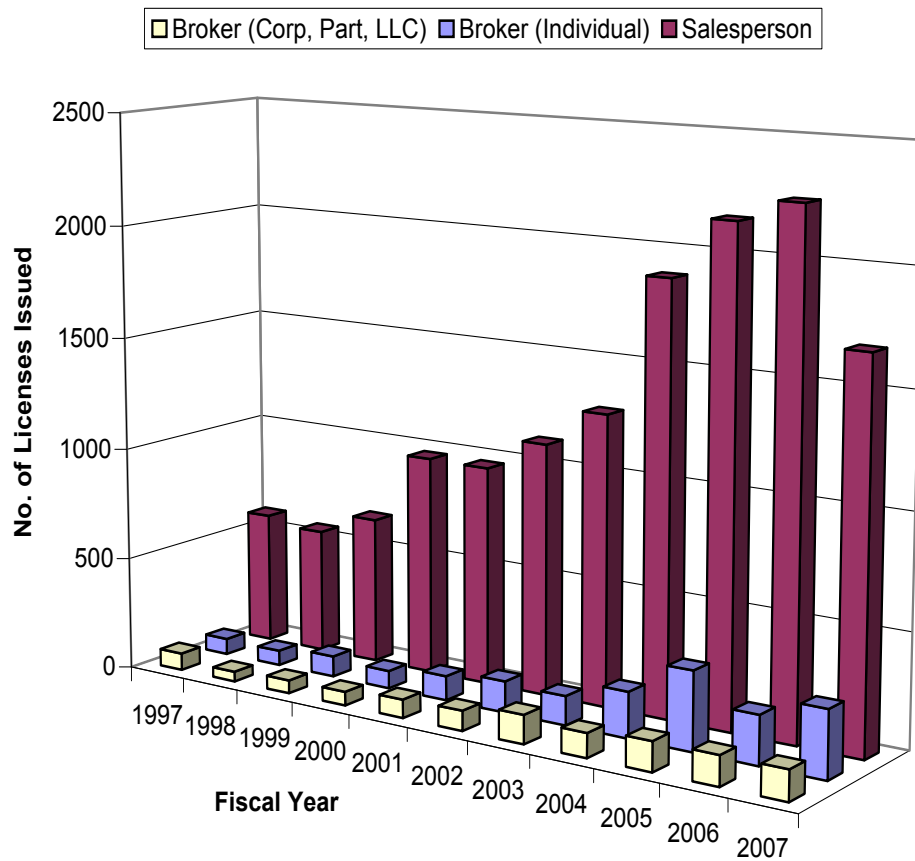
Licenses

New Licenses

The number of new licenses issued in FY 2007 decreased 19% over the prior fiscal year. During FY 2007, 2,098 new licenses were issued. Individual broker licenses increased by 37.4%, new salesperson licenses decreased by 25.5%, and new entity licenses increased by less than 1%. Refer to Chart 12.

Current Licenses

The overall number of current real estate licenses decreased 3.3% by the end of FY 2007. In FY 2007, active licenses decreased 1.3% over last year, while inactive licenses decreased 8.5%. There was less than 1% decrease of active licenses on Oahu, and a decline in the number of neighbor island licensees with Hawaii decreasing 3.2%, Maui 2.7%, and Kauai 4.7%. Refer to Table 3, Chart 13, and Chart 14.

CHART 12. New Real Estate Licenses Issued

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
■ Broker (Corp, Part, LLC)	76	44	58	61	81	88	126	106	130	131	132
■ Broker (Individual)	71	66	92	78	107	138	128	201	344	214	294
■ Salesperson	586	553	651	971	968	1111	1278	1887	2148	2244	1672

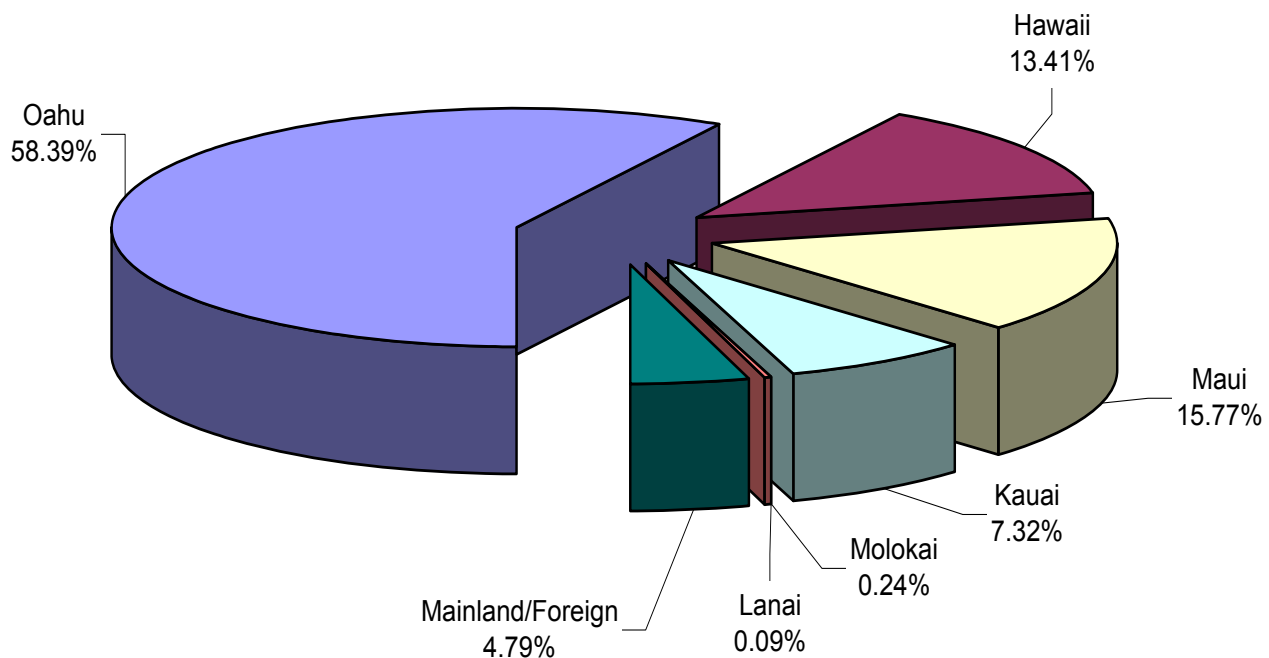
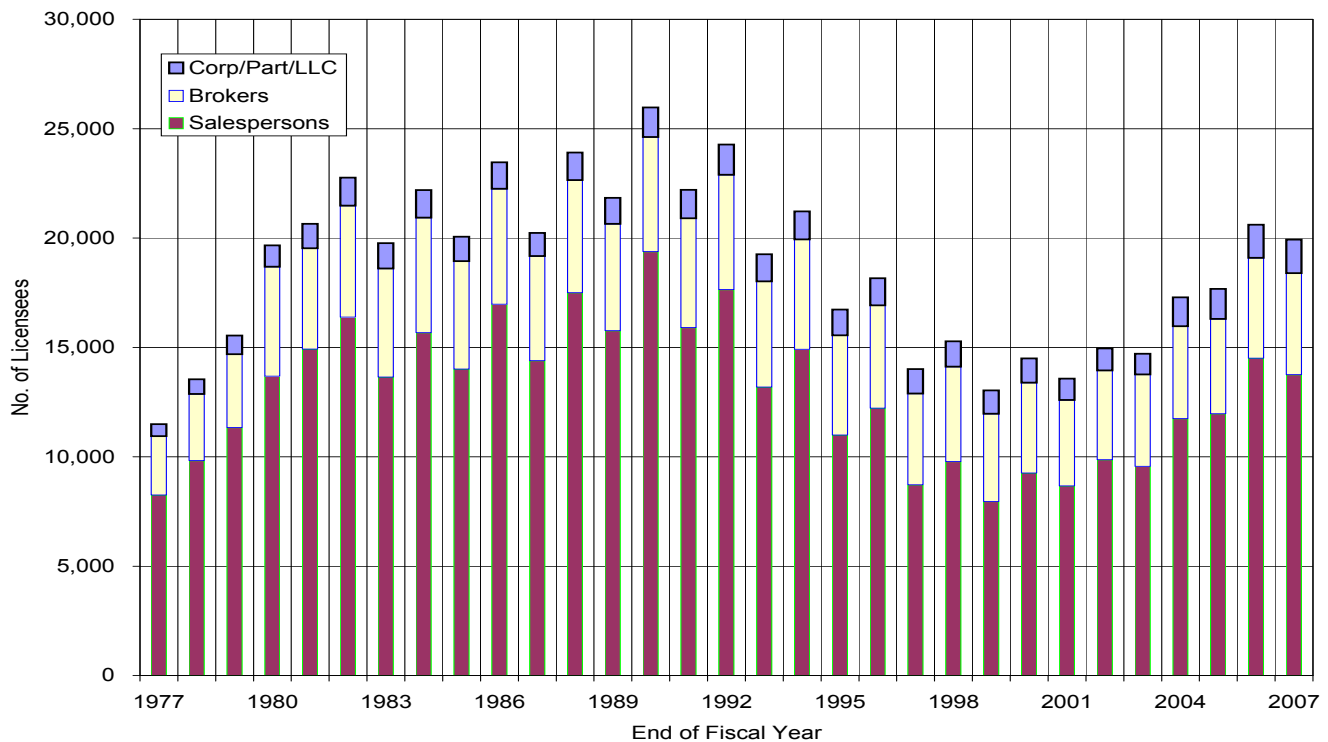
CHART 13. Real Estate Licensees - By Island

Table 3. Current Real Estate Licensees - By License Type and Island (July 2007)

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,814	473	429	203	11	3	53	2,986
Salesperson	5,216	1,275	1,646	727	25	6	153	9,048
Sole Proprietor	778	152	108	59	4	0	2	1,103
Corporation, Partnership, LLC	900	228	240	99	5	3	1	1,476
Total Active	8,708	2,128	2,423	1,088	45	12	209	14,613
Inactive								
Broker	279	46	38	25	1	0	159	548
Salesperson	2,616	487	669	343	2	5	580	4,702
Corporation, Partnership, LLC	31	12	12	2	0	0	6	63
Total Inactive	2,926	545	719	370	3	5	745	5,313
Active and Inactive								
Broker	2,093	519	467	228	12	3	212	3,534
Salesperson	7,832	1,762	2,315	1,070	27	11	733	13,750
Sole Proprietor	778	152	108	59	4	0	2	1,103
Corporation, Partnership, LLC	931	240	252	101	5	3	7	1,539
Total	11,634	2,673	3,142	1,458	48	17	954	19,926

CHART 14. Total Real Estate Licensees

FY 2007 PROGRAM OF WORK

Education Review Committee

Continuing Education Core Course –

Researched and developed the Commission's core course on law update, rules update, and agency and disclosures for the licensing biennium; and provided recommendations on the future of the core course. Implemented a new format for the core course, offering it in two 2-hour parts for the biennium.

Salesperson Curriculum and Resources –

The revised and updated salespersons curriculum continued to be offered in both a live classroom and on-line formats.

Broker Curriculum and Resources –

Developed and implemented amended broker curriculum.

Advice, Education, and Referral –

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

Administration of Prelicense Education

Program, Schools and Instructors –

Administered applications, approval process, information, renewals, certification, records management, reevaluation, 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, a PearsonVUE

business, information, trouble shooting, reviewed amendments to application booklets, periodic reports, daily exams, etc. The Commission and the testing vendor, Promissor, conducted a Test Development Workshop and an Educators Forum in October 2006. Commissioners Nishihara and Ball participated in the Promissor Real Estate Job Task Analysis Workshop for the uniform portion of the exam.

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. Commissioners Abrams and Nishihara examined and studied the Alberta, Canada electronic administration of licensing, applications, continuing education and post licensing education.

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 assisted with records management.

Education Evaluation Task Force (EETF) –

Reviewed, recommended, assisted in development, updates, and administration of education-related projects and continuing education. The EETF conducted three meetings during the fiscal year.

Meetings and Symposium –

Planned, coordinated, and conducted monthly Education Review Committee meetings.

Annual Report and Quarterly Bulletin –

Researched, developed and distributed the

Commission's Annual Report. Researched, edited, printed, and distributed the quarterly Real Estate *Bulletin*; continued contract administration with consultant and procurement code management.

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.

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

Interactive Participation with Organizations – Actively participated with local, 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, and training.

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.

Instructor's Development Workshop – Developed, sponsored, coordinated, and/or produced instructor development workshops for preclicensing instructors to meet rule requirements.

Evaluation and Education System for CE and Preclicensing Instructors, Courses, Providers, and Schools – Administered evaluation system

of preclicensing and continuing education instructors.

Real Estate Specialist Office for the Day – Real Estate Specialists set up office at RICO neighbor island offices or other sites to provide advice, education, and referrals with advanced publicity, mail-outs, 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.

Preclicensing Education Equivalency Administration – Administered applications for preclicensing education equivalencies, including consultation with ARELLO.

Uniform Section Equivalency of Preclicensing 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, a PearsonVUE business, contract provision and law on utilizing either part of exam for different purposes.

New Technology Program and Real Estate Commission Website – Administration of in-house and network computer system, coordinated with DCCA's coordinator, training of staff, purchases of hardware and software, and programming.

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

Information Distribution System – Researched, developed, and implemented a centralized information distribution system for all the education products produced

by the Commission; a standardized policy and procedure for distribution, purchasing, copyright, specific permission copying or generic permission copying of brochures, reports, and video tapes.

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 individuals, branches, divisions, department personnel, and the Attorney General’s Office that provide direct or indirect services to the Commission or were part of a real estate-related program.

Division and Department Programs – Coordinated activities and programs of mutual concern with PVLD and DCCA. The Commission conducted an ARELLO Advanced Investigator and Attorney Workshop in November 2006. 28 Investigators, 2 attorneys, and 20 other individuals from other states and agencies participated.

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.

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.

FY 2008 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 Continuing Education and Prelicensing Instructors, Courses, Providers, and Schools
- 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

The Committee, for fiscal year 2007, under the leadership of Chair William Stanley Chee and Vice Chair Mark Suiso continued with the implementation challenges of the new recodified condominium law, Chapter 514B, Hawaii Revised Statutes (HRS), which took effect at the start of fiscal year 2007. Concurrently in this same period, the Committee continued with the administration of the original law, Chapter 514A, HRS, as well as other important planned 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 (association) and condominium hotel operator (CHO) registrations; and governance, education and research programs, inclusive of the programs funded under the Condominium Education Trust Fund (CETF).

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 CETF, (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.

FY 2007 PROGRAM OF WORK Condominium Review Committee

Condominium Recodification and Education – Concurrently with the

administration of Chapter 514A, HRS, participated in the legislative process to fine tune the new recodified Condominium Property Act (now codified as Chapter 514B, HRS, effective at the start of the 2007 fiscal year, July 1, 2006) and continued implementation. With the help of stakeholder organizations and volunteers continued the development and refinement of appropriate new and amended forms (including web based on-line fillable forms), instructions, informational sheets, procedures and evaluative processes, curriculum, materials, handouts, and power point presentations for use in statewide educational efforts. Continued with statewide advertising and delivery of the Commission-developed three hour free seminar entitled, “The New Condominium Law Chapter 514B, HRS - Building on the Past.” Although the delivery of the developed seminar began well in advance of the new law’s implementation date, the Commission continued with various presentations during the fiscal year. A volunteer faculty of representatives from the condominium development and governance community, including attorneys, and those from the real estate industry together with Commission’s staff delivered the Commission-developed three-hour free seminar. The educational efforts were targeted to inform and educate those impacted by the new condominium law, namely, the condominium unit owners, boards, managing agents, resident managers, developers, real estate licensees, their respective attorneys, prospective condominium purchasers, and the general public. Additionally, Commission staff assisted the Committee in individualizing and delivering the Commission-developed three-hour free seminar to Kauai Realty Company (September 20, 2006, 20 attended); Hawaii Association of Realtors, PAC Rim Conference (October 11 and 12, 2006, estimated 50 in attendance), and Hawaii Realty Associates LLC (January 20, 2007 approximately 15 attended). Received for registration, 248 new condominium projects created after July 1, 2006 in accordance with the new condominium property regime

law, Chapter 514B, HRS. The Committee considered some 12 plus requests for informal non-binding interpretations of the provisions of the new condominium law, Chapter 514B, HRS. The Commission then, pursuant to Subchapter 5 of Chapter 201, Title 16, Hawaii Administrative Rules, issued 12 informal non-binding interpretations of the provisions of the new condominium law, Chapter 514B,

Condominium Apartment Owners on the Commission

Commissioner **Louis Abrams** is the only member of the Real Estate Commission who is a condominium owner/occupant.

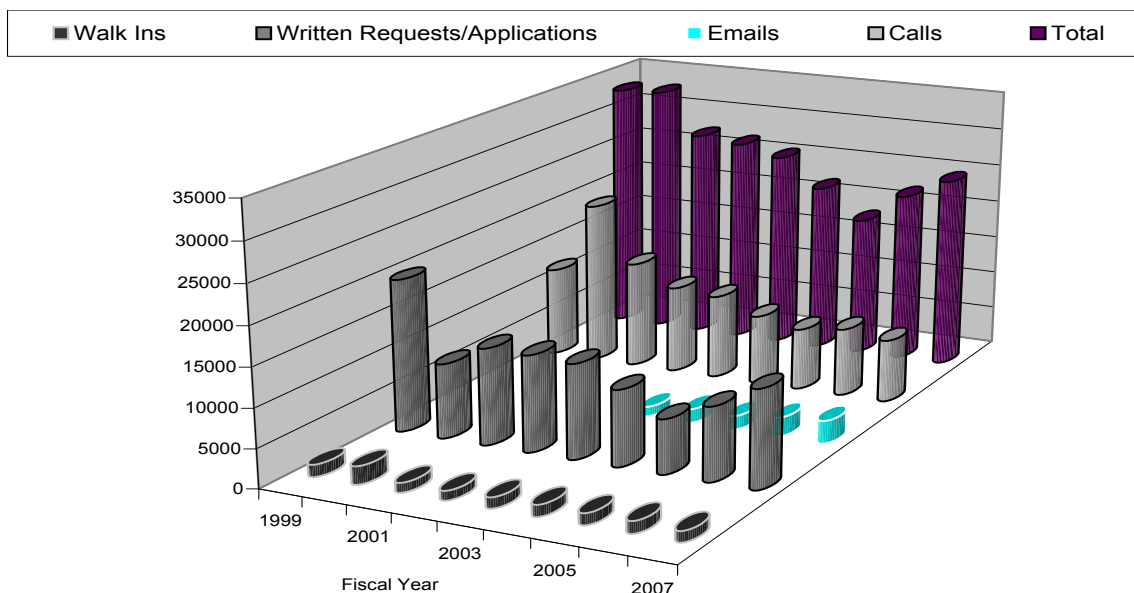
The following members of the Real Estate Commission are condominium owners:

Carol Ball
William Chee
Annette Aiona
Mark Suiso

HRS, and made them available to interested parties directly and on-line at the Commission's website. In planning next year's implementation of the new recodified law, Chapter 514B, HRS, the Commission looks forward to the continuing support of the condominium governance and development communities, their attorneys, the Hawaii State Bar Association-Real Property Section, and real estate industry. To these committed organizations and groups, the Commission extends a big Mahalo.

Advice, Education, and Referral – Responded and provided information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested parties and the public, via telephone, walk-ins, faxes, written, emails, and through the Commission's website. Prepared for the printing and distribution of Commission-developed information; including copies of Chapters 514A and 514B, HRS, for each registered association.

Chart 15. Condominium Advice, Education, and Referral



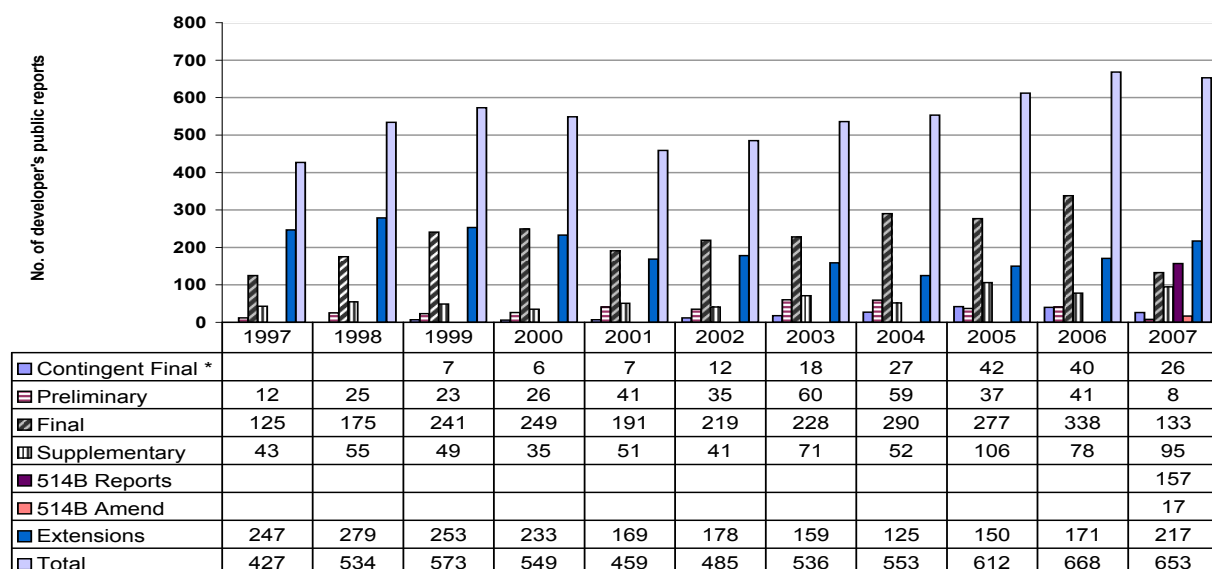
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Walk Ins	1568	2325	1235	1229	1395	1480	1473	1551	1388
Written Requests/Applications	19635	9650	12481	12449	12217	9819	7027	9461	12535
Emails					1259	1819	1812	2487	2940
Calls	11721	21182	13947	11387	10971	9050	8064	8863	8157
Total	32924	33157	27663	27067	25842	22168	18376	22362	25020

Condominium Project and Developer's Public Reports – Continued the implementation and administration of the new Chapter 514B, HRS, condominium project registration program while continuing the same with Chapter 514A, HRS, administration and registration. With the help of stakeholder organizations, volunteers, other governmental agencies, and interested attorneys evaluated and developed, where appropriate, new processes, records, forms, information documents and rules. Continued working with procured consultants to assist with tasks. Continued to make developer's public reports available for public viewing and copying to disc via the Commission's website. Completed, in part, the formulation of a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys. Continued to research and study a plan for electronic administration, including the scanning of documents on CDs.

Hawaii Condominium Bulletin – Continued the research, development, publication and distribution of a quarterly bulletin to all registered associations, CMAs, CHOs, which was available on the Commission's website. Continued the research and study of in-house electronic publication and delivery of the bulletin, and the publication of a "developers' reference file" with consultants contributing articles. Continued contract administration with consultant and procurement code management.

Condominium Mediation and Arbitration Program – Administered mediation programs. Coordinated joint complaint/mediation programs with RICO. Continued to work with the Mediation Center of the Pacific to provide educational seminars about alternative dispute resolution and mediation for board of directors, apartment owners, and CMAs. Collected information and statistical information for education and annual report purposes, including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001).

Chart 16. Developer's Public Reports Effective Dates Issued



Note: Contingent Final Public Report effective June 16, 1997.
514B Reports effective July 1, 2006.

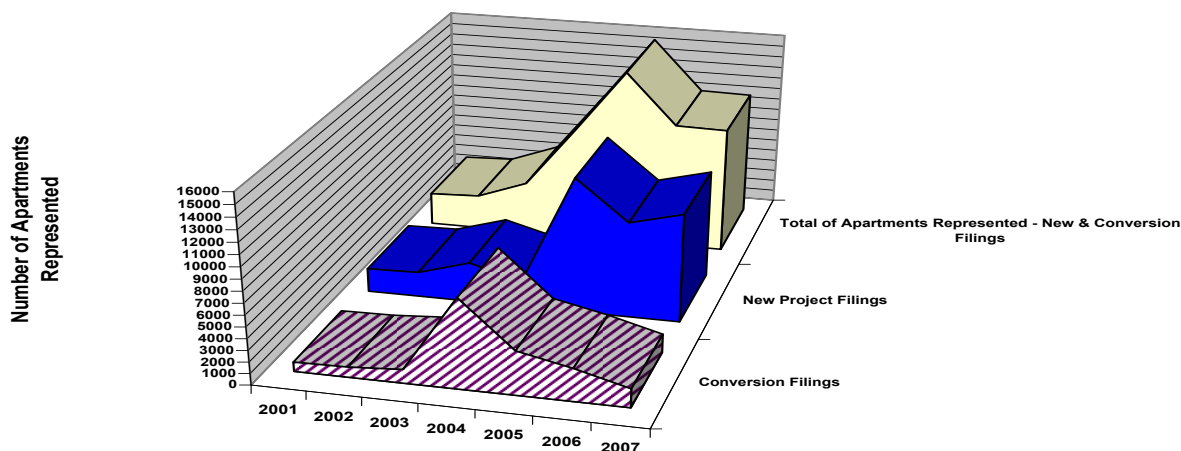
Table 4. Condominium Project Filings

New Projects	2001	2002	2003	2004	2005	2006	2007
Residential	66	79	103	192	219	230	178*
No. of Apartments Represented	1642	2096	3012	6274	9334	6203	6582
Commercial and Other	15	5	10	12	25	47	29
No. of Apartments Represented	367	33	67	1444	2338	89	2793
Agricultural	30	28	30	29	44	34	42
No. of Apartments Represented	93	74	435	70	205	2117	163
Total New Projects	111	112	143	234	288	311	249
Total No. of Apartments Represented	2102	2203	3514	2318	11877	8409	9538
Conversions							
Residential	44	58	92	116	135	164	157
No. of Apartments Represented	454	591	740	1422	2347	1177	903
Commercial and Other	4	5	20	10	16	14	8
No. of Apartments Represented	234	273	360	777	1325	1584	649
Agricultural	51	26	46	51	30	54	45
No. of Apartments Represented	128	27	91	119	146	73	67
Total Conversion Project	99	89	158	177	181	232	210
Total No. of Apartments Represented	816	891	1191	7788	3818	2834	1619
Combined New & Converted Project Filings	210	201	301	411	469	543	459
Combined No. of Apartments Represented	2918	3094	4705	10106	15695	11243	11157

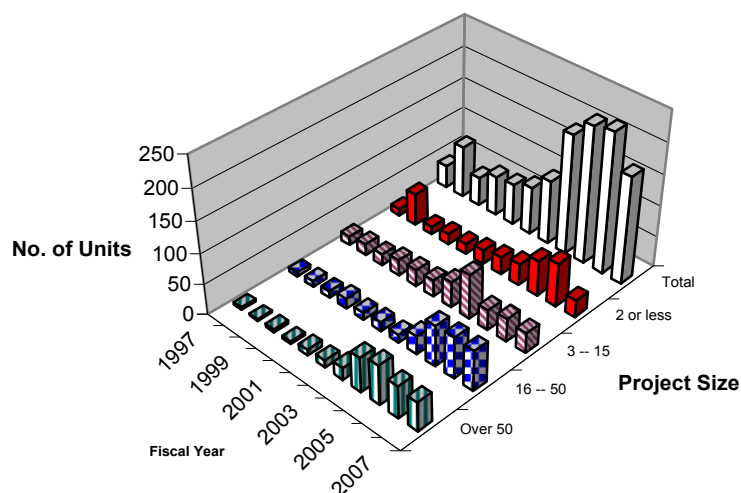
* Total includes five (5) projects there were either withdrawn or returned.

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.

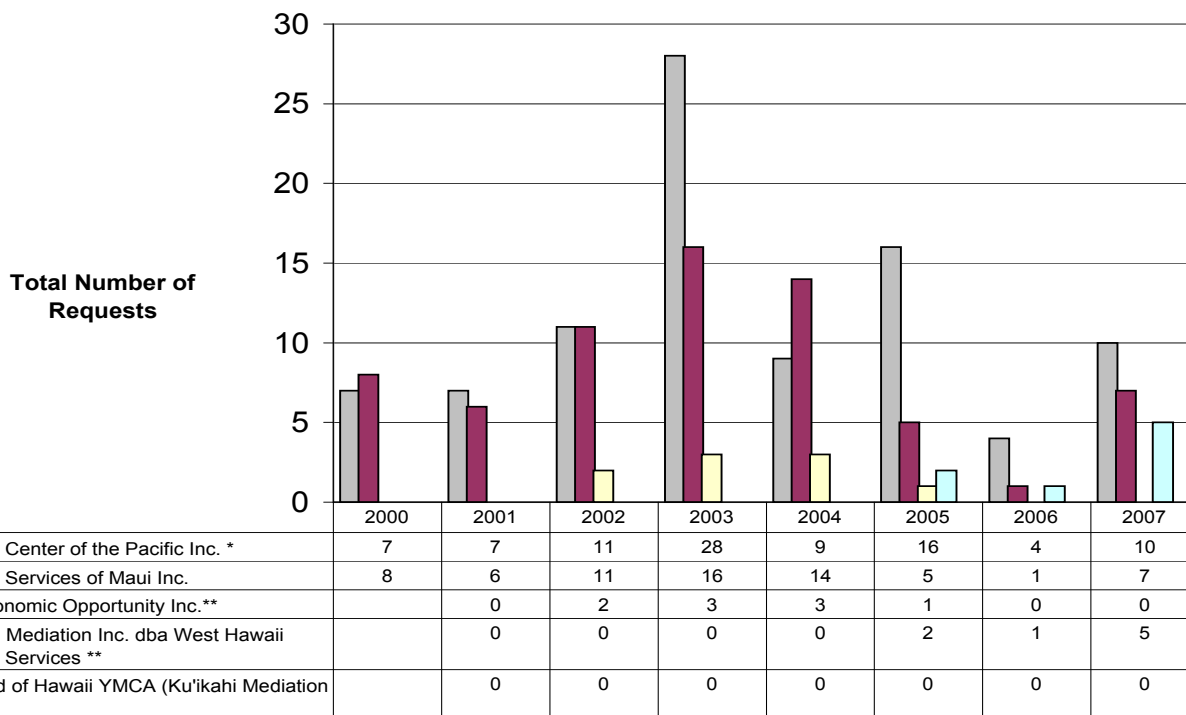
Note 2: In mixed use condominium projects, the predominant use is reported. This is done to prevent the multiple counting of a project filing.

Chart 17. Number of Condominium Apartments

	2001	2002	2003	2004	2005	2006	2007
Conversion Filings	816	891	1191	7788	3818	2834	1619
New Project Filings	2102	2203	3514	2318	11877	8409	9538
Total of Apartments Represented - New & Conversion Filings	2918	3094	4705	10106	15695	11243	11157

Chart 18. New Residential Projects - By Size

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Over 50	4	3	5	4	10	12	20	56	64	52	47
16 -- 50	7	10	11	17	12	15	13	30	66	67	65
3 -- 15	15	19	18	26	27	27	42	72	33	37	33
2 or less	11	52	13	17	17	23	28	34	57	70	28
Total	37	84	47	64	66	77	103	192	220	226	173

Chart 19. Condominium Governance Mediations

* fka Neighborhood Justice Center of Honolulu, Inc.

**Note: New contracts with beginning dates of January 2001; reporting covers January 2001 - June 30, 2001

***Note: Act 232 (SLH 2001) made mediation mandatory.

Condominium Dispute Resolution

Pilot Program – Continued to assist the Administrative Hearings Office in education and awareness programs. Pilot program to end June 30, 2009. Assisted in the administration of the pilot program and continued to assist the Administrative Hearings Office in any educational and awareness program. Supported legislation clarifying the availability of this program to condominium projects and associations created prior to July 1, 2006.

Condominium Association Registration –

Administered the registration, including applications, review, policies, procedures, appeals, subpoenas, requests for records under OIP, implemented an electronic/computerized registration and listing of all association contact information on REC website and preprinted lists available upon request.

Condominium Seminars and Symposium –

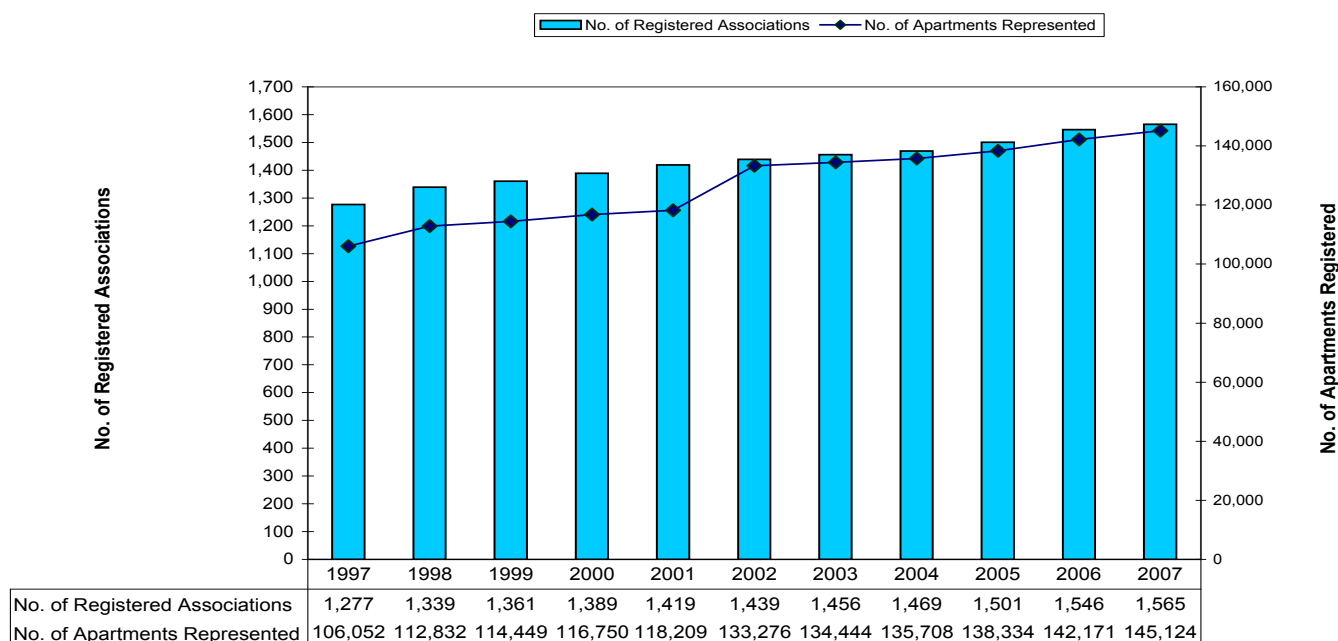
Continued to produce seminars for the condominium community through procured contracts with providers. Continued to administer CETF subsidies for Commission-approved seminars, including the following:

“Owner and Board Disputes (Oahu, Maui),” “Reserves Budgets & Insurance,” “Disaster Planning,” “Bids, Contracts, and Funding,” and “ABC Basic Course.” A total of 665 interested condominium owners from registered associations attended these subsidized seminars. Proactively sought additional consultants. Explored electronic publication of consumer brochures for seniors, those residing in condominiums, and the real estate broker. Administered a CRC educational advisory group to provide recommendations and input regarding the CRC educational programs; the group included board members, resident managers, representatives from self-managed associations, CMAs, condominium organizations, and educators.

CRC Educational Advisory Group –

Administered this volunteer group which reviewed, recommended, assisted in development, updates and administration of condominium education-related projects. Expanded the advisory group’s focus to include recommendations for a Commission five year educational strategic plan for condominium education. Incorporated this group as part of

Chart 20. Condominium Association Registration



the “Ad Hoc Committee on Condominium Education and Research”. During this fiscal year the group conducted three planning meetings.

Condominium Managing Agents

Registration – Administered the registration requirements, including applications review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Continued the administration of registration of corporations authorized as trust companies pursuant to Article 8 of Chapter 412, HRS, with Licensing Branch since active real estate brokers are exempt from the registration and fidelity bond requirements.

Condominium Hotel Operator Registration –

Administered the licensing, registration, and certification requirements, including applications review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Continued the administration of the registration program and with Licensing Branch since active real estate brokers are exempt from the registration and fidelity bond requirements. This fiscal year, the Committee registered 19 CHOs.

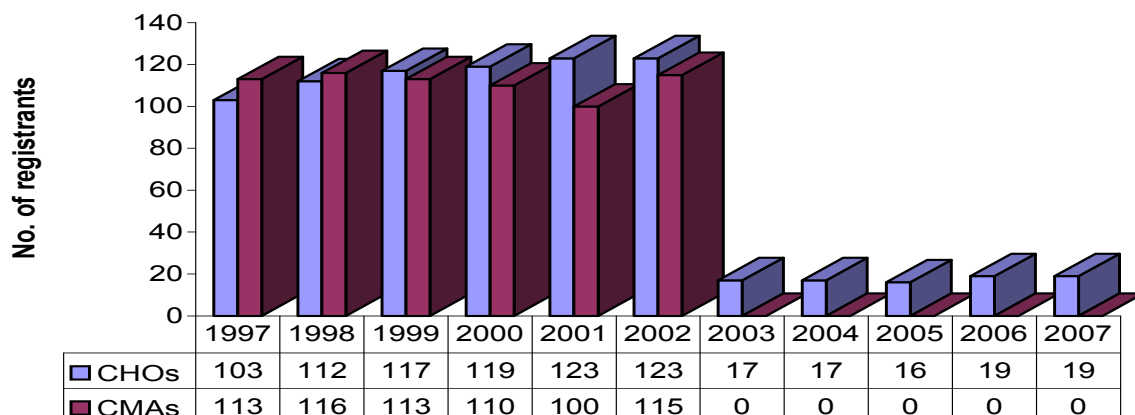
Rule Making, Chapter 107 – Studied, evaluated, and researched rule amendments for the formal rule making process.

Meetings – Planned, coordinated, and conducted monthly CRC meetings. Included schedule of meetings and agendas on the Commission’s website. Completed meetings minutes in PDF and searchable format.

Government and Legislative Participation and Report – Researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. In addition to researching, preparing, and presenting testimony on a number of condominium bills, staff assisted the Committee in monitoring and tracking 39 House and 37 Senate condominium related bills and 2 resolutions. Researched, developed, and distributed annual report to the Legislature on CETF programs and funds; immediately upon completion, submitted to the Commissioner’s website.

Legislative Acts and Resolutions – Reviewed, reported, and developed summaries on all related acts and resolutions; implemented requirements of directly related acts and resolutions. The enactment of new laws and the adoption of resolutions 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:

Chart 21. CMA and CHO Registrations



- **Act 21** – Amended Act 164 SLH 2004 by removing the sunset and re-enactment of section 514B-146, HRS, relating to assessments and liens with respect to condominiums; thereby continuing the relief to condominium associations in collecting delinquent maintenance fees, especially in cases where an apartment owner is undergoing foreclosure proceedings.
 - **Act 53** – Established a condominium hotel class of liquor license.
 - **Act 166** – Exempted from taxation one hundred percent of capital gains realized during taxable years 2008-2012 from the sale of leased fee interest in condominium units to associations or residential cooperative corporations.
 - **Act 243** – Limited the use or distribution of the condominium association member lists and prohibited the distribution of membership lists for commercial and political purposes without prior written consent of a condominium association's board of directors; prevents the managing agent and resident manager from distributing association membership lists without the prior written consent of the board; made the membership lists the property of the association; and prevents the managing agent, resident manager, or board from using the information contained in the list to create separate lists for the purposes of evading the provision of the statute.
 - **Act 241** – Limited the fee charged to a member to obtain copies of association records to not exceed one dollar per page, except the fee for pages exceeding 8 ½ inches by 14 inches may exceed one dollar per page.
 - **Act 242** – Re-established requirements for condominium management dispute resolution in Chapter 514A, HRS.
 - **Act 244** – Makes technical and conforming amendments that relate to the original condominium law (Chapter 514A, HRS), specifically reenacted parts I, V, and VII of Chapter 514A, HRS, retroactive to July 1, 2006 that were repealed by section 26 of Act 154, Session Laws of Hawaii 2004. Other amendments made are described on page (see page 7 for additional information regarding Act 244).
- Resolutions adopted:*
- **HR 228, HCR 287** – Requested the Department of Commerce and Consumer Affairs to report on its experience with and to evaluate the current system for condominium dispute resolution.
 - **SCR 160 SD1** – Requested a sunrise review of the regulation of entities governed by Chapter 514A or 514B, HRS, and the enforcement of policies relating to condominiums in the state through the creation of a condominium commission.
- Prepared for printing and distributed amended unofficial copies of Chapters 514A and 514B, HRS.

Interactive Participation with

Organizations – Continued active participation with local, 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). Participated with agencies and organizations to include recodification education programs.

Neighbor Island Outreach – Held two committee meetings at neighbor island sites in collaboration with the local boards, HAR, condominium organizations, etc. This fiscal year the Committee met on January 10, 2007 on Maui and on June 15, 2007 on Kauai. The meetings afford the neighbor island condominium community, owners, boards, related professionals, government officials, and interested parties an opportunity to attend and participate in committee meetings.

Condominium Education Trust Fund (CETF) – Administered fund. Prepared, maintained, and reviewed budget, finance, and records for the CETF. Prepared quarterly and annual financial statements, budget, and administered fund investment. Planned and worked with the DCCA to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections.

Consumer Education – Researched a consumer education program targeting prospective purchasers of condominium units and new owners of condominium units on initial project sales and resales. Considered a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers. Incorporated this program as part of the CRC Educational Advisory Group's five year educational strategic plan for condominium education.

Rule Making, Chapter 53, Fees – Monitored, reviewed, researched, and made recommendations on rule amendments for

fees through coordination with the Licensing Administrator.

CPR Project Workshop and Meetings – Conducted on November 2, 2006 the annual workshop for condominium consultants for purposes of orientation and information. In conjunction with the recodification of Chapter 514A, HRS, and implementation of Chapter 514B, HRS, facilitated forums for representatives of developers, attorneys, condominium consultants, CMAs, and association focus groups.

Condominium Specialists Office for the Day – Condominium Specialists set up office at RICO neighbor island offices or other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral with advanced publicity, mail outs, and appointments; upon request, included training of RICO investigators. The condominium specialists visited Maui in January and Kauai in June 2007. In addition, the condominium specialists held its office for the day in conjunction with the recodification educational sessions on those dates and neighbor islands previously reported to you under "Condominium Recodification and Education."

Condominium Speakership Program – Subject to State government approvals and priorities, honored requests to provide a speaker, resource person, or participant in a function related to condominium education, recodification, condominium issues, and condominium project registration. The Commission staff individualized and delivered the Commission-developed recodification presentations for Kauai Realty Company, Hawaii Association of Realtors, and Hawaii Realty Associates LLC, on the respective dates previously reported to you under "Condominium Recodification and Education."

Technology and Website – Administered an in-house and network computer system; including training, purchases, and DCCA and PVLD plans. Maintained, updated the electronic storage, reviewed printing of developer's public reports, registration and public information. Pursuant to the new recodified condominium law, Chapter 514B, HRS, continued to post and make the new developer's public report form and other related forms form fillable and downloadable. Evaluated and amended these forms to meet the implementation challenges which surfaced this fiscal year. Administered the Commission's website with long range plan of including all condominium information, forms, database, plus online registration. Utilized scanning for website, storage of public information, and other programs; developed and maintained CD ROM PC for review and use by the public educational materials and developers' public reports. Continued to study the feasibility of providing associations a central depository for all governing documents, minutes, via voluntary participation, including the cost of such.

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; evaluated cases for inclusion in the *Condominium Bulletin*.

Start-up Kit for New AOAOs and New CMAs – Distributed start-up kits to new registered AOAOs and CMAs; including unofficial copies of Chapters 514A, and 514B, HRS, rules, budget and reserves guide, board of directors' guides, and past condominium bulletins.

Records Management – Evaluated, planned, reorganized, and implemented a centralized, consistent, user friendly, computerized glossary of the existing and future educational materials,

records, and developers' public reports and files. Maintained and updated the scanning and electronic storage of records, including developer's public reports.

Cooperative Education, Research, and Administrative Program – Actively participated and sponsored cooperative education, research and administrative programs for those persons, branches, divisions, department personnel, the Office of the Attorney General's Office that provided direct or indirect services to the Commission and its condominium education trust fund and condominium project registration responsibilities.

Division and Department Program – Continued the coordination of activities and programs of mutual concern with PVLD, RICO, and DCCA.

Staff and Commissioners Development – Developed and trained staff and Commissioners for better administration of the condominium education and registration programs. Participated in training and educational opportunities provided by REEA, ARELLO, CAI, CAI Hawaii, CLEAR, and other organizations.

Condominium Reference Library – Maintained at the Real Estate Branch Office and on the Commission's website, a catalog of all public reference materials provided to State Libraries (especially in highly concentrated CPR areas) and mediation services offices (neighbor islands included). Considered the cost of updating all condominium library reference materials, and the retaining of consultants to update the board of directors' guides and its printing. Recommended the inclusion of these updates as part of any developed five year educational strategic plan for condominium education.

FY 2008 PROGRAM OF WORK

Condominium Review Committee

Condominium Laws and Education –

Concurrently with the administration of Chapter 514A, HRS, continue to fine tune and implement the new recodified Condominium Property Act (Chapter 514B, HRS), including continuing participation in the legislative process. Continue briefings, updates, and presentations to the condominium community, administration, and the inclusion of the presentations on the Commission's website, the *Condominium Bulletin*, the *Real Estate Bulletin*, etc., and a statewide multifaceted low cost educational program delivered with the help of stakeholder organizations and volunteers on all islands. With the help of stakeholder organizations and volunteers continue to review and amend existing Commission-developed educational materials, new and amended forms, instructions, informational sheets, procedures and evaluative processes.

Advice, Education, and Referral – Respond and provide information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested others and the public, via telephone, walk-ins, faxes, written, emails, and through the Commission's website. Prepare for the printing and distribution of Commission-developed information, including copies of Chapters 514A and 514B, HRS, to each registered association. Study the feasibility of a grant program for board of director participation in Commission-approved education programs.

Condominium Project and Developer's

Public Reports – Continue to administer the new Chapter 514B, HRS, condominium project registration program while continuing with the Chapter 514A, HRS, administration and registration. With the help of stakeholder organizations, volunteers, other governmental agencies and interested attorneys continue to refine unalterable fillable developer's public

report forms, the evaluation of and development where appropriate of new processes, records, forms, information documents, and rules. Where needed, consider additional consultants to assist with tasks. Continue to make developer's public reports available for public viewing and copying to disc via the Commission's website. Continue to study and research a comprehensive evaluation system on the project registration and review process. Continue to research and study a plan for electronic administration, including the scanning of documents on CDs.

Hawaii Condominium Bulletin – Continue the research, development, publication and distribution of a quarterly bulletin to all registered associations, CMAs, CHOs, and maintain on the Commission's website, include electronic delivery. Continue the research and study of in-house electronic publication and delivery and the publication of a "developers' reference file," with consultants contributing articles.

Condominium Mediation and Arbitration Program –

Administer mediation programs (including procured contracts). Coordinate joint complaint/mediation program with RICO. Continue to work with the Mediation Center of the Pacific and others to provide educational seminars about alternative dispute resolution and mediation to board of directors, apartment owners, and CMAs. Collect information and statistics for education and annual report purposes; including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). Study the feasibility of the CETF funding the filing of arbitration.

CDR Pilot Program – Assist in the administration of the pilot program to end June 30, 2009 and continue to assist the Office of Administrative Hearings in any educational and awareness program.

Condominium Association Registration –

Continue to administer the registration,

including applications review, policies, procedures, appeals, subpoenas, requests for records under OIP, study, report, implementation, maintenance, initiate an electronic/computerized registration and continue the listing of all association contact information on the Commission's website and preprinted lists availability upon request. Continue to research and study the feasibility of compiling a biennial profile of registered associations based on the data fields gathered from the registration information.

Condominium Seminars and Symposium – Continue to produce seminars for the condominium community through procured contracts with various providers and procure new providers. Continue to administer CETF subsidies for Commission-approved seminars. 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. Research web re-broadcast of all CETF seminars. Continue the administration of a CRC educational advisory group to provide recommendations and input about the CRC educational programs; group to include board members, resident managers, and representatives from self managed associations, CMAs, condominium organizations, and educators.

Ad Hoc Committee on Condominium Education and Research – Continue the administration of this group which reviews, recommends, assists in development, updates and administration of condominium education-related projects and in developing a roll over five year strategic education plan. Develop electronic consumers brochures for seniors, those residing in condominiums, and real estate brokers.

Condominium Managing Agents Registration – Administer the registration requirements, including applications review,

policies, procedures, appeals, subpoenas, and requests for records under OIP. Develop a paperless fidelity bond review process. Provide a listing of registered CMAs on the Commission's website.

Condominium Hotel Operator Registration – Administer the licensing, registration, and certification requirements, including applications review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Provide a listing of all registered CHOs on the Commission's website. Determine sources or locate unregistered CHOs and initial compliance through education.

Rule Making, Chapter 107 – Study, evaluate, research, and develop rule amendments for the formal rule making process. Consider recommendations received from the various participants in recodification, CRC, community workshops, government officials, organizations as to rule making for the new law (Chapter 514B, HRS).

Meetings – Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on the Commission's website. Continue to maintain the meetings minutes in PDF and searchable format.

Government and Legislative Participation and Report – Research, participate, and report on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. Research, develop and distribute annual report to the Legislature on CETF programs and funds; immediately upon completion submit to the Commission's website.

Legislative Acts and Resolutions – Review, report, and develop summaries on all related acts and resolutions; implement requirements of directly related acts and resolutions. Prepare amended unofficial copies of Chapters 514A and 514B, HRS, for printing and distribution and study the feasibility of Ramseyer format of

unofficial copies of Chapters 514A and 514B, HRS. Participate in SCR 160 (SLH 2007), a resolution requesting the Auditor to perform a sunrise review of the regulation of entities governed by Chapter 514A or 514B, HRS, and the enforcement of policies relating to condominiums in the State through the creation of a condominium commission.

Interactive Participation with

Organizations – Continue active participation with local, 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). Participate with agencies and organizations to include recodification education programs.

Neighbor Island Outreach – Hold three committee meetings at neighbor island sites (Kauai, Maui and Hawaii) in collaboration with the local boards, HAR, condominium organizations, etc.

Condominium Education Trust Fund

(CETF) – Continue to administer the fund. Prepare, maintain, and review budget, finance, and records for the CETF. Prepare quarterly and annual financial statements, budget, and administer fund investment. Plan and work with the department to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections.

Consumer Education – Develop a consumer education program about initial project sales and resales targeting prospective and new purchasers of condominium units. Consider a pamphlet or brochure on condominium living

and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers. Administer this program as part of a five year condominium strategic education plan which rolls over each year.

Rule Making, Chapter 53, Fees – Monitor, review, research, and make recommendations on rule amendments for fees through coordination with the Licensing Administrator.

CPR Project Workshop and Meetings – Continue to conduct periodic workshops for condominium consultants for purposes of orientation and information. In conjunction with the recodification of Chapter 514A and implementation of Chapter 514B, HRS, continue to facilitate forums for representatives of developers, attorneys, condominium consultants, CMAs, and association focus groups.

Condominium Specialists Office for the

Day – Condominium Specialists set up office at RICO neighbor island offices or other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral with advanced publicity, mail outs, and appointments; upon request, include training of RICO investigators.

Condominium Speakership Program

Subject to State government approvals and priorities, honor requests to provide a speaker, resource person, or participate in a function related to condominium education, recodification, condominium issues, and condominium project registration.

Technology and Website – Administer an in-house and network computer system; including training, purchases, and DCCA and PVLDD plans. Maintain and update the electronic storage, review, printing of developer's public reports, registration and public information.

Continue to evaluate, amend, post, and make form fillable and downloadable a new developer's public report form and other related forms. Administer the Commission's website with the long range plan of including all condominium information, forms, database, etc., plus on-line registration, including web conferencing, and providing associations with a centralized depository for all governing documents, minutes, etc. Utilize scanning for website, storage of public information, and other programs; develop and maintain CD ROM PC for review and use by the public. Continue to study the feasibility of providing associations a central depository for all governing documents, minutes etc., via voluntary participation, including the cost of such.

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; evaluate cases for inclusion in the *Condominium Bulletin*.

Start-up Kit for New Associations and New CMAs – Continue to distribute start-up kits to new registered associations and CMAs; including unofficial copy of Chapters 514A and 514B, HRS, rules, budget and reserves guide, board of directors' guides, and past condominium bulletins.

Records Management – Evaluate, plan, reorganize, and implement a centralized, consistent, user friendly, computerized glossary of the existing and future educational materials, records, developers' public reports and files. Maintain and update the scanning and electronic storage of records including minutes and developer's public reports.

Cooperative Education, Research, and Administrative Program – Actively participate and sponsor cooperative education, research and administrative programs for those individuals, branches, divisions, department

personnel, and the Attorney General's Office that provide direct or indirect services to the Commission and its condominium education fund and or condominium project registration responsibilities.

Division and Department Program – Continue the coordination of activities and programs of mutual concern with PVLD, RICO, and DCCA.

Staff and Commissioners Development – Continue to develop and train staff and Commissioners for better administration of the condominium education and registration programs. Participate in training and educational opportunities provided by REEA, ARELLO, CAI, CAI Hawaii, CLEAR, and other organizations.

Condominium Reference Library – Maintain and update the Commission's website catalog of all public reference materials (including the board of directors' guides and law amendment) and continue to provide to the State Library System especially in highly-concentrated CPR areas, mediation services offices (neighbor islands included), and at the Real Estate Branch Office. Whenever feasible, provide information in conjunction with recodification educational programs. Continue to research and study the cost of updating all condominium library reference materials, and the retaining of consultants to update the board of directors' guides and its printing. Continue to recommend the inclusion of these updates as part of any developed five year strategic educational plan for condominium education.

Real Estate Education Fund

Fund Balance As of June 30, 2007 (Unaudited)

FY 2007 Expenditures and Encumbrances (Unaudited)

ASSETS

Cash	
In State Treasury	\$966,460
Short term cash investments	700,000
 Total Assets	 1,666,460

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	34,326
Fund Balance	
Reserve for Encumbrances	116,921
Unreserved	1,515,212
Balance	<u>1,632,134</u>
 Total Liabilities and Fund Balance	 \$1,666,460

Revenues and Expenditures For the Year Ending June 30, 2007 (Unaudited)

Revenues	
Fees	\$811,741
Interest (includes Recovery Fund)	27,557
Total Revenues	<u>839,298</u>
 Expenditures	 <u>369,949</u>
Excess (deficiency) of revenues over expenditures	<u>469,350</u>
Fund Balance	
Beginning of Year	1,162,784
End of Year	<u><u>\$1,632,134</u></u>

I. Operations

Personnel	\$249,416
Supplies	5,608
Postage	16,299
Equipment Rentals/Maintenance	11,169
Machinery and Equipment	206
Books	76
 Total Operations	 \$282,775

II. Direct Licensee Education

Advice, Education, Referral	0
Legislative/Government Participation	406
Neighbor Islands Outreach	1,333
Annual Report/Quarterly Bulletin	19,358
Programs	131,576
 Total Direct Licensee Education	 <u>152,673</u>

III. Indirect Licensee Education

Interactive Participation w/Orgs.	40,464
Staff/Commissioners Development	996
Dues & Subscriptions	1,118
Cooperative Ed., Res., Admin Prog	8,675
Miscellaneous	169
 Total Indirect Licensee Education	 <u>51,422</u>

Total Expenditures and Encumbrances	<u><u>\$486,870</u></u>
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Real Estate Recovery Fund

Fund Balance As of June 30, 2007 (Unaudited)

FY 2007 Recovery Fund Payments

ASSETS		Case No.	Licensee	Amount
Cash		Total Payments		\$0
In State Treasury	\$541,771			
Short term cash investments	300,000			
Investment securities (cost)				
Total Assets	<u>\$841,771</u>			
LIABILITIES AND FUND BALANCE				
Liabilities				
Payables	\$3,316			
Investment income included "In State Treasury" and				
Paid to Real Estate Education Fund	<u>0</u>			
Total Liabilities	3,316			
Fund Balance				
Reserve for encumbrance	1,936			
Unreserved	<u>836,519</u>			
Fund Balance	838,455			
Total Liabilities and Fund Balance	<u>\$841,771</u>			

Revenues and Expenditures For the Year Ending June 30, 2007 (Unaudited)

Revenues	
Fees	\$112,960
Expenditures	
Operations	40,863
Legal Services	9,324
Claims	<u>0</u>
Total Expenditures	<u>50,187</u>
Excess (deficiency) of revenues	
over expenditures	62,773
Fund Balance	
Beginning of Year	<u>775,682</u>
End of Year	<u>\$838,455</u>

Condominium Education Fund

Fund Balance As of June 30, 2007 (Unaudited)

ASSETS

Cash	
In State Treasury	\$739,291
Short term cash investments	300,000
Total Assets	<u>\$1,039,291</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$29,883
Fund Balance	
Reserve for Encumbrances	47,720
Unreserved	961,689
Fund Balance	<u>1,009,409</u>
Total Liabilities and Fund Balance	<u><u>\$1,039,291</u></u>

FY 2007 Expenditures and Encumbrances (Unaudited)

Personnel	\$235,359
Supplies	5,128
Postage	5,536
Equipment Rentals/Maintenance	7,693
Education and Research	89,914
Equipment for Office	9,109
Staff/Commissioner Development	3,740
Resource Materials	0
Dues & Subscriptions	379
Miscellaneous	<u>410</u>
Total Expenditures and Encumbrances	<u><u>\$357,266</u></u>

Revenues and Expenditures For the Year Ending June 30, 2007 (Unaudited)

Revenues	
Fees	\$542,758
Interest income	10,010
Total Revenues	<u>552,768</u>
Expenditures	<u>309,545</u>
Excess (deficiency) of revenues over expenditures	243,223
Fund Balance	
Beginning of Year	766,186
End of Year	<u><u>\$1,009,409</u></u>

FY 2008 Budget

Personnel	\$448,154
Supplies	8,150
Postage	13,000
Equipment Rentals/Maintenance	7,050
Contingency	500
Education and Research	169,561
Equipment for Office	1,500
Staff/Commissioner Development	6,000
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	750
Total Expenditures and Encumbrances	\$655,665