

2010 Annual Report

Real Estate Commission

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

The 2010 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

Frances Allison Torre Gendrano
Vice Chair, Laws and Rules Review Committee
Oahu, Real Estate Broker

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

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

Michele Sunahara Loudermilk
Chair, Condominium Review Committee
Oahu, Public Member

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

Walter Harvey
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 Neil Abercrombie, Governor, State of Hawaii, Members of the Twenty-Sixth State Legislature and Keali'i S. Lopez, Interim 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") 2010. The Commission currently oversees approximately 19,895 licensees statewide, of which, 13,255 hold active licenses. This is a 6.4% increase from a year ago. We also oversee approximately 1,600 condominium associations and

26 condominium hotel operators. The number of condominium units being offered for sale in condominium projects continued to increase in FY10. There were 272 new and conversion project filings as compared to 347 filings in FY09, representing an increase of 7,210 units in new and conversion condominium projects during the fiscal year. The Commission provides information, advice, and education and further acts as a resource for these unit owners throughout the year, on all islands, by way of the Commission's Outreach Program.

The Commission is a nine-member Governor-appointed body who serve four-year terms comprising of seven industry members, and two public members. 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 three cases filed for payment from the fund during FY10. 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 Frances Gendrano, Oahu Commissioner, have diligently worked to address national and state issues that may impact Hawaii. Act 9 SB 2602 HD1 increased the continuing education requirement for real estate licensees from 10 hours to at least 20 hours per biennium effective January 1, 2011. Act 11 SB 2699 SD1 established a five-year time limit from the date of forfeiture, for individual real estate brokers and salespersons to apply for restoration of their licenses. Previously, there was no time limit for restoration of these licenses.

The Education Review Committee under the leadership of Carol Ball, Maui Commissioner, and Vice Chair Annette Aiona, Big Island Commissioner, worked with the Education Evaluation Task Force, made up of industry volunteers, to produce the Commission's 2009-2010 mandatory core course, Part B. The mandatory 4-hour core course is now offered over the course of two years, 2-hours each year. This division of the core course was in response to the industry's request that the course be split to bring licensees current with laws that passed during that year. In addition to the review of relevant legislation passed that directly impacts the real estate licensees, Part A focused on "Personal Transactions" of the real estate licensee, and Part B, offered in June 2010, focused on fair housing with the module, "Don't Discriminate: Fair Housing in Diverse Communities."

The Commission's Online Real Estate Continuing Education System ("Online CE System"), implemented in August 2008, continues to improve the ease and convenience of offering, registering, and reporting of continuing education-related requirements for both the licensee and the continuing education provider. In its second successful year, real estate licensees are more familiar with the Online CE System and are able to easily track their own CE history.

Condominium Review Committee Chair, Michele Loudermilk, Oahu Commissioner and Public Member, and Vice Chair Mark Suiso, Oahu Commissioner and Public Member initiated the task of rule-making for Hawaii Revised Statutes, Chapter 514B, the recodified law for condominiums. This process is still on-going. The committee continues to review the feasibility of providing online condominium registration. The Hawaii Condominium Bulletin, a quarterly publication of the Commission, went "green" resulting in a savings in hard-copy printing and distribution costs. All bulletins are available on the Commission's website.

Along with Commissioners Walter Harvey, Oahu 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 tough economic times and a constantly 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 Ad Hoc Committee on Consumer-Broker Relationships, and the Ad Hoc Committee on Condominium Education and Research, who unselfishly contribute their time and effort, and are committed to maintaining, as well as improving, the professional standards of the real estate industry and condominium communities.

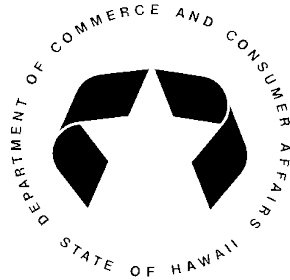
With the help and support of the Director of the Department of Commerce and Consumer Affairs ("DCCA"), Lawrence Reifurth, and interim Director, Ronald Boyer, Licensing Administrator Noe Noe Tom, Acting Licensing Administrator Celia Suzuki, the Regulated Industries Complaints Office, the Department of the Attorney General, and Supervising Executive Officer, Neil Fujitani, and the 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**



**Ronald Boyer, Director
Rodney A. Maile, Deputy Director
Celia C. Suzuki, Acting Licensing Administrator**

Real Estate Branch:

**Neil K. Fujitani, Supervising Executive Officer
Jon Ellis Pangilinan, Executive Officer
Karyn Takahashi, Secretary
Imelda Roberson, Office Assistant
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
David Grupen, Real Estate Specialist
Vacant, Office Assistant
Vacant, Office Assistant
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
Benedyne Stone, Condominium Specialist
Tammy Norton, Secretary
Jon Gasper, 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 2010, led by Chair Louis Abrams and Vice Chair Frances Gendrano, had an active year with legislation, reactive issues, licensing programs, and recovery fund administration.

Act 9 (SLH 2010) SB No. 2602

HD1 – Increases the continuing education requirement for real estate licensees from ten to at least twenty hours in a two-year period.

Act 11 (SLH 2010) SB No. 2699

SD1 – Establishes times limits to restore forfeited individual real estate broker and salesperson licenses.

Act 36 (SLH 2010) SB No. 2910

HD1 – Prohibits a foreclosing mortgagee or mortgagee who acquires a property from requiring that a buyer purchase title insurance or escrow services from any particular vendor as a condition of sale.

Act 44 (SLH 2010) HB No. 1927

HD2 SD1 – Amends the owner-builder law by: (1) Allowing an exemption for the sale or lease of a property by an owner builder prior to the expiration of the one-year prohibition period in the event of hardship; (2) Defining when a construction or improvement is completed; (3) Exempting improvements pursuant to an approved building permit where the estimated valuation as reflected in the building permit is less than \$10,000; (4) Establishing fines for the failure of an owner-builder to comply with the requirements set forth in the disclosure statement provided to the owner-builder by the county.

Act 49 (SLH 2010) SB No. 2921

SD1 HD1 – Requires any person operating as an escrow depository as to property located within this state to be a corporation licensed by the commissioner of financial institutions to do so.

Act 53 (SLH 2010) HB No. 2197

HD1 SD1 – Gives boards of directors authority to install or allow the installation of solar energy or wind energy devices on the common elements of condominiums.

Act 91 (SLH 2010) SB No. 2643

SD1 HD1 CD1 – Extends the general excise tax exemptions for condominium common expenses paid by managers, submanagers, and suboperators, and for hotel employee expenses paid by hotel operators and timeshare projects through December 31, 2013 and further clarifies that the maximum allowable tax exemption per calendar year is \$400,000.

Act 100 (SLH 2010) SB No. 2937

SD1 HD1 CD1 – Exempts disclosure of government records in response to duplicate requests from a single requestor, provided that the agency to which the request was made satisfies specified requirements.

Act 169 (SLH 2010) HB No. 2288

HD1 SD2 CD1 – Prohibits the imposition of fees for a future transfer of real property with exceptions.

Act 201 (SLH 2010) SB No. 2817

SD1 HD1 CD1 – Requires every private homeowners association or entity to revise rules by July 1, 2011, that shall not impose conditions or restrictions that render a solar energy device more than 25 per cent less effective; increase the cost of installation, maintenance, and removal of a solar energy device by more than 15 per cent; or until June 20, 2015, require an encumbrance on title because of the placement of the solar energy device.

Act 207 (SLH 2010) HB No. 2283

HD2 SD1 CD1 – Requires government purchasers to follow ethical principles in matters relating to procurement.

Special Subcommittees

For FY 2010, the two subcommittees and ad hoc committees were as follows:

Subcommittee on Applicants with Criminal and Other Legal Background Issues - The Commission's subcommittee researched and discussed information received from other States that have implemented a criminal background review program of all real estate licensing applicants. The subcommittee desires to further discuss and work with the umbrella organization on this issue.

Ad Hoc Committee on Consumer-Broker Relationships – The Ad Hoc Committee decided, after reviewing all materials and a lengthy deliberation, that the Commission should refrain from making any rule changes.

Licensing

For FY 2010, the total number of licensees increased to 19,895 as compared to 18,707 in FY 2009. The 1,188 increase in licensees represents an approximately 6% increase 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.

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 2010, the Commission

received notification for a claim on the fund in three cases. This was a 82.3% decrease from the FY 2009 notices received (See Chart 1). Also in FY 2010, there was one payment out of the recovery fund. Since its inception in 1967, the recovery fund has paid out over two million dollars (See Chart 2).

FY 2010 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.

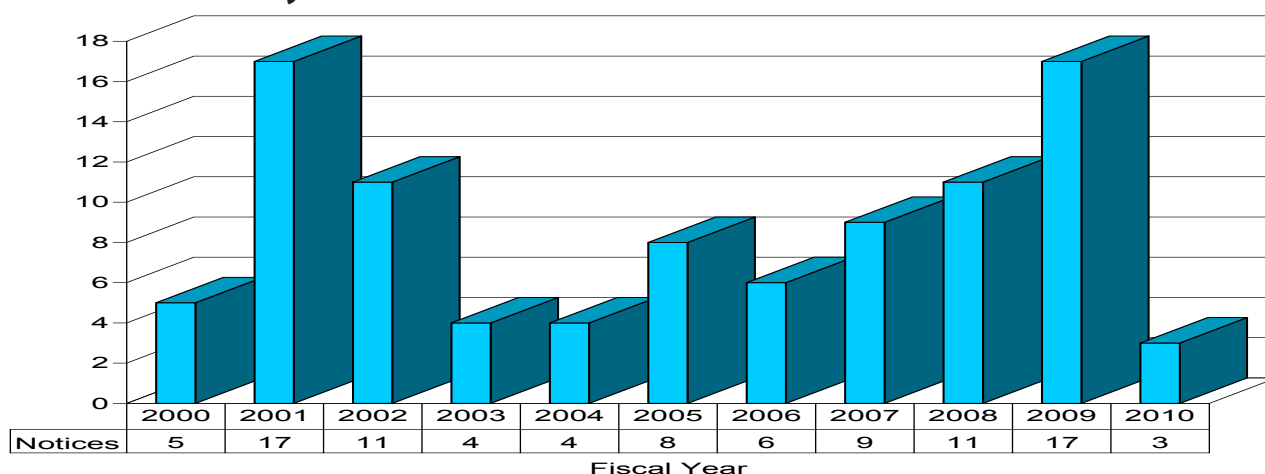
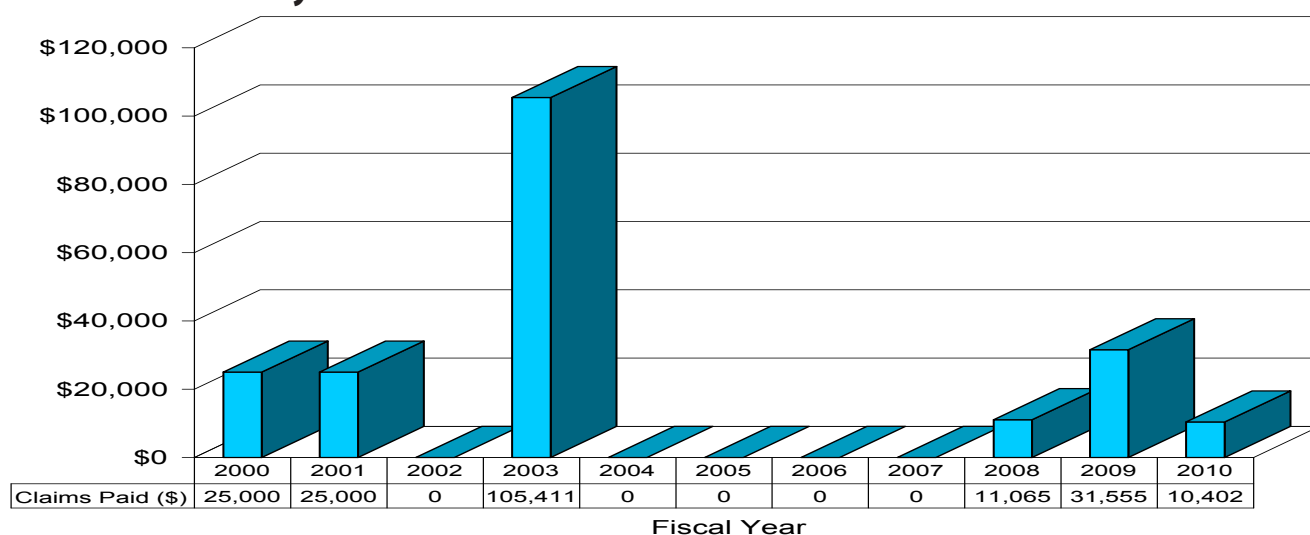
Real Estate Licensing, Registration & Certification Administration – The Commission administered the licensing, registration, and certification requirements, including applications review and updates, policies, procedures, appeals, subpoenas, and requests for records under the Office of Information Practices, 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 continued

CHART 1. Recovery Fund - Notices**CHART 2. Recovery Fund - Claims Paid**

implementation of the 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 one Committee meeting on Kauai but was further prohibited from traveling to neighbor island sites due to budgetary constraints.

Review of Services and

Organization – Staff analyzed and initiated steps to improve the services provided; to streamline for effectiveness and efficiency; and amendments to laws, rules, forms, 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 applications, evaluated and amended forms and instructions, and 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. The Commission further studied 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.

Division and Department Programs – The Commission coordinated and worked with PVLD, DCCA, and others on programs of mutual concern, through a 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.

Condominium Hotel Operator

Registration – Staff administered the licensing, registration, and certification requirements, including applications review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Staff continued the administration of the registration program and with the Licensing Branch since active real estate brokers are exempt from the registration and fidelity bond requirements. This fiscal year the Committee registered 26 CHOs.

RICO receives, investigates and

FY 2011 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 2010 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	17
Property Management	1
DUI Conviction	1
Other	22
Taxes	1
Total	42
Licenses Revoked	10
Licenses Suspended	2
Licenses Fined	37
Total fines	\$49,500
Licenses Subject to Other Sanctions	0

Disciplinary Actions

The Commission took disciplinary action against 42 licensees in FY 2010. This was a 91% increase over the 22 licensees disciplined in FY 2009. Chart 3 provides historical information on the number of licensees disciplined.

Fines totaling \$49,500 were assessed against 37 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 2010, totalling 37, increased 106% compared to last year's total of 18.

CHART 3. Disciplinary Actions (FY 2000-2010)

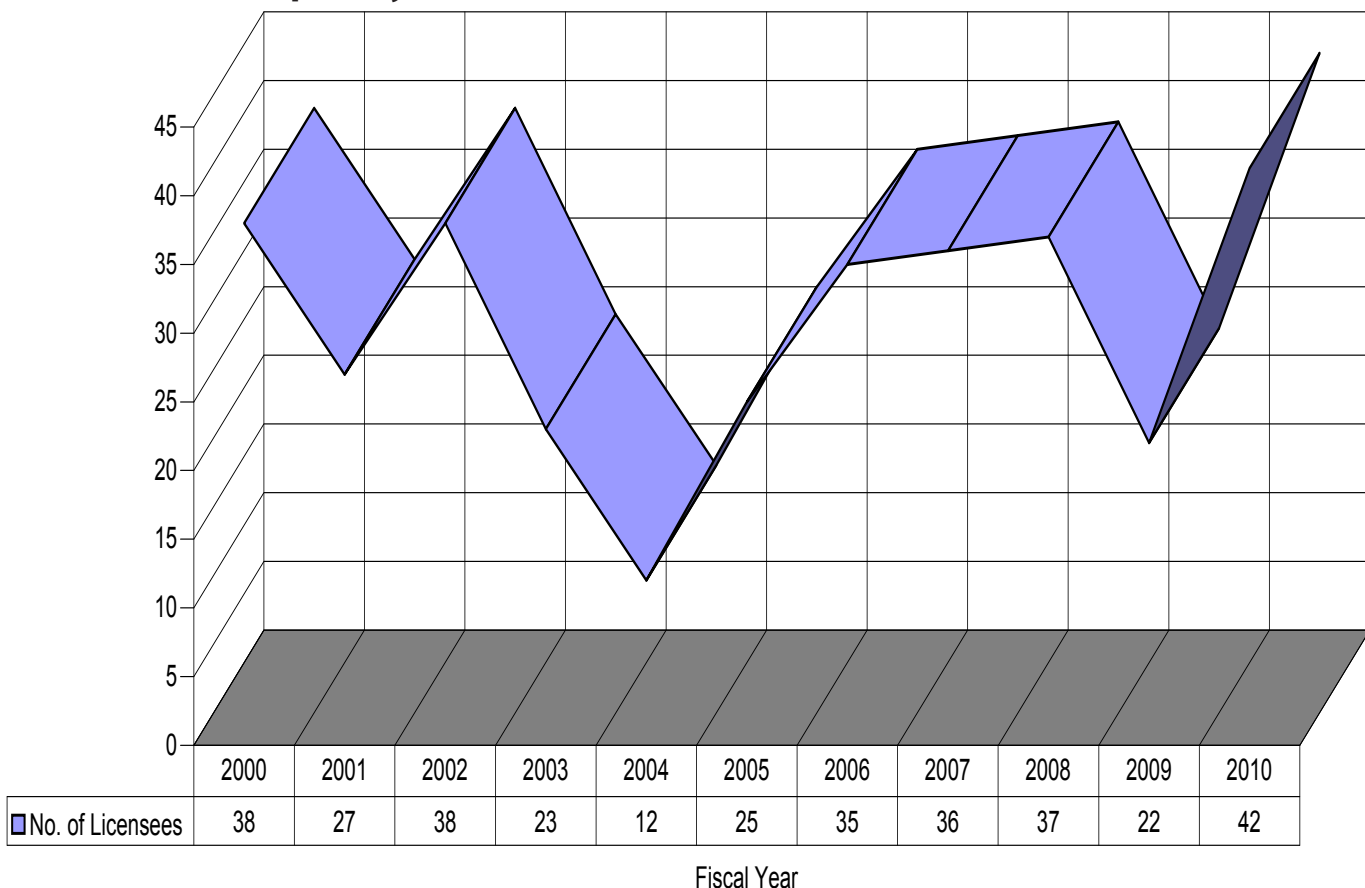
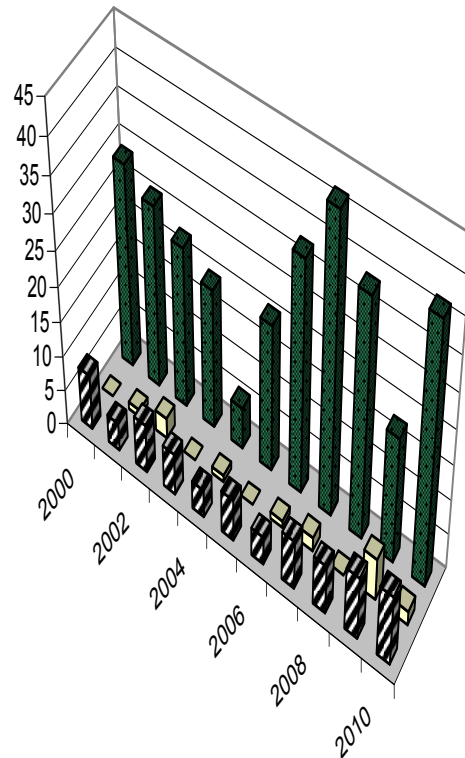
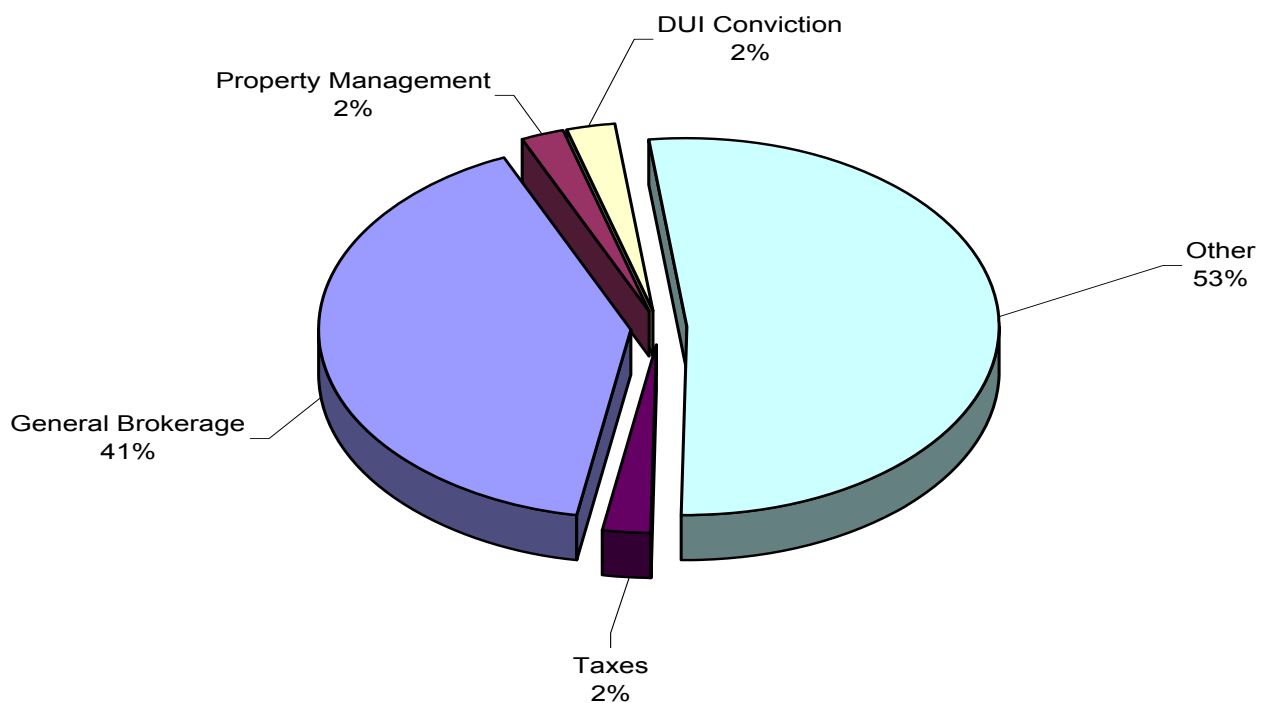


CHART 4. Administrative Actions - Sanctions (FY 2000-2010)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
▨ Licenses Revoked	8	4	7	6	4	6	4	7	7	9	10
▨ Licenses Suspended	0	1	3	0	1	0	1	2	0	6	2
■ Licenses Fined	29	26	23	20	6	21	33	42	34	18	37

CHART 5. Disciplinary Actions By Activity (FY 2010)

REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

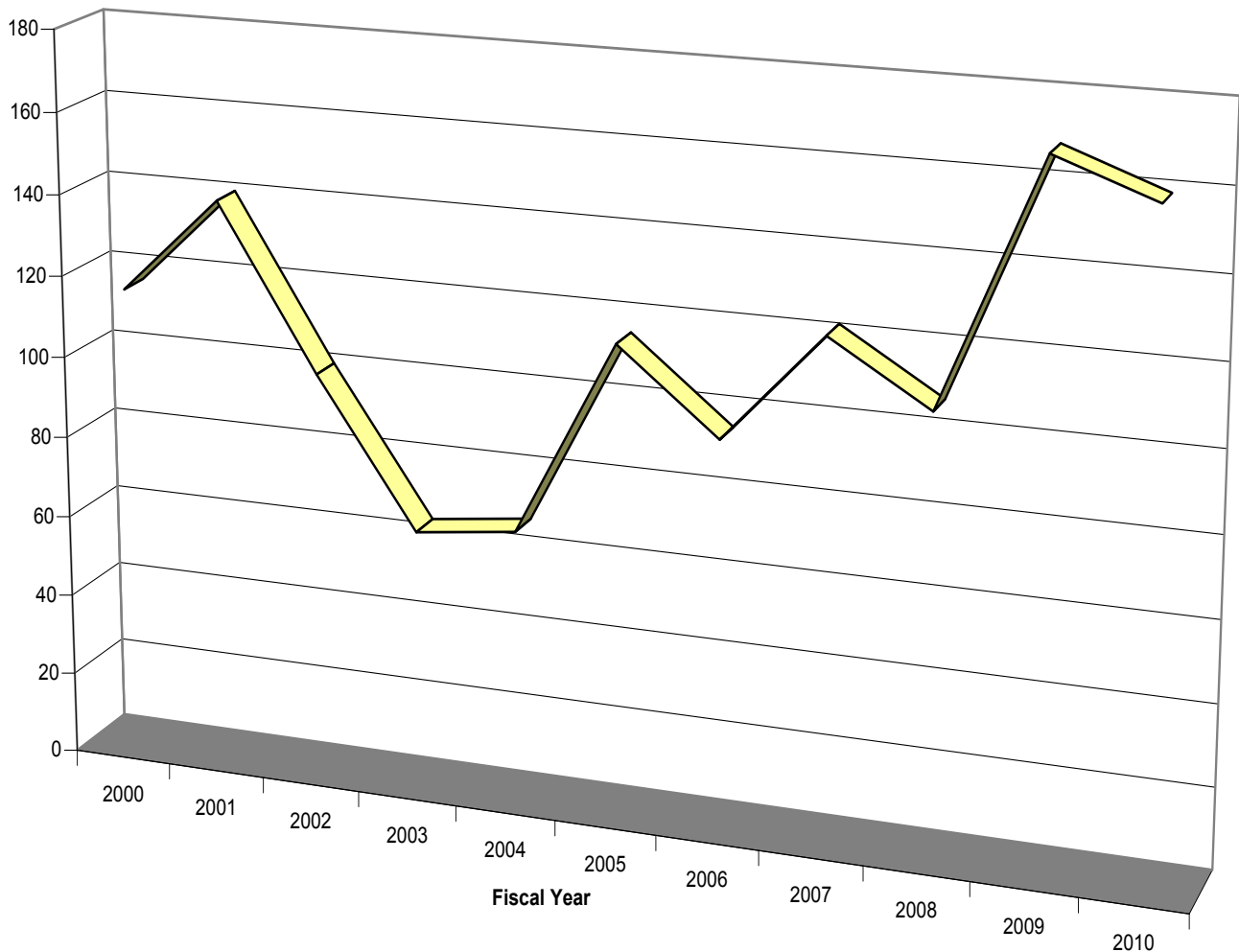
prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 5.4% decrease in 2010. RICO received 159 real estate complaints in FY 2010, compared to 168 in FY 2009. Refer to Chart 6.

One hundred and forty four of the complaints are pending, while 15 have been closed. Of the closed complaints, there was insufficient evidence in one case, warning letters were issued in nine cases, prior action taken in two cases, and two cases were closed for record purposes only as RICO was unable to proceed.

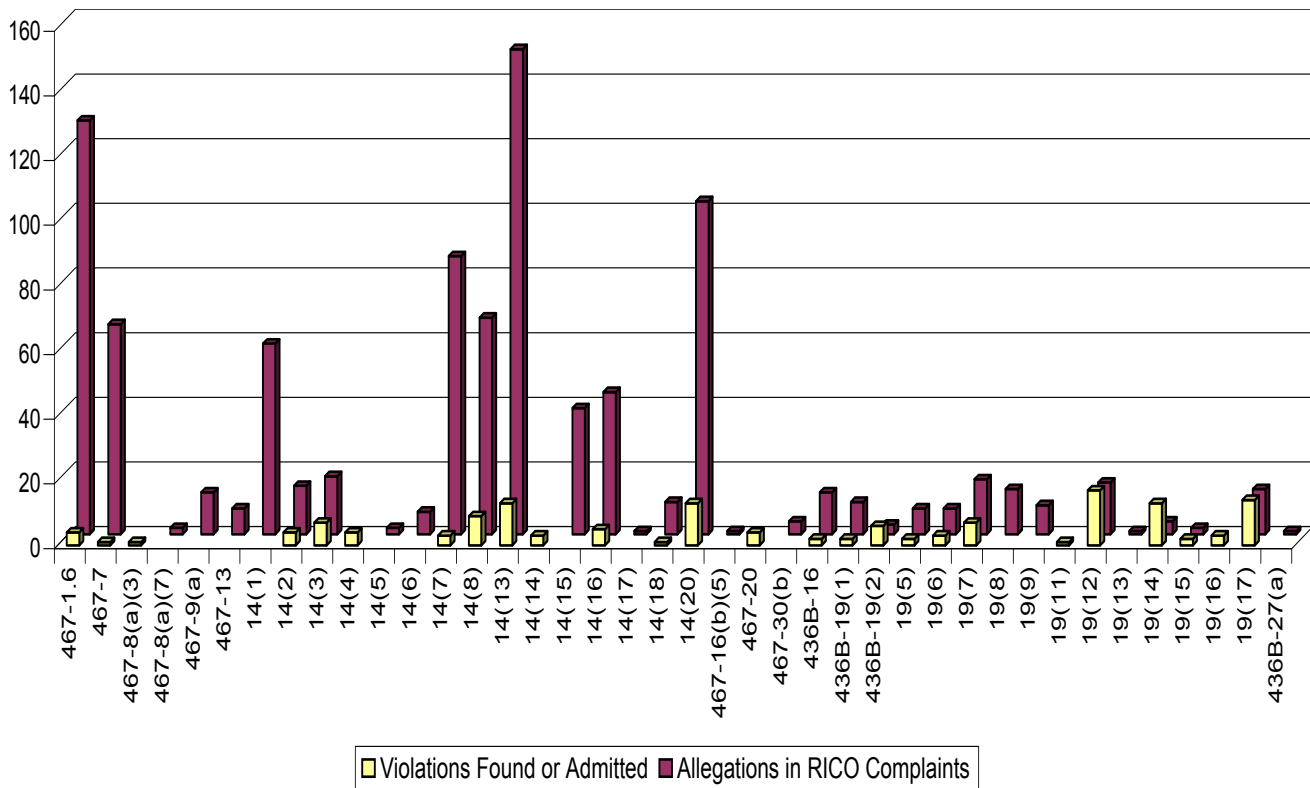
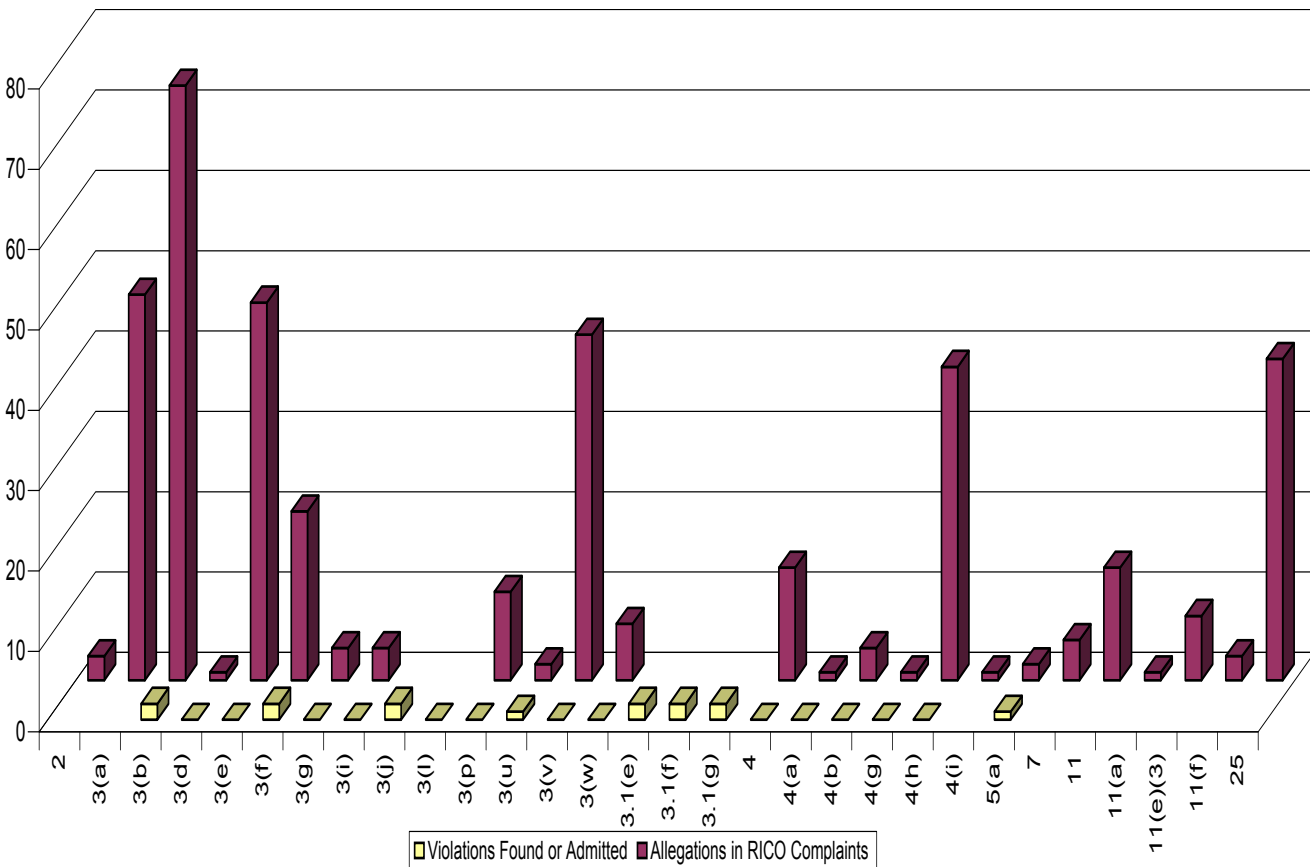
Charts 7 and 8 show the number of cases in which specific provision of the law or rule

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.

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



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Complaints	116	140	100	64	67	115	95	122	107	168	159

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.		
§467-7	Licenses required to act as a real estate broker or salesperson.		
§467-8(a)(7)	No license, registration, or certificate under this chapter shall be issued to any person with a trade name, partnership, limited liability company, or corporation that is not currently registered with the business registration division of the department of commerce and consumer affairs; provided that no real estate salesperson's license shall be approved or issued with a trade name.	§467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts; provided that for the purposes of this paragraph, the fact that an occupant has AIDS or AIDS Related Complex (ARC) or has been tested for HIV (human immunodeficiency virus) infection shall not be considered a material fact.
§467-9(a)	Every applicant for issuance of a real estate license, registration, or certificate under this chapter shall file an application with the commission in a form and setting forth the information as may be prescribed or required by the commission, and shall furnish any additional information bearing upon the issuance of the license, registration, and certificate as it requires. In the case of a partnership or corporation, any general partner or officer thereof may sign the application on behalf of the applicant. The commission may prescribe deadlines for the submission of applications.	§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
§467-13	Licensee shall deliver a copy of the agreement or contract to the parties signing it at the time the signature is obtained.	§467-20	False statement.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§467-30(b)	All condominium hotel operators shall register with the commission as a sole proprietor, partnership, limited liability company, or corporation and shall...
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-16(a)	Each licensee shall provide written notice within thirty days to the licensing authority of any judgment, award, disciplinary sanction, order, or other determination, which adjudges or finds that the licensee is civilly, criminally, or otherwise liable for any personal injury, property damage, or loss caused by the licensee's conduct in the practice of the licensee's profession or vocation. A licensee shall also give notice of such determinations made in other jurisdictions.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(1)	Failure to meet or maintain the conditions and requirements necessary to qualify for the granting of 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(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
§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(5)	Procuring a license through fraud, misrepresentation, or deceit.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§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(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§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(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14(15)	Commingling the money or other property of the licensee's principal with the licensee's own.	§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(16)	Converting other people's moneys to the licensee's own use.	§436B-19(13)	Revocation, suspension, or other disciplinary action by another state or federal agency against a licensee or applicant for any reason provided by the licensing laws or this section.
§467-14(17)	The licensee is adjudicated insane or incompetent.	§436B-19(14)	Criminal conviction.
		§436B-19(15)	Failure to report disciplinary action within thirty days of the disciplinary decision.
		§436B-19(17)	Violations of Chapter 467, HRS, or any other rule or order of the licensing authority.
		§436B-27(b)	Any person, who engages in an activity requiring

a license issued by the licensing authority and who fails to obtain the required license, or who uses any word, title, or representation to induce the false belief that the person is licensed to engage in the activity, other than a circumstance of first instance involving the inadvertent failure to renew a previously existing license, shall be guilty of a misdemeanor and be subject to a fine of not more than \$1,000 or imprisoned not more than one year, or both, and each day's violation shall be deemed a separate offense.

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(d) The licensee shall recommend that title be examined, survey be conducted, or legal counsel be obtained when the interest of either party requires it.

§ 16-99-3(e) The broker shall keep in special bank accounts, separated from the broker's own funds, moneys coming into the broker's possession in trust for other persons, such as escrow funds, trust funds, clients' moneys, rental deposits, rental receipts, and other like items.

§ 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.

§ 16-99-3(i) The brokerage firm shall not submit or advertise property without written authorization, and 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(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(w) Violation of any part of this chapter may be cause for revocation or suspension of license.

§ 16-99-4(a) Every brokerage firm that does not immediately place all funds entrusted to the brokerage firm in a neutral escrow depository, shall maintain a trust fund account in this State with some bank or recognized depository, which is federally insured,

and place all entrusted funds therein. The trust fund account shall designate the principal broker as trustee and all trust fund accounts, including interest bearing accounts, shall provide for payment of the funds upon demand.

§ 16-99-4(b) Every brokerage firm shall retain for at least three years records of all trust funds which the brokerage firm has received. All records and funds shall be subject to inspection by the commission or its representative. The three-year requirement shall be for real estate license law purposes only. The brokerage firm may be required to keep records for a longer period of time for other purposes.

§ 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.

§ 16-99-4(h) The principal broker or broker in charge shall not commingle client's funds with other moneys.

§ 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.

§ 16-99-5(a)(1) Reporting change within ten days of change in the licensee's legal name, residence address, and mailing address.

§ 16-99-7 The biennial renewal fee and completed renewal application shall be submitted on or before the commission prescribed deadline. Unless renewed, all real estate licenses expire at the end of every even numbered year. When the renewal deadline falls on a non-working day, renewal fees paid by mail shall be considered as paid when due if the envelope bears a postmark of no later than the first working day thereafter. Failure to submit a completed renewal application and failure to pay the renewal fee when due, or if the check is not honored by the bank for whatever reason, shall constitute automatic forfeiture of license. The principal broker shall see to it that all licensees are currently licensed at all times during employment or association.

§ 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.

EDUCATION REVIEW COMMITTEE (ERC) REPORT

The ERC, for fiscal year 2010, under the leadership of Chair Carol Mae Ball and Vice Chair Annette Aiona, continued to address important and varied education issues.

FY 2010 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. Because of budgetary constraints in fiscal year 2010, a real estate specialist was allowed to travel to Kauai for one neighbor islands Specialists' Office of the Day.

Neighbor Island Outreach – The Commission held one Committee meeting on Kauai but was further prohibited from traveling to neighbor island sites due to budgetary constraints. The meetings, when held, afford 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 2009-2010 biennium. "T3 – Training Trainers to Train" was presented on the major neighbor islands in February and March 2010, and a second round of the workshop was again presented in July and August 2010 on Oahu.

Continuing Education (CE) – During the fiscal year, there were 92 newly approved CE courses, a decrease from the 193 approved CE courses in the previous fiscal year. Twenty of the courses were national courses. There were two newly approved CE providers. CE providers offered 756 classes to 11,818 participants, as compared to the previous fiscal year of 1,098 classes offered to 35,501 participants.

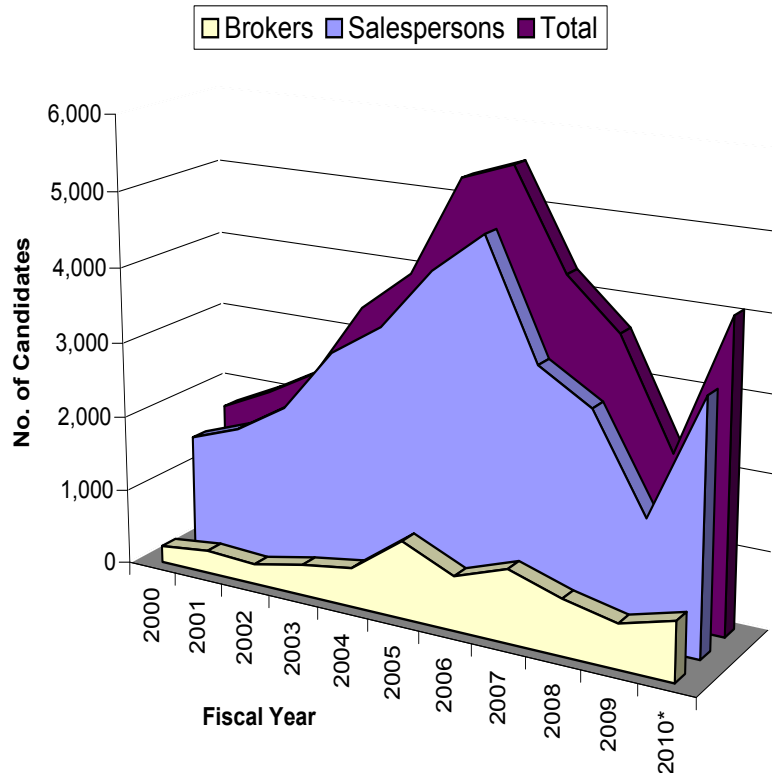
Real Estate Licensing Examination – PSI continued offering testing at least five days a week including Saturday in Honolulu, twice a month on Maui and the Big Island, and once a month on Kauai. As shown in Table 2 and Chart 9, the number of examination candidates increased 20.5% over the last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with PSI and Commission policies.

There were 271 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 0.73% decrease from the last fiscal year's total of 273 approvals.

Table 2. Real Estate Licensing Examination

	FY 2009	FY 2010	% Change
Brokers Tested	583	562	-3.6%
Salespersons Tested	1638	2114	29.1%
Total Tested	2221	2676	20.5%
Brokers Passed	186	197	5.9%
Salespersons Passed	910	728	-20.0%
Total Passed	1096	925	-15.6%
% Brokers Pass	31.9%	35.1%	
% Salespersons Pass	55.6%	34.4%	

Interactive Participation with Other Organizations – The Commission continued its participation in events sponsored by local and national organizations. Due to budgetary constraints, Commissioners and staff participated in a limited number of local and national events. On a national level, the

CHART 9. Licensing Examination Candidates (FY 2000-2010)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
Brokers	224	304	269	409	516	1,022	714	957	735	583	777
Salespersons	1,504	1,744	2,158	3,012	3,458	4,283	4,838	3,306	2,884	1,638	3,285
Total	1,728	2,048	2,427	3,421	3,974	5,305	5,552	4,263	3,619	2,221	4,062

Commission continued its active participation with the Association of Real Estate License Law Officials (ARELLO) and the Real Estate Educators Association (REEA). Participation in national organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry, and in other jurisdictions.

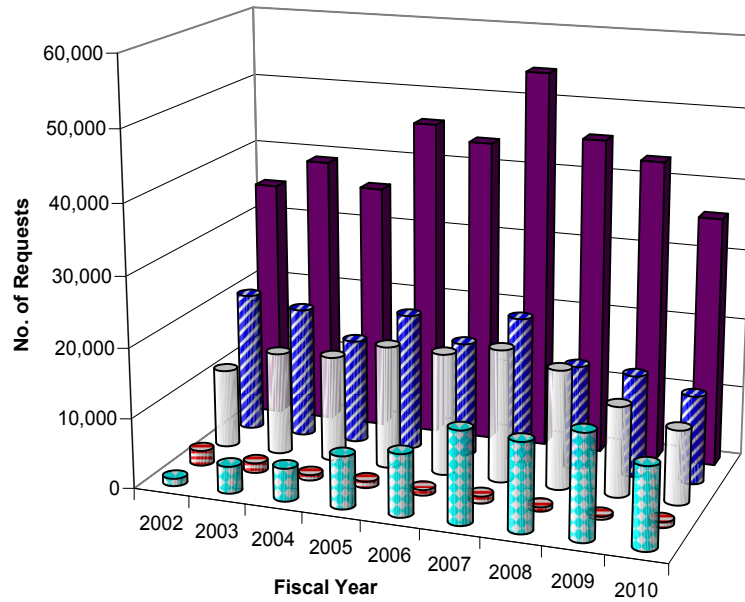
Advice, Education, and Referral – Staff continued to field an enormous number of telephone, walk-in, written inquiries, faxes, and emails. For real estate, the fiscal year produced 12,635 telephone inquiries; 820 walk-in inquiries; 10,596 applications, written inquiries/requests, faxes; and 11,528 emails. See Chart 10.

Website Hits – The Commission’s website, www.hawaii.gov/hirec, is available seven days a

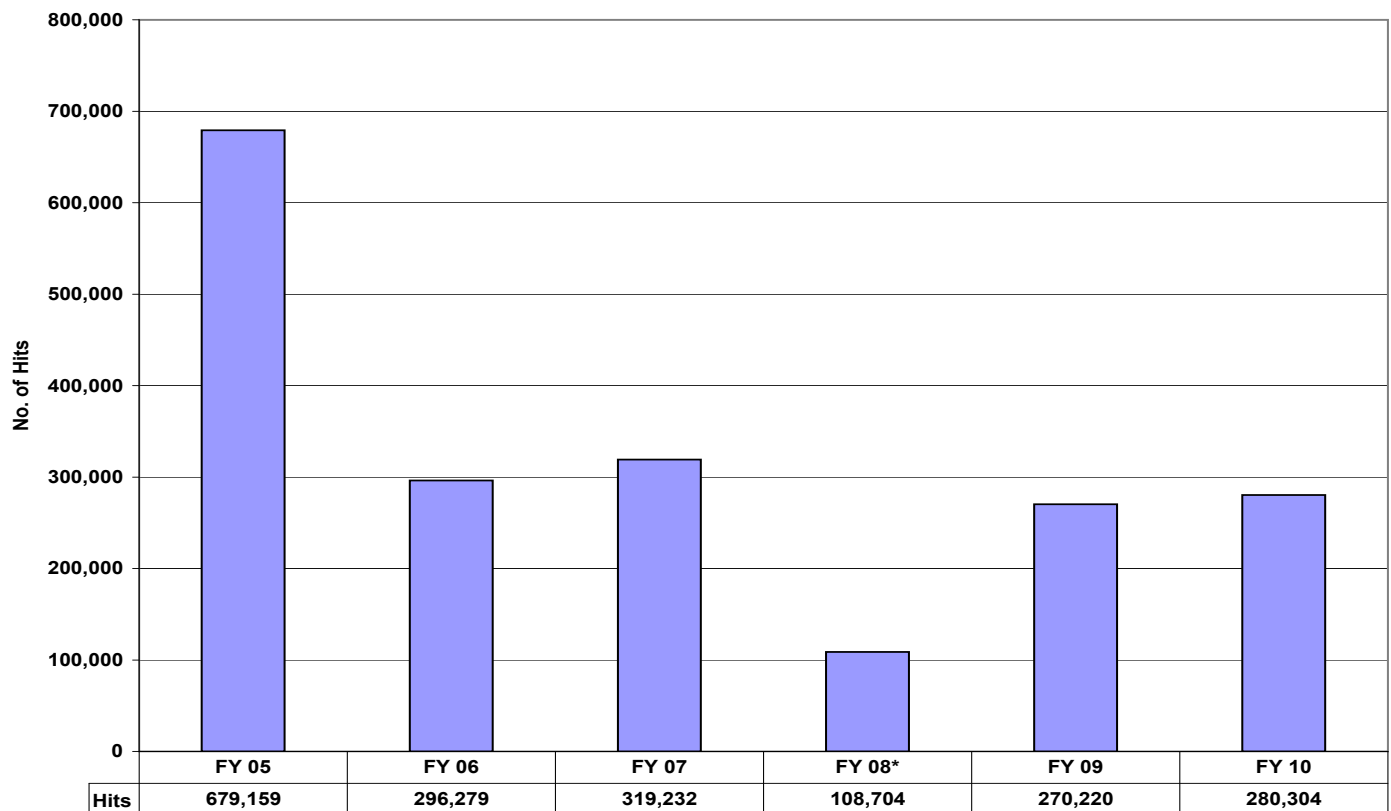
week, 24 hours each day for information, forms, and applications. The website has provided well over 280,304 real estate and condominium related hits. Due to a change in the program adopted by the State Information Systems and Communications Office, some previously collected webstats are no longer available. 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.

The Commission also published a quarterly newsletter, School Files, exclusively for the

CHART 10. Inquiries and Applications (FY 2002-2010)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
E-mail	1,052	3,889	4,695	7,499	8,886	13,193	12,648	14,950	11,528
Walk-ins	2,185	1,417	768	904	807	996	594	436	820
Applications / written requests	11,343	14,753	15,137	17,574	17,439	18,985	17,037	12,910	10,596
Telephone calls	20,184	18,864	15,050	19,738	16,478	20,995	14,999	14,576	12,635
Total	34,764	38,923	35,650	45,715	43,610	54,169	45,278	42,872	35,579

CHART 11. Website Hits

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

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 personal transactions and fair housing for the licensing biennium and provided recommendations on the future of the core course.

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, PSI, and administered an evaluation system of schools and instructors. Staff researched, developed, printed, and distributed the quarterly School Files, a newsletter 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, PSI, and 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 PSI, conducted a Test Development Workshop and an Educators Forum in December 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 provided timely information and records management, as appropriate. It researched, developed, printed, and distributed the quarterly School Files. Staff updated the Online Real Estate Continuing Education website as needed.

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. The Online Real Estate Continuing Education system continues to provide 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 are 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 three meetings during the fiscal year: March 3, April 6, and May 26, 2010. The EETF assisted in the development of the Commission’s 2009-2010 Core Course (Parts A and B).

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.

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 2009-2010 biennium for real estate licensees and/or consumers through a contractor, via subsidy, sponsoring, assisting, or co-sponsoring.

Legislative Participation, Research, and

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

Evaluation and Education System for CE and Prelicensing Instructors, Courses, Providers, and Schools

– The Commission administered an evaluation system of prelicensing and continuing education instructors.

Real Estate Specialist Office for the

Day – Due to budgetary constraints, the Real Estate Specialists did not set up office at RICO neighbor island offices and other meeting sites to provide advice, education, and referrals.

Prelicensing Education Equivalency

Administration – The Commission administered applications for prelicensing education equivalencies, including consultation with ARELLO.

Uniform Section Equivalency of Prelicensing

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, attempted the coordinated of 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.

Licenseses

New Licenses

The number of new licenses issued in FY 2010 decreased 10.6% over the prior fiscal year. During FY 2010, 1,064 new licenses were issued. Individual broker licenses decreased by 4.7%, new salesperson licenses decreased by 12.5%, and new entity licenses decreased by 10.3%. Refer to Chart 12.

Current Licenses

The overall number of current real estate licenses increased 6.4% by the end of FY 2010. In FY 2010, active licenses decreased .9% over last year, while inactive licenses increased 18.9%. There was a .4% decrease of active licenses on Maui, a .4% decrease on Kauai, a 1.6% decrease on Hawaii, a 1.6% increase on Oahu, and a 2.1% increase 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

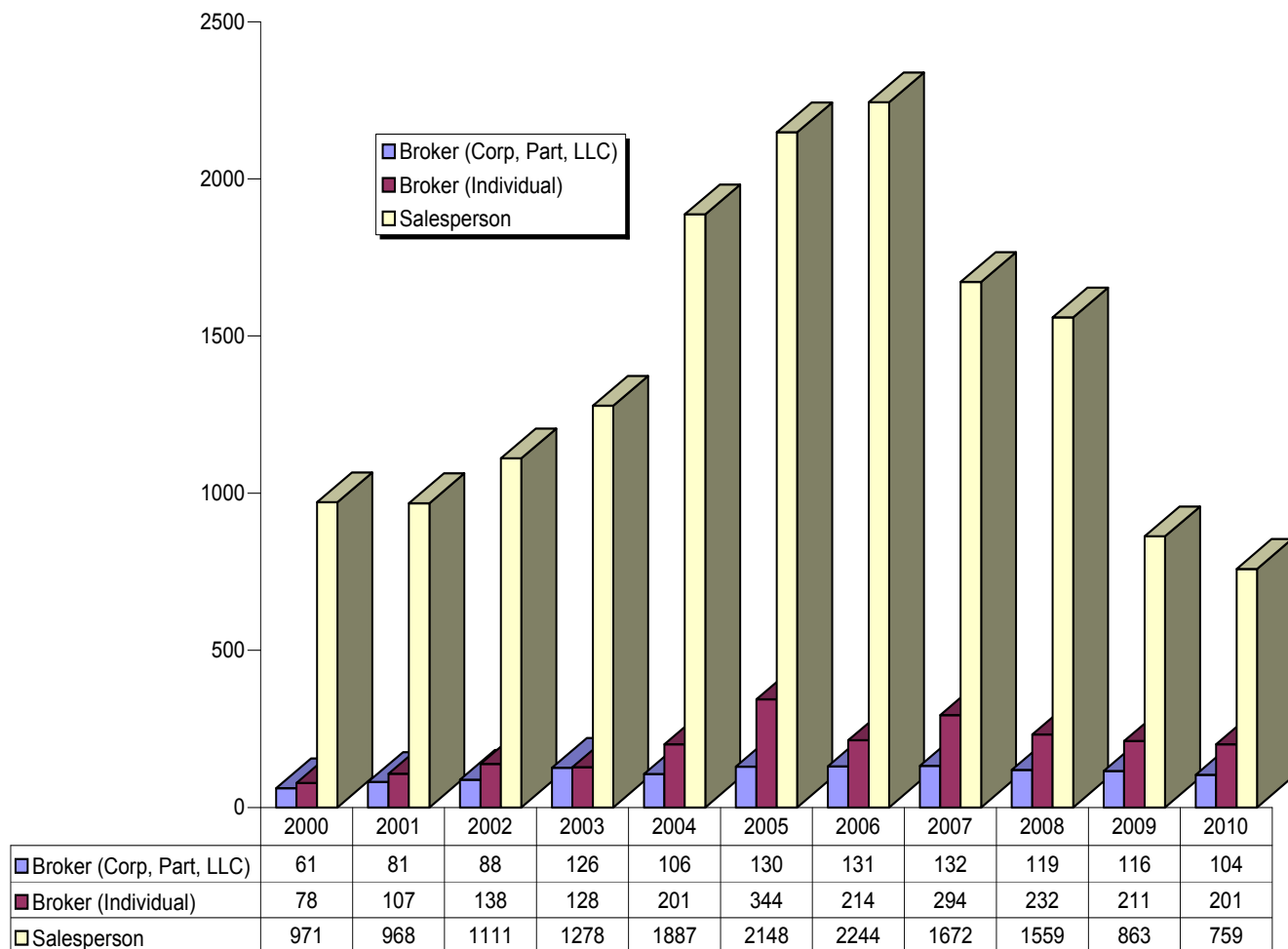


Table 3. Current Real Estate Licensees - By License Type and Island (July 2010)

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,932	483	453	213	14	3	60	3,158
Salesperson	4,641	932	1,190	514	22	5	130	7,434
Sole Proprietor	748	162	109	67	5	1	3	1,095
Corporation, Partnership, LLC	975	225	248	110	6	3	1	1,568
Total Active	8,296	1,802	2,000	904	47	12	194	13,255
Inactive								
Broker	308	58	59	31	0	0	201	657
Salesperson	3,108	661	923	462	7	6	718	5,885
Corporation, Partnership, LLC	42	17	22	9	0	0	8	98
Total Inactive	3,458	736	1,004	502	7	6	927	6,640
Active and Inactive								
Broker	2,240	541	512	244	14	3	261	3,815
Salesperson	7,749	1,593	2,113	976	29	11	848	13,319
Sole Proprietor	748	162	109	67	5	1	3	1,095
Corporation, Partnership, LLC	1,017	242	270	119	6	3	9	1,666
Total	11,754	2,538	3,004	1,406	54	18	1,121	19,895

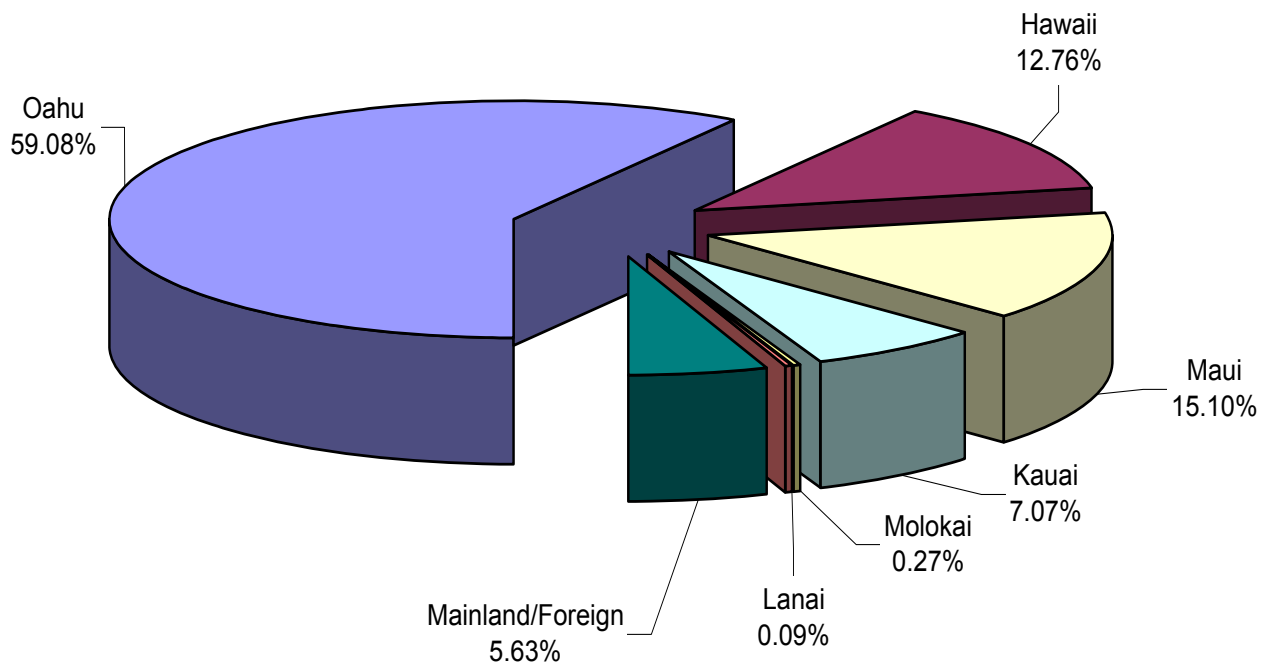
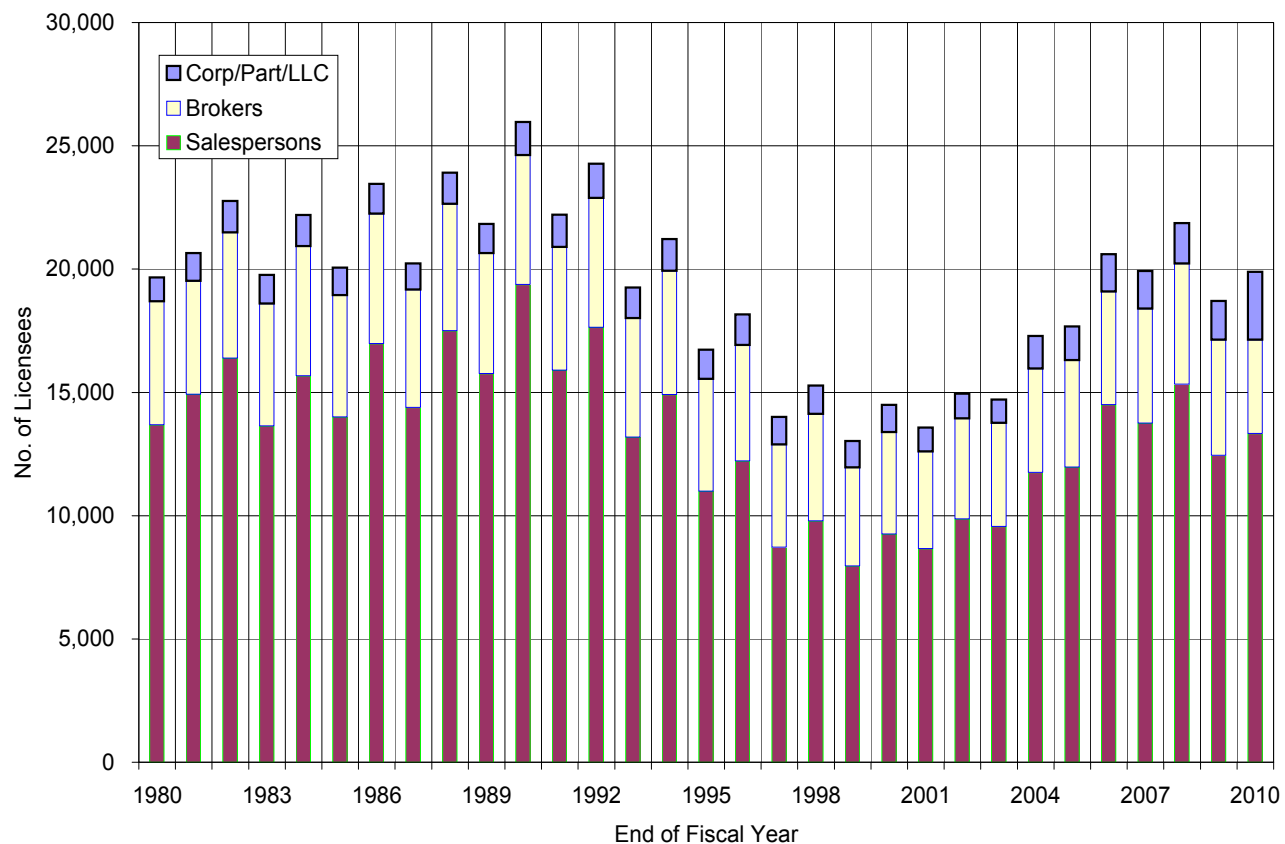
CHART 13. Real Estate Licensees - By Island

CHART 14. Total Real Estate Licensees

FY 2011 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

For fiscal year 2010, under the leadership of Chair Michele Loudermilk and Vice Chair Mark Suiso, the CRC, continued with the implementation challenges of Chapter 514B, Hawaii Revised Statutes (HRS), including the challenges of new legislation. During this same period, the CRC continued with the administration of the original condominium law, Chapter 514A, HRS, as well as other planned programs of work.

The CRC is a Commission standing committee that holds monthly public meetings in which condominium issues are presented, discussed, examined, and considered. It 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 programs, inclusive of the programs funded under the Condominium Education Trust Fund (CETF).

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

1. 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;
2. The improvement and more efficient administration of associations; and
3. Expeditious and inexpensive procedures for resolving association disputes.

The Commission may use any and all moneys in the CETF for purposes consistent with the above. Additionally, the law requires the Commission to submit to the legislature annually: (1) a summary of the programs funded during the prior fiscal year with funds from the CETF; (2) the amount of money in the fund; (3) a copy of the budget for the current fiscal year, including summary information on programs which were funded or are to be funded; (4) a statement of which programs were directed specifically at the education of condominium owners; (5) summary information on programs that were funded or are to be funded and the target audience for each program; and (6) a budget for the current fiscal year that includes a line item reflecting the total amount collected from condominium associations. As noted in this report many of the funded programs for this fiscal year and many of the funded programs for the next fiscal year have been modified in part or postponed in response to the State’s current economic challenges and budgetary constraints.

FY 2010 PROGRAM OF WORK

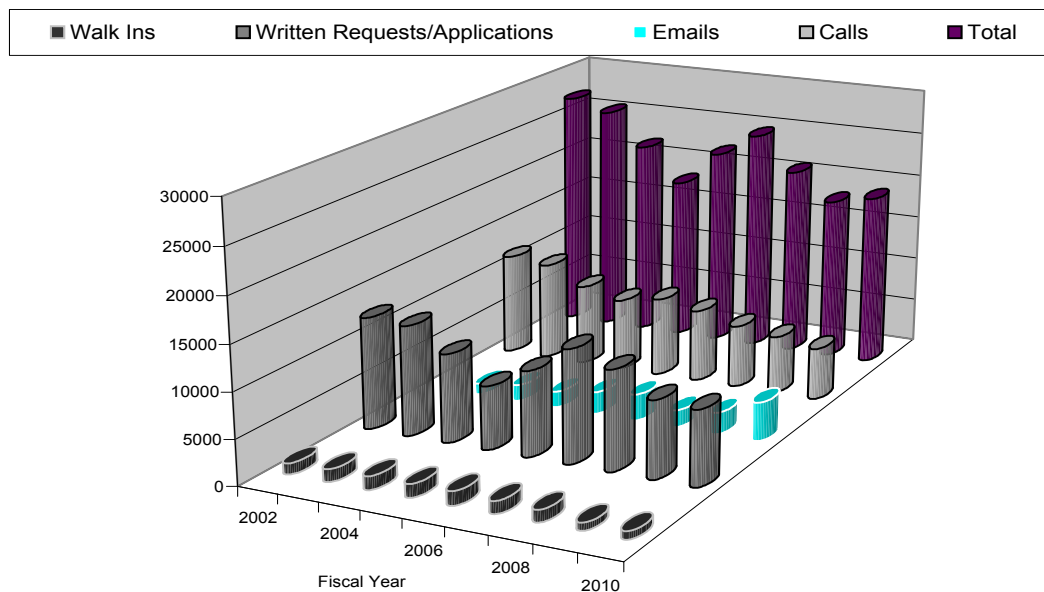
NOTE: The text that is bolded are for matters that were directed specifically at the education of condominium owners (although many others also benefitted from the education).

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, effective July 1, 2006, and the implementation of this new law. 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 statewide promotion and delivery of Commission-subsidized seminars. In May, the Commission sponsored a seminar based on its two new informational booklets, “Condominium

Property Regimes: Owner Rights and Responsibilities” and “Condominium Property Regimes: Board Members Powers and Duties”. Twenty-seven people attended this free 2 ½ hour seminar in the State Capitol Auditorium presented by a procured practitioner of condominium law. Oahu’s PEG access provider, Olelo, video taped the presentation and plans were made to rebroadcast the presentation on Olelo. Such educational efforts are targeted to inform and educate those impacted by the new condominium law, namely, the condominium unit owners, boards, managing agents, resident managers, developers, real estate licensees, their respective attorneys, prospective condominium purchasers, and the general public.

Pursuant to Subchapter 5 of Chapter 201, Title 16, Hawaii Administrative Rules, the CRC issued three informal non-binding interpretations of the provisions of Chapter 514B, HRS, and made them available to interested parties directly and online at the Commission’s web-

Chart 15. Condominium Advice, Education, and Referral



	2002	2003	2004	2005	2006	2007	2008	2009	2010
Walk Ins	1229	1395	1480	1473	1551	1388	1322	874	875
Written Requests/Applications	12449	12217	9819	7027	9461	12535	11035	8566	8300
Emails	1259	1819	1819	1812	2487	2940	1890	2394	4295
Calls	11387	10971	9050	8064	8863	8157	7014	6459	5783
Total	27067	25842	22168	18376	22362	25020	21261	18293	19253

site. In implementing Chapter 514B, HRS, the CRC 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.

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 and explore delivery of educational seminars video presented on the Commission's website.

Advice, Education, and Referral – The Commission responded and provided information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested parties and the public, via telephone, walk-ins, faxes, written 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 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 devel-

Condominium Apartment Owners on the Commission

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

Carol Mae Ball
Walt Harvey

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

Annette Aiona
Mark Suiso

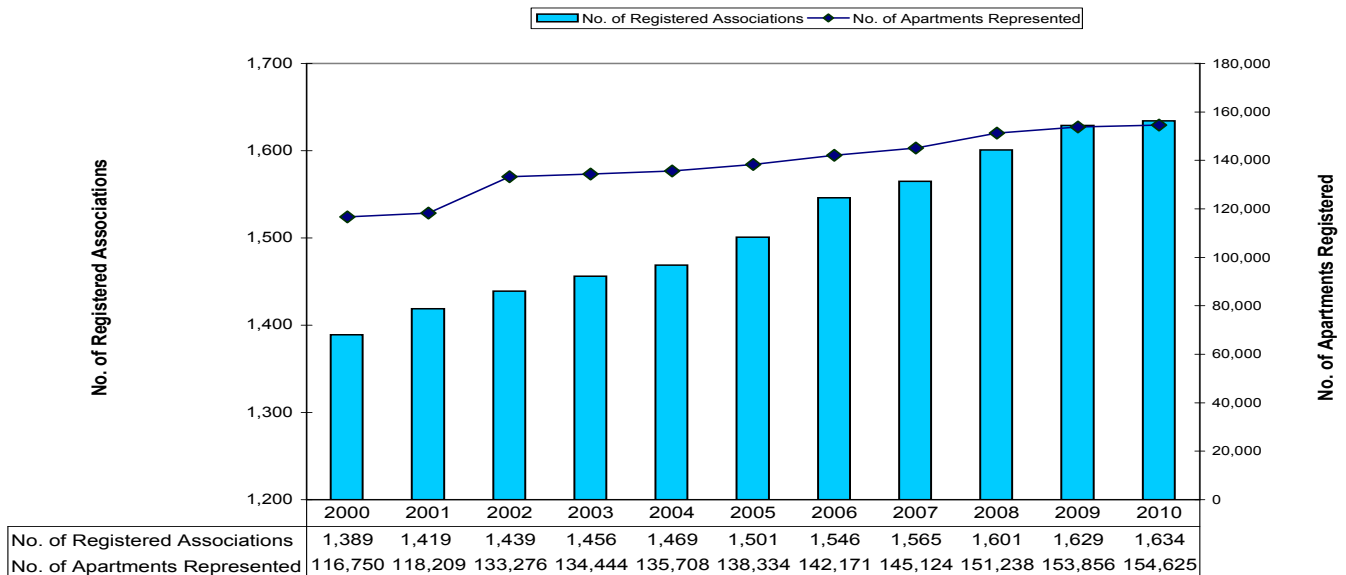
opers and attorneys. Staff continued to research and study a plan for the electronic administration of condominium project files, including the scanning of documents on CDs. In response to legislative resolutions in 2009 urging the Commission to consider the feasibility of accepting online condominium project registration filings, the Commission took early steps towards this end. The Commission continued its work of procuring and contracting with condominium consultants to assist the Commission with the administration of registering condominium projects and issuing of effective dates for developer's public reports, which reports are mandated to conduct sales of condominium units.

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). During FY 2010, in continuing efforts to "go green", the Commission initiated the exclusive online distribution of the Condominium Bulletin. Staff continued the procurement code management and administration of the contract with consultants assisting in the design, layout, editing and printing of the bulletin.

■ Mediation Center of the Pacific Inc.	28	9	16	4	10	33	21	18
■ Mediation Services of Maui Inc.	16	14	5	1	7	17	9	8
■ Kauai Economic Opportunity Inc.	3	3	1	0	0	1	2	2
■ Big Island Mediation Inc. dba West Hawaii Mediation Services	0	0	2	1	5	0	2	1
■ Ku'ikahi Mediation Center	0	0	0	0	0	0	0	1

Chart 17. Condominium Association Registration

Condominium Association Registration FY 2000 - 2010



154,625 condominium units, registered with the Commission. In addition, the Commission continued the implementation of an online registration process and to make available on the Commission website a list of all association contact information (See Chart 17). The Commission also responded to requests for lists of pet-friendly, leaseholds, and Neighbor Island-specific condominium associations.

Condominium Seminars and

Symposiums – The Commission continued to produce seminars for the condominium community utilizing Commission staff, procured providers, and volunteer faculty of representatives from the condominium governance, development, and real estate community. The Commission continued to administer CETF subsidies for Commission-approved seminars, including the following for FY 2010:

- Legislative Update July 16, 2009
- Budget Busters August 20, 2009
- Why Nobody Likes You – Maui October 16, 2009
- Why Nobody Likes You – Oahu October 17, 2009

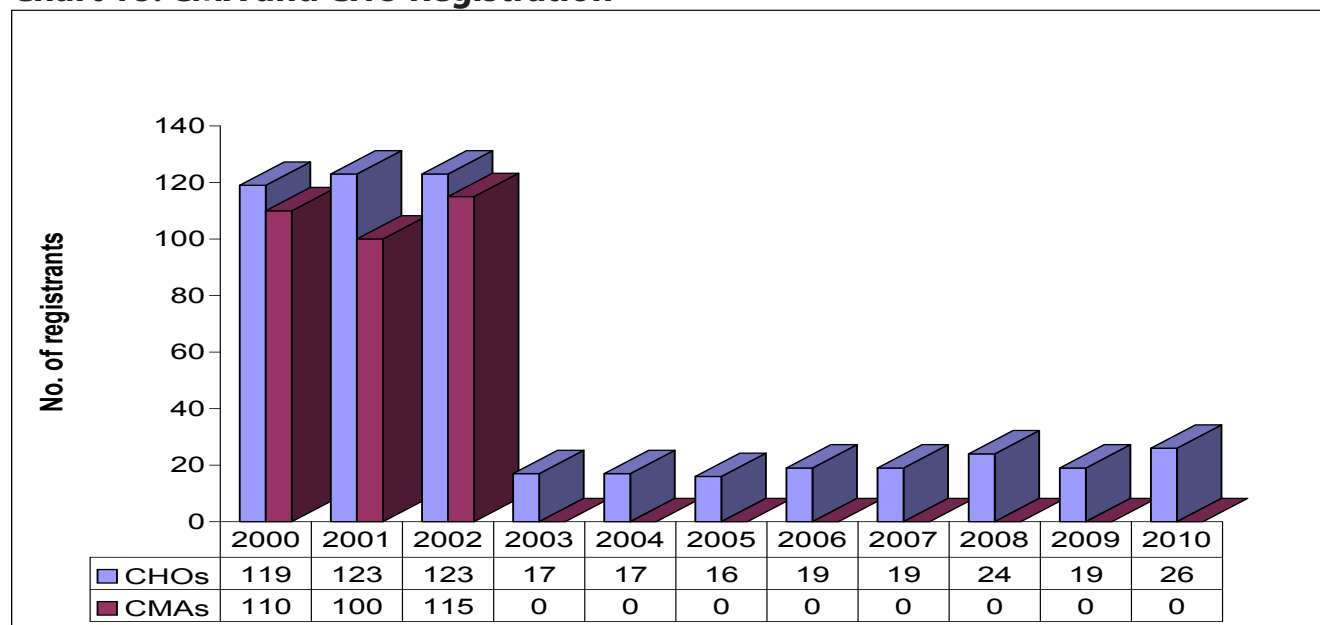
- 2010 Annual Meetings January 30, 2010
- Aging Buildings March 11, 2010
- ABCs May 15, 2010
- Board Do's and Don'ts May 20, 2010
- The Effective 1 Hour Board Meeting June 17, 2010

The Commission explored electronic publication of consumer brochures.

In May 2010 the Commission sponsored a free seminar based on the Commission's newest condominium informational booklets. The seminar was held at the State Capitol Auditorium and presented by a procured condominium education provider.

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



members, apartment owners, managing agents and interested others inquired about the following new laws:

- **ACT 53 (SLH 2010) HB 2197, HD1, SD1** – Gives boards of directors the authority to install or allow the installation of solar energy or wind energy devices on the common elements of condominiums.
- **ACT 201 (SLH 2010) SB 2817, SD1, HD1, CD1** – Requires every private homeowners association or entity to revise rules by July 1, 2011, that shall not impose conditions or restrictions that render a solar energy device more than 25 per cent less effective; increase the cost of installation, maintenance, and removal of a solar energy device by more than 15 per cent; or until June 20, 2015, require an encumbrance on title because of the placement of the solar energy device.
- **ACT 169 (SLH 2010) HB 2288, HD1, SD2, CD1** – Prohibits the imposition of fees for a future transfer of real property. Specifies exceptions. Sunsets June 30, 2015.
- **ACT 89 (SLH 2010) SB 910, SD1, HD2, CD1** – Transfers homeless programs and services within the department of human services by relocating the state homeless programs from the Hawaii public housing authority to the benefit, employment, and support services division. (Amends Chapters 514A and 514B, HRS, to exempt Chapter 346, HRS, from certain condominium-related requirements.)

The Commission also continued the preparation for printing and distribution of unofficial copies of Chapters 514A and 514B, HRS, with current amendments, via its website and hard copies where funds were 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, and joint projects of mutual concern, training, through attendance, 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. Participation with regional, national, and international agencies and organizations including Pacific Rim, CAI, ARELLO, and Zenkauren (Japan) were postponed due in part to the current, budgetary constraints, and travel restrictions.

Neighbor Island Outreach – Due to budgetary constraints this fiscal year, the Commission was limited to one neighbor island meeting on the island of Kauaʻi. The Commission will resume its schedule of regular neighbor island meetings as soon as budgetary constraints are lifted.

Condominium Education Trust Fund

(CETF) – The Commission continued to administer the CETF funds for educational efforts during this fiscal year. 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 for additional educational programs subject to revenue projections.

Consumer Education – The Commission completed the development and publication of two new booklets, "Condominium Property Regimes: Owners Rights and Responsibilities" and "Condominium Property Regimes: Board Members Powers and Duties". In connection with the new booklets, the Commission

sponsored a free seminar for the condominium community presented by a procured outside consultant. Olelo, (Oahu's PEG access) videotaped the seminar for rebroadcast. Development and finalization of the new booklets postponed additional research of a consumer education program targeting prospective purchasers of condominium units and new owners of condominium units on initial project sales and resales. However, 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 specific rules which would increase the condominium developers' and unit owners' contributions to the CETF to address the CETF's projected budget shortfalls, anticipated to begin as early as fiscal year 2012. The Commission continued discussing and coordinating these fee recommendations and related amendments with the Licensing Administrator.

CPR Project Workshop and Meetings – The Commission's 12 condominium consultants continued to assist the Commission in reviewing condominium project registration documents. The Commission conducted its annual informational session for the condominium consultants providing the consultants an opportunity to come together and share their ideas for facilitating the processing of condominium project documents.

Condominium Specialists Office for the Day – Due to budgetary constraints this fiscal year, the Commission was limited to one neighbor island meeting on the island of Kaua'i. No other neighbor island visits could be made as part of this program during this fiscal year.

Condominium Speakership Program – Subject to State government approvals and priorities, the Commission honors requests to provide a speaker, resource person, or participant in a

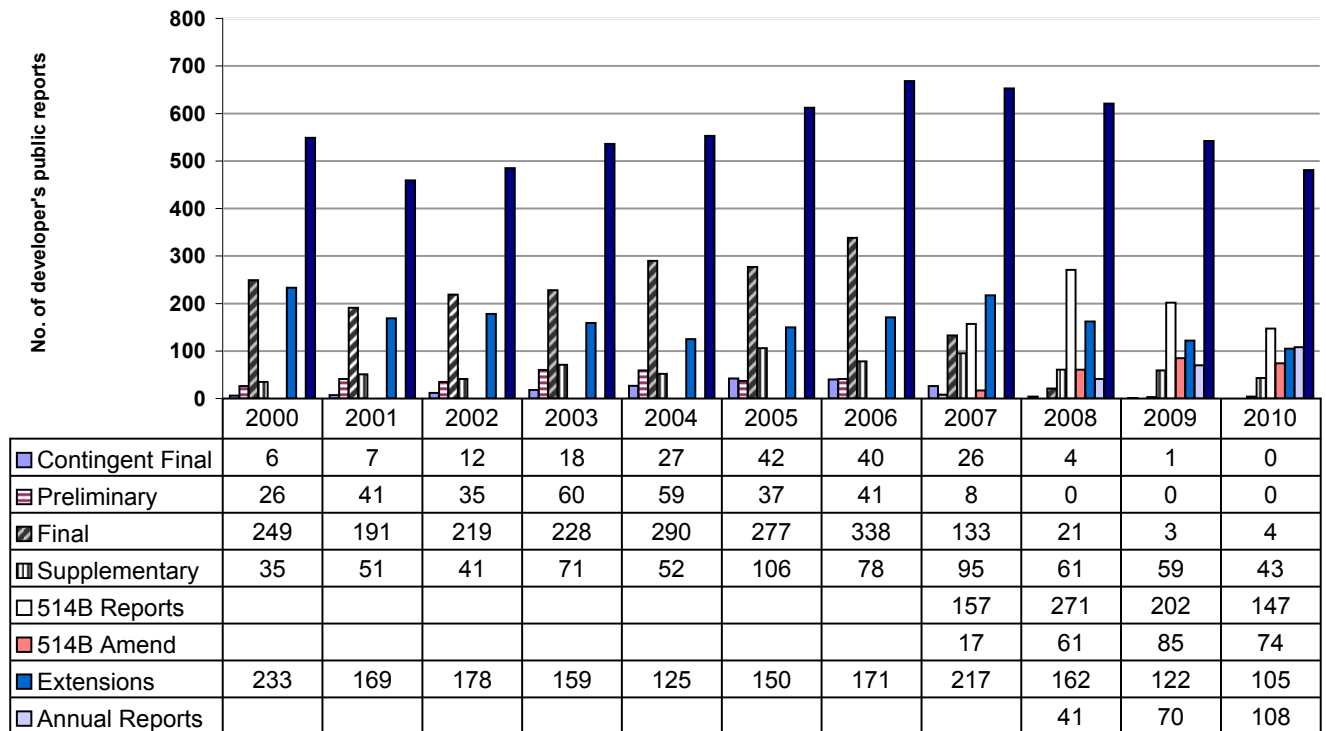
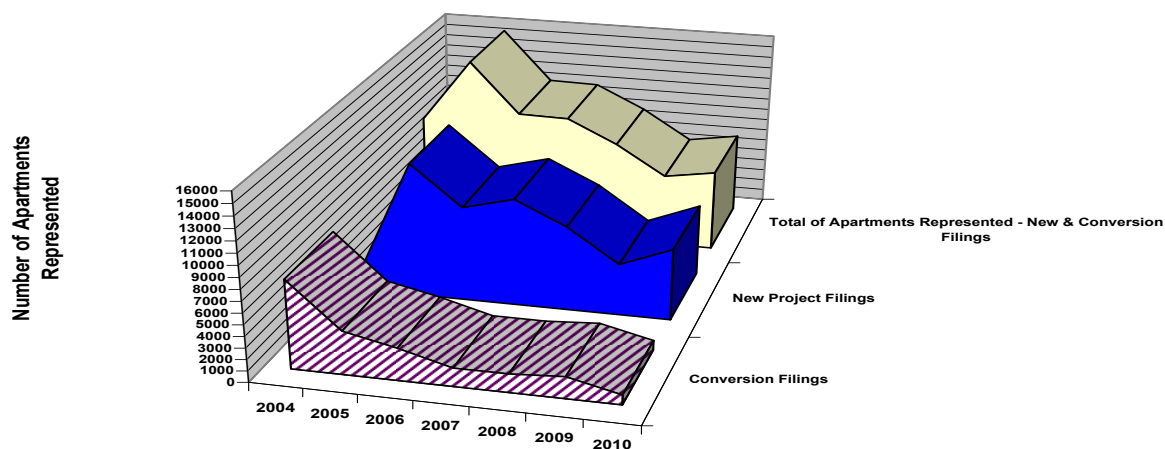
function related to condominium education, the condominium law and related issues, and condominium project registration. This program allows staff to educate the general public and condominium owners in particular, about the condominium law.

Technology and Website – The Commission continued to operate its website for public interaction and education. It maintained and updated the electronic storage of materials providing online access to the public of the developer's public reports, condominium association registration data and other information. Pursuant to Chapter 514B, HRS, the Commission continued to post and make available the new developer's public report form and other related forms 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 and to study the feasibility of providing associations with a central depository for all governing documents on the website, including minutes of association meetings.

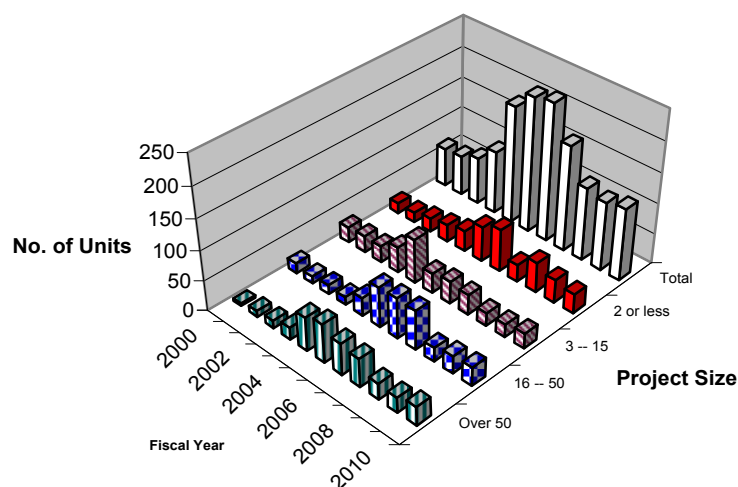
Case Law Review Program – The Commission continued to monitor, collect and report on state and federal law judgments and decisions, administrative decisions, and policies and procedures; report on governance and project development cases; and evaluate cases for inclusion in the Condominium Bulletin.

Start-up Kit for New AOUs and New CMAs – Commission staff distributed start-up kits to newly registered AOUs, 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,

Chart 19. Developer's Public Reports Effective Dates Issued**Chart 20. Number of Condominium Apartments**

	2004	2005	2006	2007	2008	2009	2010
Conversion Filings	7788	3818	2834	1619	1619	1910	851
New Project Filings	2318	11877	8409	9538	7509	4594	6359
Total of Apartments Represented - New & Conversion Filings	10106	15695	11243	11157	9128	6504	7210

Chart 21. New Residential Projects - By Size

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Over 50	4	10	12	20	56	64	52	47	27	25	31
16 -- 50	17	12	15	13	30	66	67	65	23	29	31
3 -- 15	26	27	27	42	72	33	37	33	21	21	25
2 or less	17	17	23	28	34	57	70	28	49	38	32
Total	64	66	77	103	192	220	226	173	120	113	119

Table 4. Condominium Project Filings

New Projects	2004	2005	2006	2007	2008	2009	2010
Residential	192	219	230	178	146	118	120*
No. of Apartments Represented	6274	9334	6203	6582	4249	2928	2842
Commercial and Other	12	25	47	29	37	20	8
No. of Apartments Represented	1444	2338	89	2793	3208	1473	3401
Agricultural	29	44	34	42	41	53	31
No. of Apartments Represented	70	205	2117	163	52	193	116
Total New Projects	234	288	311	249	224	191	159
Total No. of Apartments Represented	2318	11877	8409	9538	7509	4594	6359
Conversions							
Residential	116	135	164	157	132	112	89
No. of Apartments Represented	1422	2347	1177	903	664	1592	618
Commercial and Other	10	16	14	8	14	4	4
No. of Apartments Represented	777	1325	1584	649	894	234	198
Agricultural	51	30	54	45	47	40	20
No. of Apartments Represented	119	146	73	67	61	84	35
Total Conversion Projects	177	181	232	210	193	156	113
Total No. of Apartments Represented	7788	3818	2834	1619	1619	1910	851
Combined New & Converted Project Filings	411	469	543	459	417	347	272
Combined No. of Apartments Represented	10106	15695	11243	11157	9128	6504	7210

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 to the State budgetary constraints, the Commission tabled participation in and the sponsoring of cooperative education and research and administrative programs for those persons, branches, divisions, department personnel, 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 – Developed materials for training staff and Commissioners to better administer the condominium education and registration programs. Commissioners, as well as staff, participated in training and educational opportunities provided by local organizations. Due to State travel restrictions, the Commission could not sponsor as much participation in REEA, ARELLO, CAI, CLEAR, and other national organizations.

Condominium Reference Library – Staff continued to maintain a catalog of all public reference materials provided to State Libraries (especially in highly concentrated CPR areas) and mediation services offices (neighbor islands included) at the Real Estate Branch office and on the Commission's website. 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 ex-

pend monies from the CETF to provide national educational information and materials to condominium unit owners, developers, and the general public. This fiscal year, the Commission as part of the CAI Adopt a Library Program, purchased and placed ten (10) sets of education materials and information relating to condominium governance in State Public Libraries, six (6) on Oahu, three (3) on neighbor islands, and one (1) set at the Commission's office in its public viewing area.

This fiscal year the following programs, previously summarized, benefited condominium owners and/or were directed at the education of condominium owners:

- Condominium Laws and Education;
- Advice, Education, and Referral;
- Hawaii Condominium Bulletin;
- Condominium Mediation and Arbitration Program;
- Condominium Dispute Resolution Pilot Program;
- Condominium Association Registration;
- Condominium Seminars and Symposium;
- Ad Hoc Committee on Condominium Education and Research;
- Rule Making, Chapter 107;
- Meetings;
- Government and Legislative Participation and Report;
- Legislative Acts and Resolutions;
- Interactive Participation with Organizations;
- Neighbor Island Outreach;
- Consumer Education;
- Condominium Specialists Office for the Day;
- Technology and Website;
- Start-up Kit for New AOUOs and New CMAs;
- Cooperative Education, Research, and Administrative Program; and
- Condominium Reference Library.

FY 2011 PROGRAM OF WORK

Condominium Laws and Education – Concurrently with the administration of Chapter 514A, HRS, the Commission continues to fine tune and implement Chapter 514B, HRS, including continuing participation in the legislative process. Acknowledging the State’s economic challenges and the effect of budgetary impacts on the Commission’s program of work, to the extent that condominium education funds are available, the Commission will continue briefings, updates, and presentations to the condominium community and include presentations on the Commission’s website, and in the Condominium Bulletin and the Real Estate Bulletin. It will continue the delivery of statewide multi-faceted 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 and explore delivery of educational seminars video presented on the Commission’s website.

Advice, Education, and Referral – 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 and maintain and update the Commission website as necessary. Whenever practical, the Commission will provide a forum to promote self governance

for owners and associations.

Condominium Project and Developer’s Public Reports – The Commission continues to administer two condominium project registration programs (Chapters 514A and 514B, HRS) and 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 form-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, the Commission 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 newly procured consultants. The Commission will continue to monitor the consultants’ performance of the contracts. Staff will also continue to make the 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. The Commission will also continue to monitor any legislation relevant to condominium project registration for impact on policies and procedures upon condominium developers and the public report process.

Hawaii Condominium Bulletin – The Commission continues the research, development, and publication of a quarterly bulletin. It also maintains copies of the bulletin on the Commission’s website and includes electronic delivery. Staff

implemented online publication and delivery during this fiscal year, and continues to research the possible 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 layout, editing and printing of the bulletin.

Condominium Mediation and Arbitration

Program – The Commission continues to monitor the delivery of mediation programs, including the optional evaluative mediation program added last fiscal year, and the annual renewal of mediation contracts. Staff continues to work with the Mediation Center of the Pacific and other procured providers to present educational seminars about alternative dispute resolution and mediation to board of directors and apartment owners. Staff continues to collect information and statistics for educational and Annual Report purposes. The Commission is studying the feasibility of CETF funding of arbitration for those parties eligible for mediation. The Commission continues to work with MCP to update the MCP mediation training instruction manual.

CDR Pilot Program – The Commission continues to assist in the administration of the pilot program and continue to assist the Office of Administrative Hearings with any educational and awareness programs for condominium owners and board members.

Condominium Association Registration

Staff continues to administer the electronic/computerized registration of condominium associations, including reviewing and updating, as necessary, applications for registration, policies, procedures, appeals. The Commission will respond to subpoenas and requests for records under OIP. The Commission 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 Symposiums

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 interested parties. Staff proactively seeks additional consultants, especially on the neighbor islands. The Commission will research 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.

Ad Hoc Committee on Condominium Education and Research

The Commission continues the administration of this group which reviews and makes recommendations and assists in the 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 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 continues, in conjunction with a volunteer consultant, to study, evaluate, research, and develop rule amendments for the formal rule making process. It continues to receive recommendations from various groups in the condominium community, community workshop participants, government officials and organizations regarding proposed rules for Chapter 514A, HRS, and Chapter 514B, HRS. This fiscal year the Commission will continue to work towards completion of formal rule making for Chapter 514B, HRS, through the presentation of proposed draft rules to the CRC for consideration, recommendations, and approval; and initiation of the formal rule making process thereafter to include reviews by the Attorney General, DCCA/PVL Administration, Small Business Regulatory Review Board, Legislative Reference Bureau, Budget and Finance, DBEDT, and the Governor.

Meetings – 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 meeting minutes in PDF and searchable format.

Government and Legislative Participation and Report – 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 and immediately upon completion, place on the Commission's website.

Legislative Acts and Resolutions – The Commission will continue to review, report, and develop summaries on all related Acts and resolutions proposed in the 2011 legislative session and implement requirements of directly related Acts and resolutions. Chapters 514A and 514B, HRS, will continue to be available on the Commission's website.

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. Participation in national, international, and regional organizations, such as Pacific Rim, CAI, IREM, ARELLO and Zenkauren (Japan), will be subject to applicable budgetary constraints given the State's economic challenges.

Neighbor Island Outreach – The Commission will hold CRC meetings at neighbor island sites in collaboration with the local boards, HAR, condominium organizations, etc., subject to applicable budgetary constraints and the State's economic challenges.

Condominium Education Trust Fund (CETF) – The Commission continues to administer the funds for educationally defined purposes. The Commission 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, personnel compensation, and additional educational programs subject to revenue projections.

Consumer Education – 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 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 to determine appropriate fees and amendments to Chapter 53, Hawaii Administrative Rules.

CPR Project Workshop and Meetings – Staff continues to conduct annual 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 – Subject to applicable budgetary constraints and the State's economic challenges, the Commission will continue 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 with advanced publicity, mail outs, and appointments; upon request, include training of RICO investigators. The Commission will continue to fine tune its Visiting Condominium Specialist pilot program.

Condominium Speakership Program – Subject to State government approvals and priorities including any budgetary constraints, the Commission 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. For example, in FY 2011, the Commission initiated a speakership program wherein condominium specialists were available to condominium associations to answer questions on the subject of the condominium law.

Technology and Website – 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 consider its long range goal of providing all condominium information available online and 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 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; and evaluate cases for inclusion in the Condominium Bulletin.

Start-up Kit for New Associations and New CMAs – Staff continues to distribute start-up kits to newly registered associations and CMAs, 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 – 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 – Subject to applicable budgetary constraints and the State's economic challenges, 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 which 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 will continue the coordination of activities and programs of mutual concern with PVLD, RICO, and DCCA. It will coordinate positions on Chapter 436B, HRS, Chapter 467, HRS, with Chapters 514A and 514B, HRS and monitor interaction and effect of other regulatory laws and rules on Chapters 514A and 514B, HRS.

Staff and Commissioners Development – Staff continues to develop and train staff and Commissioners for better administration of the condominium education and registration programs. Subject to applicable budgetary constraints and the State's economic challenges, staff and Commissioners participate in training and educational opportunities provided by REEA, ARELLO, CAI, CAI Hawaii, CLEAR, and other organizations.

Condominium Reference Library – Staff maintains and updates the Commission's website catalog of all public reference materials and continues to provide materials to

the State Library System, especially in highly-concentrated CPR areas, mediation provider offices, 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. Staff will also continue to recommend the inclusion of these updates as part of any developed five year strategic educational plan for condominium education.

Real Estate Education Fund

Fund Balance As of June 30, 2010 (Unaudited)

FY 2010 Expenditures and Encumbrances (Unaudited)

ASSETS

Cash	
In State Treasury	\$285,184
Short term cash investments	1,000,000
 Total Assets	 1,285,184

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	25,529
Fund Balance	
Reserve for Encumbrances	21,290
Unreserved	1,238,365
Balance	<u>1,259,655</u>

Total Liabilities and Fund Balance \$1,285,184

Revenues and Expenditures For the Year Ending June 30, 2010 (Unaudited)

Revenues	
Fees	\$68,776
Interest (includes Recovery Fund)	1,360
Total Revenues	<u>70,137</u>

Expenditures	321,664
Excess (deficiency) of revenues over expenditures	<u>(251,527)</u>

Fund Balance	
Beginning of Year	1,511,182
End of Year	<u><u>\$1,259,655</u></u>

I. Operations

Personnel	\$272,209
Supplies	3,799
Postage	169
Equipment Rentals/Maintenance	784
Machinery and Equipment	5,859
Books	0
Total Operations	<u>\$282,821</u>

II. Direct Licensee Education

Real Estate Seminars	0
Neighbor Islands Outreach	886
Annual Report/Quarterly Bulletin	11,868
Programs	36,625
Total Direct Licensee Education	<u>49,379</u>

III. Indirect Licensee Education

Interactive Participation w/Orgs.	7,332
Staff/Commissioners Development	1,532
Dues & Subscriptions	1,890
Miscellaneous	0
Total Indirect Licensee Education	<u>10,754</u>

Total Expenditures and Encumbrances \$342,954

Real Estate Recovery Fund

Fund Balance As of June 30, 2010 (Unaudited)

FY 2010 Recovery Fund Payments

ASSETS		Case No.	Licensee(s)	Amount
Cash		09-01-247K	Robert M. Smith	\$10,402
In State Treasury			Property Network Limited	
	\$347,619			
	Short term cash investments			
	500,000			
	Investment securities (cost)			
		Total Payments		\$10,402
	<u>Total Assets</u>			
	<u>\$847,619</u>			
LIABILITIES AND FUND BALANCE				
Liabilities				
	Payables			\$4,078
	Investment income included "In State Treasury" and			
	Paid to Real Estate Education Fund			0
	<u>Total Liabilities</u>			<u>4,078</u>
Fund Balance				
	Reserve for encumbrance			0
	Unreserved			843,541
	<u>Fund Balance</u>			<u>843,541</u>
	<u>Total Liabilities and Fund Balance</u>			<u>\$847,619</u>

Revenues and Expenditures For the Year Ending June 30, 2010 (Unaudited)

Revenues	
Fees	\$50,600
Expenditures	
Operations	19,624
Legal Services	19,841
Claims	10,402
<u>Total Expenditures</u>	<u>49,867</u>
Excess (deficiency) of revenues	
over expenditures	733
Fund Balance	
Beginning of Year	842,807
<u>End of Year</u>	<u>\$843,541</u>

Condominium Education Trust Fund

Fund Balance As of June 30, 2010 (Unaudited)

ASSETS

Cash	
In State Treasury	\$350,045
Short term cash investments	175,000
Total Assets	<u>\$525,045</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$19,344
Fund Balance	
Reserve for Encumbrances	15,389
Unreserved	490,312
Fund Balance	<u>505,701</u>
Total Liabilities and Fund Balance	<u><u>\$525,045</u></u>

FY 2010 Expenditures and Encumbrances (Unaudited)

Personnel	\$316,791
Supplies	277
Postage	923
Equipment Rentals/Maintenance	3,524
Education and Research	59,422
Equipment for Office	0
Staff/Commissioner Development	340
Resource Materials	0
Dues & Subscriptions	403
Miscellaneous	<u>0</u>
Total Expenditures and Encumbrances	<u><u>\$381,678</u></u>

Revenues and Expenditures For the Year Ending June 30, 2010 (Unaudited)

Revenues	
Fees - Others	\$62,253
Fees - AOUE Registration	\$10,235
Interest income	189
Total Revenues	<u>72,677</u>
Expenditures	<u>366,289</u>
Excess (deficiency) of revenues over expenditures	(293,611)

Fund Balance	
Beginning of Year	799,312
End of Year	<u><u>\$505,701</u></u>

CONDOMINIUM EDUCATION FUND FY 2011 Budget (proposed)

REVENUES

Application and Renewal Fees	\$532,109
Interest	<u>\$5,894</u>
Total Revenues	\$538,003

EXPENDITURES

Personnel	\$405,893
Subtotal	\$405,893
Administrative Expenses*	\$22,750
Condominium Program of Work*	\$184,761
Subtotal	\$207,511

Total Expenditures and Budget Ceiling	\$613,404
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