

2011 Annual Report

Real Estate Commission

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

The 2011 Hawaii Real Estate Commission

Trudy I. Nishihara
Chair
Oahu, Real Estate Broker

Stanley M. Kuriyama
Vice Chair
Oahu, Real Estate Broker

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

Walt Harvey
Vice Chair, Laws and Rules Review Committee
Oahu, Real Estate Broker

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

Scott A. Sherley
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

Donna Apisa
Kauai, 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 Lopez, 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") 2011. The Commission currently oversees approximately 17,633 licensees statewide, of which 12,363 hold active licenses. This is an 11.4% decrease from a year ago. We also oversee approximately 1,670 condominium associations and 26 condominium hotel operators. There were 250 new and conversion project filings as compared to 272 filings in FY 2010. This represents a decrease of units within new and conversion condominiums from 7,210 in FY 2010 to 5,347 in FY 2011. The Commission also provides information, advice, education and acts as a resource for these unit owners throughout the year on all islands by way of the Commission's Outreach Program.

The Real Estate Commission is a nine-member Governor-appointed body comprised of seven industry members, and two public members, who serve four-year terms. The Commission oversees the licensing of real estate salespersons and brokers, including brokerages, and the maintenance and renewal of these licenses every two years. The Commission certifies prelicense education schools and instructors, and is responsible for the development of the prelicensing curriculum for salespersons and brokers. The Commission also registers continuing education providers and certifies continuing education courses, and in the condominium area, registers condominium projects and condominium owner associations. Condominium managing agents are also monitored for compliance with the relevant laws. The Commission publishes and disseminates reports and participates in court cases involving the real estate recovery fund. There were 6 cases filed for payment from the fund during FY 2011. 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.

Frances Gendrano, O'ahu Commissioner, Chair of the Laws and Rules Review Committee, and Vice Chair Walter Harvey, O'ahu Commissioner, have diligently worked to address national and state issues that may impact Hawaii. In this year's legislative session, Act 212 HB 320 HD2 SD1 amended the Real Estate Appraiser law, Hawaii Revised Statutes, Chapter 466K, and allows real estate salespersons and brokers to render broker price opinions for compensation. Rule-making for Hawaii Administrative Rules, Chapter 99 was initiated and the proposed changes are headed for review and approval.

The Education Review Committee under the leadership of Carol Ball, Maui Commissioner, and Vice Chair Scott Sherley, Big Island Commissioner, worked with the Education Evaluation Task Force made up of industry volunteers, to develop the Commission's Part A, 2011-2012 mandatory core course. The mandatory continuing education course will total five hours for the 2011-2012 biennium, due to the increase in required continuing education hours from 10 to 20 hours each biennium. Previously, the mandatory continuing education core course was for a total of four hours credit. In addition to the review of relevant legislation passed that directly impacts the real estate licensees, Part B of the 2009-2010 core course, offered in June 2010 and the remaining part of the fiscal year, 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.

Condominium Review Committee Chair, Michele Loudermilk, O'ahu Commissioner and Public Member, and Vice-Chair Mark Suiso, O'ahu 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.

Along with Commissioners Donna Apisa, Kauai broker, and Vice Chair of the Commission, Stanley Kuriyama, O'ahu 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, and the Condominium Research and Education Task Force, who contribute unselfishly their time and effort, and are committed to improve the real estate industry to maintain professional standards.

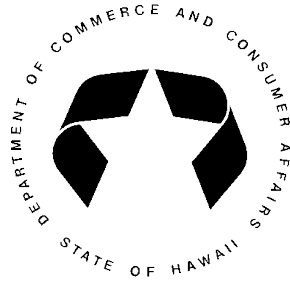
With the help and support of the Director of the Department of Commerce and Consumer Affairs, Keali'i Lopez, Licensing Administrator Celia Suzuki, RICO, the Department of the Attorney General, Supervising Executive Officer, Neil Fujitani, and the Real Estate Branch staff, the Commission will continue 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**



**Keali'i S. Lopez, Director
Everett Kaneshige, Deputy Director
Celia C. Suzuki, 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
Amy Fujioka, Office Assistant
Vacant, Office Assistant
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
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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 2011, led by Chair Frances Gendrano and Vice Chair Walt Harvey had an active year with legislation, reactive issues, licensing programs, and recovery fund administration.

Act 31, SB No. 1301 SD1 HD1 – Makes exemptions from state fair housing laws consistent with similar exemptions found in the federal Fair Housing Act and makes protected groups consistent throughout Chapter 515, Hawaii Revised Statutes.

Act 48, SB No. 651 SD2 HD2 CD1 - Implements recommendations of the mortgage foreclosure task force by establishing a temporary mortgage foreclosure dispute resolution program; authorizes conversion from nonjudicial to judicial foreclosure; amends sections relating to mortgage servicers; amends the nonjudicial foreclosure process; and establishes mortgage foreclosure dispute resolution special fund.

Act 65, HB No. 1130 SD1 – Repeals the sunset date of Act 158, Session Laws of Hawaii 2009, requiring condominium associations, planned community associations, and cooperative housing corporations to establish an access policy for civil process servers.

Act 98, SB No. 1483 SD1 HD1 CD1 – Requires a condominium association that includes time share units to list its name and address as the representative agent for individual time share owners from the records that the association is required to maintain unless the individual time share owner requests the association to maintain the individual owner's name and address in the association's records instead.

Act 115, HB No. 319 HD1 SD1 CD1 – Clarifies that an owner with an open permit may be exempt, upon a showing of hardship, from the prohibition on sale of lease of a property constructed or improved under an owner-builder exemption within one year of the construction

or improvement.

Act 198, SB No. 181 SD1 HD1 CD 1 – Establishes a working group to study the feasibility of requiring all new single-family residential construction to incorporate design elements and minimum equipment installation at the time of construction to facilitate the future adoption of a photovoltaic system.

Act 212, HB No. 320 HD2 SD1 - Exempts a real estate licensee who provides an opinion as to the estimated price of real estate from the requirement for licensure as an appraiser subject to certain conditions.

Act 218, SB No. 1213 SD1 HD1 CD 1 – Establishes a temporary task force to review state and county administrative rules to expedite and make less burdensome the permitting and approval process.

Special Subcommittees

For FY 2011, the 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.

Licensing

For FY 2011, the total number of licensees decreased to 17,660 as compared to 19,895 in FY 2010. The 2,235 decrease in licensees represents an approximately 11% decrease over the previous fiscal year. The number of real estate licensees has always been cyclical, with the all-time high of 26,090 licensees in 1990 and the lowest count in the past 20 years of 13,033 licensees in 1999.

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 2011, the Commission received notification for six claims on the fund. This was a 100% increase from the FY 2010 notices received (See Chart 1). Also in FY 2011, there were five payments out of the

recovery fund. Since its inception in 1967, the recovery fund has paid out over two million dollars (See Chart 2).

FY 2011 PROGRAM OF WORK

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,

CHART 1. Recovery Fund - Notices

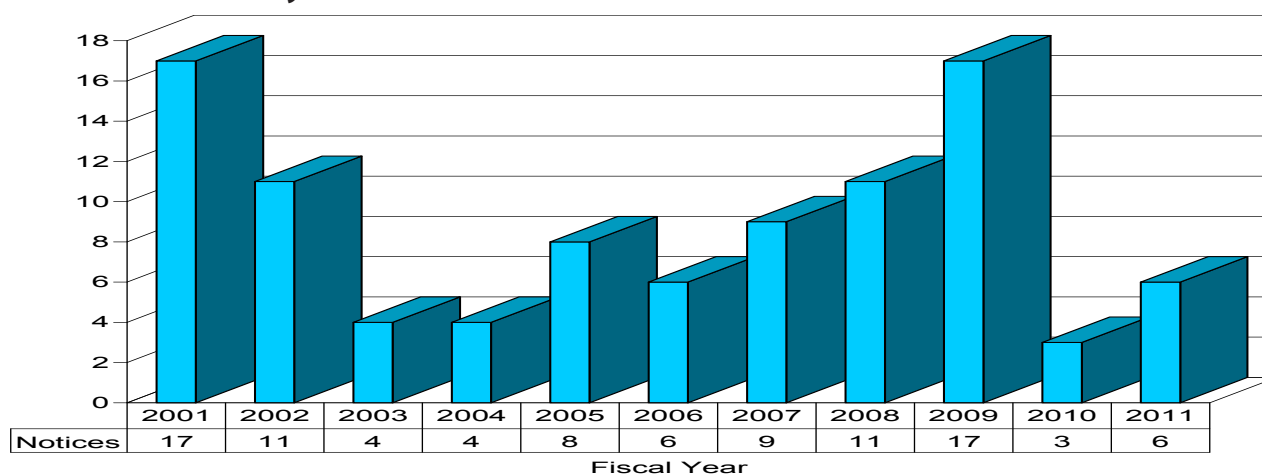
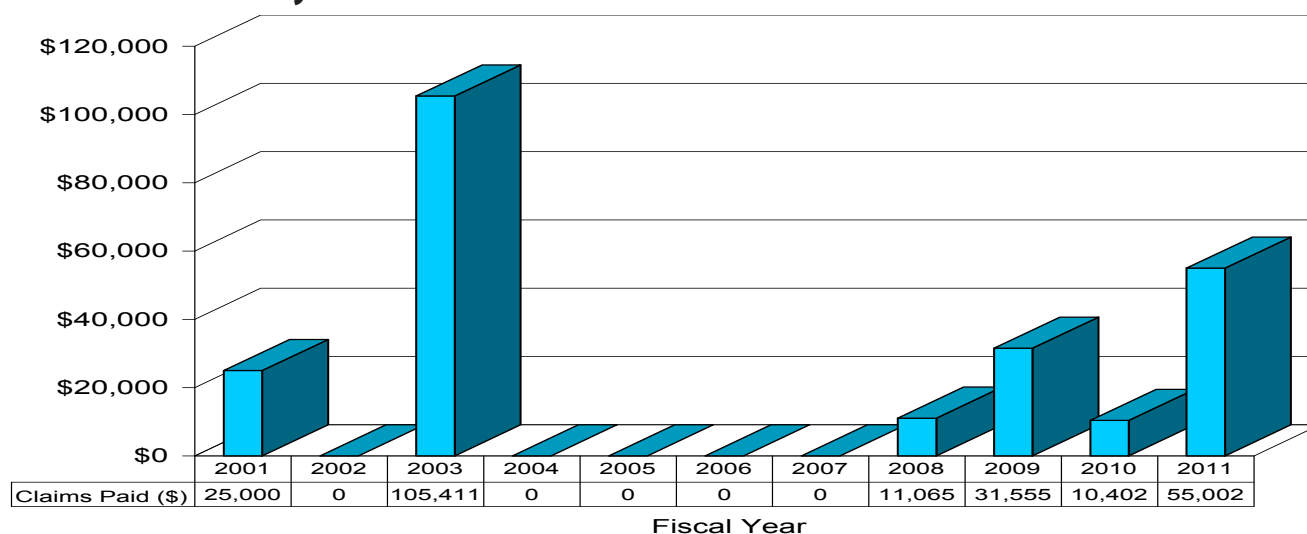


CHART 2. Recovery Fund - Claims Paid



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.

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.

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 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 Maui but was otherwise prohibited from traveling to other 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.

FY 2012 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 2011 Administrative Actions

No. of Licensees Disciplined - By Category	
General Brokerage	22
Other	13
Condominium Management	1
Total	36
Licenses Revoked	18
Licenses Suspended	2
Licenses Fined	26
Total fines	\$60,500

Disciplinary Actions

The Commission took disciplinary action against 36 licensees in FY 2011. This was a 14.3% decrease over the 42 licensees disciplined in FY 2010. Chart 3 provides historical information on the number of licensees disciplined.

Fines totaling \$60,500 were assessed against 26 of the licensees. Eighteen licensees had their licenses revoked. Table 1 and Chart 4 provide details on administrative 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 FY 2010, totalling 26, decreased 29.7% compared to last year's total of 37.

CHART 3. Disciplinary Actions (FY 2001-2011)

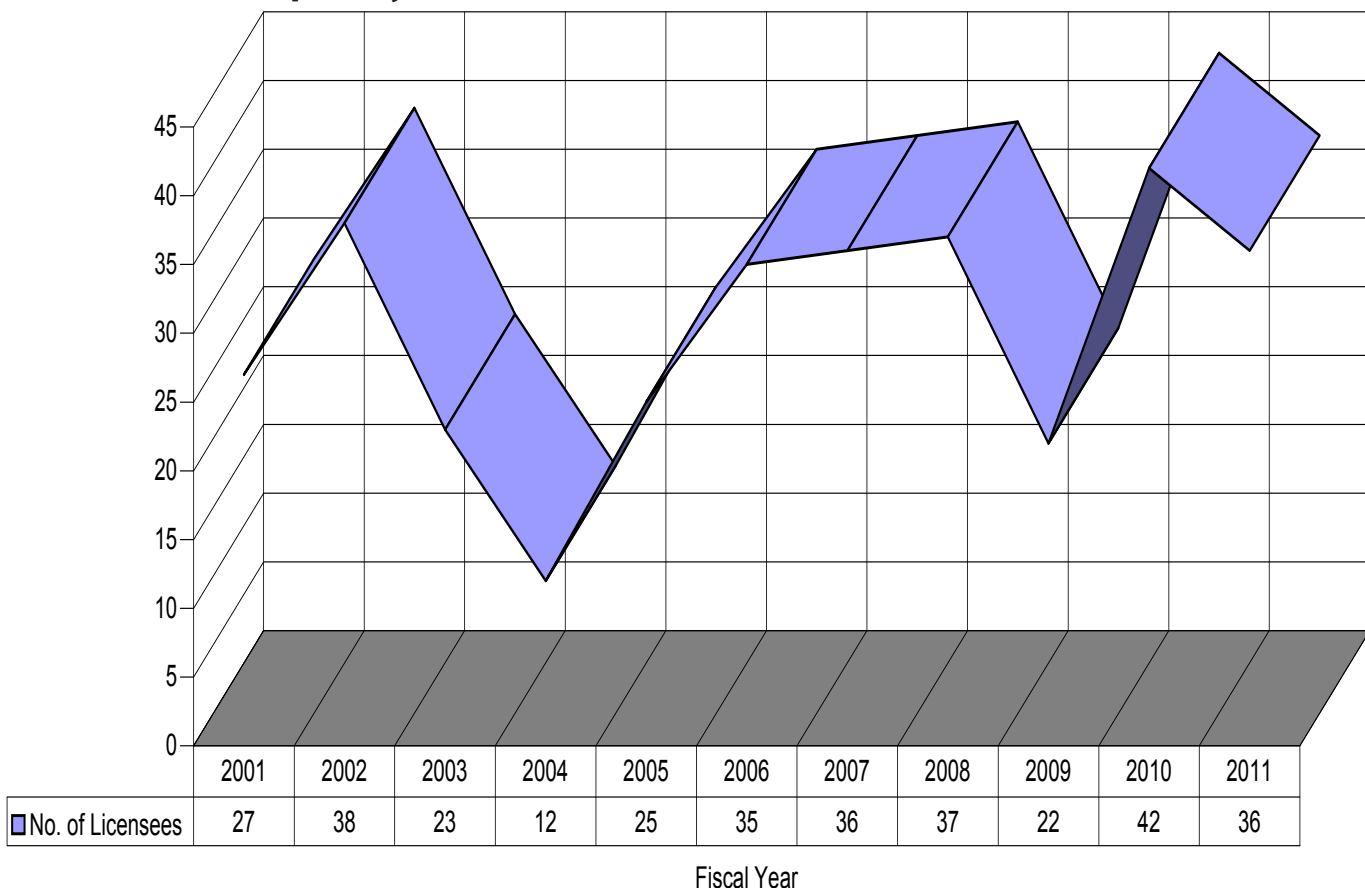
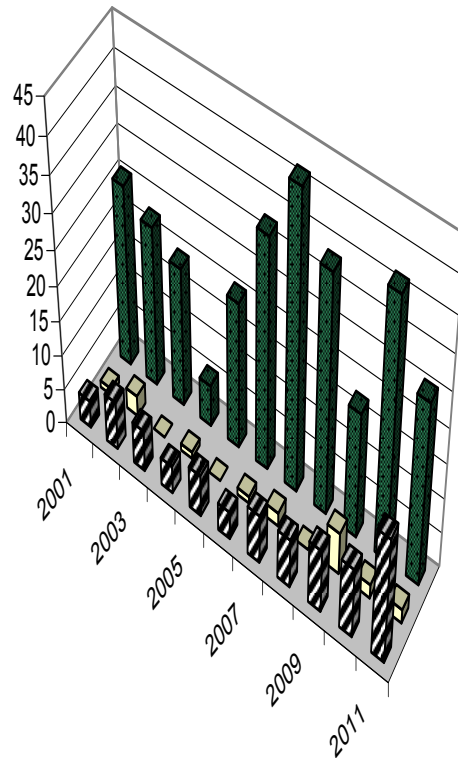
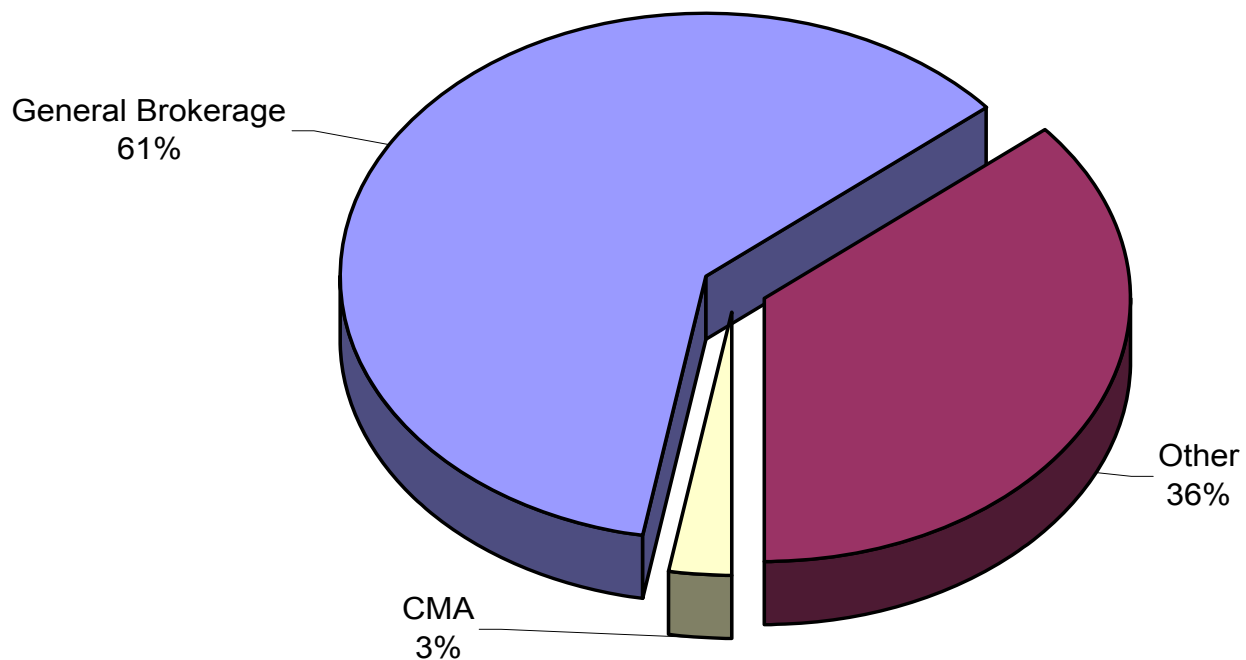


CHART 4. Administrative Actions - Sanctions (FY 2001-2011)


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
▨ Licenses Revoked	4	7	6	4	6	4	7	7	9	10	18
▨ Licenses Suspended	1	3	0	1	0	1	2	0	6	2	2
■ Licenses Fined	26	23	20	6	21	33	42	34	18	37	26

CHART 5. Disciplinary Actions By Activity (FY 2011)


REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

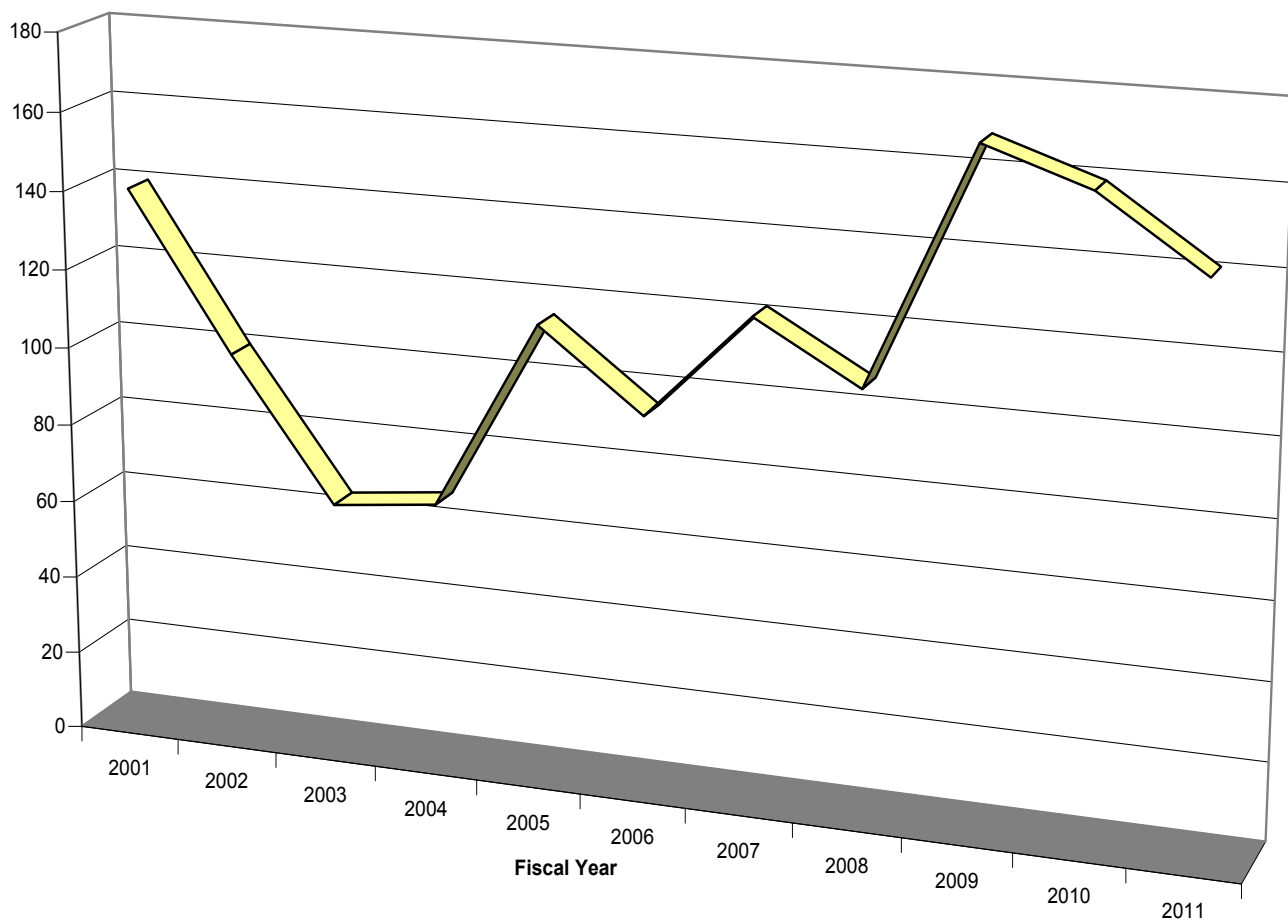
RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with an 11.3% decrease in FY 2011. RICO received 141 real estate complaints in FY 2011, compared to 159 in FY 2010. Refer to Chart 6.

One hundred and eleven of the complaints are pending, while 30 have been closed. Of the closed complaints, warning letters were issued in eleven cases, legal actions in five cases, no violations in four cases, insufficient evidence in four cases, two cases were resolved prior to RICO action, one case was withdrawn, and three cases were closed as

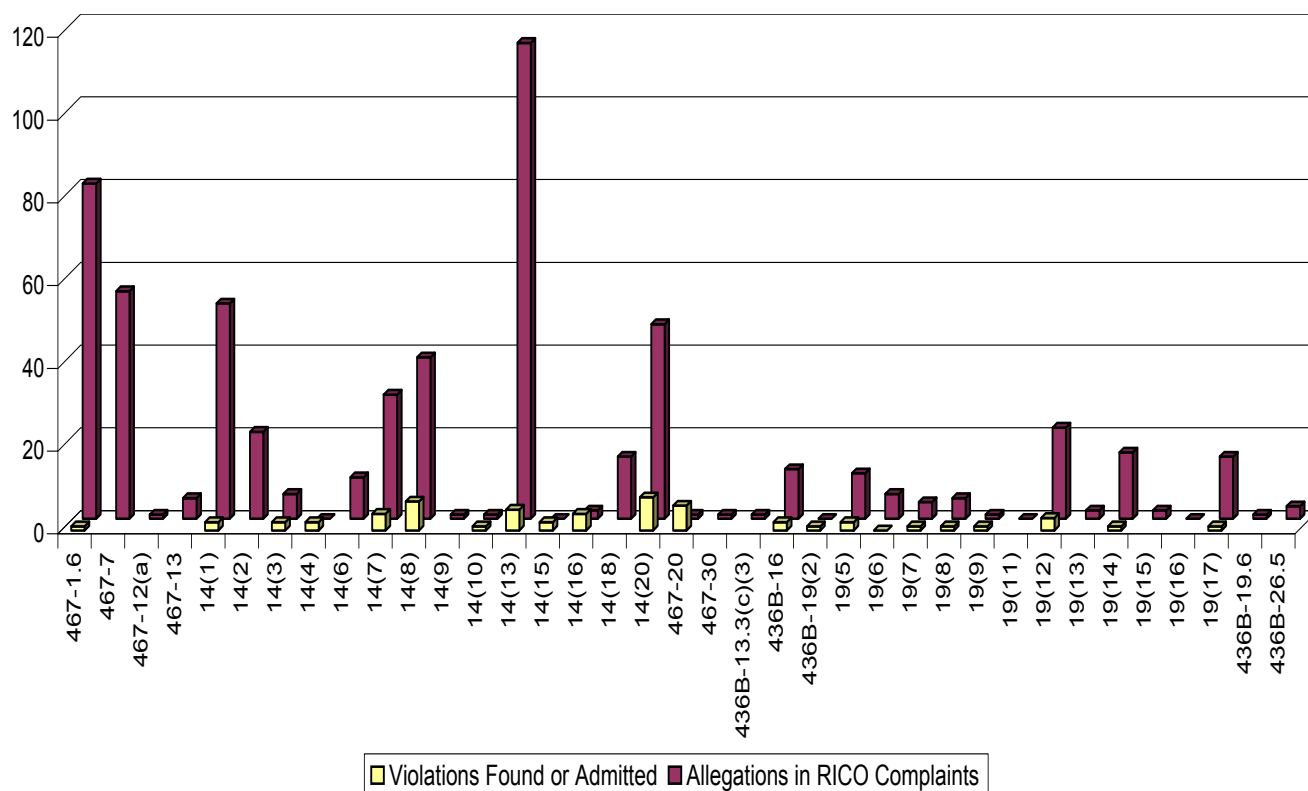
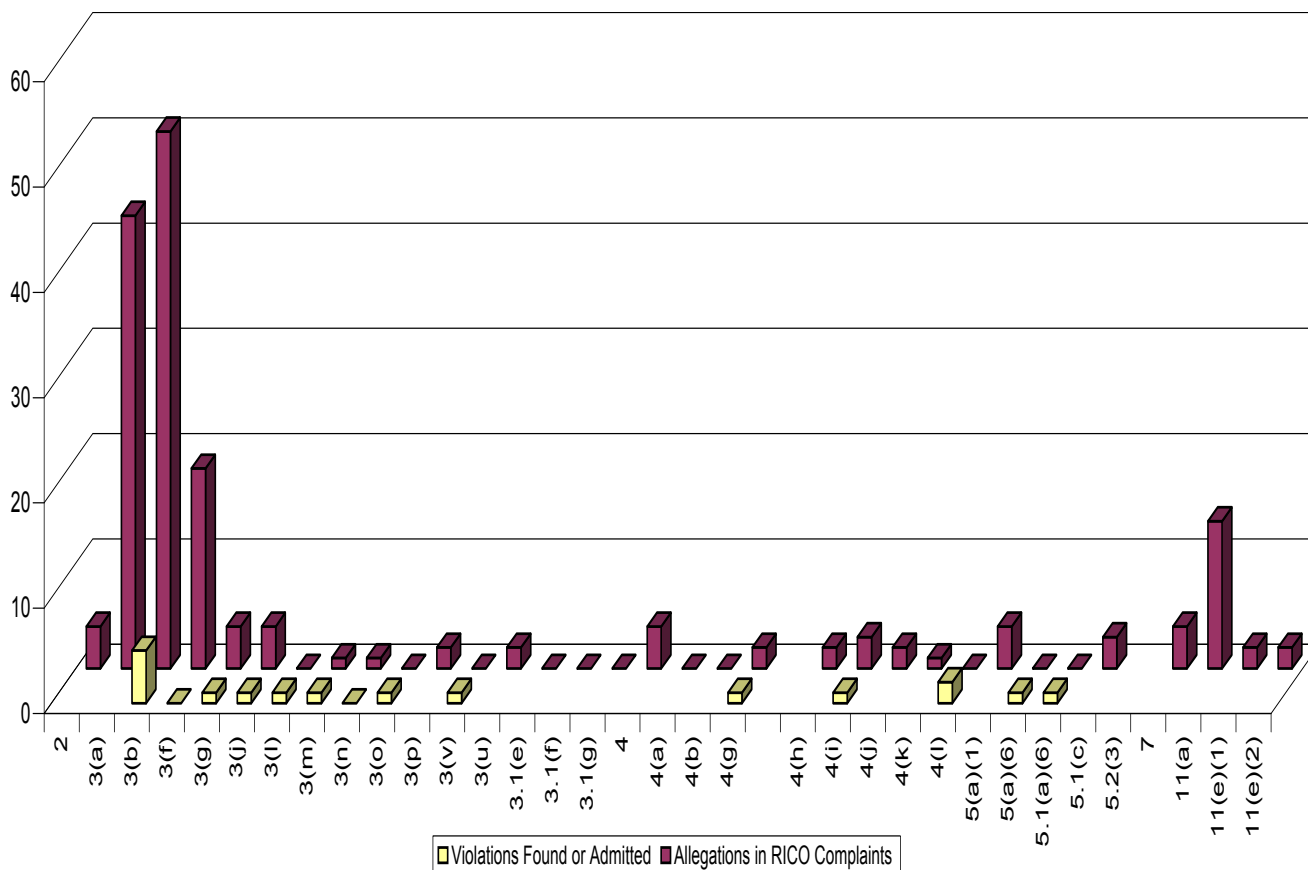
RICO was unable to proceed.

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 2001-2011)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Complaints	140	100	64	67	115	95	122	107	168	159	141

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

Chart 8. Rules Violations (Chapter 99, HAR)


Statutory Violations (HRS Ch. 467 and 436B)

- | | |
|---|---|
| <p>§467-1.6 Principal broker shall have direct management and supervision of the firm and its licensees.</p> <p>§467-7 Licenses required to act as a real estate broker or salesperson.</p> <p>§467-12(a) A licensed real estate broker shall have and maintain a definite place of business in the State, in compliance with this chapter and the rules of the commission, and shall display therein the real estate broker's license and upon request make available any associating real estate salesperson's license.</p> <p>§467-13 Licensee shall deliver a copy of the agreement or contract to the parties signing it at the time the signature is obtained.</p> <p>§467-14(1) Making any misrepresentation concerning any real estate transaction.</p> <p>§467-14(2) Making any false promises concerning any real estate transaction of a character likely to mislead another.</p> <p>§467-14(3) Pursuing a continued and flagrant course of misrepresentation.</p> <p>§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.</p> <p>§467-14(7) Failing to account for moneys belonging to others.</p> <p>§467-14(8) Conduct constituting fraudulent or dishonest dealings.</p> <p>§467-14(9) When the licensee, being a partnership, permits any member of the partnership who does not hold a real estate broker's license to actively participate in the real estate brokerage business thereof or permits any employee thereof who does not hold a real estate salesperson's license to act as a real estate salesperson therefor.</p> <p>§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.</p> <p>§467-14(10) When the licensee, being a corporation, permits any officer or employee of the corporation who does not hold a real estate broker's license to have the direct management of the real estate brokerage business thereof or permits any officer or employee thereof who does not hold a real estate salesperson's license to act as a real estate salesperson therefor.</p> <p>§467-14(13) Violating this chapter, chapters 484, 514A, 514B, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.</p> <p>§467-14(16) Converting other people's moneys to the licensee's own use.</p> <p>§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.</p> | <p>§467-14(20) Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.</p> <p>§467-20 False statement.</p> <p>§467-30 Registration, bonding, and other requirements for condominium hotel operators.</p> <p>§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.</p> <p>§436B-19(5) Procuring a license through fraud, misrepresentation, or deceit.</p> <p>§436B-19(6) Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.</p> <p>§436B-19(7) Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.</p> <p>§436B-19(8) Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.</p> <p>§436B-19(9) Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.</p> <p>§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.</p> <p>§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.</p> <p>§436B-19(14) Criminal conviction.</p> <p>§436B-19(15) Failure to report disciplinary action within thirty days of the disciplinary decision.</p> <p>§436B-19(17) Violations of Chapter 467, HRS, or any other rule or order of the licensing authority.</p> <p>§436B-19.6 Denial or suspension of license for default of student loan repayment contract, or scholarship contract.</p> <p>§436B-26.5 Citation for unlicensed activity; civil penalties.</p> |
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Rules Violations (Chapter 99, HAR)

- § 16-99-2 Definitions.
- § 16-99-3 Conduct.
- § 16-99-3(a) Licensee shall fully protect the general public in its real estate transactions.
- § 16-99-3(b) Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
- § 16-99-3(f) Licensee shall see that financial obligations and commitments are in writing.
- § 16-99-3(g) Licensee shall not acquire property without making the true position known in writing to the owner.
- § 16-99-3(j) A licensee shall transmit immediately all written offers in any real estate transaction as defined in section 16-99-3.1 to the listing broker who has a written unexpired exclusive listing contract covering the property. Each written offer, upon receipt by the listing broker, shall be transmitted to the seller immediately. In the event that more than one formal written offer on a specific property is made before the owner has accepted an offer, any other formal written offer presented to the broker, whether by a prospective purchaser or another broker, shall be immediately transmitted to the owner for decision. If an offer or counter offer is rejected, the rejection shall be noted on the offer or counter offer, or in the event of seller's or buyer's neglect or refusal to do so, the broker for the rejecting party shall note the rejection on the offer or counter offer and a copy shall be returned immediately to the originator of the offer or counter offer.
- § 16-99-3(m) There shall be a principal broker or one or more brokers in charge, or both, at the principal place of business, and one or more brokers in charge at a branch office who shall be immediately responsible for the real estate operations conducted at that place of business.
- § 16-99-3(n) A brokerage firm shall maintain a principal place of business located in this State at a business address registered with the commission from which the brokerage firm conducts business and where the brokerage firm's books and records are maintained.
- § 16-99-3(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.
- § 16-99-4 Client's account; trust funds; properties other than funds.
- § 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
- § 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.
- § 16-99-4(j) A principal broker or broker in charge shall not allow any person to have custody or control of trust properties held by the principal broker or broker in charge except as provided in chapter 467, HRS, and this chapter.
- § 16-99-4(k) A principal broker may allow a broker in charge to have custody and control of trust properties on behalf of the principal broker. The principal broker and broker in charge shall be jointly responsible for any trust properties the principal broker authorizes the broker in charge to handle.
- § 16-99-5(a)(1) Reporting change within ten days of change in the licensee's legal name, residence address, and mailing address.
- § 16-99-5.1(c) A principal broker or broker in charge may place an individual licensee associated with or employed by the brokerage firm on an involuntary inactive status after written notification to the affected individual licensee.
- § 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.
- 99-11(e)(1) All advertising and promotional materials that refer to the individual licensee's name, including but not limited to business cards, shall include the licensee's legal name, name as licensed by the commission, or sole proprietor's trade name as licensed by the commission;
- 99-11(e)(2) All advertising and promotional materials that refer to the individual licensee's name, including but not limited to business cards, shall identify the licensee with the licensee's associating or employing brokerage firm.

EDUCATION REVIEW COMMITTEE (ERC) REPORT

The ERC, for fiscal year 2011, under the leadership of Chair Carol Mae Ball and Vice Chair Scott Sherley, continued to address important and varied education issues.

FY 2011 PROGRAM OF WORK

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.

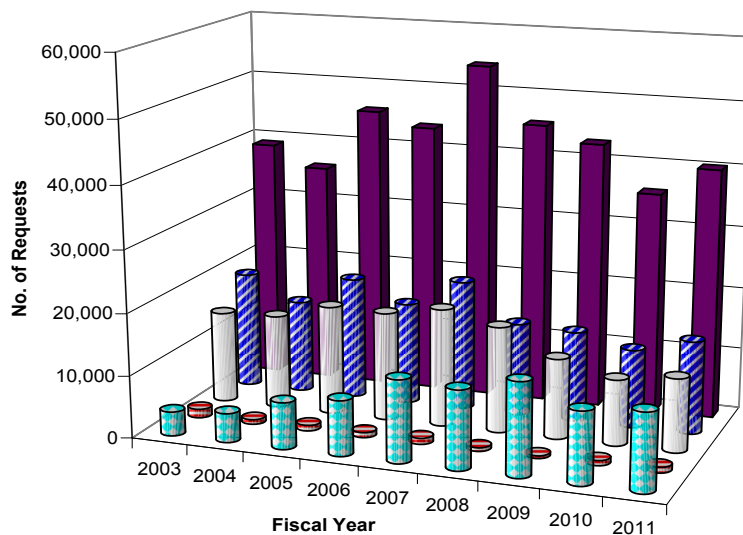
Advice, Education, and Referral – Staff continued to provide advice, education, and referral to applicants, licensees, government officials, consumers, public, organizations, including the research, reproduction of materials

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.

Staff continued to field a high number of telephone, walk-in, written inquiries, faxes, and emails. For real estate, the fiscal year produced 14,965 telephone inquiries; 916 walk-in inquiries; 11,821 applications, written inquiries/requests, faxes; and 12,444 emails. See Chart 9.

Administration of Prelicense Education Program, Schools and Instructors – The Commission provided administrative review and an approval process for applications,

CHART 9. Inquiries and Applications (FY 2003-2011)



	2003	2004	2005	2006	2007	2008	2009	2010	2011
E-mail	3,889	4,695	7,499	8,886	13,193	12,648	14,950	11,528	12,444
Walk-ins	1,417	768	904	807	996	594	436	820	916
Applications / written requests	14,753	15,137	17,574	17,439	18,985	17,037	12,910	10,596	11,821
Telephone calls	18,864	15,050	19,738	16,478	20,995	14,999	14,576	12,635	14,965
Total	38,923	35,650	45,715	43,610	54,169	45,278	42,872	35,579	40,146

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.

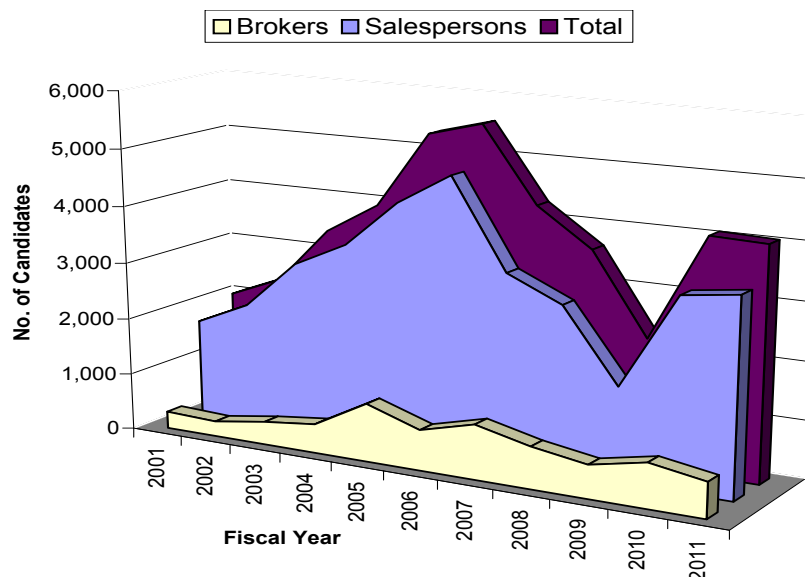
Administration of Examinations – The Commission administered the real estate licensing examination program, including contract administration with its test administrator, PSI, and provided information regarding the exam process, reviewed amendments to test candidate booklets, evaluated periodic examination reports and kept abreast of daily exams. The Commission, along with PSI, conducted a Test Development Workshop and an Educators Forum October 5-6, 2010, and a prelicense instructor item writing webinar May 24-25, 2011.

Table 2. Real Estate Licensing Examination

	FY 2010	FY 2011	% Change
Brokers Tested	777	620	-20.2%
Salespersons Tested	3285	3410	3.8%
Total Tested	4062	4030	-0.8%
Brokers Passed	353	286	-19.0%
Salespersons Passed	1479	1657	12.0%
Total Passed	1832	1943	6.1%
% Brokers Pass	45.4%	46.1%	
% Salespersons Pass	45.0%	48.6%	

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 10, the number of examination candidates decreased less than 1% 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.

CHART 10. Licensing Examination Candidates (FY 2001-2011)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Brokers	304	269	409	516	1,022	714	957	735	583	777	620
Salespersons	1,744	2,158	3,012	3,458	4,283	4,838	3,306	2,884	1,638	3,285	3,410
Total	2,048	2,427	3,421	3,974	5,305	5,552	4,263	3,619	2,221	4,062	4,030

There were 234 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 13.7% decrease from the last fiscal year's total of 271 approvals.

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. Staff updated the Online Real Estate Continuing Education website as needed.

The Commission also published a quarterly newsletter, School Files, exclusively for the real estate education community. It provided schools, instructors, and continuing education providers' information on administrative procedures, changes in licensing laws, and other articles relevant to the delivery of real estate education. As with the Bulletin, School Files was published in print and in electronic format.

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 biennia, 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.

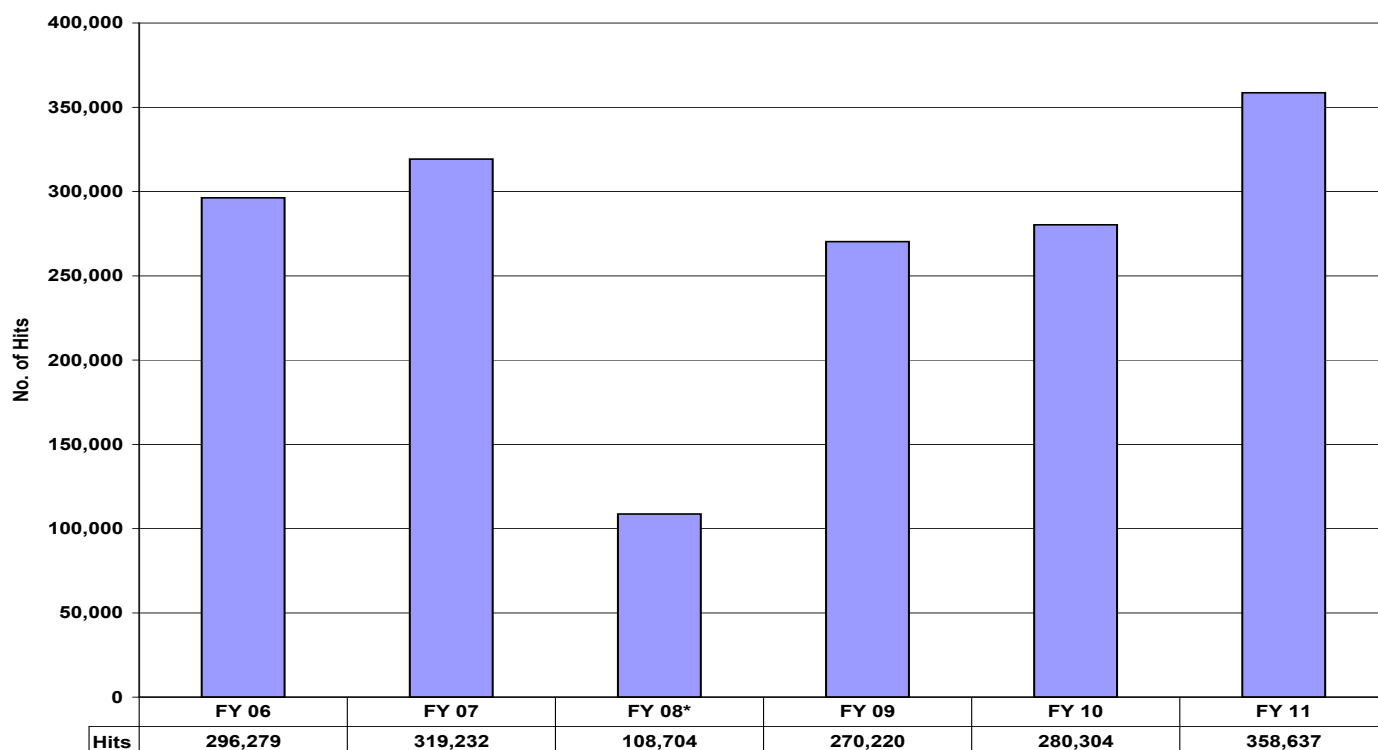
During the fiscal year, there were 323 newly approved CE courses, a decrease from the approved CE courses in the previous fiscal year. 162 of the courses were national courses. There were two newly approved CE providers. CE providers offered 1,514 classes to 35,729 participants, as compared to the previous fiscal year of 756 classes offered to 11,818 participants. The difference in number of classes and participants in FY 2010 and FY 2011 is due to the even-numbered year being a renewal year for real estate licensees.

Education Evaluation Task Force (EETF) – The Commission's EETF reviewed, recommended, assisted in development, updates, and administration of education-related projects and continuing education. The EETF conducted four meetings during the fiscal year: January 20, 2011, February 17, 2011, April 7, 2011, and May 19, 2011. The EETF assisted in the development of the Commission's 2011-2012 Core Course, Part A.

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

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

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

CHART 11. Website Hits

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

parties. It was also available in electronic format on the Commission's website at www.hawaii.gov/hirec.

In contrast to the Bulletin, 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.

Real Estate Education Fund (REEF) –

The Commission maintained and reviewed the budget, finance, and records for REEF; prepared quarterly and annual financial statements; prepared annual and biennial budgets; and administered fund investment programs, including contract administration and procurement code management.

Neighbor Island Outreach – The Commission held one Committee meeting on Maui in November, 2010. The restriction on travel was

lifted earlier in 2010. The meetings, when held, afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in the committee meetings.

Interactive Participation with Other Organizations

– The Commission continued its participation in events sponsored by local and national organizations. On a national level, the Commission continued its active participation with the Association of Real Estate License Law Officials (ARELLO) and the Real Estate Educators Association (REEA). Participation in local, national and international organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry, exchange information and concerns, share education 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 2011-2012 biennium for real estate licensees 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.

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 a second time in July and August 2010 on Oahu. The first presentation occurred in the prior fiscal year.

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

Real Estate 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 Boards of REALTORS®’ offices is the opportunity to exchange information with the staff and membership of the local Boards.

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

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

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

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

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 358,000 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.

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 in and sponsored cooperative education, research, and administrative programs for those individuals, branches, divisions, department personnel, and the Department of Attorney General 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 2011 decreased 3.7% over the prior fiscal year. During FY 2011, 1,025 new licenses were issued. Individual broker licenses increased by 33.3%, new salesperson licenses decreased by 10.5%, and new entity licenses decreased by 25%. Refer to Chart 12.

Current Licenses

The overall number of current real estate licenses decreased 11.4% by the end of FY 2011. In FY 2011, active licenses decreased 6.7% over last year, while inactive licenses decreased 20.6%. There was a 2.8% decrease of active licenses on Maui, a 4% decrease on Kauai, a 7.3% decrease on Hawaii, a 7.8% decrease on Oahu, and a 6.4% decrease on Molokai. There was no change on the island of Lanai. Refer to Table 3, Charts 13 and 14.

CHART 12. New Real Estate Licenses Issued

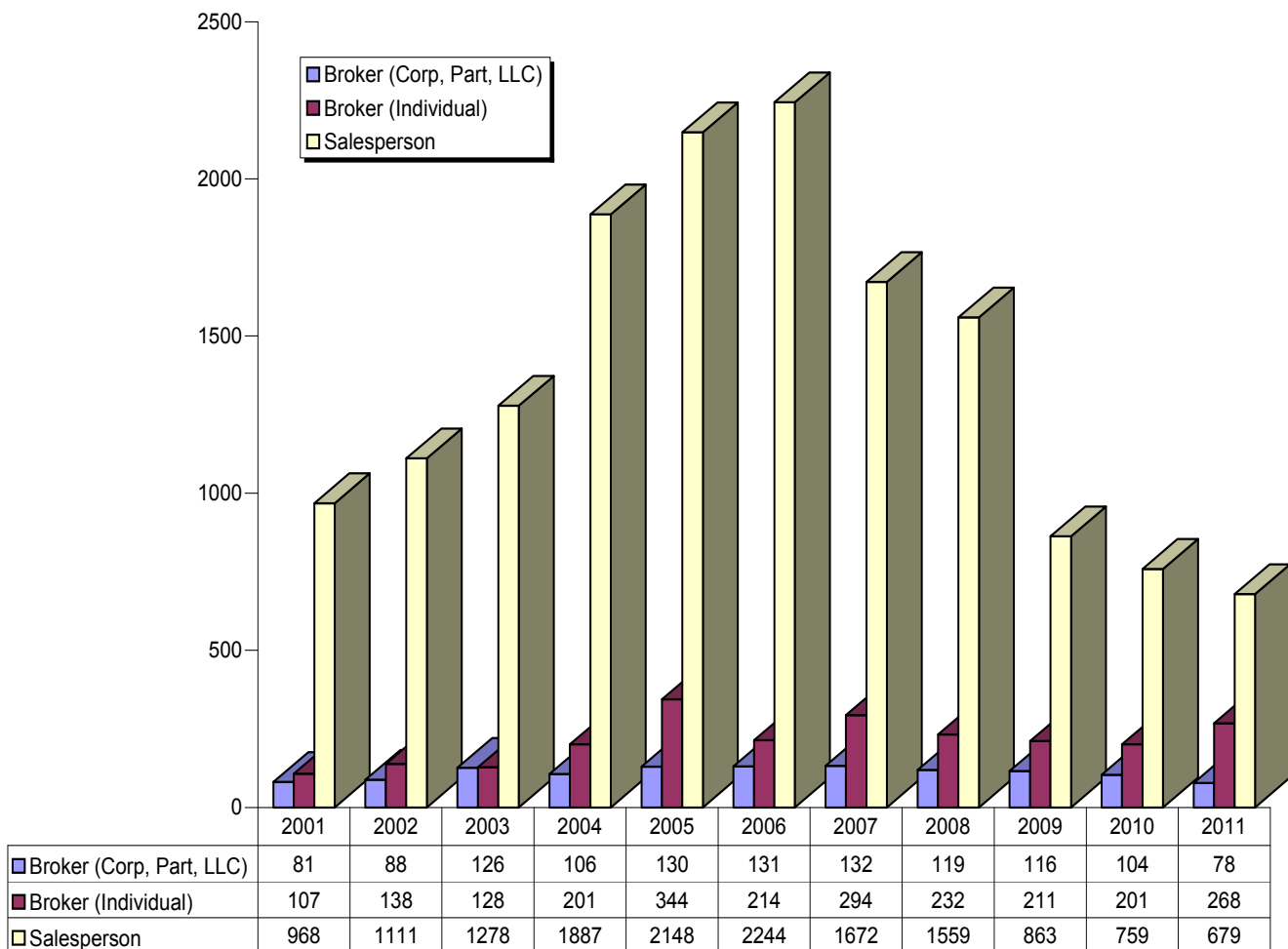


Table 3. Current Real Estate Licensees - By License Type and Island (July 2011)

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,924	477	458	205	14	3	57	3,138
Salesperson	4,106	835	1,153	497	19	5	120	6,735
Sole Proprietor	660	136	102	61	4	1	1	965
Corporation, Partnership, LLC	955	222	231	105	7	3	2	1,525
Total Active	7,645	1,670	1,944	868	44	12	180	12,363
Inactive								
Broker	296	43	34	30	0	0	204	607
Salesperson	2,557	478	635	322	7	7	616	4,622
Corporation, Partnership, LLC	30	3	4	1	0	0	3	41
Total Inactive	2,883	524	673	353	7	7	823	5,270
Active and Inactive								
Broker	2,220	520	492	235	14	3	261	3,745
Salesperson	6,663	1,313	1,788	819	26	12	736	11,357
Sole Proprietor	660	136	102	61	4	1	1	965
Corporation, Partnership, LLC	985	225	235	106	7	3	5	1,566
Total	10,528	2,194	2,617	1,221	51	19	1,003	17,633

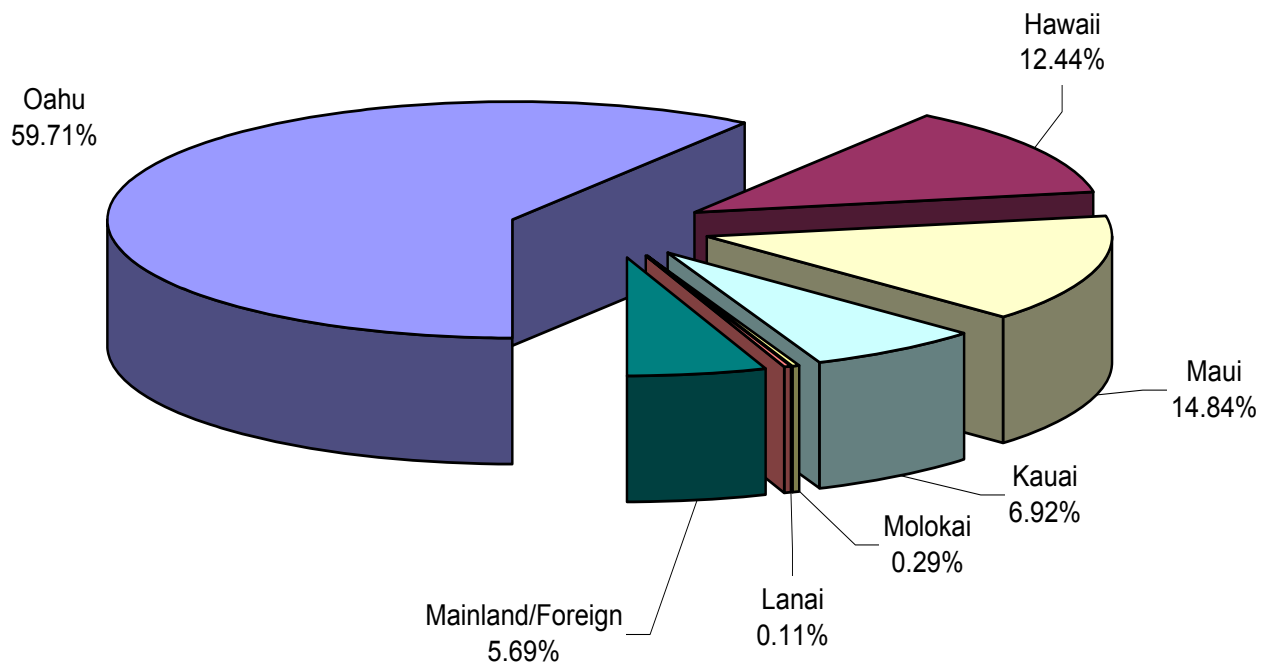
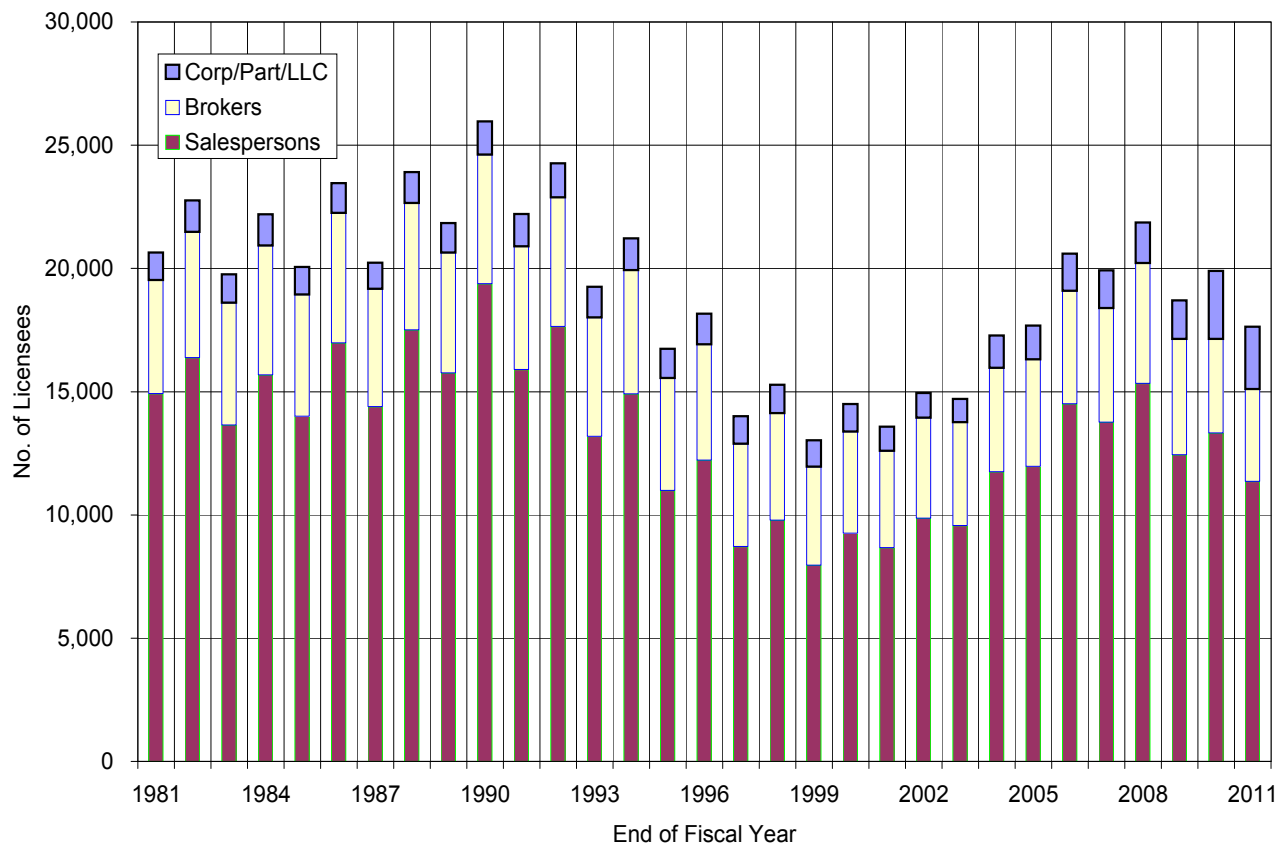
CHART 13. Real Estate Licensees - By Island

CHART 14. Total Real Estate Licensees**FY 2012 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 2011, 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;
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 2011 PROGRAM OF WORK

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

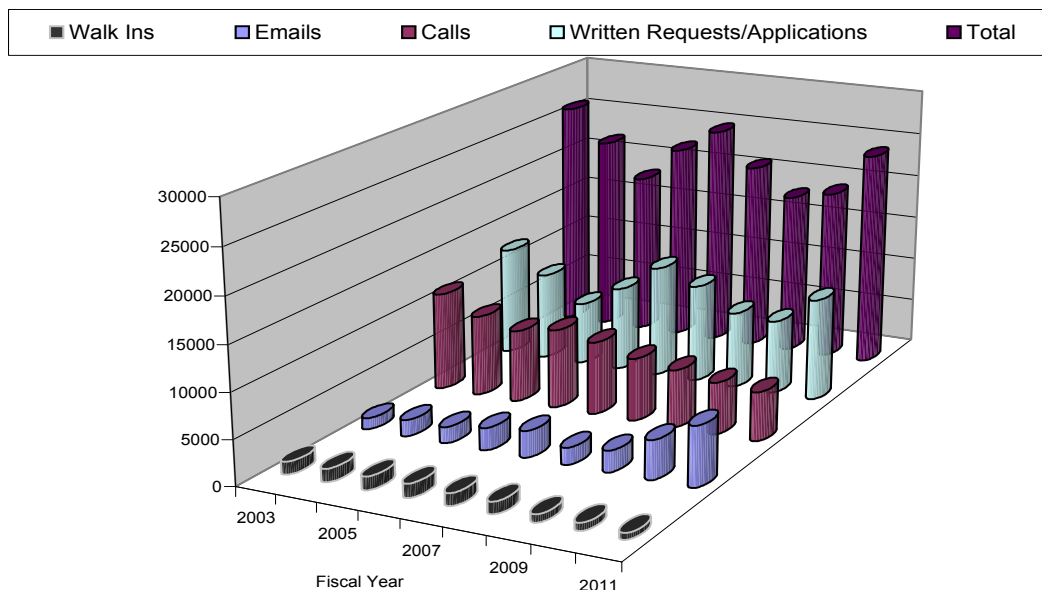
Condominium Laws and Education – Concurrently with the administration of Chapter 514A, HRS, the Commission participated in the legislative process to fine-tune Chapter 514B, HRS, effective July 1, 2006, and the continued implementation of this law. With the help of stakeholder organizations and volunteers, 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 and handouts. With the assistance of stakeholder organizations, the Commission continued with a statewide promotion and delivery of Commission-subsidized seminars.

Pursuant to Subchapter 5 of Chapter 201, Title 16, Hawaii Administrative Rules, the CRC issued two 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 website.

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 continued to review and amend existing Commission-developed educational materials, new and amended forms, instructions, in-

Chart 15. Condominium Advice, Education, and Referral



	2003	2004	2005	2006	2007	2008	2009	2010	2011
Walk Ins	1395	1480	1473	1551	1388	1322	874	875	690
Emails	1259	1819	1812	2487	2940	1890	2394	4295	6648
Calls	10971	9050	8064	8863	8157	7014	6459	5783	5479
Written Requests/Applications	12217	9819	7027	9461	12535	11035	8566	8300	11399
Total	25842	22168	18376	22362	25020	21261	18293	19253	24216

formational sheets, procedures and evaluative processes and explored delivery of educational seminars 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 developers 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. The Commission continued its work of procuring and contracting with condominium consultants to assist the Commission with the administration of registering condominium and issuance of effective dates for developer's public reports, which reports are mandated for sales of condominium units.

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:

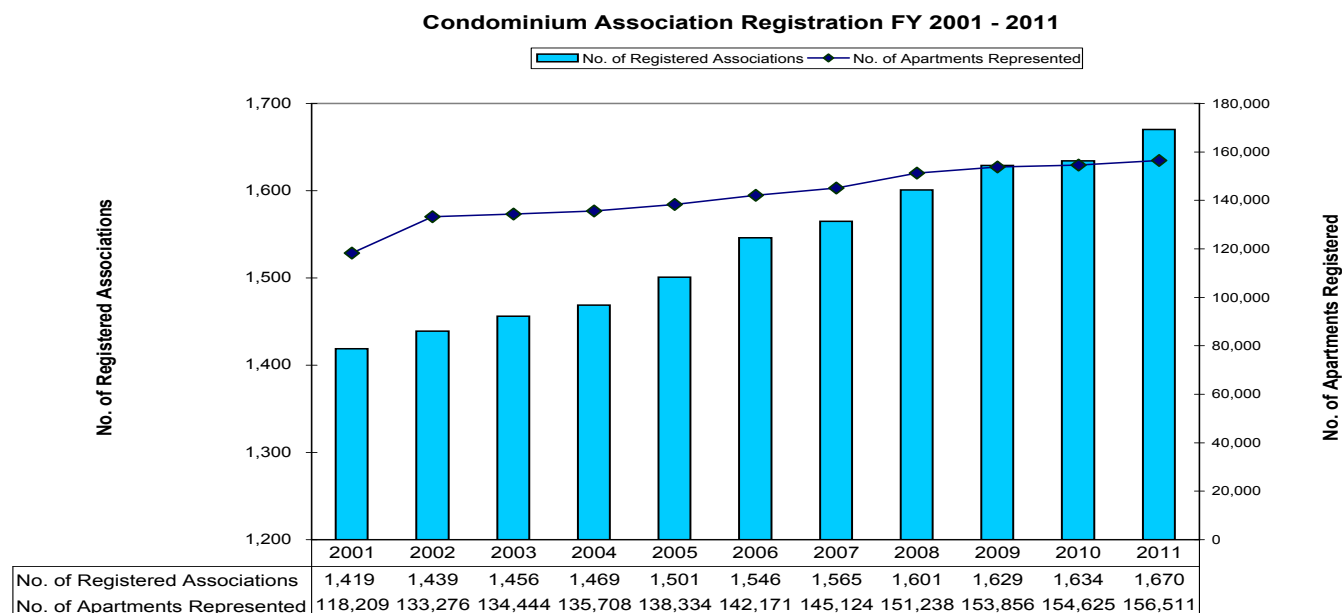
Mark Suiso

Hawaii Condominium Bulletin – The Commission continued the research, development, publication and online posting of a quarterly bulletin for the condominium community. During FY 2011, in continuing efforts to "go green", the Commission initiated online distribution of the Condominium Bulletin. Staff continued the procurement code management and administration of the contract with consultants assisting in the design, layout, and online publication of the bulletin.

During this fiscal year, the Mediation Center of the Pacific and the Disability and Communications Access Board, State of Hawaii, contributed articles for publication in the Condominium Bulletin.

Condominium Mediation and Arbitration Program – The Commission subsidized mediation programs on four islands and worked with various mediation providers, including the Mediation Center of the Pacific on Oahu to provide educational seminars about alternative dispute resolution and mediation for boards of directors, apartment owners and CMAs. Evaluative mediation continued to be offered as a program option along with facilitative mediation. Staff collected statistical

Chart 17. Condominium Association Registration



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 2011:

- July 2010, Kona, Hawaii – Legislative Update
- September 2010, Maui, Hawaii – Maximizing Your Dollars (with the Condo Council of Maui)
- September 2010, Honolulu, Hawaii – Maximizing Your Dollars
- January 2011, Honolulu, Hawaii – The Good, Bad and Ugly – Employment Law
- March 2011, Honolulu, Hawaii – Ask the Experts
- April 2011, Honolulu, Hawaii – ABCs, Essentials of Community Association Leadership
- June 2011, Honolulu, Hawaii – Condo

Wars

- June 2011, Kona, Hawaii – Condo Wars

Additionally, the Commission explored electronic publication of consumer brochures.

Early this fiscal year, Oahu's PEG access provider, Olelo, rebroadcast at its website last fiscal year's Commission sponsored CETF subsidized free seminar. This educational effort was targeted to inform and educate those impacted by Chapter 514B, HRS, namely, condominium unit owners, boards of directors, managing agents, resident managers, developers, real estate licensees, attorneys, prospective condominium purchasers and the general public.

Ad Hoc Committee On Condominium

Education and Research – The CRC will continue to administer this volunteer group which reviews, recommends and assists in the development, update and administration of condominium education-related projects. The Commission expanded the advisory group's focus to include recommendations for a Commission five year educational stra-

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

- **Act 48** – Amends HRS § 514A-90, and HRS § 514B-146 (h) by increasing the amount that condominium associations are authorized to collect in past-due assessments and extending the time frame in which to collect it from the purchaser of a delinquent unit who purchases from the foreclosing lender. Creates the Mortgage Foreclosure Dispute Resolution Program.
- **Act 98** – Amends HRS § 514B-153 (e) by requiring a condominium association that includes time share units to list the association's name and address as the representative agent for individual time share owners in records that the association is required to maintain, unless the individual time share owner requests the association to maintain the individual owner's name and address in the association's records instead.
- **Act 9 SLH 2009** – set the repeal date for the Condominium Dispute Resolution Program as June 30, 2011. This date was not extended and as such, an administrative hearing through the Department of Commerce and Consumer Affairs is no longer available as an option for condominium dispute resolution.
- **Act 141 Relating to Small Claims Court** – Raises the maximum monetary claim that may be filed in small claims court, from not more than \$3,500, to not more than \$5,000. Filing in small claims court is an option for condominium dispute resolution where the litigated amount is not more than \$5,000.
- **Act 65 Relating to Service of Process** – Repeals the sunset date of July 1, 2012, requiring condominium associations to

establish an access policy for civil process servers.

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 which was held on the island of Maui. 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 purposes 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 educa-

tional efforts, the implementation of Chapter 514B, HRS, and for additional educational programs subject to revenue projections. The plans included the study and research of increasing the CETF fees for condominium owners and developers.

Consumer Education – The Commission’s consumer education efforts continued to focus on education through sponsored seminars, responding to telephone, email and written inquiries from the public, and the posting of online educational materials on the Commission’s website. Additional educational programs and services are contingent on efforts of the Commission to increase funding of the CETF.

Rule Making, Chapter 53, Fees – The Commission continued the rulemaking process and 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 Department and the Licensing Administrator.

CPR Project Workshop and Meetings

– The Commission’s 11 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 registration and documents.

Condominium Specialists Office for the

Day – Due to budgetary constraints this fiscal year, the Commission was limited to one neighbor island Office for the Day on the is-

land of Maui. 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 form-fillable and downloadable. The forms were evaluated and amended to meet the continuing implementation challenges. The Commission will continue 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.

(continued on page 36)

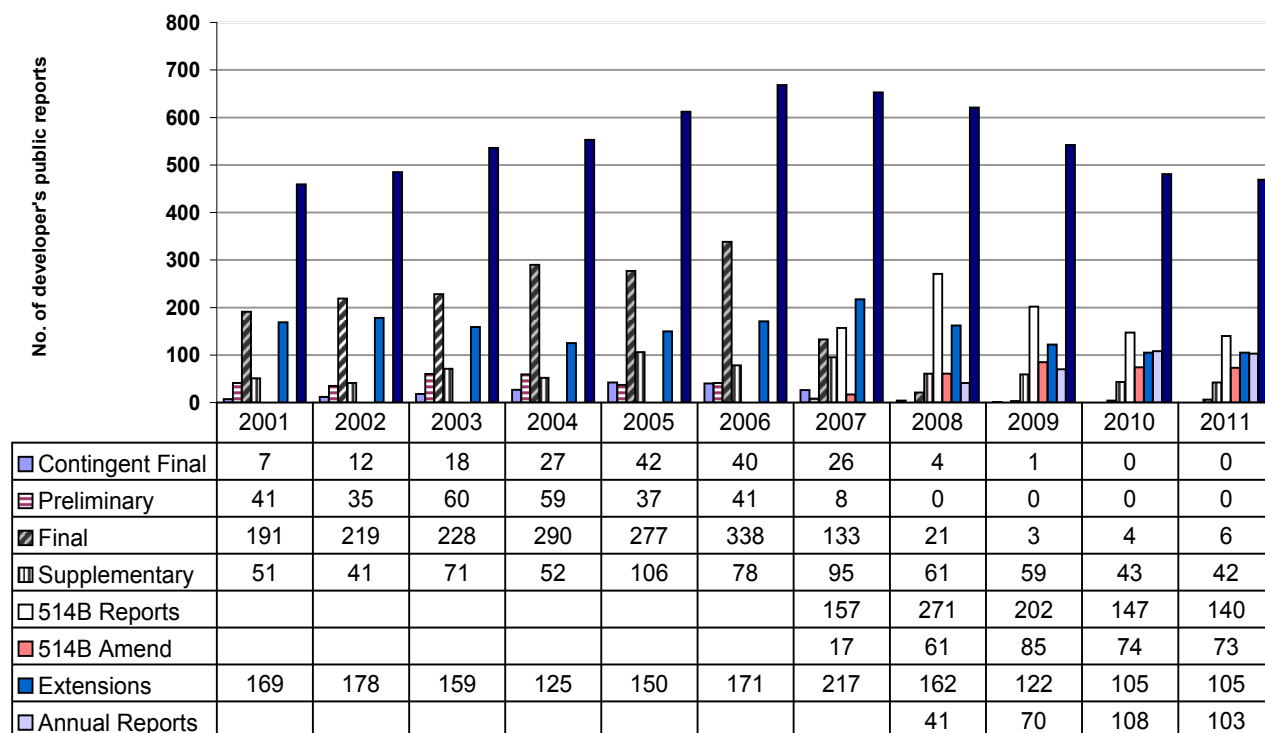
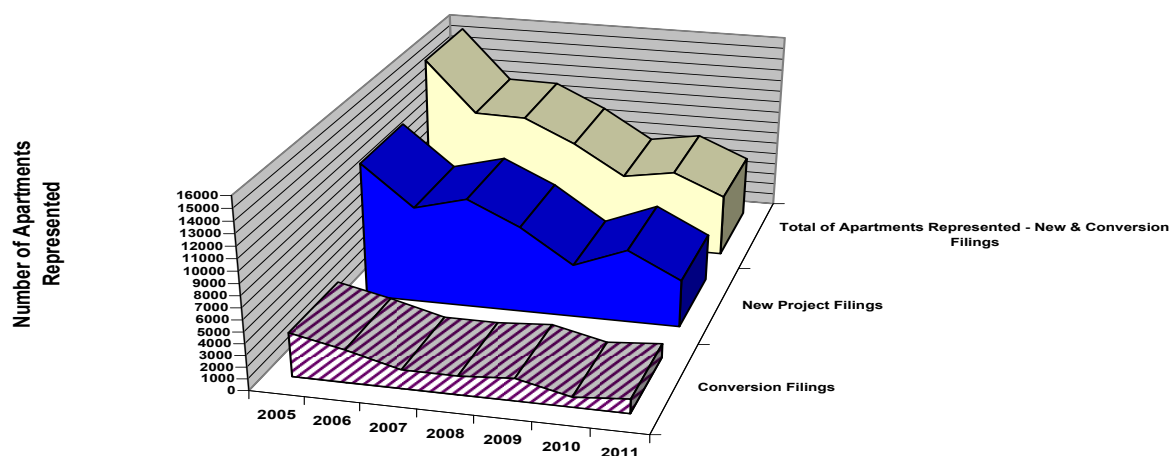
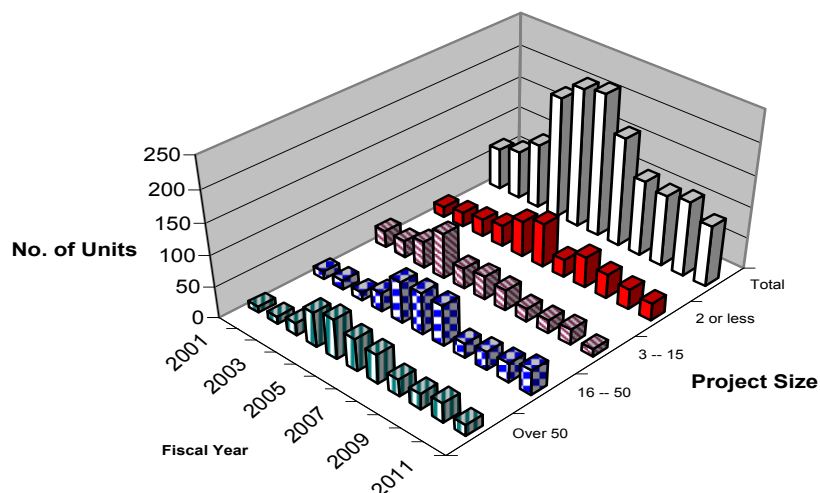
Chart 19. Developer's Public Reports Effective Dates Issued**Chart 20. Number of Condominium Apartments****New and Conversion Project Filings of Developers**

Chart 21. New Residential Projects - By Size



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Over 50	10	12	20	56	64	52	47	27	25	31	18
16 -- 50	12	15	13	30	66	67	65	23	29	31	40
3 -- 15	27	27	42	72	33	37	33	21	21	25	12
2 or less	17	23	28	34	57	70	28	49	38	32	27
Total	66	77	103	192	220	226	173	120	113	119	97

Table 4. Condominium Project Filings

New Projects	2005	2006	2007	2008	2009	2010	2011
Residential	219	230	178	146	118	120*	98*
No. of Apartments Represented	9334	6203	6582	4249	2928	2842	2126
Commercial and Other	25	47	29	37	20	8	12
No. of Apartments Represented	2338	89	2793	3208	1473	3401	1916
Agricultural	44	34	42	41	53	31	31
No. of Apartments Represented	205	2117	163	52	193	116	76
Total New Projects	288	311	249	224	191	159	141
Total No. of Apartments Represented	11877	8409	9538	7509	4594	6359	4118
Conversions							
Residential	135	164	157	132	112	89	79
No. of Apartments Represented	2347	1177	903	664	1592	618	575
Commercial and Other	16	14	8	14	4	4	3
No. of Apartments Represented	1325	1584	649	894	234	198	535
Agricultural	30	54	45	47	40	20	27
No. of Apartments Represented	146	73	67	61	84	35	119
Total Conversion Projects	181	232	210	193	156	113	109
Total No. of Apartments Represented	3818	2834	1619	1619	1910	851	1229
Combined New & Converted Project Filings	469	543	459	417	347	272	250
Combined No. of Apartments Represented	15695	11243	11157	9128	6504	7210	5347

* Total includes one (1) projects that was either withdrawn or returned.

Note 1: Numbers and totals may differ from those reported in prior annual reports due in part to the change in the database management software.

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

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

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

Cooperative Education, Research, and Administrative Program – Due 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 PVL, 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 expend monies from the CETF to provide national educational information and materials to condominium unit owners, developers, and the general public.

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;
- Condominium Education Trust Fund;
- 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 2012 PROGRAM OF WORK

Condominium Laws and Education – Concurrently with the administration of Chapter 514A, HRS, the Commission will continue to fine tune and implement Chapter 514B, HRS, including continuing participation in the legislative process. 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 multifaceted low cost educational programs with the help of stakeholder organizations and volunteers on all islands. In addition, with the help of stakeholder organizations and volunteers, the Commission will continue to review and amend existing Commission-developed educational materials, new and amended forms, instructions, informational sheets, procedures and evaluative processes and explore delivery of educational seminars video presented on the Commission's website.

Advice, Education, and Referral – Staff, on behalf of the Commission, will continue 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.

Subject to CETF funding, 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 will continue 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 will continue 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 in addition to conducting yearly informational meetings for all 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 will continue 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 de-

velopers' 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 will continue the research, development, and online publication of a quarterly bulletin. Staff will continue 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 will continue the procurement code management and administration of the contract with a consultant assisting in the layout, design and printing of the bulletin.

Condominium Mediation and Arbitration Program – The Commission will continue to subsidize and monitor the delivery of mediation programs, including evaluative mediation which may be offered as an option by mediation providers depending on funding availability, and the annual renewal of mediation contracts. Staff will continue 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 will continue to collect information and statistics for educational and Annual Report purposes. The Commission will continue to study the feasibility of CETF funding of arbitration for those parties eligible for mediation. The Commission will continue to work with MCP to update the MCP mediation training instruction manual.

Condominium Association Registration – Staff will continue to administer the online 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 will continue to research and study the feasibility of compiling a biennial profile of registered associations based on the data fields gathered from the registration information.

Condominium Seminars and Symposiums – The Commission will continue to produce seminars for the condominium community through procured contracts with various providers and will continue to procure for additional new providers on relevant topics. It will continue to administer CETF subsidies for Commission-approved seminars where funds are available. 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 will continue 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 will continue the administration of this group as necessary which reviews and makes recommendations and assists in the development, update and administration of condominium education-related projects. It will continue 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 will continue to study, evaluate, research, and develop rule amendments for the formal rule making process. It will continue 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, will continue to plan, coordinate, and conduct monthly CRC meetings. Staff includes the schedule of meetings and agendas on the Commission's website and will continue to maintain meeting minutes in PDF and searchable format.

Government and Legislative Participation and Report – The Commission will continue 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 2012 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 continue to 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 will continue 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, projecting a CETF funding shortfall beginning as early as FY 2012, will continue to plan and work with the Department to increase the CETF fees and budget for use in 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 will continue to work 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 will continue to review, research, and make recommendations on rule amendments for fees through coordination with the Department and the Licensing Administrator. This fiscal year, the Commission plans to hold public hearings on proposed new fees, and will continue to study deferred, existing and new educational programs and condominium services to determine appropriate fees and amendments to Chapter 53, Hawaii Administrative Rules.

CPR Project Workshop and Meetings – Staff will continue to conduct annual information sessions and forums for condominium consultants for purposes of orientation and information. Staff also will continue 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 will continue to honor requests to provide a speaker, resource person, or participate in a function related to condominium education, Chapters 514A and 514B, HRS, condominium governance issues as it relates to Chapters 514A and 514B, HRS, 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 will continue 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 will continue 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 will continue 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 will continue 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 will continue 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 will continue 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. Maintain and update continued 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 will continue to actively participate and sponsor 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 registra-

tion 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 will continue 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 will continue to maintain and update the Commission's website catalog of all public reference materials and will continue 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 will continue 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, 2011 (Unaudited)		FY 2011 Expenditures and Encumbrances (Unaudited)	
ASSETS		I. Operations	
Cash		Personnel	\$227,279
In State Treasury	\$438,247	Supplies	5,299
Short term cash investments	600,000	Postage	1,681
		Equipment Rentals/Maintenance	4,180
Total Assets	1,038,247	Machinery and Equipment	4,420
		Total Operations	<u>\$242,860</u>
LIABILITIES AND FUND BALANCE		II. Direct Licensee Education	
Liabilities			
Payables	23,568	Real Estate Seminars	0
Fund Balance		Neighbor Islands Outreach	1,212
Reserve for Encumbrances	13,100	Annual Report/Quarterly Bulletin	48,543
Unreserved	1,001,579	Programs	30,888
Balance	<u>1,014,679</u>	Total Direct Licensee Education	<u>79,844</u>
Total Liabilities and Fund Balance	\$1,038,247	III. Indirect Licensee Education	
Revenues and Expenditures For the Year Ending June 30, 2011 (Unaudited)		Interactive Participation w/Orgs.	17,042
Revenues		Staff/Commissioners Development	799
Fees	\$105,504	Dues & Subscriptions	2,342
Interest (includes Recovery Fund)	793	Miscellaneous	26
Total Revenues	<u>106,297</u>	Total Indirect Licensee Education	<u>20,209</u>
Expenditures	<u>329,812</u>	Total Expenditures and Encumbrances	<u><u>\$342,913</u></u>
Excess (deficiency) of revenues over expenditures	<u>(223,515)</u>		
Fund Balance			
Beginning of Year	<u>1,238,987</u>		
End of Year	<u><u>\$1,015,472</u></u>		

Real Estate Recovery Fund

**Fund Balance
As of June 30, 2011
(Unaudited)**

FY 2011 Recovery Fund Payments

ASSETS		Case No.	Licensee(s)	Amount
Cash		09-1-161K	Robert M. Smith	\$18,758
In State Treasury	\$270,950		dba Property Network Ltd	
Short term cash investments	500,000	09-1-219K	Robert M. Smith	\$4,763
Investment securities (cost)			dba Property Network Ltd	
Total Assets	<u>\$770,950</u>	09-1-140K	Robert M. Smith	\$8,882
			dba Property Network Ltd	
		09-1-215K	Robert M. Smith	\$15,165
			dba Property Network Ltd	
		09-1-162K	Robert M. Smith	\$7,434
			dba Property Network Ltd	
LIABILITIES AND FUND BALANCE				
Liabilities				
Payables	\$2,837			
Investment income included "In State Treasury" and				55,002
Paid to Real Estate Education Fund	<u>0</u>			
Total Liabilities	2,837			
Fund Balance				
Reserve for encumbrance	28			
Unreserved	<u>768,085</u>			
Fund Balance	768,113			
Total Liabilities and Fund Balance	<u>\$770,950</u>			

**Revenues and Expenditures
For the Year Ending June 30, 2011
(Unaudited)**

Revenues	
Fees	\$52,005
Expenditures	
Operations	37,770
Legal Services	37,375
Claims	<u>55,002</u>
Total Expenditures	<u>130,148</u>
Excess (deficiency) of revenues	
over expenditures	(78,143)
Fund Balance	
Beginning of Year	<u>846,256</u>
End of Year	<u>\$768,113</u>

Condominium Education Trust Fund

Fund Balance As of June 30, 2011 (Unaudited)

ASSETS

Cash	
In State Treasury	\$635,126
Short term cash investments	75,000
Total Assets	<u>\$710,126</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$17,063
Fund Balance	
Reserve for Encumbrances	19,907
Unreserved	673,157
Fund Balance	<u>693,064</u>
Total Liabilities and Fund Balance	<u><u>\$710,127</u></u>

FY 2011 Expenditures and Encumbrances (Unaudited)

Personnel	\$300,124
Supplies	0
Postage	3,022
Equipment Rentals/Maintenance	6,214
Education and Research	52,766
Equipment for Office	0
Staff/Commissioner Development	0
Resource Materials	0
Dues & Subscriptions	274
Miscellaneous	<u>0</u>
Total Expenditures and Encumbrances	<u><u>\$362,398</u></u>

Revenues and Expenditures For the Year Ending June 30, 2011 (Unaudited)

Revenues	
Fees - Others	\$8,555
Fees - AOUE Registration	\$530,248
Interest income	85
Total Revenues	<u>538,888</u>
Expenditures	<u>342,491</u>
Excess (deficiency) of revenues over expenditures	196,397

Fund Balance	
Beginning of Year	496,667
End of Year	<u><u>\$693,064</u></u>

CONDOMINIUM EDUCATION FUND FY 2012 Budget (proposed)

REVENUES

Application and Renewal Fees	\$75,000
Interest	<u>\$200</u>
Total Revenues	\$75,200

EXPENDITURES

Personnel	\$420,989
Subtotal	\$420,989
Administrative Expenses*	\$22,750
Condominium Program of Work*	\$184,761
Subtotal	\$207,511
Total Expenditures and Budget Ceiling	\$628,500