

2009 Annual Report

Real Estate Commission

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

The 2009 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-Fifth State Legislature and Lawrence Reifurth, Director, Department of Commerce and Consumer Affairs:

I respectfully present to you the annual report on the status of the Real Estate Commission (“Commission”) for fiscal year (“FY”) 2009. The Commission currently oversees approximately 18,707 licensees statewide, of which 13,142 hold active licenses. This is an 11.8% decrease from a year ago. We also oversee approximately 1,629 condominium associations and 19 condominium hotel operators. The number of condominium units being offered for sale in condominium projects continues to increase in FY09. There were 347 new and conversion project filings as compared to 417 filings in FY08. This represents an increase of 6,504 units in new and conversion condominium projects during the fiscal year. The Commission also provides information, advice, education and acts as resource for these unit owners throughout the year on all islands by way of the Commission’s Outreach Program.

The Real Estate Commission is a nine-member Governor-appointed body comprised of seven industry members, and two public members, who serve four-year terms. The Commission oversees the licensing of real estate salespersons and brokers, including brokerages, and the maintenance and renewal of these licenses every two years. The Commission certifies prelicense education schools and instructors, and is responsible for the development of the prelicensing curriculum for salespersons and brokers. The Commission also registers continuing education providers and certifies continuing education courses, and in the condominium area, registers condominium projects and condominium owner associations. Condominium managing agents are also monitored for compliance with the appropriate laws. The Commission publishes and disseminates reports and participates in court cases involving the real estate recovery fund. There were 17 cases filed for payment from the fund during FY 09. The Commission reviews and approves settlement agreements and disciplinary action cases against licensees who are investigated by the Regulated Industries Complaints Office (RICO).

The Commission has three standing committees; the Laws and Rules Review Committee, the Education Review Committee, and the Condominium Review Committee. All are working committees where Commissioners take on leadership roles to work towards accomplishing the Program of Work as described for the fiscal year. Funding for these programs is critical to the Commission in order to achieve the objectives and goals and to maintain the direction of the Commission as set forth by law.

Louis Abrams, Kauai Commissioner and Chair of the Laws and Rules Review Committee, and Vice Chair Michelle Loudermilk, Oahu Commissioner and Public Member, have diligently worked to address national and state issues that may impact Hawaii. Act 66, better known as the Mortgage Rescue Fraud Prevention Act, emerged from the 2009 Hawaii Legislative Session and resulted in the addition of a new paragraph in HRS Section 467-14, “Revocation, suspension, and fine.” The new cite is HRS, Section 467-14(21) and it defines a 365-day period where the licensee may not acquire an interest in a distressed property after that listing agreement for the distressed property has expired or is terminated.

The Education Review Committee under the leadership of Carol Ball, Maui Commissioner, and Vice Chair Frances Gendrano, Oahu Commissioner, worked with the Education Evaluation Task Force made up of industry volunteers, to produce the Commission’s 2009-2010 mandatory core course, part A. The mandatory 4-hour course is now offered over the course of two years, 2-hours each year. This was in response to the industry’s request that the course be split to bring licensees current with laws that passed during that year. Part A was released in June 2009. Part B is to be delivered in June 2010.

In August of 2008, a new, efficient Online Continuing Education System (“Online CE System”) was unveiled by the Real Estate Branch. The Online CE System has streamlined course offerings, roster information for classes, reporting course completions, and permits the electronic access to course completion certificates by licensees. The Commission’s CE providers have praised the initiation of the online system.

Condominium Review Committee Chair, William Chee, Oahu Commissioner, and Vice-Chair Mark Suiso, Oahu Commissioner and Public Member, took on the enormous task of compiling a library of brochures and books, totaling 320, to assist condominium homeowners and potential purchasers in understanding the rules and responsibilities of condominium living. Information provided includes the role of the board of directors, the management company, and the association of unit owners. These books may be found in public libraries on all islands.

Along with Commissioners Annette Aiona, Big island Commissioner and broker, and Vice Chair of the Commission, Stanley Kuriyama, Oahu Broker, the Commission is a hardworking and committed group, seeking to meet the challenges of an evolving real estate industry, as well as embracing current changes that impact today’s real estate licensee and consumer. The Commission is grateful to the members of the Education Evaluation Task Force, the Consumer Brokerage Ad Hoc Committee, and the Condominium Research and Education Task Force, who contribute unselfishly their time and effort, and are committed to improve the real estate industry to maintain professional standards.

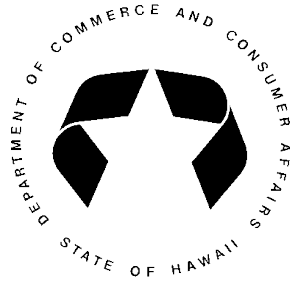
With the help and support of the Director of the Department of Commerce and Consumer Affairs (DCCA), Lawrence Reifurth, Licensing Administrator Noe Noe Tom, the Regulated Industries Complaints Office (RICO), the Department of the Attorney General, and Supervising Executive Officer, Neil Fujitani, and his Real Estate Branch staff, the Commission will continue to take strides forward to improve the quality of its real estate licensees, and their ability to serve consumers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Trudy I. Nishihara", written in a cursive style.

**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
Ronald Boyer, Deputy Director
Noe Noe Tom, Licensing Administrator**

Real Estate Branch:

**Neil K. Fujitani, Supervising Executive Officer
Vacant, Executive Officer
Karyn Takahashi, Secretary
Tania Nakano, Office Assistant
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
David Grupen, Real Estate Specialist
Vacant, Office Assistant
Toalua Lavatai, Office Assistant
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
Benedyne Stone, Condominium Specialist
Tammy Norton, Secretary
Jon Gasper, Office Assistant
Janelle Sarae, Office Assistant
Louise Tadaki, Office Assistant**

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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 (LRRC) REPORT

The LRRC, for fiscal year 2009, 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.

Act 4 (SLH 2009) HB No. 520 HD1

SD1 – Amends the requirement of taking archival photographs before conducting any demolition, construction, or alteration of any building over 50 years old or any building listed, or eligible for listing, on the Hawaii or National Register of Historic Places. The previous requirement was found to be overly broad and an obstacle to timely alterations, repairs, and demolition.

Act 5 (SLH 2009) SB No. 1130 SD2 – Requires the redaction of the first five digits of the social security numbers on judgments, decrees, and court orders when filing at the bureau of conveyances and land court.

Act 57 (SLH 2009) SB No. 521 SD2

HD1 – Requires the Registrar of the Bureau of Conveyances to provide, within 10 days after each week and free of charge, an image and index of all documents and instruments which have been recorded in the registrar's office that week relating to regular system land in all the counties, to the county designated in a memorandum of understanding agreed upon by the counties to act as a central clearinghouse.

Act 59 (SLH 2009) HB No. 1741 HD1 SD1

CD1 – Reduces the amount of the conveyance tax transferred to the Rental Housing Trust Fund and the Natural Area Reserve Fund and increases the conveyance tax rate for transfers or conveyances of properties of \$2,000,000 or more and second house purchases.

Act 61 (SLH 2009) SB No. 1111 SD1

HD1 CD1 – Increases the rate of transient accommodations tax on operators of transient rental facilities by one percentage point (to 8.25%) on July 1, 2009, and by two percentage

points (to 9.25%) on July 1, 2010.

Act 66 (SLH 2009) SB No. 34 SD1 HD1

CD1 – Excludes licensed real estate brokers and salespersons from the definition of distressed property consultants in the Mortgage Foreclosure Rescue Fraud Prevention Act under specified conditions. However, the Act also prohibits certain conduct relating to the acquisition of an ownership interest in distressed property by licensed real estate brokers and salespersons (e.g., licensees must wait at least one year from the date their listing expires or is terminated before they can acquire such an interest).

Act 102 (SLH 2009) HB No. 271 SD2

CD1 – Permits the Registrar of the Bureau of Conveyances to accept electronic documents with electronic signatures for recording, provide electronic documents in response to a request, and convert existing records to electronic format.

Act 106 (SLH 2009) HB No. 1071 HD3 SD2

CD1 – Provides for a new form of licensing and regulation of mortgage servicers that service residential mortgage loans secured by real property located in the State of Hawaii, specifies prohibited mortgage servicer practices, and places administration and regulation of mortgage servicers under the commissioner of financial institutions starting July 1, 2010.

Act 120 (SLH 2009) SB No. 1352 SD2 HD2

CD1 – Transfers fee time share interest from the land court system to the regular system, allows owner to "opt out" of land court and deregister land to regular system, establishes a working group to resolve implementation issues, establishes a pilot program to implement electronic recording of fee time share interests, allows bureau of conveyances to charge a fee for deregistration of a fee time share interest, and allows electronic filing of land court and regular system documents and instruments. The main purpose of this bill is to reduce the backlog

in land court recordations and registrations and promote departmental efficiencies.

Act 192 (SLH 2009) SB No. 1338 SD2 HD2 CD1 – Allows the use of clotheslines on any privately owned single family residential dwelling or townhouse.

Act 195 (SLH 2009) SB No. 203 SD2 HD1 CD1 – Increases penalties for unlicensed contracting violations of HRS Chapter 444, the contractors licensing law.

Act 196 (SLH 2009) SB No. 1461 SD2 HD1 CD2 – Advances date of filing of monthly, quarterly, and semi-annual general excise tax returns from the last day of the calendar, quarterly, or semi-annual month to the 20th day, requires any person required to electronically file or remit a federal return or taxes to also electronically file and remit a state return of all state taxes to the department of taxation, and requires any employer required to remit any withheld taxes to the federal government on a semi-weekly schedule, to also remit the complete amount of tax withheld to the department of taxation on a semi weekly schedule.

First Special Session Act 32 (SLH 2009) SB No. 1218 SD2 HD2 CD1 – Authorizes the commissioner of financial institutions to regulate, license, examine, and enforce laws regulating mortgage loan originators effective July 1, 2010. Consequently, mortgage loan originators currently licensed as mortgage solicitors under Chapter 454, HRS, relating to mortgage brokers and solicitors, will be subject to licensure by the Division of Financial Institutions.

HR No. 128 HD1 (SLH 2009) – Asks the Real Estate Commission to consider allowing developers and attorneys to submit condominium registration filings in an allowable type of electronic format.

SCR No. 53 SD1 (SLH 2009) – Requests the auditor to conduct a sunrise review analysis of the regulation of real estate appraisal management companies.

SR No. 113 SD1 (SLH 2009) – Urges the Real Estate Commission to adopt and submit a strategic plan to allow developers and attorneys to submit condominium registration filings in an allowable electronic format.

Special Subcommittees

For fiscal year 2009, the two subcommittees and ad hoc committees were as follows:

1. Subcommittee on Applicants with Criminal and Other Legal Background Issues - The Commission's 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.
2. Ad Hoc Committee on Consumer-Broker Relationships – After completing the comprehensive workload of extensive research, meetings with various organizations and Commissions from other States, and its own meetings, the Ad Hoc Committee is currently finalizing and drafting proposed language for rulemaking which, if approved by the Commission, will go through the formal rule adoption process and be implemented in the future.

Licensing

For FY 2009, the total number of licensees dropped to 18,707 as compared to 21,868 in FY 2008. This represents a 14.5% 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 number of 2008 online renewals for real estate licensees. Of the 17,325 licensees that renewed by the December 31, 2008 renewal deadline, 16,633 licenses or 96%, renewed online.

Real Estate Recovery Fund

The Commission is the 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 of real estate licensees. One of the primary 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 2009, the Commission received notification for a claim on the fund in 17 cases. This was a 54.5% increase from the FY 2008 notices received. See Chart 1.

In FY 2009, there were three payments paid out of the recovery fund. Since its inception in 1967, the recovery fund has paid out over two million dollars. See Chart 2.

CHART 1. Recovery Fund - Notices

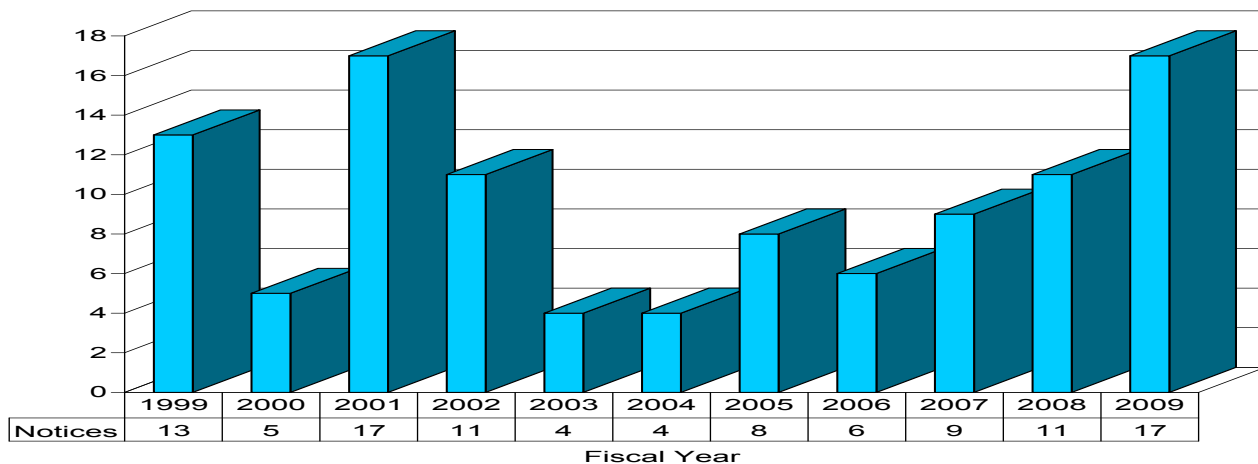
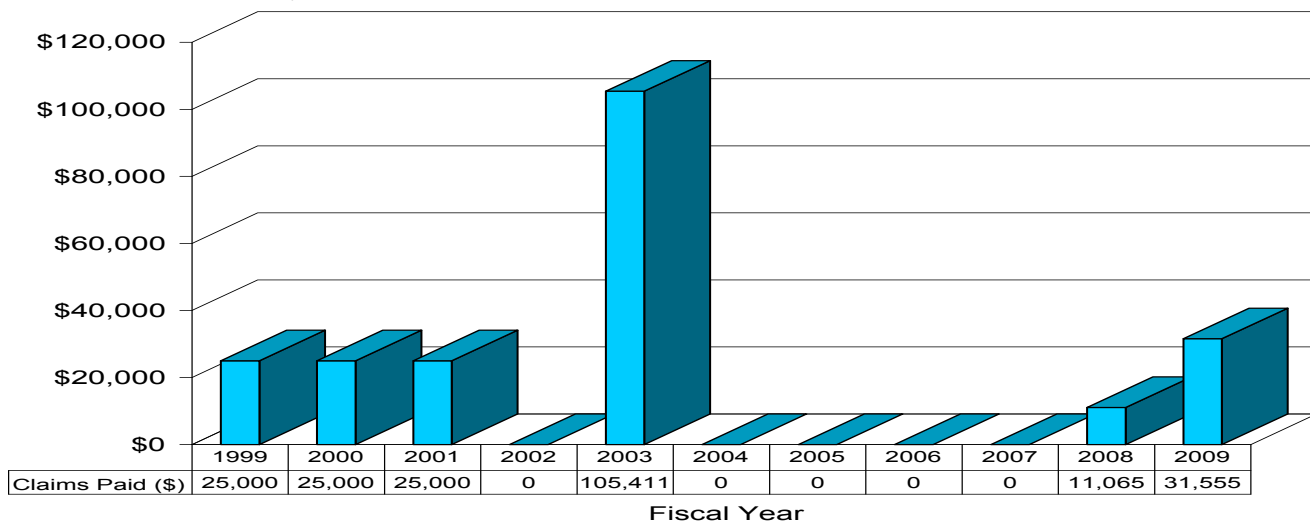


CHART 2. Recovery Fund - Claims Paid



FY 2009 PROGRAM OF WORK

Laws and Rules Review Committee

Real Estate Recovery Fund – The Commission 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 – The Commission administered the licensing, registration, and certification requirements, including applications review and updates, policies, procedures, appeals, subpoenas, and requests for records under the Office of Information Practices, laws, rules, and procedures.

Advice, Education, and Referral – Staff responded and provided information to inquiries received 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 and media.

Rule Making, Chapter 99 – The Commission studied, evaluated, researched, and developed rule amendments for submission to the formal rule making process.

Meetings – The Commission, with support from staff, administered the monthly committee meetings, as well as subcommittee and ad hoc committee meetings.

Licensing Renewals – Staff implemented a plan for paperless renewal system.

Legislative and Government Participation – The Commission 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 – The Commission, as well as staff, continued active participation with the ARELLO (Association of Real Estate License Law Officials), 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.

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

Neighbor Island Outreach – The Commission held three committee meetings at neighbor island sites (Kauai in August 2008, and Hawaii in November 2008, and Maui in January 2009).

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

Application Processing and Forms – Staff studied and evaluated the processing of application forms, evaluated and amended forms and instructions; assisted in mainframe computer programming issues. Staff also studied, reported on, and continued researching other electronic/computerized methods to improve application processing.

ARELLO National Disciplinary Action Data

Bank – Staff continued participation in the ARELLO National Disciplinary Action Data Bank to assist in the background review of applicants and consumer protection efforts in other jurisdictions.

Case Law Review Program – The Commission 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 – The Commission monitored, reviewed, researched, and made recommendations on rule amendments for fees through coordination with the Licensing Administrator.

Commissioners Education

Program – Staff researched and provided reference materials to Commissioners and conducted periodic workshops for all Commissioners. Commissioner Gendrano participated in ARELLO's Commissioner College.

Division and Department Programs – The Commission coordinated and worked with PVLD, DCCA, and others on programs of mutual concern, joint program with ERC and CRC.

HUD/ARELLO Fair Housing

Agreement – The Commission 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 2010 PROGRAM OF WORK**Laws and Rules Review Committee**

- Real Estate Recovery Fund
- Real Estate Licensing, Registration, & Certification Administration
- Condominium Hotel Operator Registration
- Advice, Education, and Referral
- Rule Making, Chapter 99
- Subcommittees
- 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
FY 2009 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	10
Property Management	3
DUI Conviction	1
Other	4
Failure to Adhere to Law	1
Taxes	3
	22
Licenses Revoked	9
Licenses Suspended	6
Licenses Fined	18
Total fines	\$65,500
Licenses Subject to Other Sanctions	5

Disciplinary Actions

The Commission took disciplinary action against 22 licensees in FY 2009. This was a 40.5% decrease over the 37 licensees disciplined in FY 2008. Chart 3 provides historical information on the number of licensees disciplined.

Fines totaling \$65,500 were assessed against 18 of the licensees. Nine licensees had their licenses revoked. Table 1 and Chart 4 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 licensees fined in 2009, totalling 18, decreased 47.1% compared to last year's total of 34.

CHART 3. Disciplinary Actions (FY 1999-2009)

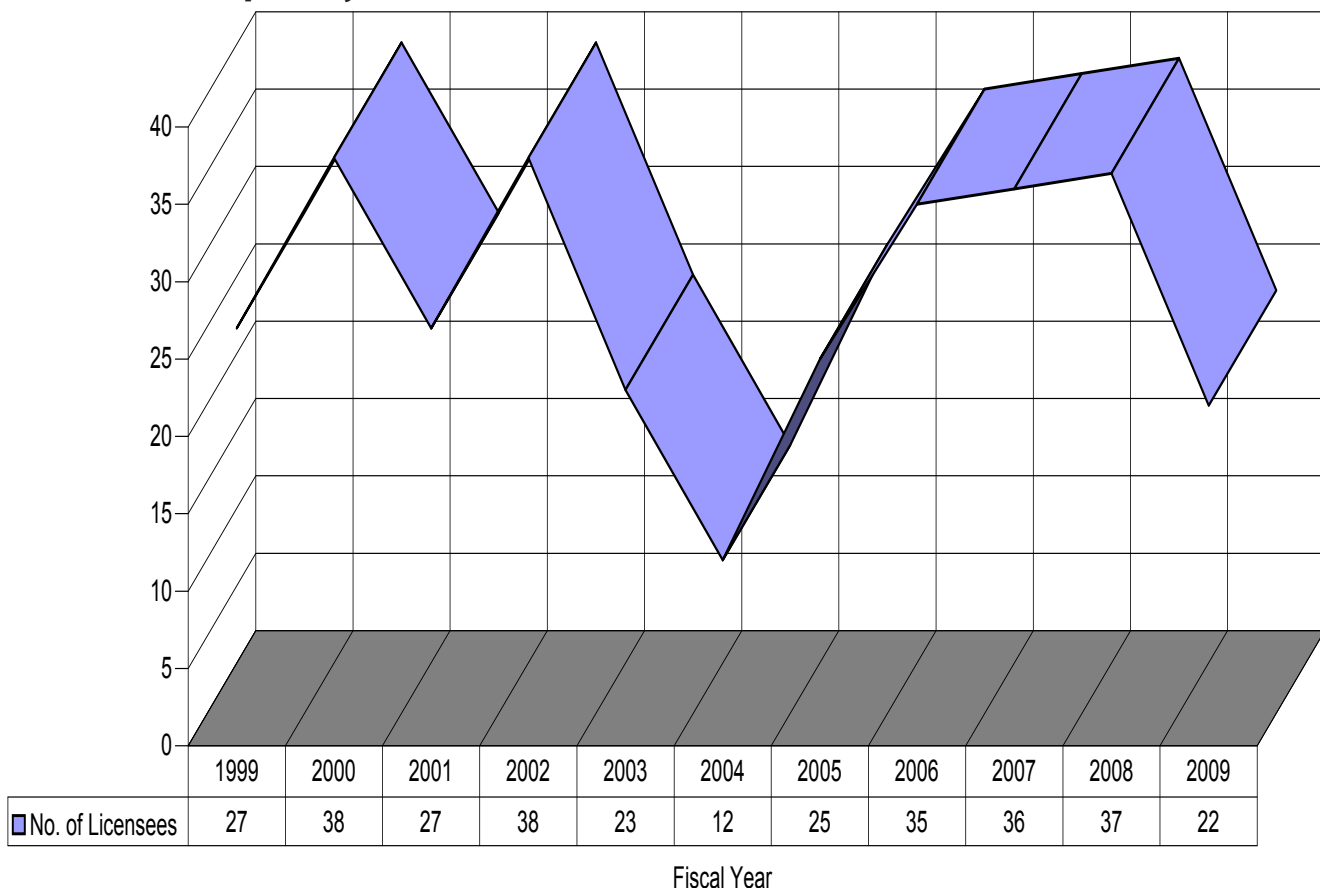
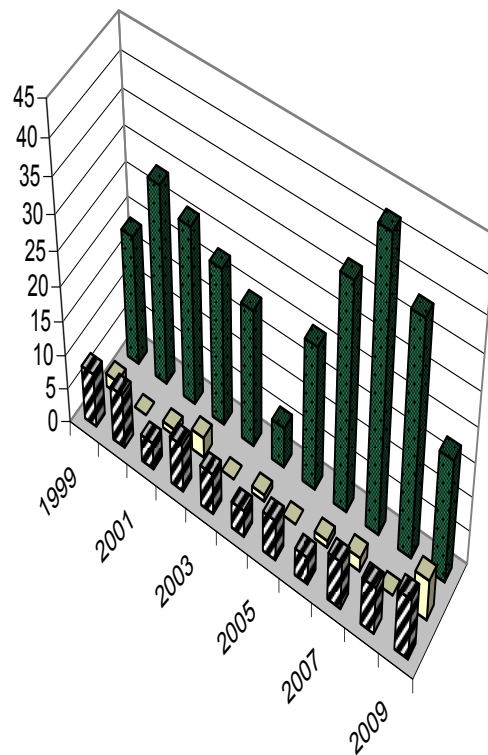
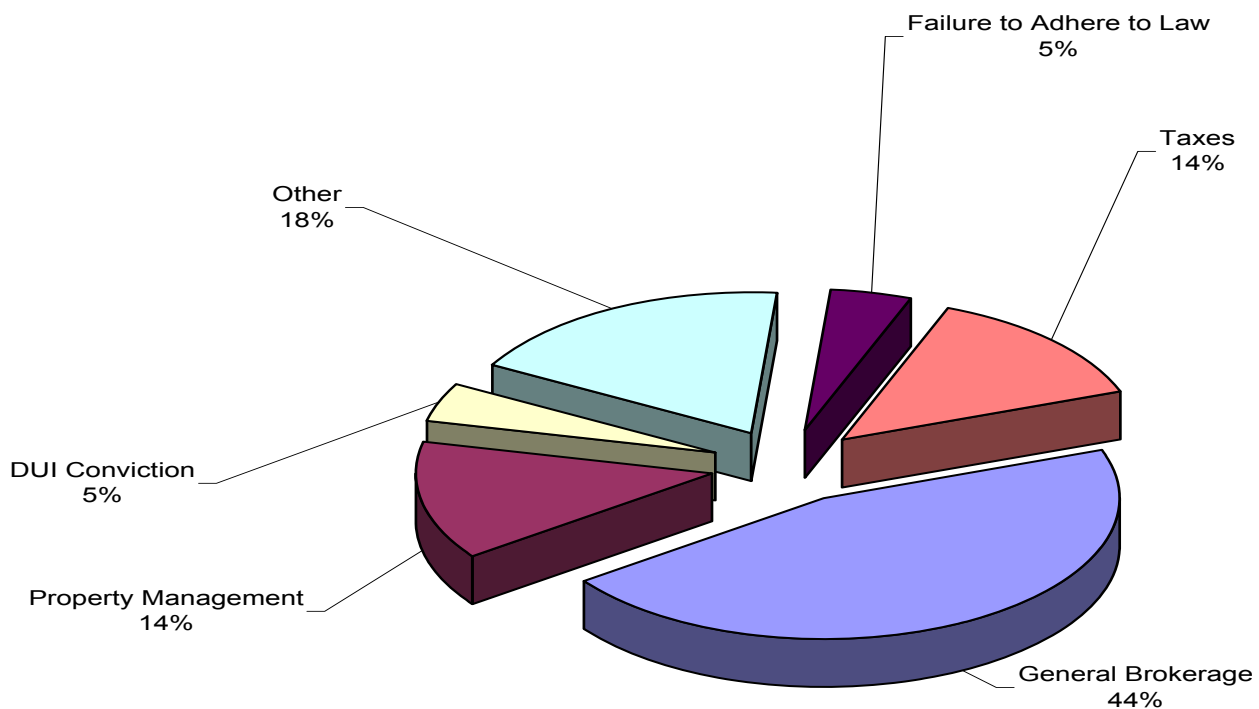


CHART 4. Administrative Actions - Sanctions (FY 1999-2009)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
▨ Licenses Revoked	8	8	4	7	6	4	6	4	7	7	9
▨ Licenses Suspended	2	0	1	3	0	1	0	1	2	0	6
■ Licenses Fined	19	29	26	23	20	6	21	33	42	34	18

CHART 5. Disciplinary Actions By Activity (FY 2009)

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 57% increase in 2009. RICO received 168 real estate complaints in FY 2009, compared to 107 in FY 2008. Refer to Chart 6.

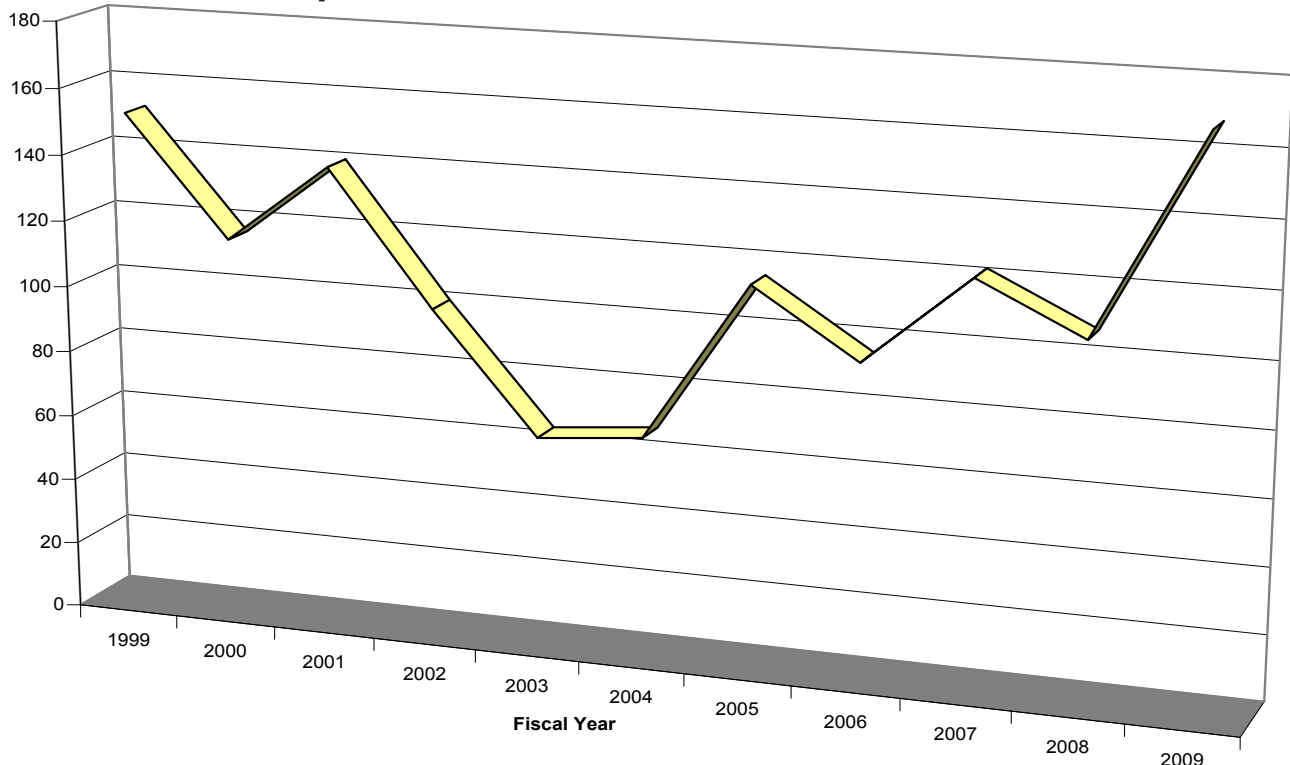
One hundred and fifty one of the complaints are pending, while 17 have been closed. Of the closed complaints, there was insufficient evidence in two cases, warning letters were issued in six cases, four cases were resolved, in two cases legal action was taken, in one case the complaint was withdrawn, in one case there was no violation found, and in one case they were unable to proceed.

Charts 7 and 8 show the number of cases in which specific provision of the law or rule were violated or alleged to be violated. The allegations are based on RICO complaints.

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

§16-99-3(i) The brokerage firm shall not submit or advertise property without written authorization, and

CHART 6. RICO Complaints (Real Estate FY 1999-2009)



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Complaints	152	116	140	100	64	67	115	95	122	107	168

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

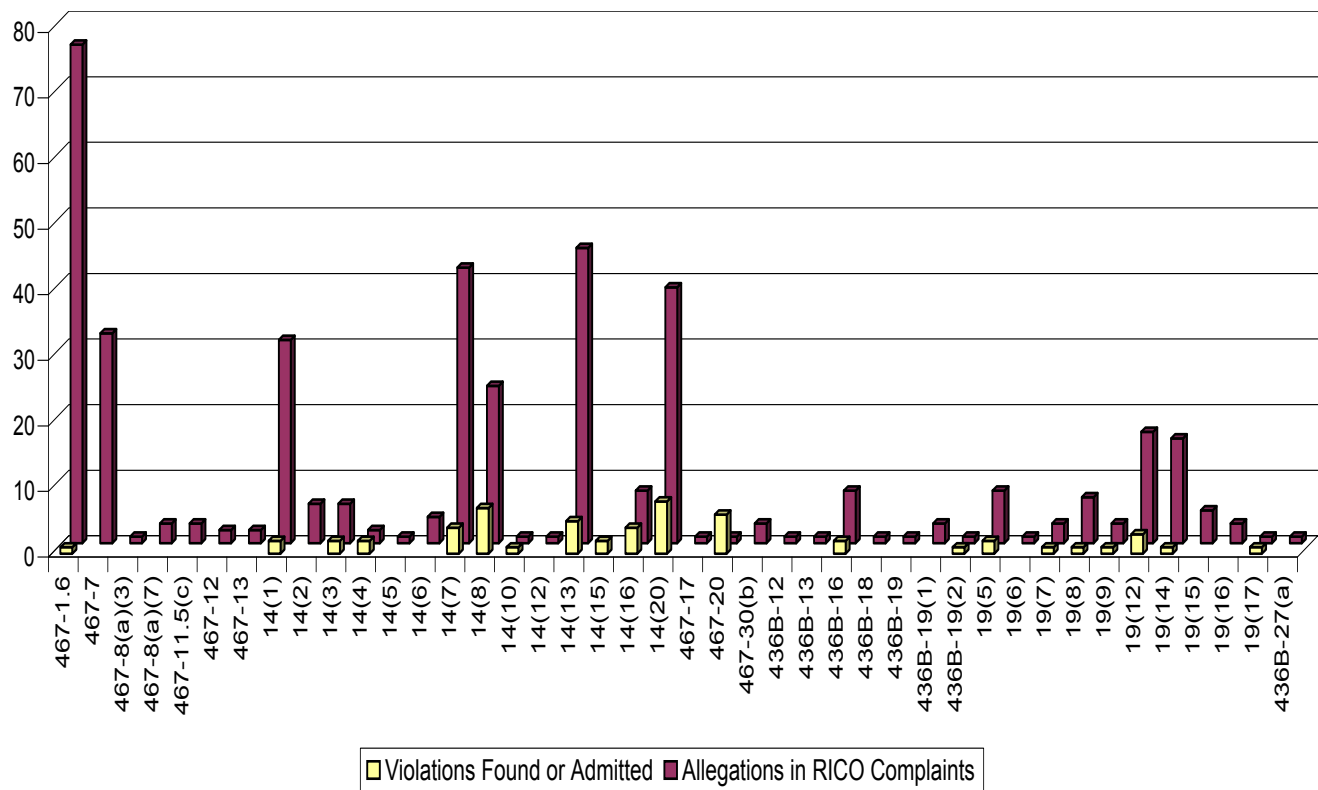
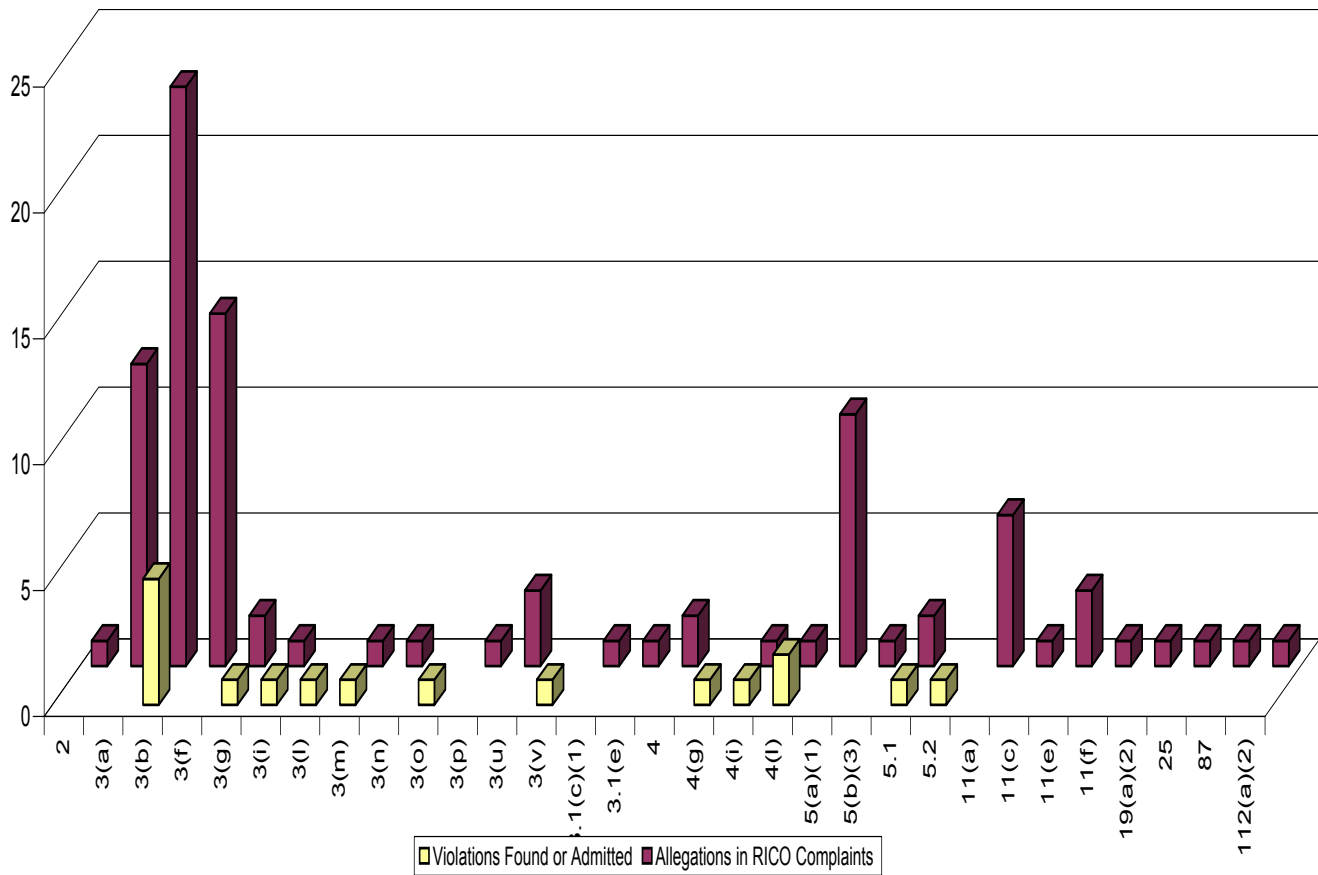


Chart 8. Rules Violations (Chapter 99, HAR)



Statutory Violations (HRS Ch. 467 and 436B)

§467-1.6	Principal broker shall have direct management and supervision of the firm and its licensees.	§467-30(b)	All condominium hotel operators shall register with the commission as a sole proprietor, partnership, limited liability company, or corporation and shall...
§467-7	Licenses required to act as a real estate broker or salesperson.	§436B-12	Criminal Conviction.
§467-8	Prerequisites for license, registration, or certificate.	§436B-13	Renewal of License.
§467-11.5(c)	No license shall be renewed if the license trade name, partnership, or corporation is not currently registered with the department of commerce and consumer affairs.	§436B-16	Notice of judgments, penalties.
§467-12	Place of business and posting of license.	§436B-18	Disciplinary action.
§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-19	Grounds for refusal to renew, reinstate or restore and for revocation, suspension, denial, or condition of licenses.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§436B-19(1)	Failure to meet or maintain the conditions and requirements necessary to qualify for the granting of a license.
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-19(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(5)	Procuring a license through fraud, misrepresentation, or deceit.
§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(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(5)	Acceptance of any commission or other compensation for the performance of any of the acts enumerated in the definition set forth in section 467-1 of real estate salesperson from any person other than the real estate salesperson's employer or the real estate broker with whom the real estate salesperson associates or, being a real estate broker or salesperson, compensates one not licensed under Chapter 467 to perform any such act.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§467-14(6)	Salesperson acting or attempts to act as a real estate broker or represents or attempts to represent any real estate broker other than the one employed or associated with.	§436B-19(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(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(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(14)	Criminal conviction.
§467-14(12)	Failing to obtain on the contract between the parties to the real estate transaction confirmation of who the real estate broker represents.	§436B-19(15)	Failure to report disciplinary action within thirty days of the disciplinary decision.
§467-14(13)	Violating this chapter, chapters 484, 514A, 514B, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.	§436B-19(16)	Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws where licensure is required.
§467-14(15)	Commingle the money or other property of the licensee's principal with the licensee's own.	§436B-19(17)	Violations of Chapter 467, HRS, or any other rule or order of the licensing authority.
§467-14(16)	Converting other people's moneys to the licensee's own use.	§436B-27	Civil and criminal sanctions for unlicensed activity; fines; injunctive relief; damages; forfeiture.
§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.		
§467-17	Additional payments to funds.		
§467-20	False statement.		

Rules Violations (Chapter 99, HAR)

§16-99-2	Definitions.
§16-99-3	Conduct.
§16-99-3(a)	Licensee shall fully protect the general public in its real estate transactions.
§16-99-3(b)	Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
§16-99-3(f)	Licensee shall see that financial obligations and commitments are in writing.
§16-99-3(g)	Licensee shall not acquire property without making the true position known in writing to the owner.

- in any offering the price quoted shall not be other than that agreed upon with the owner as the offering price.
- § 16-99-3(l) A licensee shall not place any sign or advertisement indicating a property is for sale, rent, lease, or exchange without the written authorization of the owner or seller and approval of the principal broker or broker in charge.
- § 16-99-3(m) A principal broker or broker in charge shall be immediately responsible for the real estate operations conducted at the place of business.
- § 16-99-3(n) A brokerage firm shall maintain a principal place of business located in this State at a business address registered with the commission from which the brokerage firm conducts business and where the brokerage firm's books and records are maintained.
- § 16-99-3(o) Prior to the time the principal broker or the broker in charge is absent from the principal place of business for more than thirty calendar days, and no other broker in charge is registered with the principal place of business, the principal broker shall submit to the commission a signed, written notification of the absence designating a temporary principal broker or temporary broker in charge, who shall acknowledge the temporary designation by signing the notification. Prolonged illness or death where the principal broker or broker in charge is unable to act, another broker shall be designated as the temporary principal broker or broker in charge within 30 days of the illness or death with appropriate notification to the commission. A temporary principal broker or broker in charge arrangement shall not exceed a period of six months, with the right to extend prior to expiration for another six months for good cause and with the approval of the commission.
- § 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).
- § 16-99-3(u) The licensee shall not add or modify the terms of a party to a transaction without written consent of all the parties.
- § 16-99-3(v) The licensee shall not convert other people's money to the licensee's own use.
- § 16-99-3.1(c)(1) If the licensee acting as the listing brokerage firm is acting alone and providing services to the buyer, the licensee shall disclose who the licensee represents in the transaction.
- § 16-99-3.1(e) Any disclosure required ...shall be confirmed in writing in a separate paragraph titled "AGENCY DISCLOSURE"....
- § 16-99-4(g) Received property to be held in trust for the benefit of the depositor, and or for the benefit of third persons, shall be received on behalf of the salesperson's or broker-salesperson's principal broker or broker in charge, and shall be delivered immediately by the next business day after receipt to the salesperson's or broker-salesperson's principal broker or broker in charge, unless the salesperson and broker-salesperson is instructed as to another time in writing by the depositor.
- § 16-99-4(i) A salesperson, broker-salesperson, or employee shall not handle trust properties in any way without the express written authorization of the person's principal broker or broker in charge.
- § 16-99-4(l) Information about escrow accounts and records for real estate transactions under the real estate brokerage firm shall be retained for at least three years, subject to inspection by the commission or its representative at the place of business.
- § 16-99-5 Notification and filing of names, addresses, and changes.
- § 16-99-5.1 Involuntary inactive license status.
- § 16-99-5.2 Statewide license.
- § 16-99-11(a) Advertisements.
- § 16-99-11(c) Disclosure of licensee's status (active/inactive) in all advertising and promotional material.
- § 16-99-11(e) Licensee's name - advertising and promotions.
- § 16-99-11(f) If the address of any unregistered place of business is included in advertising materials, then the street address of the principal place of business or the branch office, as the case may be, shall be included and respectively identified as such.
- § 16-99-19(a)(2) All applications for a real estate salesperson or broker license shall be accompanied by supporting documents to satisfy the applicable education and experience requirements. Applications not accompanied by supporting documents shall be rejected. In the event an applicant has not satisfied the applicable education and experience requirements, the applicant's examination score shall be declared void and license application rejected.
- § 16-99-25 The commission may deny an applicant admission to the examination, or issuance of license, void applicant's examination score, or revoke a license on the ground of falsification of any information supplied in the application for examination, application for experience certificate, application for license, or supporting documents.
- § 16-99-87 Definitions.
- § 16-99-112(a)(2) Each student shall include proof of actual course attendance including a verified sign-in and sign-out attendance sheet or a student certification statement in the case of a continuing education course offered by alternative delivery methods with interactive instructional techniques. The sign-in and sign-out sheet may be kept in another location other than the student's record, provided that reference to such location shall be made in each student's record. The name, address, and phone number of the individual who verified the student's attendance shall also be noted in the student's record.

EDUCATION REVIEW COMMITTEE (ERC) REPORT

The ERC, for fiscal year 2009, under the leadership of Chair Carol Mae Ball and Vice Chair Annette Aiona, continued to address important and varied education issues.

FY 2009 PROGRAM OF WORK

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 2009, real estate specialists visited Kauai on August 13, 2008; Hilo on November 12, 2008; and Maui on January 7, 2009.

Neighbor Island Outreach – The Commission convenes its standing committee meetings on a neighbor island two to three times a year. The committees met on Kauai on August 13, 2008; Hilo on November 12, 2008; and Maui on January 7, 2009. 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 (IDW) during the 2007-2008 biennium. In August 2008, Mr. Douglas DeVitre presented an IDW on technology and how it enhances live classroom presentations, entitled "Making Magic with Microsoft PowerPoint 2007."

Continuing Education (CE) – During the fiscal year, there were 193 approved CE courses, an increase from the 39 approved CE courses in the previous fiscal year. Sixteen of the courses were national courses. There were 39 CE providers. CE providers offered 1,098 classes to 35,501 participants, as compared to the previous fiscal year of 1,151 classes offered to 14,223 participants.

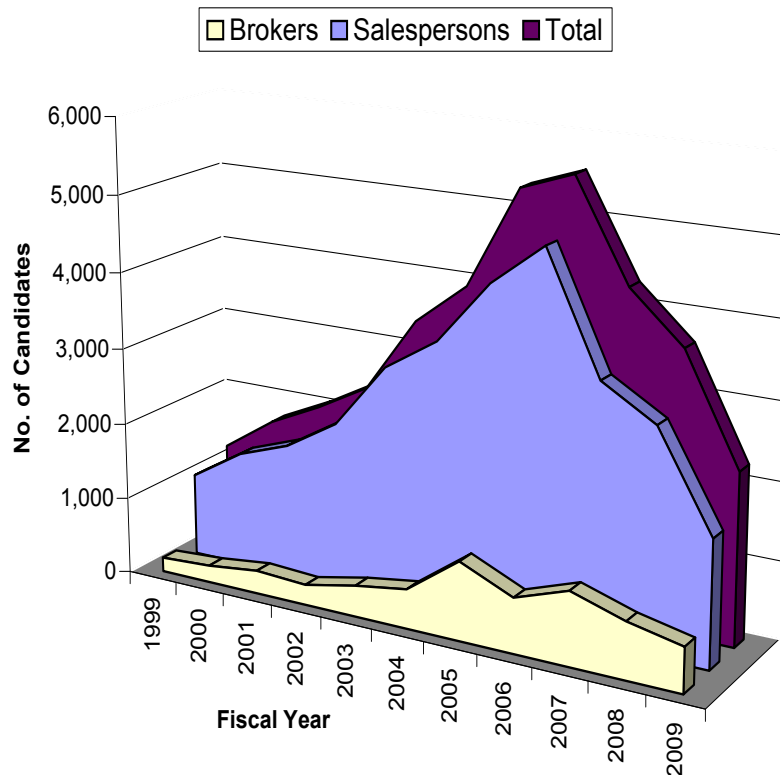
Real Estate Licensing Examination – Pearson VUE continued offering testing five days a week in Honolulu, twice a month in Kahului and on Kauai, and on a space available basis at Parker School in Kamuela on the Big Island. As shown in Table 2 and Chart 9, the number of examination candidates decreased 38.6% over the last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with Pearson VUE and Commission policies.

There were 273 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 32.76% decrease from the last fiscal year's total of 406 approvals.

Table 2. Real Estate Licensing Examination

	FY 2008	FY 2009	% Change
Brokers Tested	735	583	-20.7%
Salespersons Tested	2884	1638	-43.2%
Total Tested	3619	2221	-38.6%
Brokers Passed	242	186	-23.1%
Salespersons Passed	1545	910	-41.1%
Total Passed	1787	1096	-38.7%
% Brokers Pass	32.9%	31.9%	
% Salespersons Pass	53.6%	55.6%	

Interactive Participation with Other Organizations – The Commission continued its participation in events sponsored by local and national organizations. Commissioners and staff participated in a number of events with the Hawaii Association of REALTORS®, the Kauai Board of REALTORS®, the REALTORS® Associa-

CHART 9. Licensing Examination Candidates (FY 1999-2009)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Brokers	187	224	304	269	409	516	1,022	714	957	735	583
Salespersons	1,082	1,504	1,744	2,158	3,012	3,458	4,283	4,838	3,306	2,884	1,638
Total	1,269	1,728	2,048	2,427	3,421	3,974	5,305	5,552	4,263	3,619	2,221

tion of Maui, the Hawaii Island Board of REALTORS®, and the Kona Board of REALTORS®. On a national level, the Commission continued its active participation with 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, and in other jurisdictions.

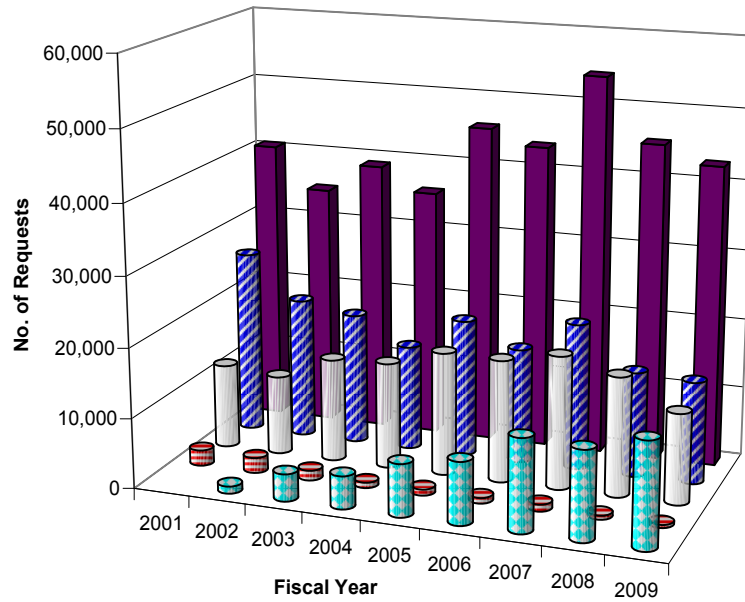
Advice, Education, and Referral – Staff continued to field an enormous number of telephone, walk-in, written inquiries, faxes, and emails. For real estate, the fiscal year produced 14,579 telephone inquiries, 436 walk-in inquiries, 12,910 written inquiries/written requests/faxes, and 14,950 emails. See Chart 10.

Website Hits – The Commission’s website,

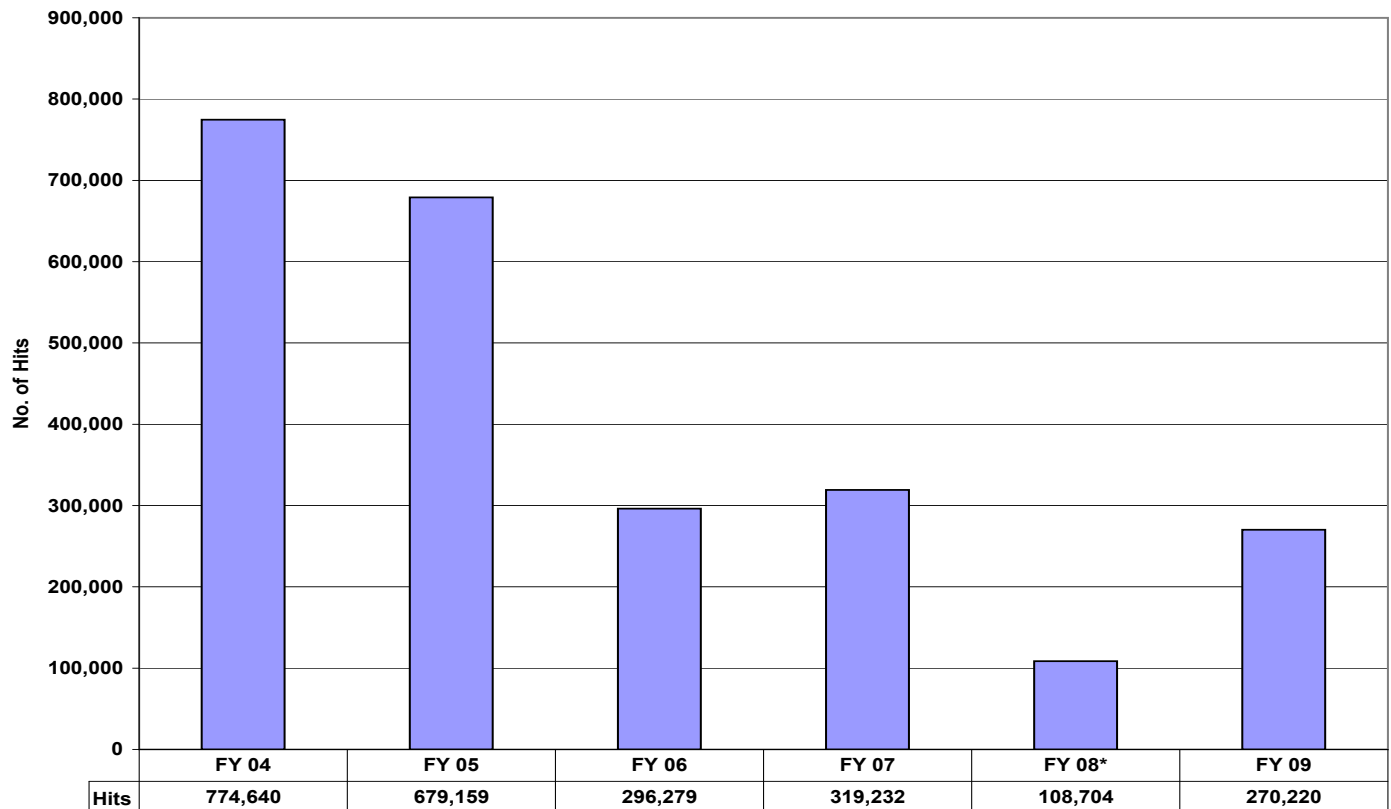
www.hawaii.gov/hirec, is available seven days a week 24 hours each day for information, forms, and applications. The website has provided well over 270,220 real estate and condominium related hits. Due to a change in the program adopted by the State Information Systems and Communications Office, some previously collected webstats are no longer available. See Chart 11

Publications – The Commission continued to publish the Hawaii Real Estate Bulletin in a traditional newsletter format that was mailed to all current licensees, legislators, government officials, ARELLO jurisdictions, and other interested parties. It was also available in electronic format on the Commission’s website at www.hawaii.gov/hirec.

(continued on page 21)

CHART 10. Inquiries and Applications (FY 2001-2009)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
E-mail		1,052	3,889	4,695	7,499	8,886	13,193	12,648	14,950
Walk-ins	2,241	2,185	1,417	768	904	807	996	594	436
Applications / written requests	12,068	11,343	14,753	15,137	17,574	17,439	18,985	17,037	12,910
Telephone calls	26,295	20,184	18,864	15,050	19,738	16,478	20,995	14,999	14,576
Total	40,604	34,764	38,923	35,650	45,715	43,610	54,169	45,278	42,872

CHART 11. Website Hits

*Webstats available for the period of January 11 through June 30, 2008 only

The Commission also published a quarterly newsletter, School Files, exclusively for the real estate education community. It provided 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 was 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 were distributed to the Legislature and to the Governor. Interested licensees and members of the public could download and print the report from the Commission's website.

Continuing Education Core Course – The Commission researched and developed its 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. The new format for the core course was carried forward from the prior fiscal year, offering the core course in two, 2-hour parts for the biennium. This two-part format provided a timely update of that year's legislation relevant to real estate licensees.

Salesperson Curriculum and Resources – The salesperson's curriculum continued to be offered in both a live classroom and online format.

Broker Curriculum and Resources – The broker's curriculum continued to be offered in both a live classroom and online format.

Advice, Education, and Referral – Staff continued to provide advice, education, and referral to applicants, licensees, government officials, consumers, public, organizations, including the research, reproduction of materials and mailings. It developed a distribution system of educational and informational products for each principal broker and broker-in-charge. Staff also published and distributed educational and

informational materials and provided educational material through the Commission's website.

Administration of Prelicense Education

Program, Schools and Instructors – The Commission provided administrative review and an approval process for applications, disseminated information regarding renewals and certification, and provided appropriate records management. It coordinated the instructor's examination program with its test administrator, Pearson VUE, and administered an evaluation system of schools and instructors. Staff researched, developed, printed, and distributed the quarterly School Files, a bulletin for educators. This was a joint program with the Continuing Education Program.

Administration of Examinations – The Commission administered the real estate licensing examination program, including contract administration with its test administrator Pearson VUE, provided information regarding the exam process, reviewed amendments to test candidate booklets, evaluated periodic examination reports and kept abreast of daily exams. The Commission, along with Pearson VUE, conducted a Test Development Workshop and an Educators Forum in September 2008. In May 2009, the Commission entered into a contract with a new test administrator, PSI. PSI, based in California, conducted a Test Development Workshop and Educators Forum in June 2009.

Administration of Continuing Education Program, Providers, and Instructors

– The Commission administered the continuing education program including the registration of providers, certification of courses and instructors, and provided timely information and records management, as appropriate. It researched, developed, printed, and distributed the quarterly School Files, a bulletin for educators. Staff developed, printed, and distributed continuing education course schedules.

Administration of Continuing Education

Elective Courses – The Commission 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. In August 2008, staff implemented an Online Continuing Education (CE) System which provided real estate licensees with the ability to view the number of CE hours required and earned for the current licensing period, their CE history, and the ability to search for future CE courses being offered by approved CE providers. Real estate licensees were also able to access and reprint their own course completion certificates for the current and previous bienniums, whereas, formerly this was done by the CE providers. Additionally, real estate principal brokers and brokers-in-charge were able to monitor and view the current CE hours, CE history, and license status of all licensees associated with the brokerage. The system was updated daily.

Education Evaluation Task Force

(EETF) – The Commission’s EETF reviewed, recommended, assisted in development, updates, and administration of education-related projects and continuing education. The EETF conducted four meetings during the fiscal year: September 2008, February, April, and May, 2009. The EETF assisted in the development of the Commission’s 2009-2010 Core Course, Part A.

Meetings and Symposium – The Commission, with staff support, planned, coordinated, and conducted monthly Education Review Committee meetings.

Annual Report and Quarterly Bulletin – Staff researched, developed and distributed the Commission’s Annual Report. Staff researched, edited, printed, and distributed the quarterly Real Estate Bulletin; and continued contract administration with consultant and procurement code management.

Real Estate Education Fund (REEF) – The Commission 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 – The Commission held three ERC meetings on neighbor island sites on Kauai in August 2008; Hilo in November 2008; and on Maui in January, 2009.

Interactive Participation with

Organizations – The Commission 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 – The Commission contracted with the Hawaii Association of REALTORS® to provide a statewide seminar during the 2007-2008 biennium for real estate licensees and/or consumers through a contractor, via subsidy, sponsoring, assisting, or co-sponsoring. Marcie Roggow was the presenter in a statewide real estate seminar on “Risk Management for Residential Specialists” which took place on October 20-24, 2008. The seminar was presented in Waikoloa, Honolulu, Kauai, Maui, and Hilo.

Legislative Participation, Research, and Report – The Commission researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern.

Instructor’s Development Workshop – The Commission developed, sponsored, coordinated, and/or produced instructor development workshops for prelicensing instructors to meet rule requirements. It contracted with the Hawaii

Association of REALTORS® to develop and present an instructor's development workshop in the 2007-2008 biennium. In August 2008, Mr. Douglas DeVitre presented "Making Magic with Microsoft PowerPoint 2007" as the IDW.

Evaluation and Education System for CE and Preclicensing Instructors, Courses, Providers, and Schools – The Commission administered an evaluation system of preclicensing and continuing education instructors.

Real Estate Specialist Office for the Day – With advanced publicity, mail-outs, and appointments, Real Estate Specialists set up office at RICO neighbor island offices and other meeting sites to provide advice, education, and referrals. Upon request, Specialists provided training to RICO investigators.

Real Estate Speakership Program – Subject to State government approvals and priorities, the Commission, along with staff, honored requests to provide a speaker, resource person, or be an active participant in functions related to real estate education.

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

Uniform Section Equivalency of Preclicensing Examination – The Commission administered applications on the equivalency to the uniform part of the exam based on passage of the uniform part of another state's exam.

New Technology Program and Real Estate Commission Website – Staff administered an in-house network computer system in coordination with DCCA's Information Systems coordinator. Staff also conducted in-house training, coordinated the purchase of computer hardware and software, and developed database programming.

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

Information Distribution System – Staff researched, developed, and implemented a centralized information distribution system for all the education products produced by the Commission. Staff standardized policies and procedures for distribution, purchasing, copyright, specific permission copying or generic permission copying of brochures, reports, and video tapes.

New Salesperson and New Broker Start-up Kits – Staff packaged and distributed start-up kits to newly licensed salespersons and brokers.

Cooperative Education, Research, and Administration Program – The Commission actively participated and sponsored cooperative education, research, and administrative programs for those individuals, branches, divisions, department personnel, and the Attorney General's Office that provided direct or indirect services to the Commission or were part of a real estate-related program.

Division and Department Programs – The Commission coordinated activities and programs of mutual concern with PVLD and DCCA.

Staff and Commissioners Development – Staff developed and trained staff and Commissioners for better administration of the real estate programs. Commissioners, as well as staff, participated in training and educational opportunities provided by REEA, ARELLO, CAI, CLEAR, and other organizations.

Real Estate Reference Library – The Commission subscribed and purchased real estate reference materials for public review.

Licensees

New Licenses

The number of new licenses issued in FY 2009 decreased 37.7% over the prior fiscal year. During FY 2009, 1,190 new licenses were issued. Individual broker licenses decreased by 9%, new salesperson licenses decreased by 44.6%, and new entity licenses decreased by 2.5%. Refer to Chart 12.

Current Licenses

The overall number of current real estate licenses decreased 14.5% by the end of FY 2009. In FY 2009, active licenses decreased 11.8% over last year, while inactive licenses decreased 20.1%. There was a 17.5% decrease of active licenses on Maui, a 15.4% decrease on Kauai, a 13.8% decrease on Hawaii, a 9.3% decrease on Oahu, and a 6.1% decrease on Molokai. There was no change on the island of Lanai. Refer to Table 3, Charts 13 and 14.

CHART 12. New Real Estate Licenses Issued

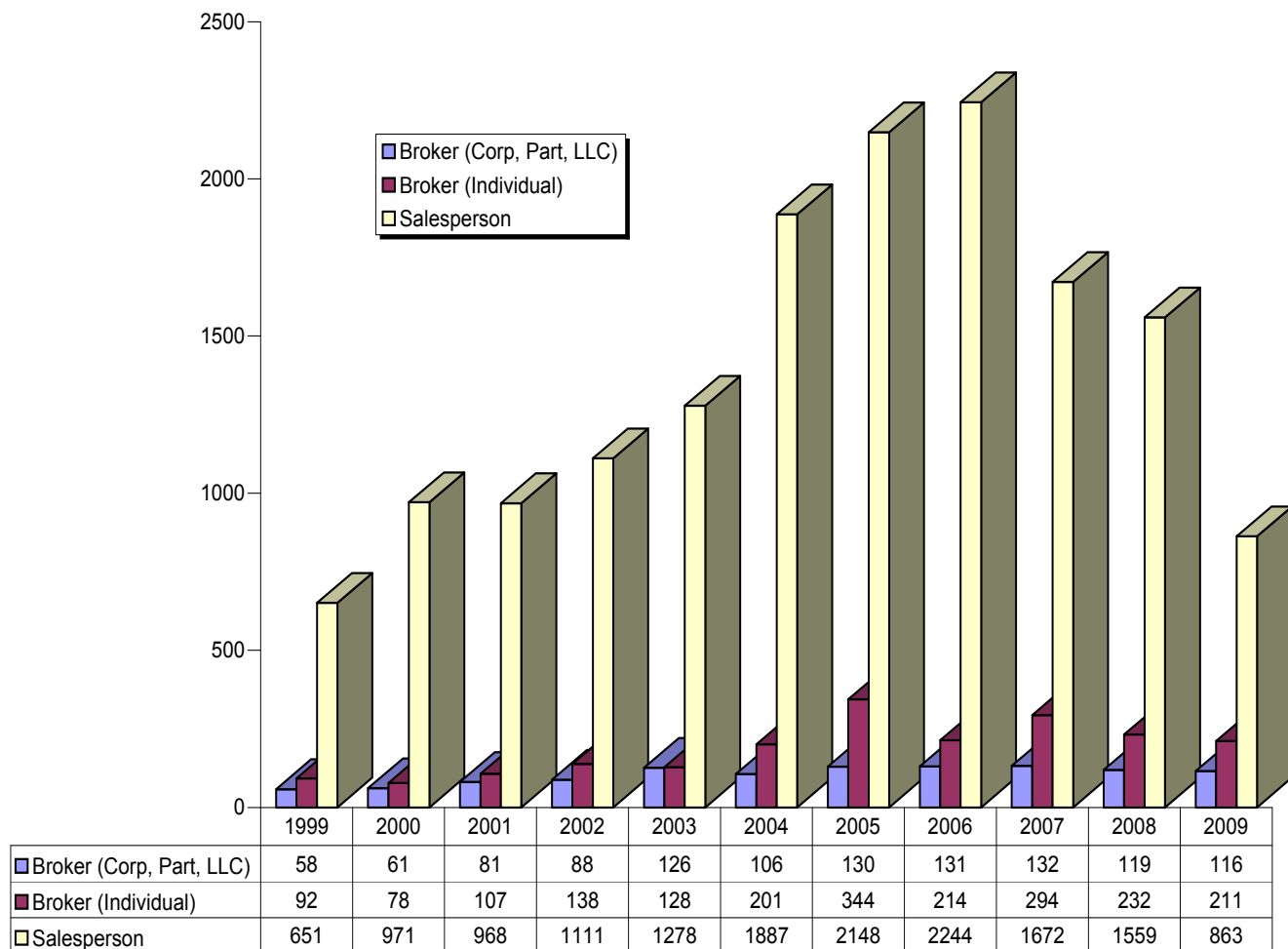


Table 3. Current Real Estate Licensees - By License Type and Island (July 2009)

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,856	471	459	206	12	3	54	3,061
Salesperson	4,638	964	1,211	548	23	5	122	7,511
Sole Proprietor	736	150	101	66	5	1	2	1,061
Corporation, Partnership, LLC	937	225	238	99	6	3	1	1,509
Total Active	8,167	1,810	2,009	919	46	12	179	13,142
Inactive								
Broker	269	54	44	24	0	0	183	574
Salesperson	2,628	551	746	385	5	5	605	4,925
Corporation, Partnership, LLC	32	11	12	4	0	0	7	66
Total Inactive	2,929	616	802	413	5	5	795	5,565
Active and Inactive								
Broker	2,125	525	503	230	12	3	237	3,635
Salesperson	7,266	1,515	1,957	933	28	10	727	12,436
Sole Proprietor	736	150	101	66	5	1	2	1,061
Corporation, Partnership, LLC	969	236	250	103	6	3	8	1,575
Total	11,096	2,426	2,811	1,332	51	17	974	18,707

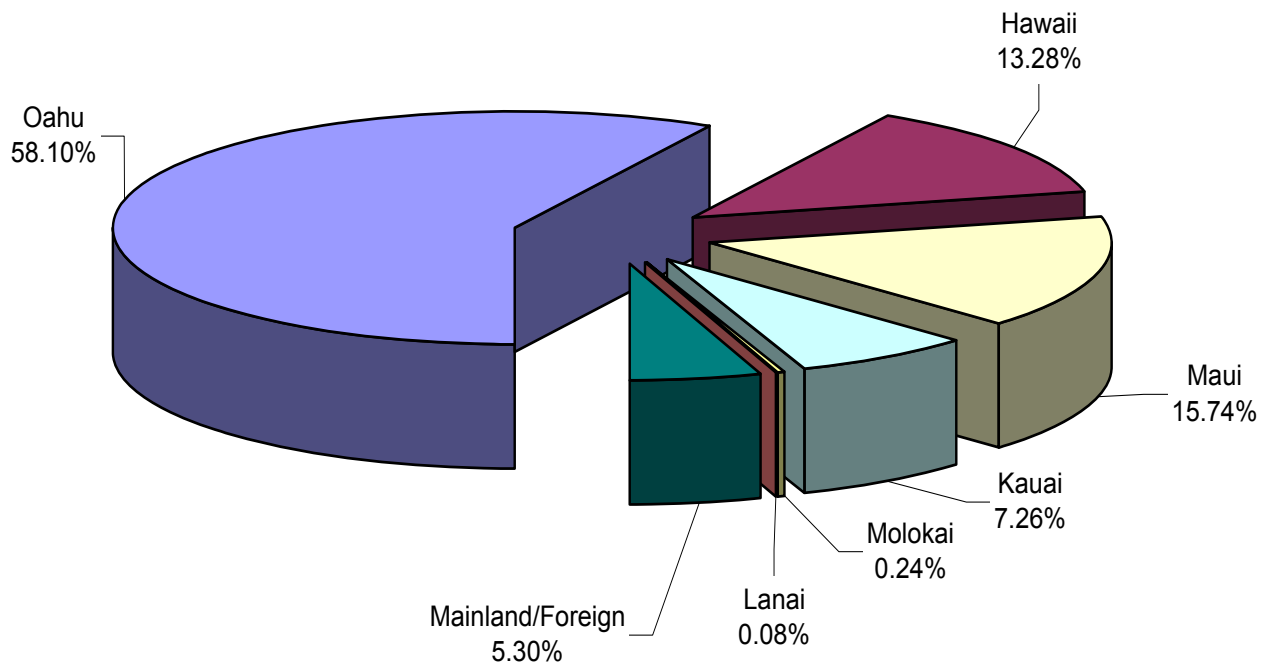
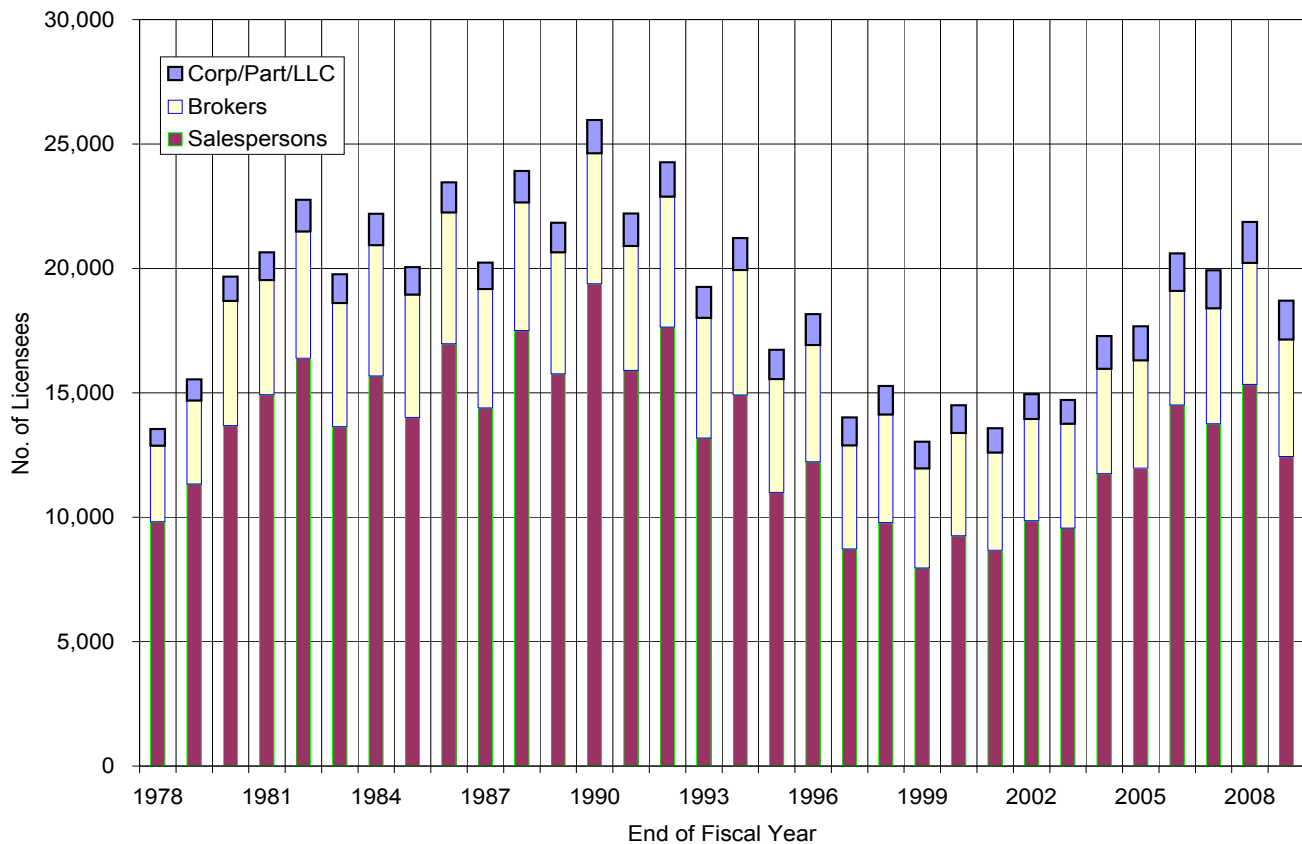
CHART 13. Real Estate Licensees - By Island

CHART 14. Total Real Estate Licensees

FY 2010 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 Start-up Kits
- Cooperative Education, Research, and Administration Program
- Division and Department Programs
- Staff and Commissioners Development
- Real Estate Reference Library

CONDOMINIUM REVIEW COMMITTEE (CRC) REPORT

The CRC, for fiscal year 2009, under the leadership of Chair William Chee and Vice Chair Mark Suiso continued with the implementation challenges of Chapter 514B, Hawaii Revised Statutes (HRS), including the challenges of new legislation. Concurrently, in this same period, the Committee continued with the administration of the original condominium law, Chapter 514A, HRS, as well as other important planned program of work.

The 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, boards 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 registrations; and governance, education and research program inclusive of the programs, funded under the Condominium Education Trust Fund (CETF).

The law allows the Commission to expend monies from the CETF for educational purposes which include financing or promoting:

Education and research in the field of condominium management, condominium project registration, and real estate, for the benefit of the public and those required to be registered under this chapter; The improvement and more efficient administration of associations; and expeditious and inexpensive procedures for resolving association disputes.

The Commission may use any and all monies in the CETF for purposes consistent with the above. Additionally, the law requires the Commission to submit to the legislature annually and herein incorporated is: (1) a summary of the programs funded during the prior fiscal year with funds from the CETF, (2) a statement of which programs were directed specifically at the education of condominium owners (bolded), (3) summary information on programs that were funded or are to be funded and the target audience for each program, (4) a copy of the budget for the current fiscal year, including summary information on programs which were funded or are to be funded, (5) the amount of money in the fund during the prior fiscal year, and (6) a budget for the current fiscal year that includes a line item reflecting the total amount collected from condominium associations.

In addition, this year the CRC Report includes an Addendum that responds to two similar 2009 legislative resolutions. Specifically House Resolution No. 128 HD1 requested “The Real Estate Commission To Consider Allowing Developers To Submit Condominium Registration Filings In Electronic Format,” and Senate Resolution No. 113 SD1 requested “The Real Estate Commission To Adopt A Strategic Plan To Allow Condominium Registration Filings In Electronic Format.”

FY 2009 PROGRAM OF WORK

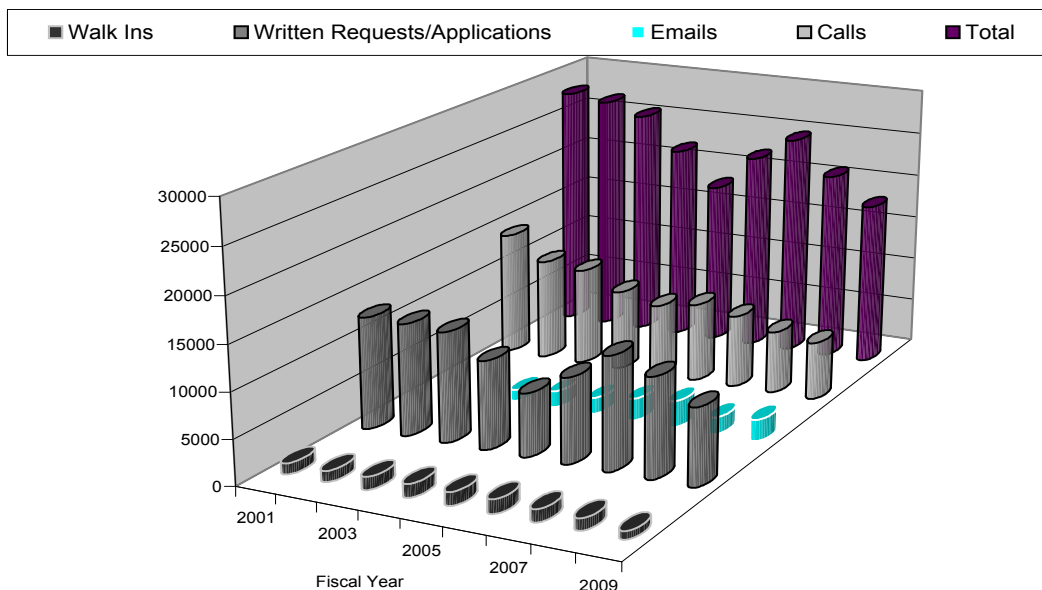
NOTE: The text that is bolded are for matters that were directed specifically at the education of condominium owners (although many others also benefitted from the education).

Condominium Laws and Education – Concurrently with the administration of Chapter 514A, HRS, the Commission participated in the legislative process to fine tune Chapter 514B, HRS. With the help of stakeholder organizations and volunteers, the Commission continued the development and refinement of appropriate new and amended forms (including web based online fillable forms), instructions, informational sheets, procedures and evaluative processes, curriculum, materials, handouts, and power point presentations for use in statewide educational efforts. The Commission continued with the development of statewide advertising and delivery of Commission-subsidized seminars. This fiscal year's three-hour free seminar on Chapter 514B, HRS, and Chapter 514A, HRS, was postponed while the Commission worked

on its development. The Commission anticipates it will again use a volunteer faculty of representatives from the condominium development and governance community, including attorneys and real estate industry representatives, and Commission staff when the Commission delivers the Commission-developed three-hour free seminar. Such educational efforts are targeted to inform and **educate condominium owners** and all others those impacted by the new condominium law, including boards, managing agents, resident managers, developers, real estate licensees, their respective attorneys, prospective condominium purchasers, and the general public. Concurrent breakout sessions will continue to be held should the various stakeholders indicate a need for separate educational sessions.

The Committee issued ten informal non-binding interpretations of the provisions of Chapter 514B, HRS, as compared to six informal non-binding interpretations issued last fiscal year

Chart 15. Condominium Advice, Education, and Referral



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Walk Ins	1235	1229	1395	1480	1473	1551	1388	1322	874
Written Requests/Applications	12481	12449	12217	9819	7027	9461	12535	11035	8566
Emails			1259	1819	1812	2487	2940	1890	2394
Calls	13947	11387	10971	9050	8064	8863	8157	7014	6459
Total	27663	27067	25842	22168	18376	22362	25020	21261	18293

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

Advice, Education, and Referral – The Commission responded and provided information and **education to condominium owners** and other interested members of the condominium community including, developers, consumers, licensees, government officials, organizations, interested parties and the public, via telephone, walk-ins, faxes, written correspondence, emails, the Condominium Bulletin and through the Commission's website. See Chart 15.

Condominium Project and Developer's Public Reports – Staff continued the implementation and administration of the condominium project registration program, pursuant to Chapters 514A and 514B, HRS. With the help of stakeholder organizations, volunteers, other governmental agencies, and interested attorneys, the Commission continued its evaluation and development of, where appropriate, new processes, records, forms, information documents and rules. Staff continued working with procured consultants to assist with condominium project-related tasks. It continued to make developer's public reports available for public viewing and copying to disc via the Commission's website. The Commission continued to study and research the formulation of a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys. Staff continued to research and study a plan for electronic administration, including the scanning of documents on CDs. The Commission continued its work with procuring and contracting with condominium consultants to assist the

Condominium Apartment Owners on the Commission

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

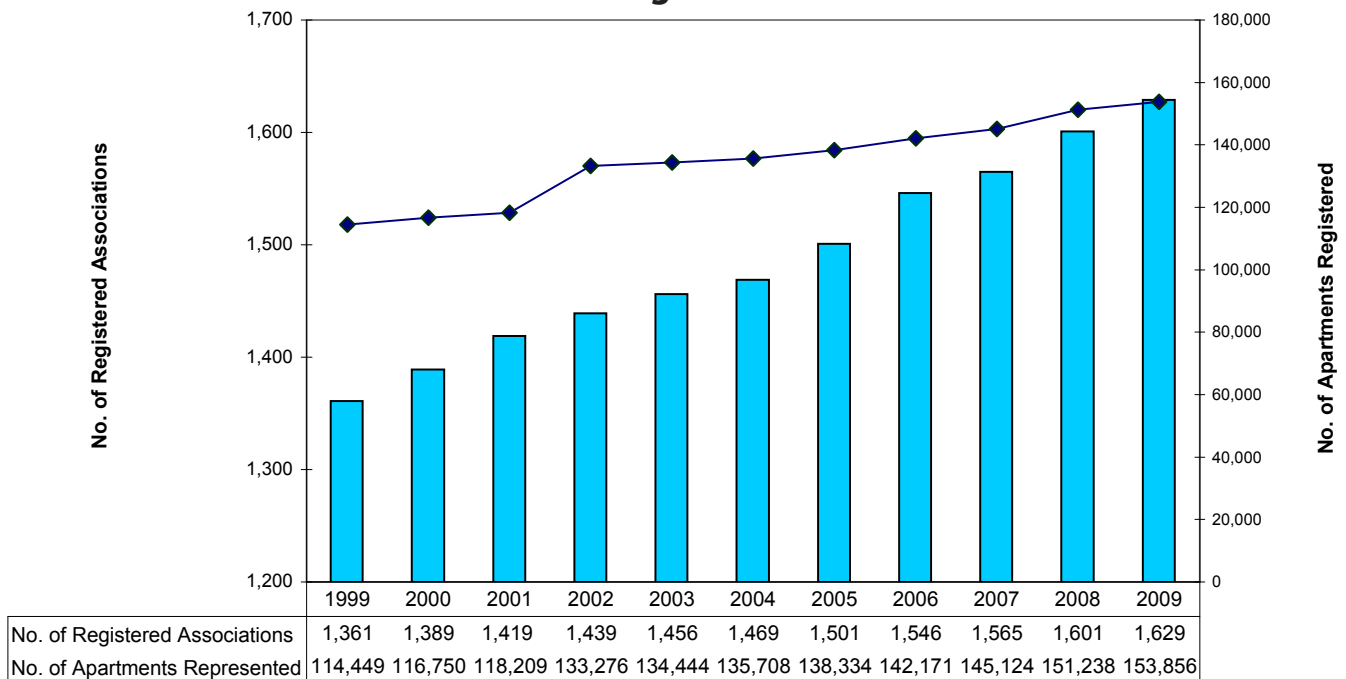
The following members of the Real Estate Commission are condominium owners:

Carol Ball
Annette Aiona
Mark Suiso

Commission with the administration of registering condominium projects and issuance of effective dates for developer's public reports, which reports are required for the conduct of condominium unit sales.

Hawaii Condominium Bulletin – The Commission continued the research, development, publication and distribution of a quarterly bulletin to all registered associations and condominium managing agents (CMAs). The bulletins were also available on the Commission's website for the **education of condominium owners**, developers, real estate licensees, consumers and the public. Staff continued the research and study of in-house electronic publication and delivery of the bulletin, and the publication of a reference file with volunteer experts contributing articles. Staff continued the procurement code management and administration of the contract with a consultant assisting in the printing of the bulletin.

Condominium Mediation and Arbitration Program – The Commission continued to subsidize mediation programs on four islands and worked with various mediation providers to **provide educational seminars** about alternative dispute resolution and mediation **for condomin-**

Chart 17. Condominium Association Registration

produce **educational seminars for condominium owners**, board members, resident managers, representatives from self-managed associations, CMAs and condominium organizations, and educators. Utilizing Commission staff, a procured provider and volunteer faculty of representatives from the condominium governance, development, and real estate community, the Commission continued to administer CMEF and CETF subsidies for Commission-approved seminars, including the following:

- Legislative Update July 24, 2008
- Covenant Enforcement Aug. 21, 2008
- Top Traits of Boards and Managers Sept. 25, 2008
- Defending and Winning Suits Against Boards Oct. 25, 2008
- Navigating through Turbulent Annual Meetings Jan. 22, 2009
- Navigating through Turbulent Annual Meetings - Kona Feb. 27, 2009
- Challenges of Aging Buildings Mar. 12, 2009
- ABCs - Essentials of

Community
Associations

May. 6, 2009

- Contracts, Insurance and Pitfalls

June 3, 2009

The Commission proactively sought additional consultants as condominium education providers, explored electronic publication of consumer brochures and continued administration of the CRC educational ad hoc advisory group to provide recommendations and input regarding the CRC educational programs.

Ad Hoc Committee On Condominium Education and Research – The CRC continues to administer this volunteer group which reviews, recommends and assists in the development, update and administration of condominium education-related projects. The Commission expanded the advisory group’s focus to include recommendations for a Commission five year educational strategic plan for condominium education. It also incorporated this group as part of the “Ad Hoc Committee on Condominium Education and Research.” This fiscal year the Commission procured for the update and rewrite of two 1991 **Commission produced education-**

al brochures entitled “Condominium Owners Rights and Responsibilities” and the “Condominium Board Members Powers and Duties” to provide consistency with the current condominium laws (HRS Chapters 514A and 514B).

Condominium Managing Agents

Registration – Staff reviewed policies and procedures for registration and responded to appeals, subpoenas, and requests for records under OIP rules and procedures. See Chart 18.

Condominium Hotel Operator Registration

– The Commission delegated this program to the Condominium Review Committee. See Chart 18.

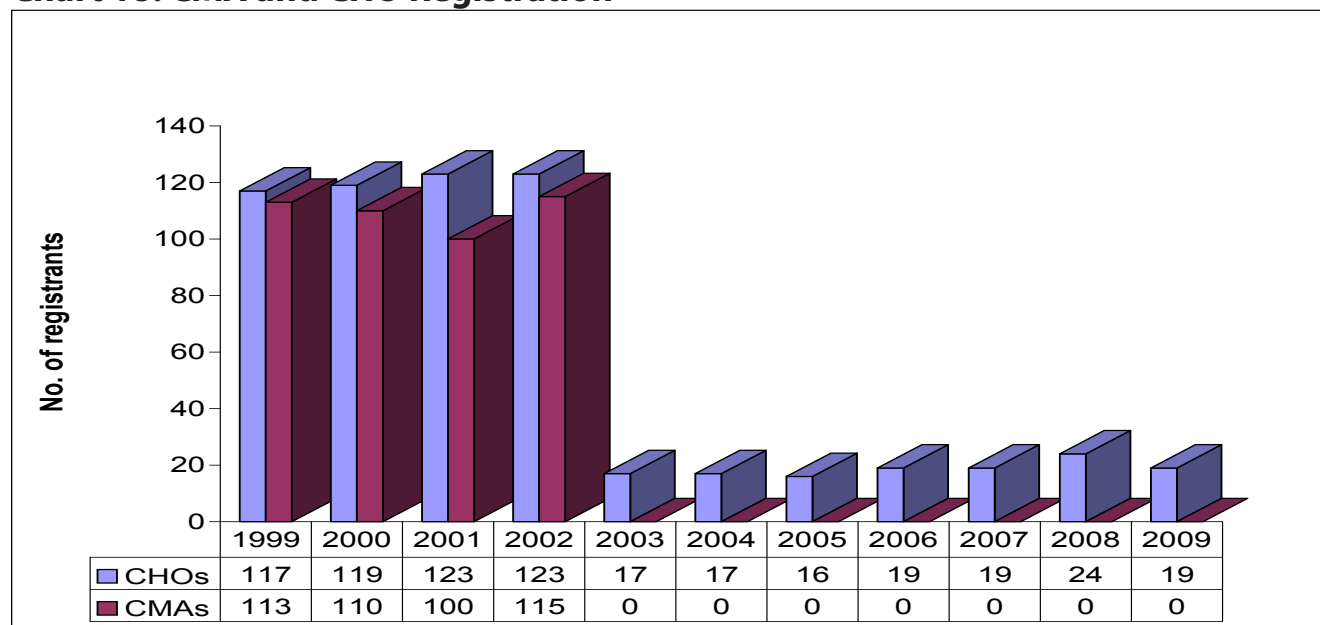
Rule Making, Chapter 107 – Since the adoption of Chapter 514B, HRS, in 2006, the Commission researched, studied, evaluated, and compiled rule making information for the formal rule making process. The Commission summarizes in this report its rulemaking efforts. In fiscal year 2009, the Commission finalized a scheduled plan for formal rule making and accepted an offer by a condominium consultant to voluntarily lead the Commission in its efforts on this significant program of work item.

Meetings – The Commission continued to plan, coordinate, and conduct monthly CRC meetings and include the schedule of meetings and agendas on the Commission’s website and meeting minutes were made available in PDF and searchable format. Meetings are open to the public and are a means for **condominium owners** and any other member of the condominium community **to be educated** on the activities of the CRC.

Government and Legislative Participation and Report

– The Commission participated in all aspects of the legislative process. It researched 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 CRC in monitoring and tracking 72 House and 93 Senate condominium related bills and 5 resolutions. The Commission researched, developed, and distributed its Annual Report to the Legislature on the CMEF and CETF programs and funds, and upon completion, posted the report on the Commission’s website. The Annual report is an **educational tool for condominium owners** and any other member of the condominium community on the CRC program of work.

Chart 18. CMA and CHO Registration



Legislative Acts and Resolutions – As was the intent of the Commission when HRS 514B was adopted, the Commission supported legislation to repeal the Condominium Management Education Fund in Chapter 514A, HRS, and merge it with the Condominium Education Trust Fund (CETF). The Commission continued with reviewing, reporting, and developing of summaries on all related Acts and resolutions and 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. In response to inquiries, staff **educated condominium owners**, board members, managing agents others about the following new laws:

- **ACT 009 (SLH 2009) SB No. 574 SD1** – Extends the condominium dispute resolution pilot project until June 30, 2011.
- **ACT 010 (SLH 2009) SB No. 298 SD1** – Increases the amount that condominium associations may recover in maintenance fees from the foreclosure of a condominium apartment from \$1,800 to \$3,600.
- **ACT 012 (SLH 2009) SB No. 1113 SD1** – Repeals the requirement that time share units in an existing hotel in a county with a population in excess of 500,000 are required to contain at least 60 units at least 40% of which are to be made available for sale or rental as residential apartments.
- **ACT 038 (SLH 2009) SB No. 862 SD1, HB No. 1044** – Enables Hawaii Housing Finance and Development Corporation to more easily collect the value of shared appreciation equity and other restrictions when an affordable housing property is publicly sold through a foreclosure. Requires written notification of intent to foreclose on properties encumbered by such priority liens.
- **ACT 128 (SLH 2009) HB No. 876 HD1 SD2 CD2** – Expands limitations on association liability for elderly unit owners or residents aging in place to include disabled persons (§514B-142, HRS).
- **ACT 129 (SLH 2009) SB No. 1107 SD2 HD2 CD1** – Merges the Condominium Management Education Fund into the Condominium Education Trust Fund.
- **ACT 158 (SLH 2009) HB No. 1415 CD1** – Requires condominium associations, planned community associations, and cooperative housing corporations with properties inaccessible to the public to establish a policy to provide access for a person authorized to serve civil process. Sunsets on July 1, 2012.

Resolutions Adopted:

- **HR No. 128 HD1 (SLH 2009)** – “Urging The Real Estate Commission to consider allowing developers and attorneys to submit condominium registration filings in electronic format.”
- **SR No. 113 SD1 (SLH 2009)** – “Urging The Real Estate Commission To Adopt And Submit A Strategic Plan To Allow Developers And Attorneys To Submit Condominium Registration Filings In Electronic Format.”

The Commission also continued the preparation for printing and distributed amended unofficial copies of Chapters 514A and 514B, HRS, via its website and a hard copy where funds are available.

Interactive Participation with

Organizations – The Commission continued active participation with local 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 meetings, including CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, and the Hawaii State Bar. Participation with agencies and organizations included educational programs on Chapter 514B, HRS.

Neighbor Island Outreach – The Commission held committee meetings at neighbor island sites in collaboration with the local boards, HAR, condominium organizations, etc. This fiscal year the Committee met on August 13, 2008 on the island of Kauai, on November 12, 2008 on the island of Hawaii, and on January 7, 2009, on the island of Maui. The neighbor island meetings afford an opportunity for attendance and participation in committee meetings, and provides a means to **educate condominium owners** and other members of the condominium community including boards, related professionals, government officials, and interested parties.

Condominium Education Trust Fund (CETF) – The Commission administered the CMEF and the CETF funds. Act 129 (SLH 2009) merged the two condominium education funds (CMEF and CETF) into one fund, the Condominium Education Trust Fund. The Commission supported this legislation. The Commission prepared, maintained, and reviewed quarterly and annual financial statements, budget and finance records for both educational funds, and administered the funds investment. The Commission also planned and worked with the DCCA to increase the budget for funding the Commission's educational efforts for the implementation of Chapter 514B, HRS, and additional educational programs subject to revenue projections.

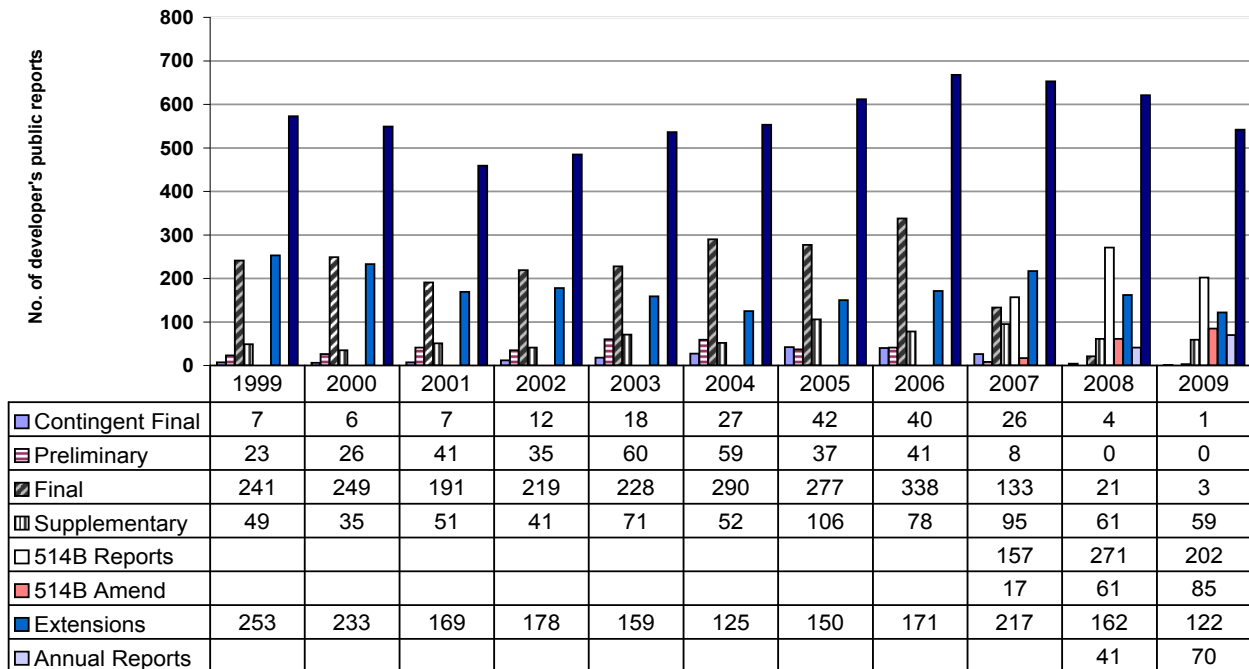
Consumer Education – The Commission focused its efforts on the development and publication of the two booklets as previously reported under the "Ad Hoc Committee On Condominium Education and Research". This however, postponed additional research and consultation

of a consumer education program and development of a brochure targeting prospective purchasers of condominium units and new owners of condominium units on initial project sales and resales. This program will continue as part of the CRC Educational Advisory Group's five year educational strategic plan for condominium education.

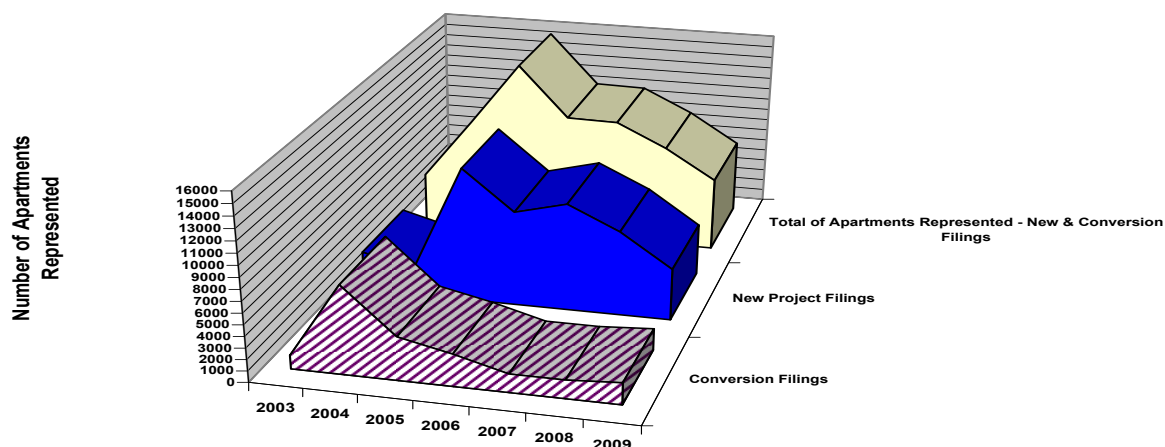
Rule Making, Chapter 53, Fees – The Commission monitored, reviewed, researched, and recommended to the Licensing Administrator increasing the condominium developers' and unit owners' contributions to the Condominium Education Trust Fund to address the Condominium Education Trust Fund projected budget shortfalls anticipated to begin as early as fiscal year 2012.

CPR Project Workshop and Meetings – The Commission procured for the professional services of 12 condominium consultants. The increase of four consultants over last fiscal year was due in part to the complexity and time demands of registering condominium projects pursuant to two condominium laws, Chapter 514A, HRS, and Chapter 514B, HRS. The Commission conducted orientation and informational sessions and the yearly forum for all condominium project consultants which included an update of the project registration requirements of Chapter 514B, HRS, and Chapter 514A, HRS. See related Charts 19-21, and Table 4.

Condominium Specialists' Office for the Day – With advanced publicity, mail outs, and appointments, Condominium Specialists set up office at RICO neighbor island offices and other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral. Upon request, Specialist provided training to RICO investigators. The condominium specialists held offices on August 13, 2008 on the island of Kauai, November 12, 2008 on the island of Hawaii, and on January 7, 2009 on the island of Maui. The Specialists

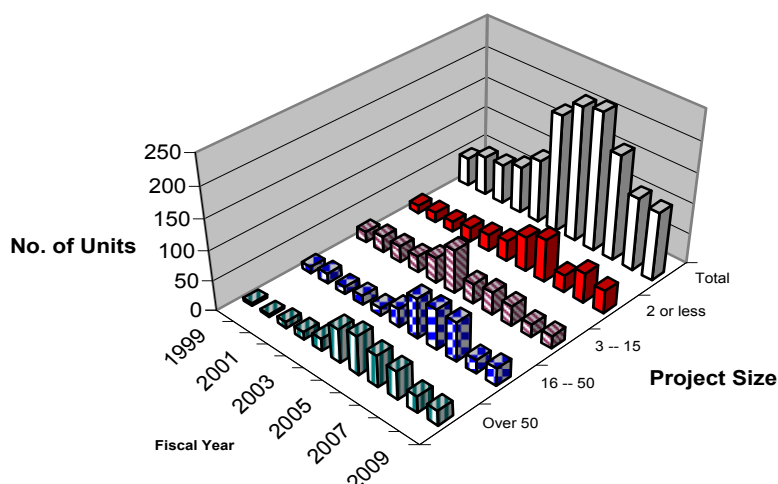
Chart 19. Developer's Public Reports Effective Dates Issued

Note: Contingent Final Public Report effective June 16, 1997.

Chart 20. Number of Condominium Apartments

	2003	2004	2005	2006	2007	2008	2009
Conversion Filings	1191	7788	3818	2834	1619	1619	1910
New Project Filings	3514	2318	11877	8409	9538	7509	4594
Total of Apartments Represented - New & Conversion Filings	4705	10106	15695	11243	11157	9128	6504

Chart 21. New Residential Projects - By Size



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Over 50	5	4	10	12	20	56	64	52	47	27	25
16 -- 50	11	17	12	15	13	30	66	67	65	23	29
3 -- 15	18	26	27	27	42	72	33	37	33	21	21
2 or less	13	17	17	23	28	34	57	70	28	49	38
Total	47	64	66	77	103	192	220	226	173	120	113

Table 4. Condominium Project Filings

New Projects	2003	2004	2005	2006	2007	2008	2009
Residential	103	192	219	230	178*	146	118
No. of Apartments Represented	3012	6274	9334	6203	6582	4249	2928
Commercial and Other	10	12	25	47	29	37	20
No. of Apartments Represented	67	1444	2338	89	2793	3208	1473
Agricultural	30	29	44	34	42	41	53
No. of Apartments Represented	435	70	205	2117	163	52	193
Total New Projects	143	234	288	311	249	224	191
Total No. of Apartments Represented	3514	2318	11877	8409	9538	7509	4594
Conversions							
Residential	92	116	135	164	157	132	112
No. of Apartments Represented	740	1422	2347	1177	903	664	1592
Commercial and Other	20	10	16	14	8	14	4
No. of Apartments Represented	360	777	1325	1584	649	894	234
Agricultural	46	51	30	54	45	47	40
No. of Apartments Represented	91	119	146	73	67	61	84
Total Conversion Projects	158	177	181	232	210	193	156
Total No. of Apartments Represented	1191	7788	3818	2834	1619	1619	1910
Combined New & Converted Project Filings	301	411	469	543	459	417	347
Combined No. of Apartments Represented	4705	10106	15695	11243	11157	9128	6504

* Total includes five (5) projects that 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.

for the Day Program affords the opportunity to **educate condominium owners**.

Condominium Speakership Program – Subject to State government approvals and priorities, the Commission honored requests to provide a speaker, resource person, or participant in a function related to condominium education, the condominium law and related issues, and condominium project registration, including an invitation to present to the Kailua Neighborhood Board, information regarding the new recodified condominium law, Chapter 514B, HRS. This program allowed staff to **educate** the general public and **condominium owners**.

Technology and Website – The Commission continued to operate its website for interaction and **education by condominium owners** and other members of the condominium community, including condominium boards, licensees, government officials, and members of the public. It maintained and updated the electronic storage of materials providing public online access to the developer's public reports, condominium association registration data and other information. Pursuant to Chapter 514B, HRS, the Commission continued to post and make the new developer's public report form and other related forms form fillable and downloadable. The forms were evaluated and amended to meet the continuing implementation challenges. The Commission continues to work towards its long range goal of providing all condominium information online; studying the feasibility of providing associations a central depository for all governing documents on the website, including minutes of association meetings.

Case Law Review Program – The Commission continued to monitor, collect and report on state and federal law judgments and decisions, administrative decisions, and policies and procedures; report on governance and project development cases; and evaluate cases for inclusion in the Condominium Bulletin.

Start-up Kit for New AOUOs – Commission staff distributed start-up kits to newly registered AOUOs, which included unofficial copies of Chapters 514A and 514B, HRS, copies of administrative rules for Chapters 514A and 514B, HRS, guides for budget and reserves, boards of directors, condominium owners and past condominium bulletins.

Records Management – Commission staff evaluated, planned, reorganized, and implemented a centralized, consistent, user friendly, computerized glossary of existing and future educational materials, records, and developers' public reports and files. Staff also maintained and updated the scanning and electronic storage of records, including developer's public reports.

Cooperative Education, Research, and Administrative Program – Due in part to the State's travel restrictions, the Commission was unable to sponsor as much travel to national educational programs for staff of the branch, department, and the Office of the Attorney General which provide direct or indirect services to the Commission and its condominium education trust fund and condominium project registration program.

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

Staff and Commissioners Development – Staff developed and trained staff and Commissioners for better administration of the condominium education and registration programs. Commissioners, as well as staff, participated in training and educational opportunities provided by CAI Hawaii and other local organizations and due in part to the State's travel restrictions, could not sponsor as much participation in CAI national conferences and seminars.

Condominium Reference Library – Staff 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). Staff also updated its research on the cost of updating all condominium library reference materials. The Commission recommended the inclusion of these updates as part of any developed five year educational strategic plan for condominium education. The Commission continued to expend monies from the Condominium Education Trust Fund and the Condominium Management Education Fund to provide national **educational information and materials to condominium owners**, developers, and the general public. This fiscal year the Commission participated with the Hawaii Chapter of CAI (Community Association Institute) and the National CAI Foundation for Community Association Research in providing such material through the Adopt a Library Program. Through this program, with the intent to reach and **educate a broader condominium owner audience**, five libraries received a gift comprised of CAI publications as well as a complete set of CAI’s 27 Guides for the Association Practitioner offering nuts-and-bolts guidelines on:

- managing budgets and reserve funds;
- the responsibilities of the board and the professional manager;
- legal and tax issues;
- communication with association members and renters;
- buying insurance and managing risk;
- drafting rules;
- dispute resolution; and
- working with contractors.

The CRC is pleased that this fiscal year, the following programs conducted activities directed at the education of condominium owners:

- Condominium Laws and Education;
- Advice, Education, and Referral;

- Hawaii Condominium Bulletin;
- Condominium Mediation and Arbitration Program;
- Condominium Seminars and Symposium;
- Ad Hoc Committee On Condominium Education and Research;
- Meetings;
- Government and Legislative Participation and Report;
- Legislative Acts and Resolutions;
- Neighbor Island Outreach;
- Condominium Specialists Office for the Day;
- Condominium Speakership Program;
- Technology and Website;
- Condominium Reference Library.

FY 2010 PROGRAM OF WORK

Condominium Laws and Education – The Commission’s targeted audience includes condominium owners including boards of directors, associations, condominium developers, condominium management, real estate, and the public. Concurrently with the administration of Chapter 514A, HRS, the Commission will continue to fine tune and implement Chapter 514B, HRS, including continuing participation in the legislative process. With acknowledgement of the State’s economic challenges and its budgetary impacts, the Commission, to the extent that condominium education funds are available, will continue briefings, updates, and presentations to the condominium community; administration, and the inclusion of the presentations on the Commission’s website, the Condominium Bulletin and the Real Estate Bulletin, etc. It will continue the delivery of statewide multifaceted low cost educational programs with the help of stakeholder organizations and volunteers on all islands. In addition, with the help of stakeholder organizations and volunteers, the Commission will 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 – The Commission’s targeted audience includes condominium owners including boards of directors, associations, condominium management, developers, consumers, real estate licensees, government officials, consumers, and the public. Staff, on behalf of the Commission, continues to respond and provide information related to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested others and the public, via telephone, walk-ins, faxes, written correspondence, emails, Condominium Bulletin and the Commission’s website. Staff will prepare for the printing and distribution of Commission-developed information, including copies of Chapters 514A and 514B, HRS, via its

website to each registered association and CMA. The Commission will study the feasibility of a grant program for board of director participation in Commission-approved education programs. Maintain and update the Commission website as necessary.

Condominium Project and Developer’s Public Reports – The Commission’s targeted audience includes developers, real estate licensees, government officials, consumers, and the public. The Commission continues to administer two condominium project registration programs (Chapters 514A and 514B, HRS) and continues accordingly, the ongoing administration of issuance of effective dates for developer prepared public reports. With the help of stakeholder organizations, volunteers, other governmental agencies and interested attorneys, staff continues to refine online unalterable fillable developer’s public report forms and the evaluation and development, where appropriate, of new processes, records, forms, information documents, and rules relating to condominium project registrations. If necessary, it will procure additional condominium consultants to assist with the review of documents and information submitted to the Commission in conjunction with condominium project registrations. Staff will continue to conduct information and orientation sessions for all new procured consultants. It continues to monitor the consultants’ performance of the contracts. Staff also continues to make developer’s public reports available for public viewing and copying to disc via the Commission’s website and continue to compile information and Commission decisions and make these available to the consuming public, consultants and other interested persons. The Commission continues to study and research a comprehensive evaluation system on the project registration and review process to include considering a plan for electronic administration of the developers’ public reports, including the scanning of documents on CDs. It will also continue to monitor legislation relevant to condominium project registration for impact on policies and procedures upon condo-

minium developers and the public report process. The Commission will focus its efforts in carrying out a strategic plan as described in the “Addendum” attached to the end of this report and made part of this Annual Report.

Hawaii Condominium Bulletin – The Commission’s targeted audience includes condominium owners including boards of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. The Commission continues the research, development, publication and distribution of a quarterly bulletin to all registered associations and CMAs. It also maintains copies of the bulletin on the Commission’s website and includes electronic delivery. Staff continues the research and study of in-house electronic publication and delivery, and the publication of a “developers’ reference file,” with consultants contributing articles. The Commission will also take into consideration the addition of an ongoing section in the bulletin dedicated to issues relevant to condominium project registration and developer’s issues, with articles written by condominium consultants. Staff continues the procurement code management and administration of the contract with a consultant assisting in the printing of the bulletin.

Condominium Mediation and Arbitration Program – The Commission’s targeted audience includes condominium owners, board of directors, association, and managing agents. The Commission continues to monitor the delivery of mediation programs, including the optional evaluative mediation program added this fiscal year, and the mediation contracts. Staff continues to work with the Mediation Center of the Pacific (MCP) and other procured providers to present educational seminars about alternative dispute resolution and mediation to board of directors and condominium owners. Staff continues to collect information and statistics for education and Annual Report purposes, including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH

2001). The Commission is studying the feasibility of CETF funding of arbitration for those parties eligible for mediation. Staff also continues to update the Commission’s mediation brochure to reflect changes in the law and for distribution to the condominium community. It continues to work with MCP to update the MCP mediation training instruction manual.

CDR Pilot Program – The Commission’s targeted audience includes condominium owners. The Commission continues to assist in the administration of the pilot program, which program pursuant to Act 009 (SLH 2009) was extended to end June 30, 2011, and continues to assist the Office of Administrative Hearings with any educational and awareness programs for condominium owners and board members.

Condominium Association

Registration – The Commission’s targeted audience includes condominium owners, including boards of directors, associations, condominium management, developers, real estate licensees, government officials, consumers, and the public. Staff continues to administer the electronic/computerized registration of condominium associations; including reviewing and updating, as necessary, applications for registration, policies, procedures, appeals. It will respond to subpoenas and requests for records under OIP. It continues listing all association contact information on the Commission’s website with preprinted lists available upon request. The Commission continues 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 – The Commission’s targeted audience includes condominium owners including board of directors, condominium management, and public. The Commission continues to produce seminars for the condominium community through procured contracts with various providers and continues to procure for additional new

providers on relevant topics. It continues to administer CETF subsidies for Commission-approved seminars. The Commission is considering producing a seminar on reserves, especially the cash flow funding method, in collaboration with CAI Hawaii and other interested parties. Staff proactively seeks additional consultants, especially on the neighbor islands. It will re-search the possibility of web re-broadcast of all CETF seminars. The Commission continues the administration of a CRC educational advisory group to provide recommendations and input about the CRC educational programs. The group continues 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 – The Commission’s targeted audience includes condominium owners including boards of directors, associations, condominium management, developers, consumers, real estate licensees, consumers, and the public. The Commission continues the administration of this group which makes recommendations and assists in development, update and administration of condominium education-related projects. It continues to develop a roll-over five year strategic CETF education plan; and electronic consumers’ brochures for seniors, condominium owners, and real estate brokers.

Condominium Managing Agents Registration – The Commission’s targeted audience includes condominium owners including boards of directors, associations, condominium management, real estate licensees, consumers, and the public. The Commission continually administers CMA registration requirements, including review of applications for registration, policies, procedures, appeals, subpoenas, and requests for records under OIP. It is working towards developing a paperless fidelity bond review process.

Rule Making, Chapter 107 – The Commission’s targeted audience includes condominium

owners including board of directors, associations, condominium management, developers, consumers, real estate licensees, and the public. The Commission continues to study, evaluate, research, and develop rule amendments for the formal rule making process. It will also consider recommendations, issues, comments, and concerns received from various stakeholders in the condominium community, CRC, community workshop participants, government officials and organizations regarding rule making for Chapter 514A, HRS, and Chapter 514B, HRS.

Meetings – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, consumers, real estate licensees, and the public. The Commission, with support from staff, continues to plan, coordinate, and conduct monthly CRC meetings. Staff includes the schedule of meetings and agendas on the Commission’s website and continues to maintain the meetings minutes in PDF and searchable format.

Government and Legislative Participation and Report – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, government officials, consumers, and the public. The Commission continues to research, participate, and report on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. It will also continue to research, develop and distribute the Annual Report to the Legislature on CETF programs and funds; immediately upon completion, place on the Commission’s website.

Legislative Acts and Resolutions – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, consumers, real estate licensees,

and the public. The Commission will continue to review, report, and develop summaries on all related Acts and resolutions proposed in the 2010 legislative session; implement requirements of directly related Acts and resolutions. Staff will prepare amended unofficial copies of Chapters 514A and 514B, HRS, for printing and distribution including via its website and study the feasibility of Ramseyer format of unofficial copies of Chapters 514A and 514B, HRS.

Interactive Participation with

Organizations – The Commission, as well as staff, will, continue active participation with local 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 meetings, including CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, and the Hawaii State Bar. They will participate with agencies and organizations to include recodification education programs. Participation in national, regional organizations, such as CAI, are subject to applicable budgetary constraints and travel restrictions.

Neighbor Island Outreach – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. The Commission will hold three committee meetings at neighbor island sites (Kauai, Maui and Hawaii) in collaboration with the local boards, HAR, condominium organizations, etc., subject to applicable budgetary constraints and travel restrictions.

Condominium Education Trust Fund

(CETF) – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. The Commission continues to administer the funds for education-

ally defined purposes. It prepares, maintains, and reviews quarterly and annual financial statements, budget and finance records for both educational funds, and administers fund investment. The Commission also plans and works with the DCCA to increase the budget for funding the Commission's educational efforts for the implementation of Chapter 514B, HRS, and additional educational programs subject to revenue projections.

Consumer Education – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. The Commission is working to develop a consumer education program about initial project sales and resales targeting prospective and new purchasers of condominium units. It is considering a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers. This program is administrated as part of a five year condominium strategic education plan which rolls over each year.

Rule Making, Chapter 53, and Fees – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, and developers. The Commission continues to monitor, review, research, and make recommendations on rule amendments for fees through coordination with the Licensing Administrator. It is also studying existing and new condominium services and determining appropriate fees and amendments to Chapter 53, Hawaii Administrative Rules.

CPR Project Workshop and Meetings – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. Staff continues to conduct periodic

information sessions and forums for condominium consultants for purposes of orientation and information. Staff also continues to plan for facilitating forums for representatives of developers, attorneys, condominium consultants, CMAs, and association focus groups regarding the ongoing implementation of Chapters 514A and 514B, HRS.

Condominium Specialists Office for the Day – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. Subject to applicable budgetary constraints and travel restrictions, the Commission continues the set up of Condominium Specialists office for the day at RICO neighbor island offices and or other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral, and training of RICO investigators.

Condominium Speakership Program – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. This program honors requests to provide a speaker, resource person, or participate in a function related to condominium education, Chapters 514A and 514B, HRS, condominium issues, and condominium project registration.

Technology and Website – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, government officials, consumers, and the public. The Commission continues to operate its website for public interaction and education. It maintains and updates the electronic storage of materials providing the public online access to the developer’s public reports, condominium association registration data and other information. Pursuant to Chapter 514B, HRS,

the Commission continues to post and make the new developer’s public report form and other related forms form fillable and downloadable. The forms are evaluated and amended to meet the implementation challenges which surfaced throughout the year. The Commission continues to work towards its long range goal of providing all condominium information available online; studying the feasibility of providing associations a central depository for all governing documents on the website, including minutes of association meetings.

Case Law Review Program – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. The Commission continues to monitor, collect and report on state and federal law judgments and decisions, administrative decisions, and policies and procedures; report on governance and project development cases; evaluate cases for inclusion in the Condominium Bulletin.

Start-up Kit for New AOUO’s – The Commission’s targeted audience includes new condominium owners including board of directors, associations, and condominium management. Staff continues to distribute start-up kits to newly registered associations, including unofficial copies of Chapters 514A and 514B, HRS, administrative rules, budget and reserves guide, board of directors’ and condominium owners’ guides, and past Condominium Bulletins.

Records Management – The Commission’s targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. Staff continues to 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. They maintain and update the scanning and electronic storage

of records including minutes and developer's public reports.

Cooperative Education, Research, and Administrative Program – The Commission actively participates and sponsors 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 funds and or condominium project registration responsibilities.

Division and Department Program – The Commission continues the coordination of activities and programs of mutual concern with PVLD, RICO, and DCCA. Coordinate positions on Chapter 436B, HRS, Chapter 467, HRS, with Chapters 514A and 514B, HRS; monitor interaction and effect of other regulatory laws and rules on Chapters 514A and 514B, HRS.

Staff and Commissioner Development – Staff continues to develop and train staff and Commissioners for better administration of the condominium education and registration programs. Subject to the state's travel restrictions, Staff and Commissioners participate in training and educational opportunities provided by CAI, national, CLEAR, and other organizations.

Condominium Reference Library – The Commission's targeted audience includes condominium owners including board of directors, associations, condominium management, developers, real estate licensees, consumers, and the public. Staff maintains and updates the Commission's website catalog of all public reference materials (including the board of directors' guides and law amendments) and continues to provide these materials 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, the Commission will provide information

in conjunction with condominium law educational programs. Staff continues to research and study the cost of updating and maintaining all condominium library reference materials, and retaining of consultants to update the board of directors' and condominium owners' guides and its printing. Staff will also continue to recommend the inclusion of these updates as part of any developed five year strategic educational plan for condominium education.

Addendum

Preliminary Strategic Plan For Considering Condominium Registration Filings Via Electronic Format

Pursuant to SR 113 and HR 128 the Real Estate Commission (“Commission”) presents the following preliminary strategic plan to accept filings for condominium registrations and supporting documents in CD-ROM or other electronic format compatible with chapter 489E, Hawaii Revised Statutes.

Preliminary Strategic Plan

1. Identify, research, and study other State of Hawaii and Federal agencies’ implementation of electronic filing, including but not limited to:
 - Researching the various agencies’ implementation challenges including time, costs, and resolutions;
 - Surveying the agencies’ choices of media and reasons for choice; and
 - Identifying “lessons learned” by other agencies.
2. Identify the various media for electronic filings and study the pros and cons of each:
 - Include in the study issues relating to:
 - a. Delivery/receipt of electronic filings;
 - b. Security, storage, ease of use, costs, certification, training, impact on personnel, document review;
 - c. Impact on the Condominium Education Trust Fund; and
 - d. Legal considerations.
3. Survey Commission consultants, developers, developers’ attorneys, and general public.
4. Identify departmental, divisional, and Commission challenges and concerns.
5. Identify any statutory and/or rule amendments.
6. Present findings and recommendations to the Commission, Division and Department.

Real Estate Education Fund

Fund Balance As of June 30, 2009 (Unaudited)		FY 2009 Expenditures and Encumbrances (Unaudited)	
ASSETS		I. Operations	
Cash		Personnel	\$312,918
In State Treasury	\$572,786	Supplies	4,206
Short term cash investments	1,000,000	Postage	3,568
		Equipment Rentals/Maintenance	729
Total Assets	1,572,786	Machinery and Equipment	6,708
		Books	0
LIABILITIES AND FUND BALANCE		Total Operations	\$328,130
Liabilities		II. Direct Licensee Education	
Payables	18,029	Real Estate Seminars	23,790
Fund Balance		Neighbor Islands Outreach	4,140
Reserve for Encumbrances	63,720	Annual Report/Quarterly Bulletin	40,676
Unreserved	1,491,037	Programs	100,287
Balance	1,554,757	Total Direct Licensee Education	168,893
Total Liabilities and Fund Balance	\$1,572,786	III. Indirect Licensee Education	
Revenues and Expenditures For the Year Ending June 30, 2009 (Unaudited)		Interactive Participation w/Orgs.	12,687
Revenues		Staff/Commissioners Development	1,687
Fees	\$718,384	Dues & Subscriptions	1,332
Interest (includes Recovery Fund)	16,299	Miscellaneous	0
Total Revenues	734,683	Total Indirect Licensee Education	15,706
Expenditures	449,009	Total Expenditures and Encumbrances	\$512,729
Excess (deficiency) of revenues over expenditures	285,674		
Fund Balance			
Beginning of Year	1,269,083		
End of Year	\$1,554,757		

Real Estate Recovery Fund

Fund Balance As of June 30, 2009 (Unaudited)

FY 2009 Recovery Fund Payments

ASSETS		Case No.	Licensee(s)	Amount
Cash		CV07-0093(1)	Bucauto, Carol	\$15,906
In State Treasury			Country Land & Homes, Inc	
	\$343,981			
Short term cash investments		CV207-1-000442	Bucauto, Carol	\$10,874
Investment securities (cost)			Country Land & Homes, Inc	
	500,000			
Total Assets				
	<u>\$843,981</u>			
LIABILITIES AND FUND BALANCE		CV07-1-1803	Bucauto, Carol	\$4,774
Liabilities		Total Payments		\$31,555
Payables				
	\$1,173			
Investment income included "In State Treasury" and				
Paid to Real Estate Education Fund				
	0			
Total Liabilities				
	<u>1,173</u>			
Fund Balance				
Reserve for encumbrance				
	0			
Unreserved				
	<u>842,808</u>			
Fund Balance				
	<u>842,808</u>			
Total Liabilities and Fund Balance				
	<u>\$843,981</u>			

Revenues and Expenditures For the Year Ending June 30, 2009 (Unaudited)

Revenues	
Fees	\$62,350
Expenditures	
Operations	21,467
Legal Services	26,861
Claims	31,555
Total Expenditures	<u>79,883</u>
Excess (deficiency) of revenues	
over expenditures	(17,533)
Fund Balance	
Beginning of Year	<u>860,340</u>
End of Year	<u>\$842,808</u>

Condominium Education Fund

Fund Balance As of June 30, 2009 (Unaudited)

ASSETS

Cash	
In State Treasury	\$638,739
Short term cash investments	200,000
Total Assets	<u>\$838,739</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$30,385
Fund Balance	
Reserve for Encumbrances	14,703
Unreserved	793,651
Fund Balance	<u>808,354</u>
Total Liabilities and Fund Balance	<u><u>\$838,739</u></u>

FY 2009 Expenditures and Encumbrances (Unaudited)

Personnel	\$338,325
Supplies	2,779
Postage	6,044
Equipment Rentals/Maintenance	3,524
Education and Research	0
Equipment for Office	96,824
Staff/Commissioner Development	820
Resource Materials	194
Dues & Subscriptions	403
Miscellaneous	<u>12</u>
Total Expenditures and Encumbrances	<u><u>\$448,923</u></u>

Revenues and Expenditures For the Year Ending June 30, 2009 (Unaudited)

Revenues	
Fees - Other	\$10,445
Fees - AOUO Registration	\$517,438
Interest income	4,947
Total Revenues	<u>532,831</u>
Expenditures	<u>434,220</u>
Excess (deficiency) of revenues over expenditures	98,611
Fund Balance	
Beginning of Year	709,743
End of Year	<u><u>\$808,354</u></u>

FY 2010 Budget

Personnel	\$433,470
Supplies	4,000
Postage	6,000
Equipment Rentals/Maintenance	6,000
Contingency	500
Education and Research	179,261
Equipment for Office	4,000
Staff/Commissioner Development	6,000
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	750
Total Expenditures and Encumbrances	\$640,981

