



# 2006 Annual Report

## Real Estate Commission

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

Trudy I Nishihara, Chair  
Iris K. Okawa, Vice Chair  
Louis E. Abrams  
Kathleen H. Kagawa  
Vern M. Yamanaka  
Carol Mae Ball  
Stanley M. Kuriyama  
Michele Sunahara Loudermilk

## The 2006 Hawaii Real Estate Commission

Trudy I. Nishihara  
Chair  
Oahu, Real Estate Broker

Iris R. Okawa  
Vice Chair REC  
Oahu, Public Member

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

Kathleen H. Kagawa  
Vice Chair, Laws and Rules Review Committee  
Oahu, Real Estate Broker

Vern M. Yamanaka  
Chair, Education Review Committee  
Hawaii, Real Estate Broker

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

Stanley M. Kuriyama  
Chair, Condominium Review Committee  
Oahu, Real Estate Broker

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

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### Commissioners Completing Term June 30, 2006:

Iris R. Okawa, Vice Chair REC  
Vern M. Yamanaka, Chair, Education Review  
Committee  
Kathleen H. Kagawa, Vice Chair Laws and Rules  
Review Committee

### Commissioners Starting Term July, 2006:

William Chee, Chair, Condominium Review  
Committee  
Annette Aiona, Vice Chair, Education Review  
Committee  
Mark Suiso - Oahu, Public Member  
Frances Allison Torre Gendrano - Oahu, Real Estate  
Salesperson

### 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).



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

Aloha!

I respectfully present to you the annual report on the status of the Real Estate Commission for fiscal year 2006. The Commission currently oversees approximately 20,607 licensees statewide, of which 14,800 hold active licenses. This is an increase of 16.4% from 2005. We also oversee approximately 1,546 condominium associations and 19 condominium hotel operators. The number of condominium apartments being offered for sale in condominium conversion projects continued to increase in FY 06. There were 8,409 condominium units created as part of 311 new project filings as compared to FY 05 new project filings of 288. The total number of registered condominium association units increased to 142,171. The Commission provides information, education, and advice, and acts as a resource for apartment owners throughout the year by way of the Commission's Outreach Program and other education efforts.

The Real Estate Commission is responsible for education, licensure, and discipline of real estate agents, prelicense real estate schools, continuing education providers and courses, condominium projects, condominium associations, condominium managing agents, and certification of prelicense courses and curricula. The Commission is also responsible for developing, certifying and maintaining prelicense education curricula, testing of broker and salesperson applicants, monitoring activities of the real estate schools, providers, and instructors, publishing and disseminating reports, and intervening in court cases involving the real estate recovery fund.

The Commission has three standing committees: the Laws and Rules Review Committee, the Education Review Committee and the Condominium Review Committee. Each committee is chaired by a Commissioner, who is assisted by a Vice-Chair to accomplish the fiscal year program of work as planned and budgeted.

Louis Abrams, Broker, Kauai, and Chair of the Laws and Rules Review Committee, and Kathleen Kagawa, Broker, Honolulu, Vice-Chair of the Laws and Rules Review Committee, continued to work closely with the Hawaii Association of REALTORS® (HAR) and the Commission's state-wide volunteer Consumer Broker Relationships Ad Hoc Committee to identify consumer representation requirements, agency disclosures, and other relevant issues. Commissioner Abrams also represents Hawaii as a Director of the Association of Real Estate License Law Officials (ARELLO).

Broker, O'ahu, and Chair of the Condominium Review Committee, Stanley Kuriyama, and Vice-Chair, Michele Loudermilk, Public Member, O'ahu, had the enormous task of beginning the education and administrative efforts to implement the recodified condominium law, HRS Chapter 514B (which became effective, July 1, 2006), and, at the same time, integrate the new law with the old law, HRS 514A, which is still in effect. As you know, it is not easy implementing change to a moving target, but with the assistance of Galen Leong, Esq., the Commission's consultant, an informal ad hoc condominium review panel, and the panel of instructor/presenters, the education of consumers, the condominium community, and the real estate industry has begun.

Vern Yamanaka, Broker, Hilo, and Chair of the Education Review Committee, worked with Carol Ball, Broker, Maui, Vice-Chair, and smoothly implemented the new 60 hour salespersons' prelicense curriculum. They worked with schools and instructors throughout the year coping with the transition as the schools and instructors adjusted their curriculum to meet the new standards. Also continuing to work diligently is the Commission's Education Evaluation Task Force (EETF), a long-standing subcommittee made up of industry members who contribute unselfishly, their time and effort to maintain professional standards in the real estate industry.

Fiscal Year 2006 was the last year for two-term Commissioner, Iris Okawa. Commissioner Okawa served as the Commission's Vice Chair, continued her active participation as a director and representative from Hawaii for ARELLO, and lent her special brand of experience and expertise to the workings of the Commission.

This was also the last year for Commissioners Vern Yamanaka and Kathleen Kagawa, who we wish good luck to, as they continue with their busy schedules. Commissioner Abrams was reappointed for a second term.

The Commission now looks forward to fiscal year 2007 with a new team in place. The additions of Commissioner William Chee, Broker, Honolulu, Chair of the Condominium Review Committee; Commissioner Mark Suiso, Public Member, Vice-Chair of the Condominium Review Committee; Commissioner Annette Aiona, Broker, Big Island, Vice-Chair of the Education Review Committee; and Commissioner Frances Gendrano, Salesperson, Honolulu.

The many challenges for 2007 will include expanding definitions of representation "con-

sumer broker relationships,” updating the Hawaii Administrative Rules to reflect current business practices, managing the implementation and transition of handling two condominium laws, Chapters 514A and 514B, developing consumer brochures on condo living for new owners and aging seniors, developing the 2007-2008 mandatory core course, considering post-license requirements for salespersons and brokers, increasing continuing education hours, and understanding cultural differences to maintain ongoing international relationships for future regulation to protect our consumers.

2006 was a year for implementation and transition, especially for condominiums, prelicense education, and dealing with the issue of “agency.” With the help and support of Mark Recktenwald, Director, Department of Commerce and Consumer Affairs (DCCA), Noe Noe Tom, Licensing Administrator, Professional and Vocational Licensing Division, DCCA, the cooperation of the Regulated Industries Complaints Office (RICO), DCCA, the Department of the Attorney General, the Real Estate Branch and its Supervising Executive Officer, Calvin Kimura, the Commission would not have been able to move forward as it has this past year.

It is the consumers of Hawaii who are the beneficiaries of the hard work, diligence, and cooperation of this multi-faceted team.

Respectfully submitted,



Trudy I. Nishihara ®  
Chair

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



**Mark E. Recktenwald, Director  
Lawrence M. Reifurth, Deputy Director  
Noe Noe Tom, Licensing Administrator**

**Real Estate Branch:**

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

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

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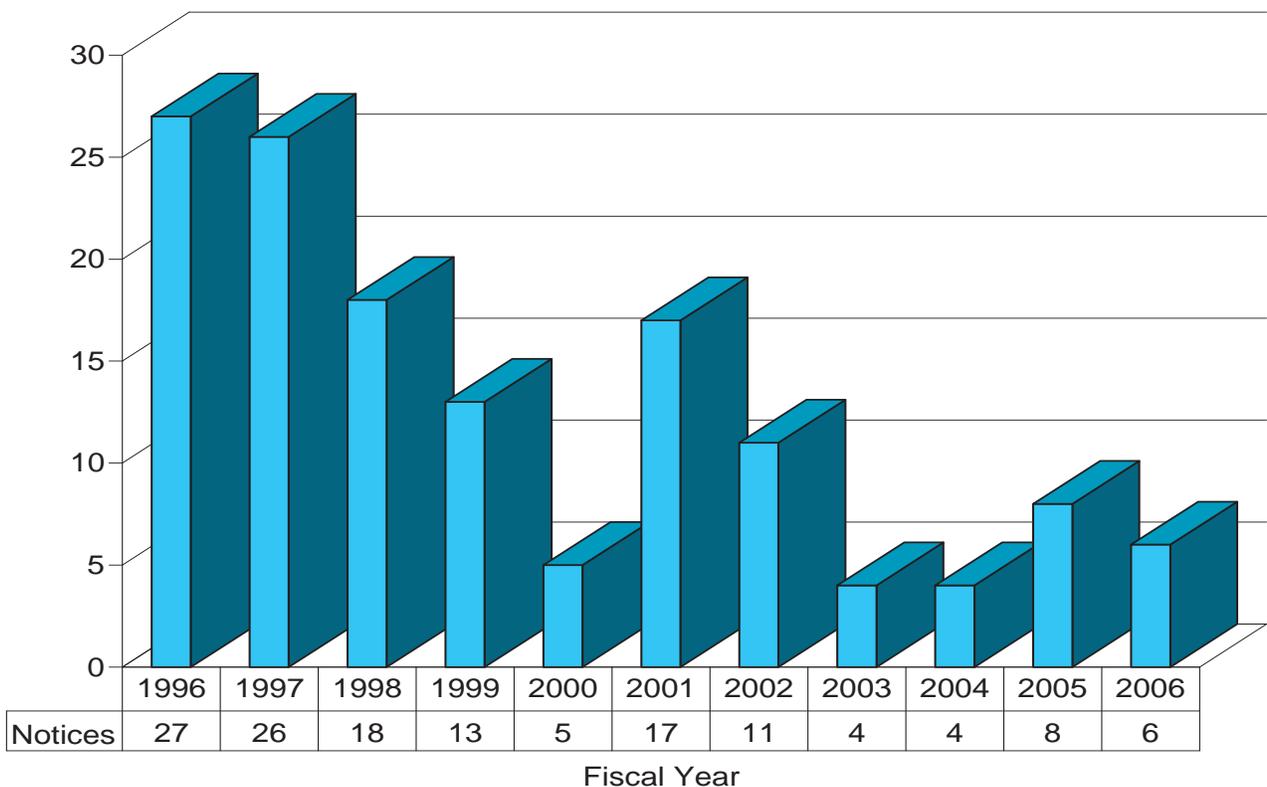
## LAWS AND RULES REVIEW COMMITTEE REPORT

The Committee, for FY 2006, led by Chair Louis Abrams and Vice-Chair Kathleen H. Kagawa, had an active year with legislation, reactive issues, licensing programs, and recovery fund administration.

### Legislation

- Act 49 – Amends Chapter 436B, HRS, Professional and Vocational Licensing Act. Authorizes affected licensing authorities to allow licensees to go on an inactive status when not engaged in the practice of their profession and permits reactivation of license.
- Act 72 – Amends Chapter 658, HRS, Arbitration and Awards. Allows the district courts to have jurisdiction over cases subject to arbitration agreements where the disputed amount is \$10,000 or less.
- Act 76 – Amends Chapter 489, HRS, Discrimination in Public Accommodations. Prohibits discrimination in public accommodations on the basis of gender identity or expression, or sexual orientation.
- Act 137 – Enacts a new law relating to social security number protection. With exceptions, prohibits businesses, from disclosing an individual's entire social security number (SSN), from printing an individual's entire SSN, from requiring the transmission of the entire SSN to third parties, and from selling or otherwise disclosing the individual's entire SSN.
- Act 271 – Amends Chapters 205 and 484, HRS, Land Use Commission and Uniform Land Sales Practices Act. Allows agricultural lands used for certain activities to be subdivided and leased without having to satisfy county subdivision ordinances or the Uniform Land Sales Practice Act, provided the land shall be used for agricultural uses only.

CHART 1. Recovery Fund - Notices



- Act 273 – Amends Chapters 514A and 514B, HRS, Condominium Property Regimes and Condominiums. Provides numerous substantive and housekeeping amendments to Act 93 (SLH 2005) and Act 164 (SLH 2004). All the Acts are part of the legislation in the Recodification of the Condominium Law.
- Act 276 – Amends Chapter 508D, HRS, Mandatory Seller Disclosures in Real Estate Transactions. Requires that the disclosure statement to the buyer of a property in a planned community include the planned community’s declaration and association documents.

- **Subcommittee on Referral Fees and License Recognition** - The Commission’s subcommittee researched and distributed information on various jurisdictional practices throughout the year. Based on this and advice from the Deputy Attorney General, it was recommended that changes in the current rules are necessary to move forward. Pending completion of any changes, this subcommittee should be wrapping up its duties in the next fiscal year.

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

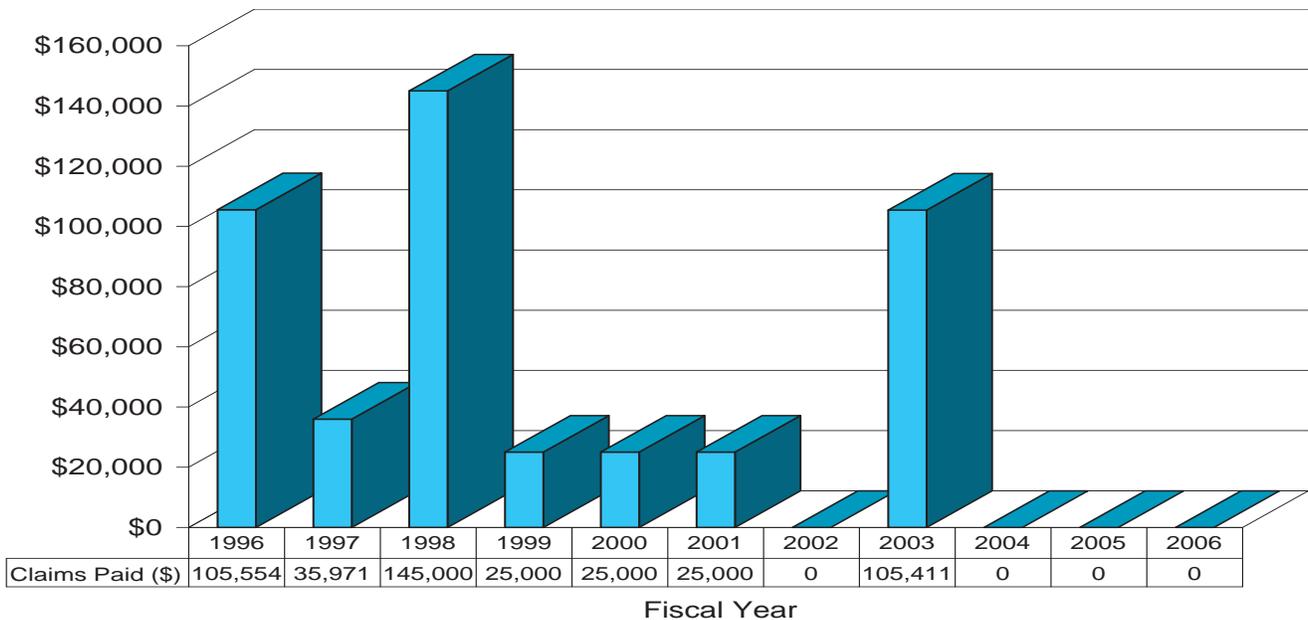
**Special Subcommittees**

For this fiscal year, the four subcommittees and ad hoc committee are as follows:

- **Subcommittee on Internet Advertising and VOWS** - The Commission’s subcommittee researched and distributed information from various jurisdictions to its members. The subcommittee concluded that rulemaking changes were necessary to address all concerns.

- **Subcommittee on Applicants with Criminal and Other Legal Background Issues** - The Commission’s subcommittee experienced a change in leadership with a new Commissioner taking the helm but has continued its research on vendor availability and the varying jurisdictional approaches. The subcommittee seeks to provide a proposal for the Commission to consider in the near future.

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



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

## Licensing

For the first time since 1994, the number of real estate licensees has hit the 20,000 mark, 20,607 licensees to be exact. This represents a 17% increase over the previous fiscal year. The number of real estate licensees has always been a cyclical with the all-time high of 26,090 licensees in 1990 and the lowest count in the past 20 years of 13,033 licensees in 1999.

The Laws and Rules Committee, through the Professional and Vocational Licensing Division, developed a plan for the 2006 on-line renewals for real estate licensees. One of the goals of the plan was to increase the number of on-line renewals from the second on-line

renewal program of 2004, which was about 40 percent of all real estate licensees. In addition, the Committee initiated the approval process for a discount of the education fund fee for the 2006 on-line renewals.

## Real Estate Recovery Fund

The Commission is trustee of the Real Estate Recovery Fund which is intended to provide a measure of compensation to consumers injured by the fraud, misrepresentation, or deceit by real estate licensees. One of the statutory requirements for obtaining payment from the fund is notifying the Commission of the filing of a court action that may result in payment from the fund.

During FY 2006, the Commission received notification in 6 cases, a 2% decrease from the FY 2005 notices. See Chart 1.

In FY 2006, there were no payments paid out of the recovery fund. Since its inception in 1967, the recovery fund has paid out a total of \$1.9 million. See Chart 2.

## FY 2006 PROGRAM OF WORK Laws and Rules Review Committee

**Real Estate Recovery Fund** - Administered the Real Estate Recovery Fund - Administered the statutory requirements, contracts with consultant attorneys, notice of claims, court orders for payouts, dissemination of information, financial responsibilities of the fund, records management, and the development of reports.

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

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

**Real Estate Licensing, Registration & Certification Administration** - Administered the licensing, registration, and certification requirements, including applications, review, policies, procedures, appeals, subpoenas, and requests for records under OIP.

**License Renewals** - Administered the renewal of real estate licenses, including re-registrations; implement plan, conduct workshops, and disseminate information.

**Meetings** - Administered the monthly committee meetings as well as subcommittee and ad hoc committee meetings.

**Advice, Education, and Referral** - Responded and provided information to inquiries via telephone, walk-ins, faxes, written, emails, and through the Commission's website; printed and distributed Commission-developed information; and responded to inquiries from government officials.

**Neighbor Island Outreach** - Held three committee meetings at neighbor island sites.

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

**Legislative and Government Participation** - Participated in the legislative sessions; provided briefings and acted as resource to Legislators, government officials, and staff; researched and submitted testimony on bills and resolutions, including oral testimony; and assisted Legislators and government officials in responding to the community.

**Interactive Participation with Organizations** – Continued active participation with the Association of Real Estate License Law Officials (ARELLO), Hawaii, the 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.

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

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

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

**Commissioners Education Program** – Researched and provided reference materials to Commissioners, provided orientation sessions for new Commissioners, and conducted periodic workshops for all Commissioners.

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

**HUD/ARELLO Fair Housing Agreement** – Administered the terms of the agreement and coordinated annual review by HUD officials. Participate with ARELLO's Fair Housing Committee and work with ARELLO on the terms of the agreement.

**Case Law Review Program** – Monitored, collected, and reported on case law, disciplinary actions, judgments and decisions on Hawaii court cases, federal court cases, and other states court cases; material cases to be considered for Real Estate Bulletin and website.

## **FY 2007 PROGRAM OF WORK**

### **Laws and Rules Review Committee**

- Real Estate Recovery Fund
- Real Estate Licensing, Registration, & Certification Administration
- Advice, Education, and Referral
- Rule Making, Chapter 99
- Subcommittees and Ad Hoc Committee
- Meetings
- Licensing Renewal
- Legislative and Government Participation
- Interactive Participation with Organizations
- Legislative Acts and Resolutions
- Neighbor Island Outreach
- Review of Services and Organization
- Application Processing and Forms
- ARELLO National Disciplinary Action Data Bank
- Case Law Review Program
- Rule Making, Chapter 53, Fees
- Commissioners Education Program
- Division and Department Programs
- HUD/ARELLO Fair Housing Agreement

## ADMINISTRATIVE ACTIONS

**Table 1. Administrative Actions**

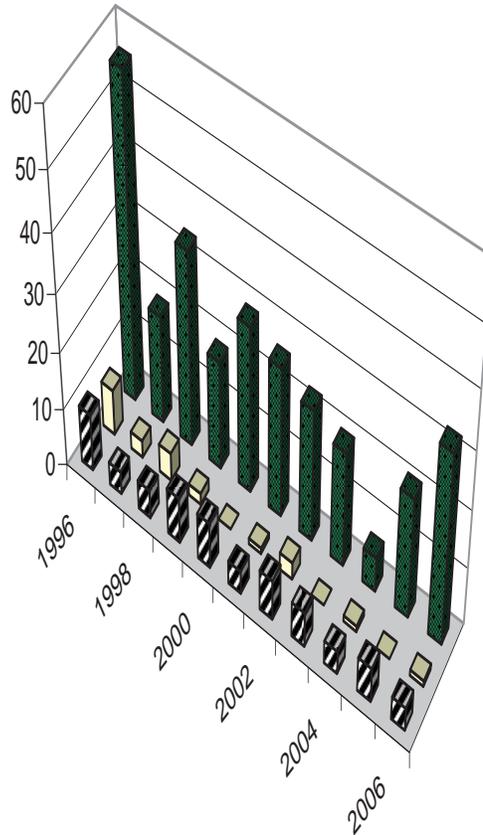
### Disciplinary Actions

**FY 2006 Administrative Actions**

No. of Licensees Disciplined - By Category	
General Brokerage	8
Property Management	8
DUI Conviction	1
Criminal Conviction	1
Failure to Disclose Disciplinary Action	1
Failure to Report Judgment	5
Filing False Statement	1
License Requirements	5
Failure to Ensure License Current/Active	5
<b>Total</b>	<b>35</b>
Licenses Revoked	4
Licenses Suspended	1
Licenses Fined	33
Total fines	\$195,950
Licenses Subject to Other Sanctions	7

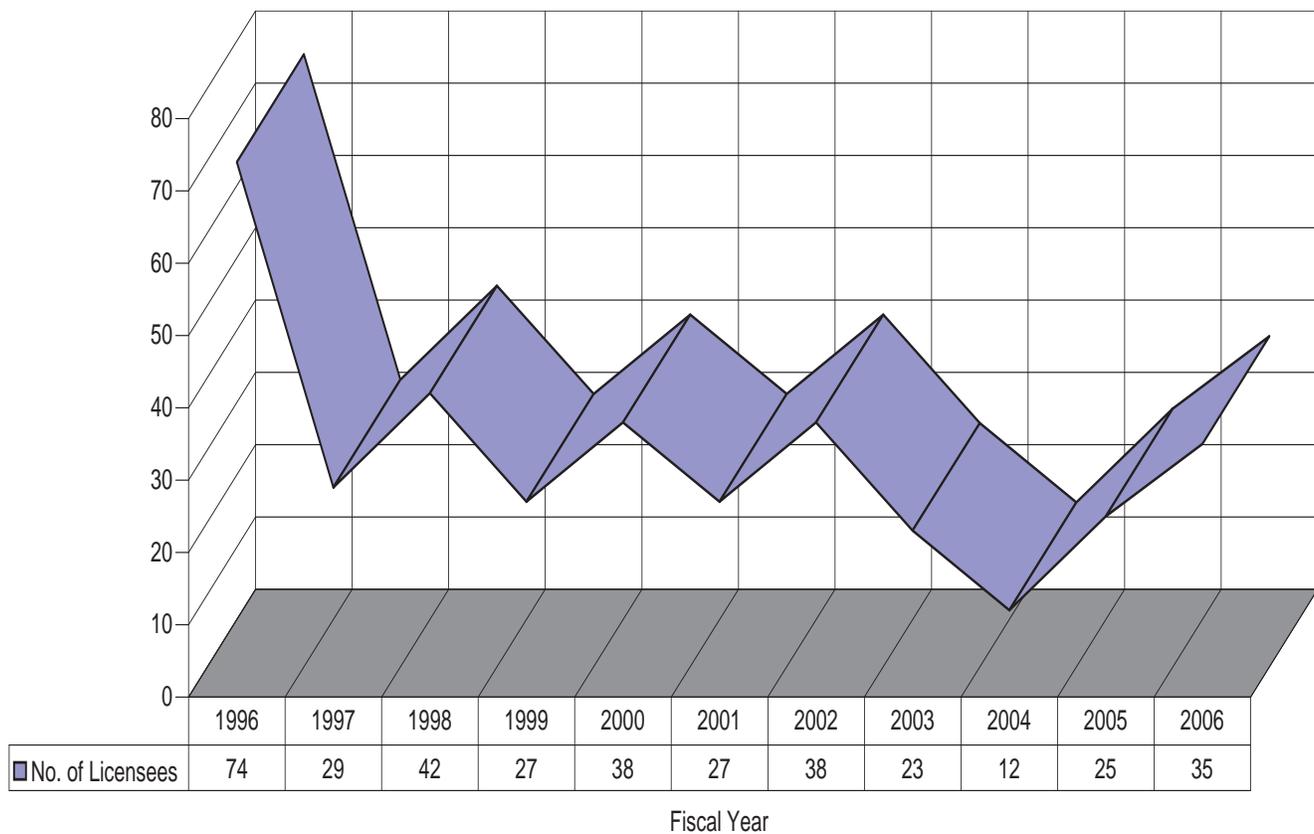
The Commission took disciplinary action against 35 licensees in FY 2006. This was a 40% increase over the 25 licensees disciplined in FY 2005. Fines totaling \$195,950 were assessed against 33 of the licensees. Four licensees had their licenses revoked, one licensee was suspended. Table 1 and Chart 3 provide details on disciplinary actions and Chart 5 shows the distribution by the type of real estate activity involved in the case. Of note, fines totaling \$195,950 are up as compared to last year's fines totaling \$39,500. Chart 4 provides historical information on the number of licensees disciplined.

**CHART 3. Administrative Actions - Sanctions (FY 1996-2006)**

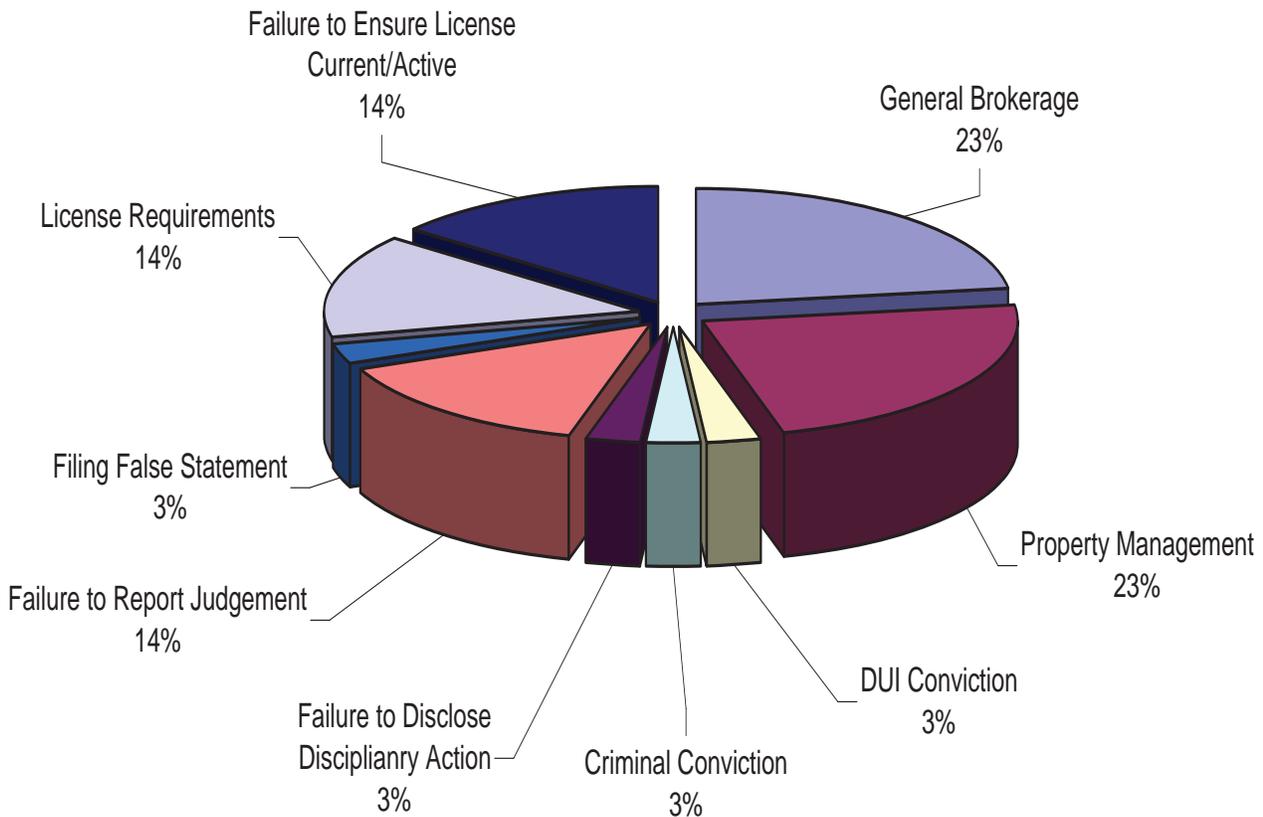


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
▨ Licenses Revoked	10	4	5	8	8	4	7	6	4	6	4
▤ Licenses Suspended	8	3	5	2	0	1	3	0	1	0	1
■ Licenses Fined	56	19	34	19	29	26	23	20	6	21	33

**CHART 4. Disciplinary Actions (FY 1996-2006)**



**CHART 5. Disciplinary Actions By Activity (FY 2006)**



## REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

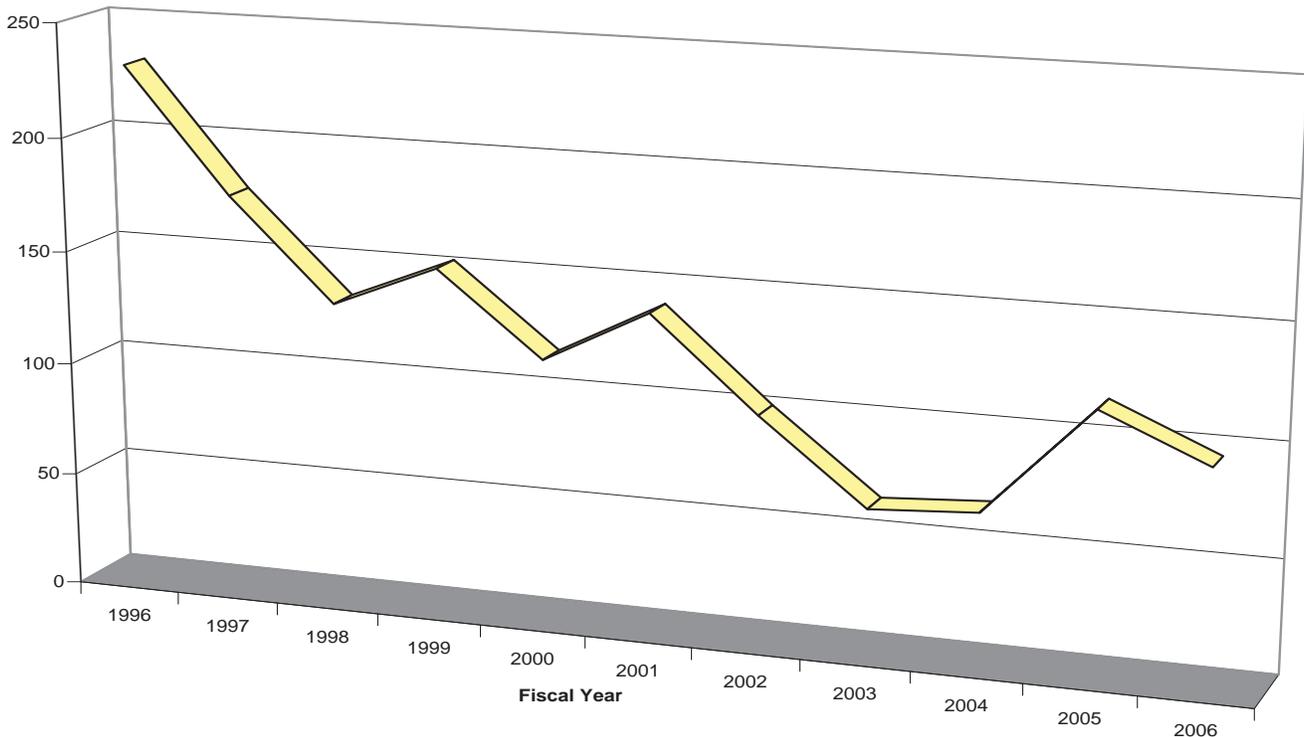
RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 17.4% decrease in 2006. RICO received 95 real estate complaints in FY 2006, compared to 115 in FY 2005. Refer to Chart 6.

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

Seventy-Eight (78) of the complaints are pending while 18 have been closed. Of the closed complaints, there was insufficient evidence in 4 cases, warning letters were issued in 8 cases, 1 case was resolved, 1 case RICO determined there was no violation, 2 cases were withdrawn, in 1 case legal action was taken, and 1 case was created for record purposes only.

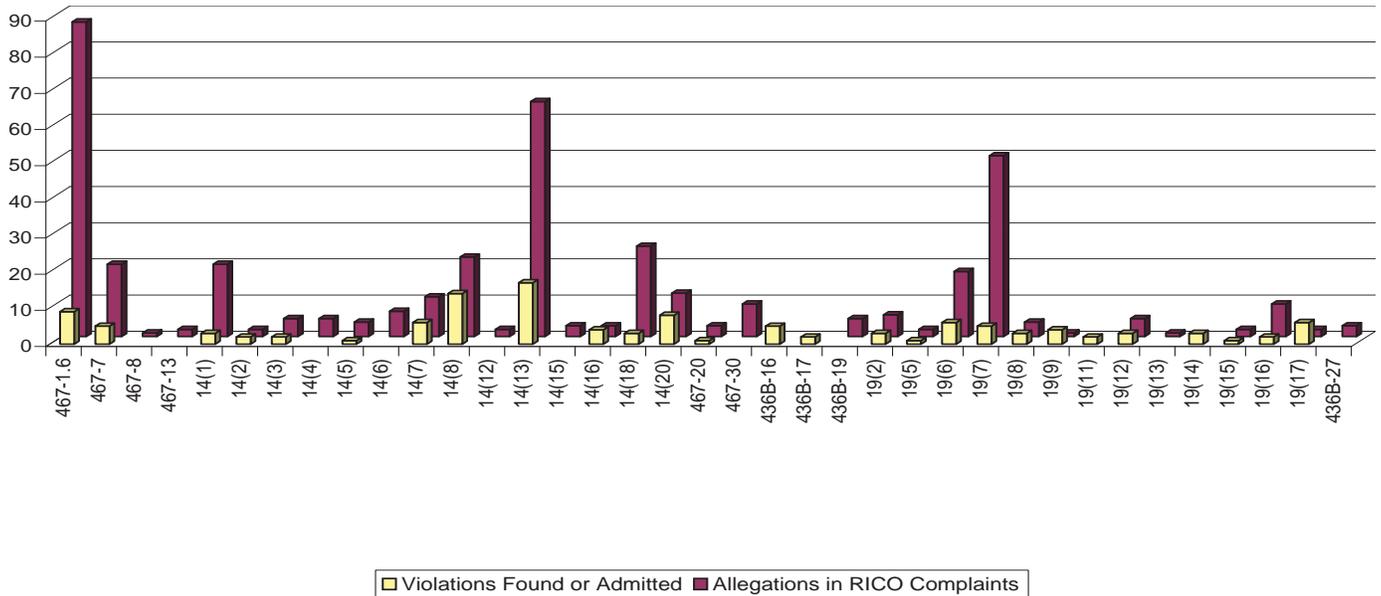
Charts 7 and 8 show the number of cases in which specific provision of the law or rule were violated or alleged to be violated. The allegations are based on RICO complaints. The violations found or admitted show the

**CHART 6. RICO Complaints (Real Estate FY 1996-2006)**



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Complaints	231	177	133	152	116	140	100	64	67	115	95

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



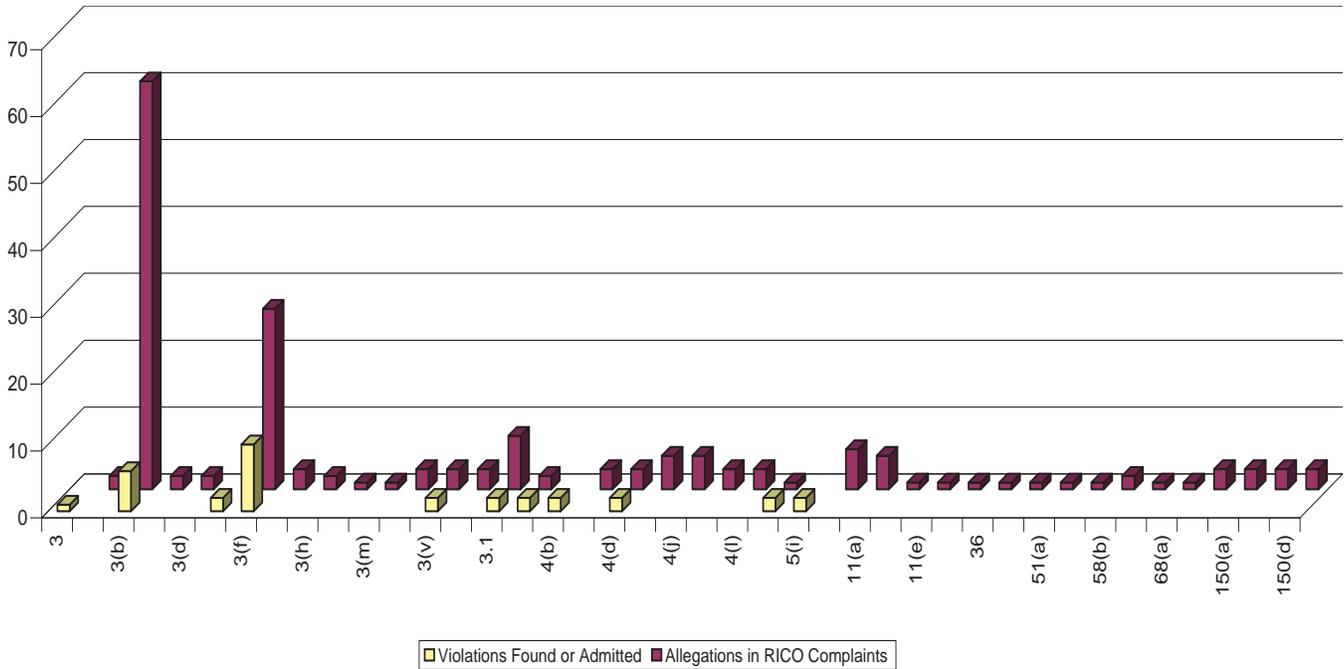
<p>§467-1.6 Principal broker shall have direct management and supervision of the firm and its licensees.</p> <p>§467-7 Licenses required to act as a real estate broker or salesperson.</p> <p>§467-8 Prerequisites for license, registration, or certificate</p> <p>§467-13 Licensee shall deliver a copy of 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(4) Without first having obtained the written consent to do so of both parties involved in any real estate transaction, acting for both the parties in connection with the transaction, or collecting or attempting to collect commissions or other compensation for the licensee's services from both of the parties.</p> <p>§467-14(5) Acceptance of any commission or other compensation for the performance of any of the acts enumerated in the definition set forth in section 467-1 of real estate salesperson from any person other than the real estate salesperson's employer or the real estate broker with whom the real estate salesperson associates or, being a real estate broker or salesperson, compensates one not licensed under Chapter 467 to perform any such act.</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(12) Failing to obtain on the contract between the parties to the real estate transaction confirmation of who the real estate broker represents.</p>	<p>§467-14(13) Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.</p> <p>§467-14(15) Commingling the money or other property of the licensee's principal with the licensee's own.</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.</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 Notice of judgements, penalties.</p> <p>§436B-17 Licensee shall file with the licensing authority the licensee's current mailing address, business and residence address.</p> <p>§436B-19 Grounds for refusal to renew, reinstate or restore and for revocation, suspension, denial, or condition of licenses.</p> <p>§436B-19(2) Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.</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>
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- §436B-9(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.
- §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.
- §436B-19(14) Criminal conviction.
- §436B-19(15) Failure to report in writing to the licensing authority

any disciplinary decision issued against the licensee or the applicant in another jurisdiction within thirty days of the disciplinary decision.

- §436B-19(16) Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws where licensure is required.
- §436B-19(17) Violating this chapter, the applicable licensing laws or any rule or order of the licensing authority.
- §436B-27(b) Engaging in an activity requiring a license issued by the licensing authority and who fails to obtain the required license, or who uses any word, title, or representation to induce the false belief that the person is licensed to engage in the activity..

### CHART 8. Rules Violations (Chapter 99)



- §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(c) Licensee shall not be a party to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.
- §16-99-3(d) Licensee shall recommend that title be examined, survey be conducted, or legal counsel be obtained when the interest of either party requires it.
- §16-99-3(e) Broker shall keep in special bank account, separated from the broker's own funds, monies coming into the broker's possession in trust for other persons.
- §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(h) When acting as agent in the management of property, the licensee shall not accept any commission, rebate, or profit on expenditures for or from an owner, without the owner's and principal broker's knowledge and consent.
- §16-99-3(j) Licensee shall transmit immediately all written offers to the listing broker.

- §16-99-3(m) A principal broker or broker in charge shall be immediately responsible for the real estate operations conducted at the place of business.
- §16-99-3(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(v) Licensee shall not convert other people's moneys to the licensee's own use.
- §16-99-3(w) Violations of chapter may cause the revocation or suspension of license.
- §16-99-3.1(g) A licensee may not be the agent for both the buyer and the seller without obtaining the written consent of both the buyer and the seller.
- §16-99-3.1(h) A licensee representing a buyer shall disclose, orally or in writing, such agency to the seller, or the listing brokerage firm if there is a listing brokerage firm, before negotiations are initiated.
- §16-99-4(a) Every brokerage firm that does not immediately place all funds entrusted to the brokerage firm in a neutral escrow depository, shall maintain a trust fund account in this State with some bank or recognized depository, which is federally insured, and place all entrusted funds therein.
- §16-99-4(b) Every brokerage firm shall retain for at least three years records of all trust funds which the brokerage

- firm has received.
- §16-99-4(c) Trust fund accounts shall be either interest bearing or non-interest bearing, as agreed to in writing between the owner of funds and the principal broker or broker in charge receiving the funds and all other individuals who are parties to the real estate agreement.
- §16-99-4(d) Every brokerage firm shall deposit or place trust funds received into a neutral escrow depository or in a trust fund account with some bank or recognized depository, which is federally insured, by the next business day following their receipts.
- §16-99-4(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, 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.
- §16-99-4(l) Information about escrow accounts and records for real estate transactions under the real estate brokerage firm shall be retained for at least three years, subject to inspection by the commission or its representative at the place of business.
- §16-99-5(a) Each individual licensee shall file with the commission and shall notify the commission of any change in writing, within ten days of the change, on a form provided by the commission.
- §16-99-5(e) Any licensee whose license has been forfeited, suspended, revoked, or terminated shall immediately cease employment and shall return the licensee's wall certificate and identification card to the commission.
- §16-99-5.2 A brokerage firm may associate or employ a salesperson or broker-salesperson who resides on an island different from that of the principal place of business, provided that:
- §16-99-5.2(1) The principal broker shall maintain compliance with section 467-1.6, HRS, and all other requirements for supervision.
- §16-99-5.2(3) Any advertisements on an island different from that of the principal place of business shall disclose the name of the brokerage firm and the address and phone number of the principal place of business.
- §16-99-7 Renewal of license
- §16-99-11 Advertisements
- §16-99-11(a) Advertisements
- §16-99-11(c) Current individual real estate licensees, whether active or inactive, shall disclose the licensee's status as a real estate licensee in all advertising and promotional material.
- §16-99-11(e) Licensees Name
- §16-99-25 Falsification of application
- §16-99-36 Education requirement
- §16-99-50(a) Registered school shall not offer courses which may be used to fulfill the educational requirements for a real estate license unless it first registers with the commission and complies with the requirements of this subchapter.
- §16-99-51(a) A registered school shall be a school which applies for a certificate of registration from the commission and which is found by the commission to have met the requirements imposed by chapter 467, HRS, and this chapter.
- §16-99-53(e) A school shall not solicit students until it has registered with the commission.
- §16-99-58(b)
- (1) The principal shall be responsible for complying with the commission's rules relating to real estate schools.
- (3) The principal shall be responsible for informing the commission in writing five business days prior to any changes in school policies, programs, personnel, facilities, tuition, calendar, and all other matters changing the status of the school as originally licensed.
- §16-99-66(a) Advertising
- §16-99-68(a) No school shall provide any information to the public or to prospective students which is false, misleading, or deceptive.
- §16-99-149(a) Condominium hotel operators, including condominium hotel operators who are excluded or exempt from obtaining a real estate broker's license pursuant to section 467-30(f), HRS, shall comply with section 16-99-4.
- §16-99-150(a) The condominium hotel operator shall ensure that the terms and conditions agreed upon between the apartment owner and the condominium hotel operator for operating a condominium hotel are in writing, and that a copy is given to each apartment owner. The terms and conditions shall include but are not limited to financial obligations, responsibilities, and duties of the condominium hotel operator.
- §16-99-150(c) The condominium hotel operator shall provide a monthly written accounting of the apartment owner's funds or a periodic written accounting based on the contractual agreement.
- §16-99-150(d) The condominium hotel operator and its employees shall not violate any provision of chapter 514A, HRS, or the rules adopted pursuant thereto, and where the condominium hotel operator or its employees possess a real estate license, the licensees shall also not violate any provisions of chapter 467, HRS, and the rules relating thereto.

## Education Review Committee Report

The Committee, for fiscal year 2006, under the leadership of Chair Vern Yamanaka and Vice Chair Carol Mae Ball, continued to address important and varied education issues.

### Specialists' Office for the Day

The Specialists' Office for the Day provides staff with an opportunity to meet in person with licensees, applicants, prospective licensees, and members of the public. An additional benefit when the sessions are held at the local Board of REALTORS®' offices is the opportunity to exchange information with the staff and membership of the local Boards.

The real estate specialists visited Kauai, Maui and Kona in FY 2006.

### Neighbor Islands Outreach

The Commission convenes its standing committee meetings on a neighbor island two to three times a year. The committees met on Kauai in September, Maui in November, and Kona in June. The meetings afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in committee meetings.

### Instructor's Development Workshop

In March, 2005, the Commission sponsored an Instructor's Development Workshop (IDW) at the REALTORS® Association of Maui, Inc., in conjunction with the unveiling of its 2004-2005 core course. A second IDW was held on Oahu in March, 2005.

### Continuing Education

During the fiscal year, there were 59 approved CE courses, a decrease from the 112 approved CE courses in the previous fiscal year. Eight (8) of the courses were national courses. There were 11 CE providers. CE providers offered 92 classes to 14,415 participants as com-

pared to the previous fiscal year of 568 classes offered to 21,487 participants.

### Prelicensure Education and Experience

At the end of FY 2006, there were 10 newly certified prelicense instructors. There were 2 new or re-registered prelicense schools. There were 122 broker candidates and 2,398 salesperson candidates who completed the courses during the fiscal year.

During the fiscal year, there were 612 applications approved for equivalency to the prelicensing education requirement. In addition, there were 363 applications approved for experience for broker candidates.

### Real Estate Licensing Examination

Promissor continued offering five days a week testing in Honolulu, three times a month in Waikoloa, and twice a month in Kahului and on Kauai. As shown in Table 2 and Chart 9, the number of examination candidates increased more than 4% over last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with Promissor and Commission policies.

There were 381 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 12.4% decrease over the last fiscal year's total of 435 approvals.

### Interactive Participation with Other Organizations

The Commission continued its participation in events sponsored by local and national organizations. In Hawaii, Commissioners and staff participated in a number of events with the Hawaii Association of REALTORS®, Kauai Board of REALTORS®, REALTORS® Asso-

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

**Table 2. Real Estate Licensing Examination**

	FY 2005	FY 2006	% Change
Brokers Tested	1022	714	-30.1%
Salespersons Tested	4283	4838	13.0%
Total Tested	5305	5552	4.7%
Brokers Pass	360	222	-38.3%
Salespersons Pass	2564	2718	6.0%
Total Passed	2924	2940	0.5%
% Brokers Pass	35.2%	31.1%	
% Salespersons Pass	59.9%	56.2%	

### Advice, Education, Referral

The staff continued to field an enormous number of telephone, walk-in, written inquiries, faxes, and e-mails. For real estate, the fiscal year produced 19,738 telephone inquiries, 904 walk-in inquiries, 17,574 written inquiries/written requests, faxes, and 7,499 e-mails. See Chart 10.

### Website Hits

The ease of access to the REC's website, [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec) (hirec), seven days a week and 24 hours each day for information, forms, and applications has provided well over 296,279 hits during the fiscal year (website statistics October, 2005, April, and May, 2006

are not included in the total number due to the unavailability of statistics). See Chart 11. Although the website hits have decreased substantially since FY 2003, it appears that the REC's website remains the number one communication tool with the real estate and consumer communities. Electronic access to the Real Estate Branch staff increased dramatically. Staff expects to reflect the ease and importance of electronic communication and information dissemination in its program of work.

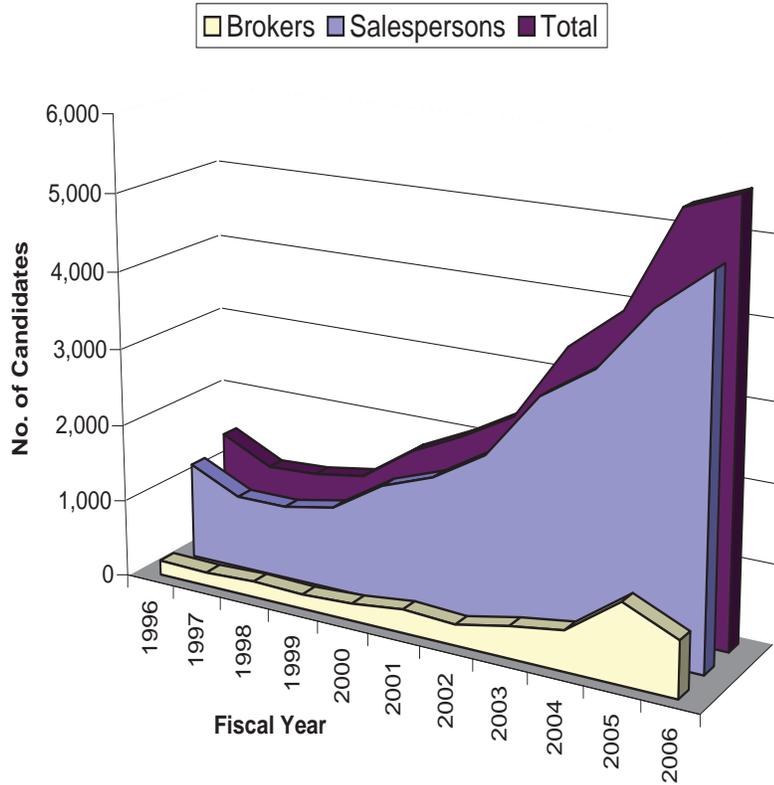
### Publications

The Commission continues to publish the Hawaii Real Estate Bulletin in a traditional newsletter format that is mailed to all current licensees, Legislators, government officials, ARELLO jurisdictions, and other interested parties. It is also available in electronic format on the REC's website at [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec). While the Bulletin provides articles on current licensing and real estate issues, its usefulness in communicating information with immediacy has been supplanted by the REC's website.

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

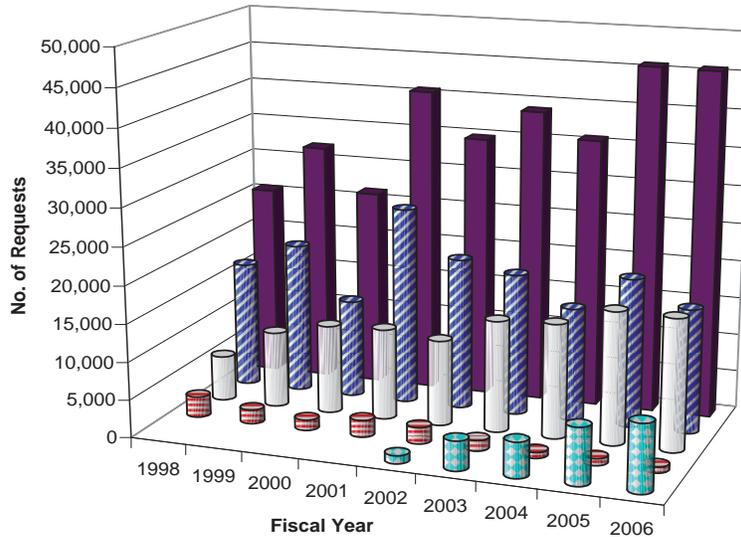
In contrast to the Bulletin and School Files, the Commission's Annual Report is primarily an electronic publication. A limited number of printed copies are distributed to the Legislature and Governor. Interested licensees and members of the public may download and print the report from the Commission's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

**CHART 9. Licensing Examination Candidates (FY 1996-2006)**

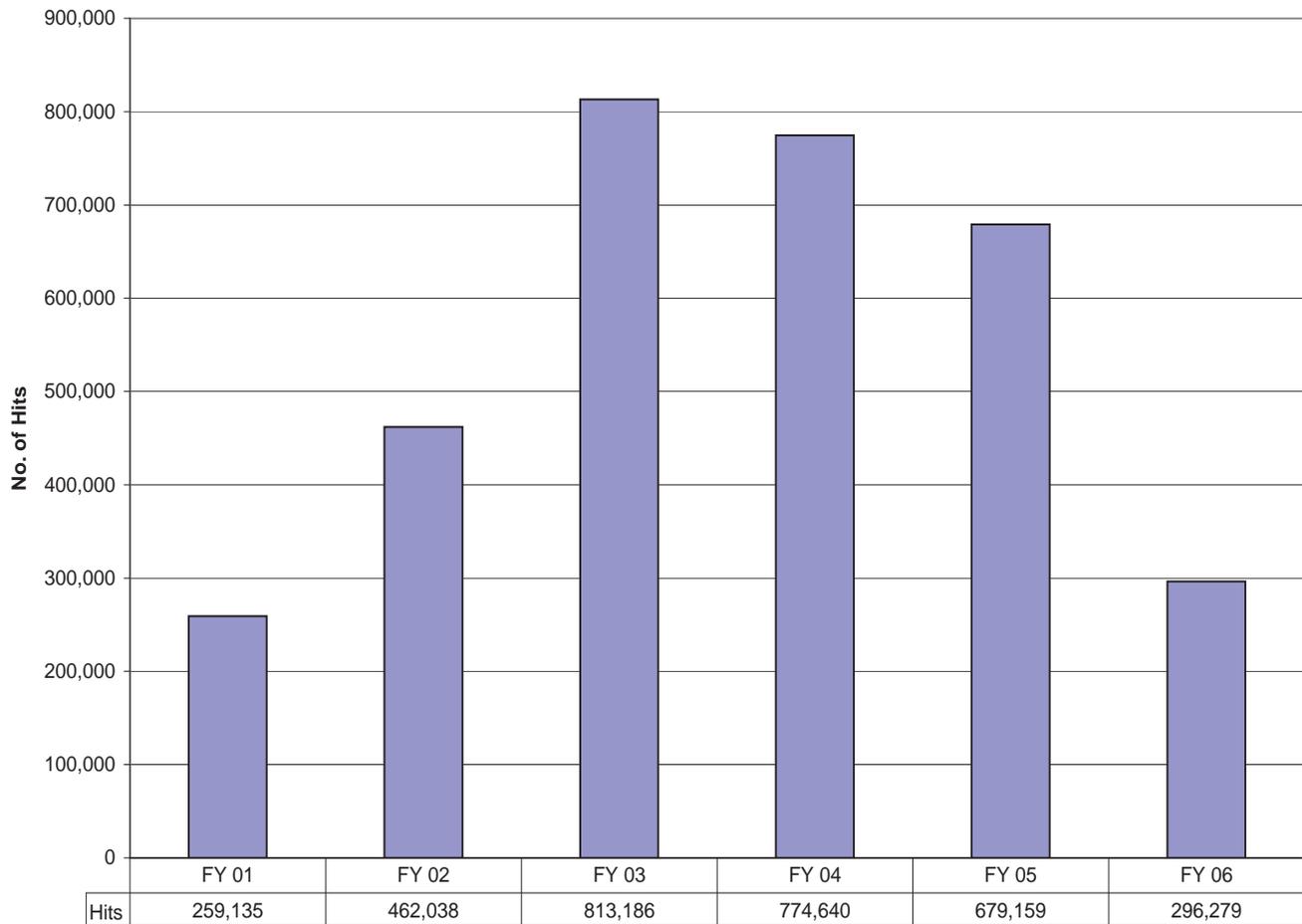


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Brokers	193	178	207	187	224	304	269	409	516	1,022	714
Salespersons	1,258	952	955	1,082	1,504	1,744	2,158	3,012	3,458	4,283	4,838
Total	1,451	1,130	1,162	1,269	1,728	2,048	2,427	3,421	3,974	5,305	5,552

**CHART 10. Inquiries and Applications**



	1998	1999	2000	2001	2002	2003	2004	2005	2006
E-mail					1,052	3,889	4,695	7,499	8,886
Walk-ins	2,748	1,852	1,400	2,241	2,185	1,417	768	904	807
Applications / written requests	6,010	10,072	11,770	12,068	11,343	14,753	15,137	17,574	17,439
Telephone calls	16,761	20,038	13,050	26,295	20,184	18,864	15,050	19,738	16,478
Total	25,519	31,962	26,220	40,604	34,764	38,923	35,650	45,715	45,616

**CHART 11. Website Hits**

## Licenses

### New Licenses

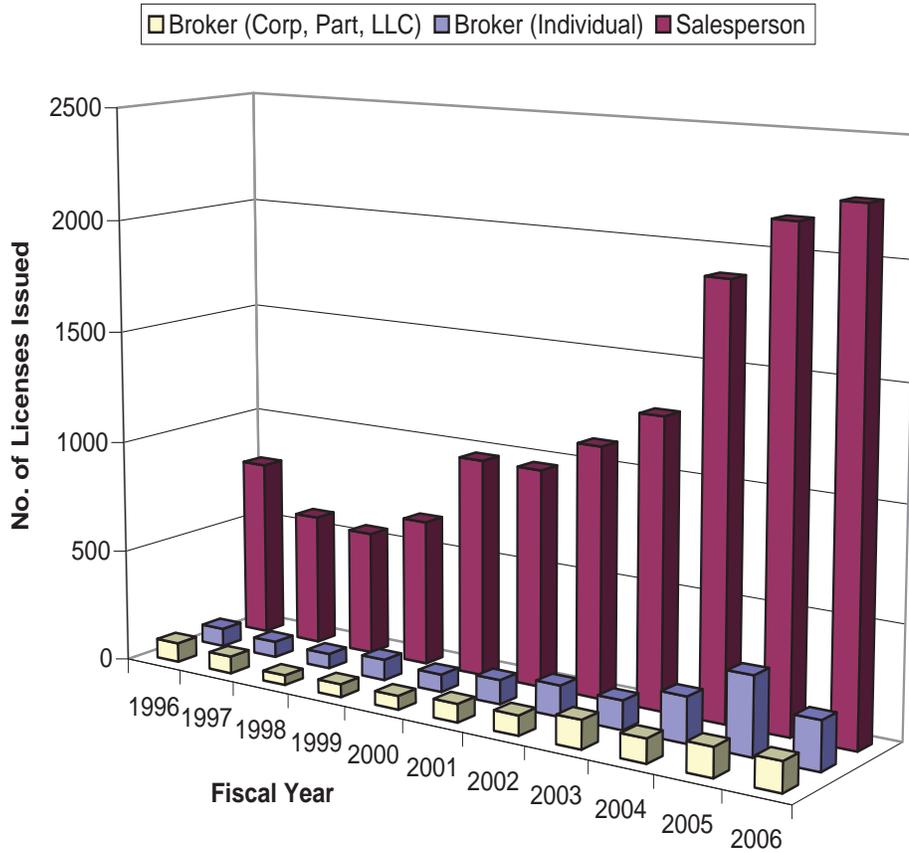
The number of new licenses issued in FY 2006 decreased 1.3% over the prior fiscal year. During the year, 2,589 new licenses were issued. Individual broker licenses decreased by 38%, new salesperson licenses increased by 4.5%, and new entity licenses increased by less than 1%. Refer to Chart 12.

10.3%, and Kauai 10.2%. Refer to Table 2, Table 3, Chart 13, and Chart 14.

### Current Licenses

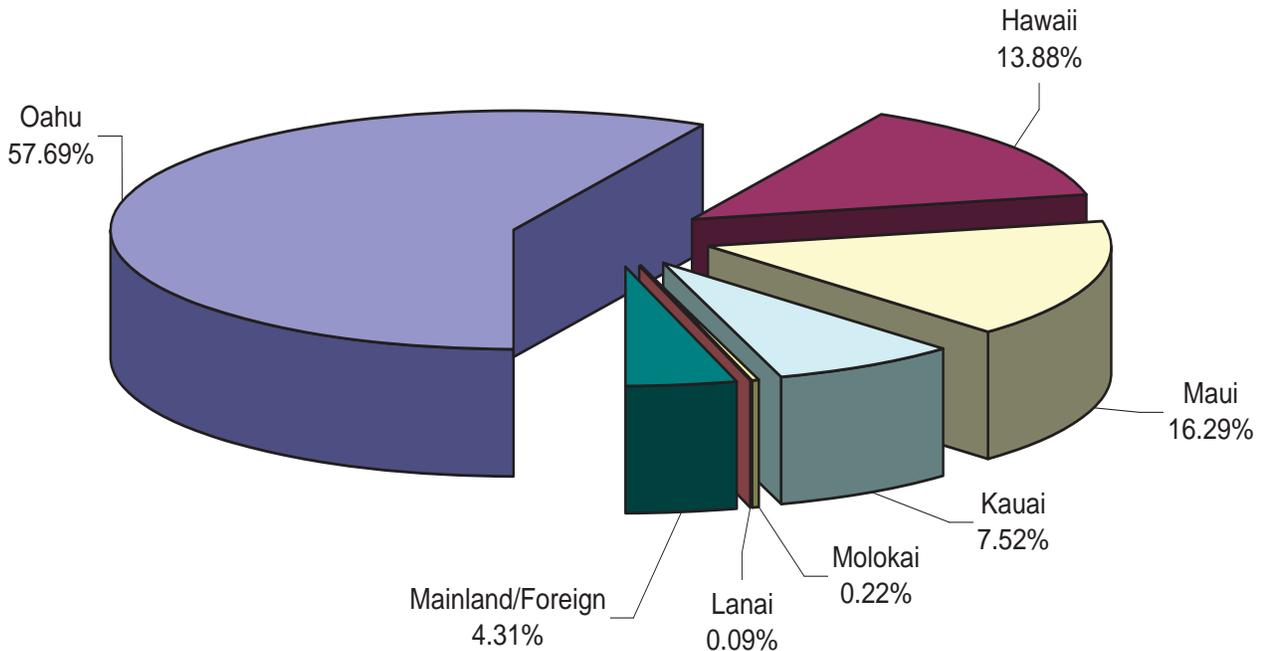
The overall number of current real estate licenses increased 16.6% by the end of FY 2006. In FY 2006, active licenses increased 12.2% over last year while inactive licenses increased 29.5%. There was an 11.6% increase of active licenses on Oahu, and growth on the neighbor islands with Hawaii increasing 14.8%, Maui

### CHART 12. New Real Estate Licenses Issued



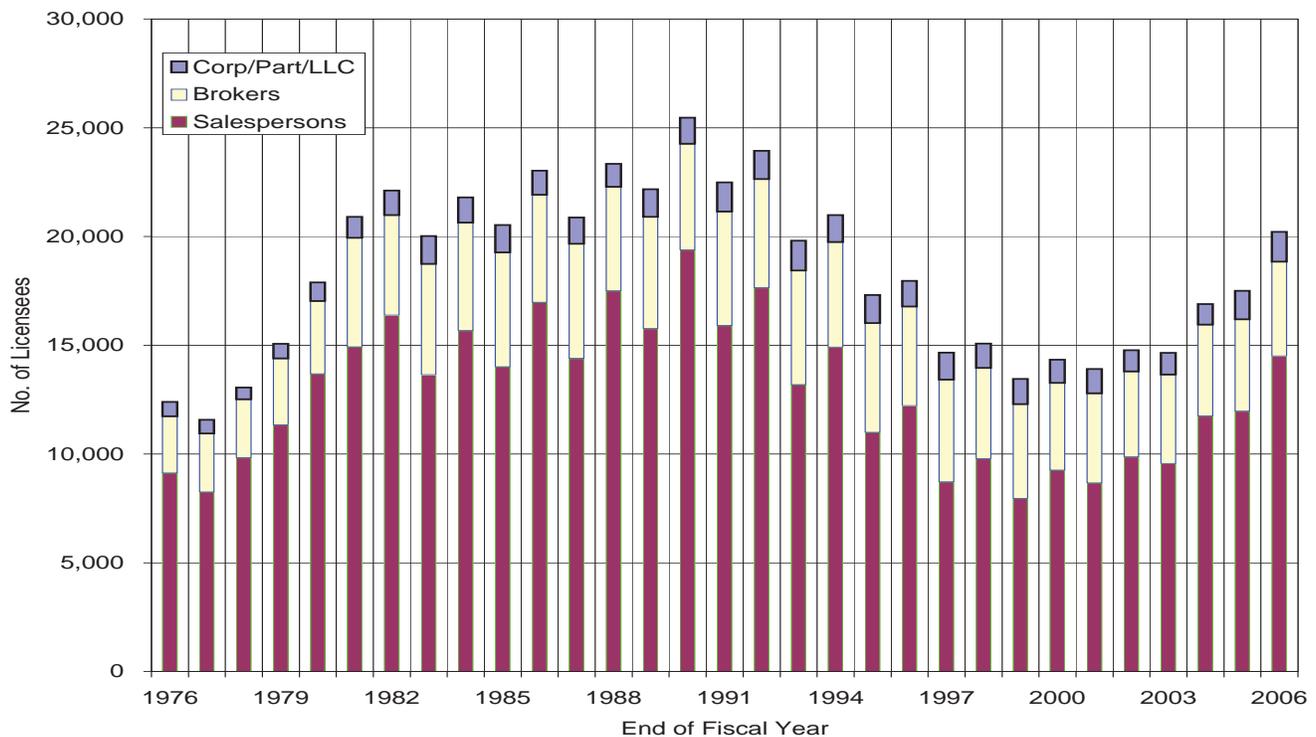
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Broker (Corp, Part, LLC)	86	76	44	58	61	81	88	126	106	130	131
Broker (Individual)	81	71	66	92	78	107	138	128	201	344	214
Salesperson	793	586	553	651	971	968	1111	1278	1887	2148	2244

### CHART 13. Real Estate Licensees - By Island



**Table 3. Current Real Estate Licensees - By License Type and Island (July 2006)**

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
<b>Active</b>								
Broker	1,768	464	405	198	11	3	48	2,897
Salesperson	5,273	1,359	1,745	792	25	5	144	9,343
Sole Proprietor	797	151	106	57	2	0	4	1,117
Corporation, Partnership, LLC	881	224	235	95	5	3	0	1,443
<b>Total Active</b>	<b>8,719</b>	<b>2,198</b>	<b>2,491</b>	<b>1,142</b>	<b>43</b>	<b>11</b>	<b>196</b>	<b>14,800</b>
<b>Inactive</b>								
Broker	317	50	38	22	1	1	145	574
Salesperson	2,808	606	810	378	1	7	543	5,153
Corporation, Partnership, LLC	45	6	17	7	0	0	5	80
<b>Total Inactive</b>	<b>3,170</b>	<b>662</b>	<b>865</b>	<b>407</b>	<b>2</b>	<b>8</b>	<b>693</b>	<b>5,807</b>
<b>Active and Inactive</b>								
Broker	2,085	514	443	220	12	4	193	3,471
Salesperson	8,081	1,965	2,555	1,170	26	12	687	14,496
Sole Proprietor	797	151	106	57	2	0	4	1,117
Corporation, Partnership, LLC	926	230	252	102	5	3	5	1,523
<b>Total</b>	<b>11,889</b>	<b>2,860</b>	<b>3,356</b>	<b>1,549</b>	<b>45</b>	<b>19</b>	<b>889</b>	<b>20,607</b>

**CHART 14. Total Real Estate Licensees**

## FY 2006 PROGRAM OF WORK

### Education Review Committee

#### **Continuing Education 2005-2006 Core**

**Course** – Researched and developed the core course on law update, rules update, and ethics for licensing biennium; and provided recommendations on the future of the core course.

**Evaluation and Education System for CE and Prelicensing Instructors** – Administered evaluation system of prelicensing and continuing education instructors.

**Broker Curriculum and Resources** - Developed and implemented amended broker curriculum.

**Administration of Prelicense Education Program, Schools and Instructors** – Administered applications, approval process, information, renewals, certification, records management, re-evaluation, etc. Coordinated instructor's examination program. Administered an evaluation system on schools and instructors. Researched, developed, printed, and distributed the quarterly School Files, a bulletin for educators; a joint program with the Continuing Education Program.

**Administration of Examinations** – Administered the real estate licensing examination program, including contract administration with Promissor, information, trouble shooting, reviewed amendments to application booklets, periodic reports, daily exams, etc.

**Administration of Continuing Education Elective Courses** – Provided administrative information to elective course providers and licensees, assisted providers in submissions, reviewed submitted applications, reviewed submitted curriculum, made recommendations, and records management.

**Administration of Continuing Education Program, Providers, and Instructors** – Administered the continuing education program, providers, instructors, courses, information

center, records management, etc. Researched, developed, printed, and distributed quarterly School Files, a bulletin for educators; a joint program with Prelicense Education Program. Developed, printed, and distributed continuing education course schedules.

#### **Education Evaluation Task Force (EETF)**

– Reviewed, recommended, assisted in development, updates and administration of education-related projects and continuing education.

**Real Estate Education Fund (REEF)** – Maintained and reviewed the budget, finance, and records for REEF; prepared quarterly and annual financial statements; prepared annual and biennial budgets; and administered fund investment programs, including contract administration and procurement code management.

**Annual Report and Quarterly Bulletin** – Researched, developed and distributed the Commission's annual report. Researched, edited, printed, and distributed the quarterly REC bulletin; and contract administration with consultant, procurement code management.

**Meetings and Symposium** – Planned, coordinated, and conducted monthly Education Review Committee meetings.

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

**Neighbor Island Outreach** – Held three ERC meetings at neighbor island sites.

**Interactive Participation with Organizations**

– Actively participated with Hawaii, 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.

**Real Estate Seminars** – Provided a statewide seminar for real estate licensees and/or consumers through a contractor via subsidy, sponsoring, assisting, or co-sponsoring.

**Legislative Participation, Research, and Report**

– Researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern.

**Real Estate Specialist Office for the Day**

– Real Estate Specialists set up office at RICO neighbor island offices or other sites to provide advice, education, and referral with advanced publicity, mailouts, and appointments; upon request, provided training to RICO investigators.

**Real Estate Speakership Program** – Subject to State government approvals and priorities, honored requests to provide a speaker, resource person, or participant in a function related to real estate education.

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

**Uniform Section Equivalency of Prelicensing Examination** – Administered applications on the equivalency to the uniform part of the exam, passage of the uniform part of another state's exam. Implemented Promissor contract provision and new law on utilizing either part of exam for different purposes.

**Prelicensing Education Equivalency Administration** – Administered applications for

prelicensing education equivalencies including consultation with ARELLO.

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

**Real Estate Reference Library** – Subscribed and purchased real estate reference materials for public review, study and report on the feasibility of a program through the Hawaii State Library system similar to the Condominium Review Committee's program.

**New Technology Program and REC Website**

– Administration of in-house and network computer system, coordinated with DCCA's coordinator, training of staff, purchases of hardware and software, programming, etc.

**Information Distribution System** – Researched, developed, and implemented a centralized information distribution system for all the education products produced by the REC; a standardized policy and procedure for distribution, purchasing, copyright, specific permission copying or generic permission copying of brochures, reports, video tapes, etc.

**New Salesperson and New Broker Startup Kits**

– Packaged and distributed startup kits to newly licensed salespersons.

**Cooperative Education, Research, and Administration Program**

– Actively participated and sponsored cooperative education, research and administrative programs for those persons, Branches, Divisions, Department personnel, Attorney General's Office that provide direct or indirect services to REC or were part of a real estate related program.

**Division and Department Programs** – Coordinated activities and programs of mutual concern with PVL and DCCA.

**Staff and Commissioners Development** – Developed and trained staff and commissioners for better administration of the real estate programs. Participated in training and educational opportunities provided by REEA, ARELLO, CAI, CLEAR and other organizations.

## **FY 2007 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 CE and Prelicensing Instructors
- Real Estate Specialist Office for the Day
- Real Estate Speakership Program
- Prelicensing Education Equivalency Administration
- Uniform Section Equivalency of Prelicensing Examination.
- Technology and Website
- Records Management
- Information Distribution System New Salesperson and New Broker Startup Kits
- Cooperative Education, Research, and Administration Program
- Division and Department Programs
- Staff and Commissioners Development
- Real Estate Reference Library

## CONDOMINIUM REVIEW COMMITTEE REPORT

Chair Stanley Kuriyama and Vice Chair Michelle Loudermilk directed the Condominium Review Committee's 2006 fiscal year program of work.

The Condominium Review Committee (CRC) is a Commission standing committee that holds monthly public meetings in which condominium issues are presented, discussed, examined, and considered. This is a working committee that handles "nuts and bolts" issues. Developers, apartment owners, board of directors, condominium managing agents, attorneys, educators, researchers, government officials, and others with condominium concerns participate at the meetings. The responsibilities of the CRC include: registration of condominium projects by developers; condominium association (AOAO) and condominium hotel operator (CHO) registrations; and governance, education and research programs, inclusive of the programs funded under the Condominium Education Fund (CEF).

A substantial portion of this year's program of work focused on implementing the new recodified condominium law, Chapter 514B, Hawaii Revised Statutes (HRS). The new law took effect July 1, 2006, on the start of the new fiscal year. Towards these ends, the Real Estate Commission:

- Participated with interested stakeholders in fine tuning the new recodified law via HB 3225, HD1, SD1, CD1 which became Act 273 (SLH 2006);
- Developed curriculum, materials, handouts, and power point presentations for use in a statewide educational effort targeted to inform and educate those who would be impacted by the new condominium law, namely, the condominium unit owners, boards, managing agents, resident managers, developers, real estate licensees, and their respective attorneys;
- Advertised statewide and delivered the

Commission developed 3 hour free seminar entitled "The New Condominium Law Chapter 514B, HRS - Building on the Past." Prior to the new law's effective date, these seminars were held on Oahu and the neighbor islands of Kauai, Maui, and Hawaii (Hilo and Kona). The Commission along with a volunteer faculty comprised of representatives from the condominium development and governance community as well as from the real estate industry delivered the Commission developed 3 hour free seminar. On Oahu, Maui, and Kauai, attendance were at an all time high with standing room only. On Oahu it was necessary to arrange for two conference rooms at the State Capitol to accommodate the overflow participation. Interest in Hilo and Kona mirrored the condominium population;

- Participated in a number of speakership requests about the new law; one aired on Hawaii Public Television and others were presented at different island real estate industry boards;
- Developed developer's public report forms, information packets, registration processes and procedures to implement the registration of condominium projects created pursuant to the new condominium property regime law, Chapter 514B, HRS. To assist with these tasks, the Commission retained an attorney consultant. The consultant also assisted with writing summaries of the new law to be later used for educational purposes;
- Partnered with the Hawaii State Bar Association, Real Property Section, in delivering a seminar about the proposed condominium project registration forms, processes, and procedures. The seminar targeted members of the Hawaii State Bar whose practice concentrated on condominium development and governance;
- Updated the Commission's website with information about the new condominium

**Condominium Apartment Owners on the Commission**

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

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

- Trudy Nishihara**
- William Chee**
- Annette Aiona**

new recodified law, Chapter 514B, HRS, the Commission looks forward to the continuing support of the condominium governance and development communities, their attorneys, the Hawaii State Bar Association, Real Property Section, and real estate industry. To these committed organizations and groups, the Commission extends a big Mahalo.

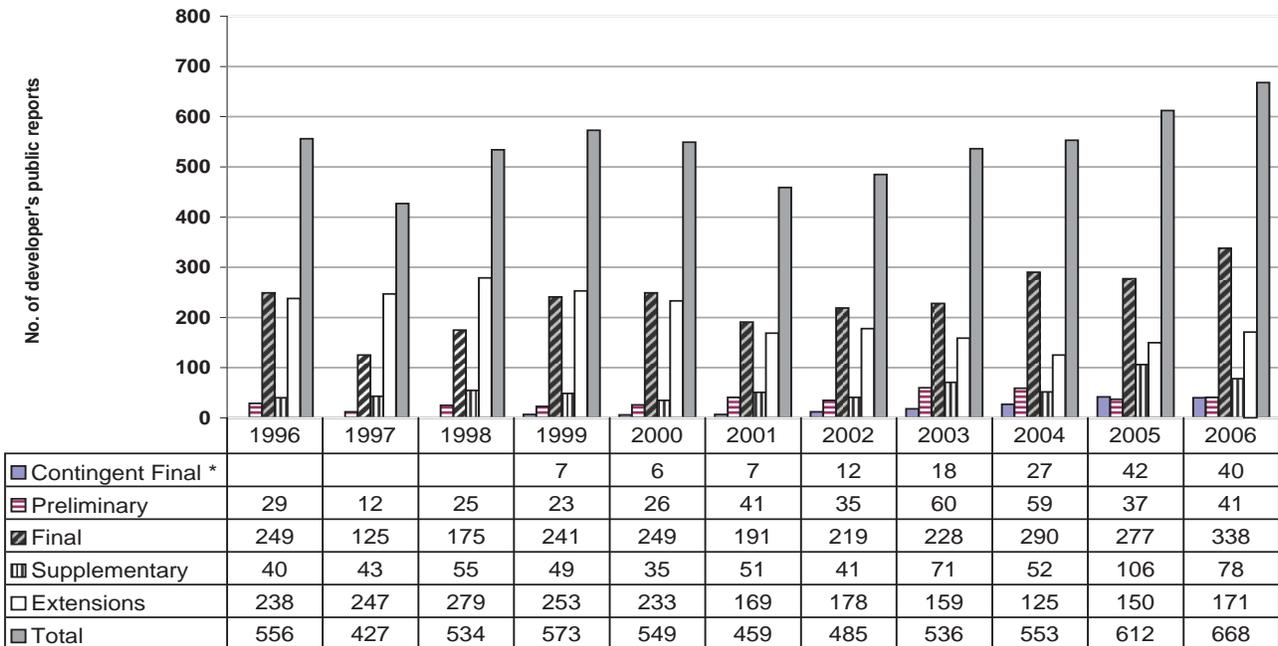
The enactment of new laws at the end of the fiscal year impacted the CRC’s Advice, Education and Referral program of work item. Condominium board members, apartment owners, managing agents and interested others inquired about the following new laws:

- Act 72 - Relating to arbitration. Allows the district courts to have jurisdiction over cases subject to arbitration agreements where the disputed amount is \$10,000 or less. Amends Chapter 658 HRS.

law and made the developer’s public report forms and information packet downloadable and fillable online.

In planning for next year’s program of work on the subject of implementation of the

**CHART 15. Developer’s Public Reports Effective Dates Issued**



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

- Act 271 - Relating to land use. Allows agricultural lands used for certain activities to be subdivided and leased without having to satisfy county subdivision ordinances or the Uniform Land Sales Practice Act; provided the land shall be used for agricultural uses only. Amends Chapters 205 and 484, HRS.
- Act 273 - Relating to condominiums. Amends and fine tunes the new recodified law, Chapter 514B, HRS. Clarifies among other provisions the applicability of the new law to existing condominiums. Specifically provides that chapter 514A, HRS, shall not apply to condo-

miniums created on or after July 1, 2006, or that are registered with the Real Estate Commission of the State Department of Commerce and Consumer Affairs pursuant to chapter 514B; and from and after July 1, 2006, chapter 514A, HRS, shall apply only to condominiums created prior to July 1, 2006; and to a developer's sale of condominiums in a project for which a notice of intention was filed with the Commission prior to July 1, 2006, except where the developer elects to register an existing project with the Commission under part IV of chapter 514B pursuant to section 9(b) (Act 93 SLH 2005). Allows the majority of the owners by the vote or written consent in condominiums created

**Table 4. Condominium Project Filings**

<b>New Projects</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Residential	64	66	79	103	192	219	230
No. of Apartments Represented	1028	1642	2096	3012	6274	9334	6203
Commercial and Other	18	15	5	10	12	25	47
No. of Apartments Represented	95	367	33	67	1444	2338	89
Agricultural	27	30	28	30	29	44	34
No. of Apartments Represented	51	93	74	435	70	205	2117
<b>Total New Projects</b>	<b>109</b>	<b>111</b>	<b>112</b>	<b>143</b>	<b>234</b>	<b>288</b>	<b>311</b>
<b>Total No. of Apartments Represented</b>	<b>1174</b>	<b>2102</b>	<b>2203</b>	<b>3514</b>	<b>2318</b>	<b>11877</b>	<b>8409</b>
<b>Conversions</b>							
Residential	55	44	58	92	116	135	164
No. of Apartments Represented	342	454	591	740	1422	2347	1177
Commercial and Other	14	4	5	20	10	16	14
No. of Apartments Represented	57	234	273	360	777	1325	1584
Agricultural	47	51	26	46	51	30	54
No. of Apartments Represented	120	128	27	91	119	146	73
<b>Total Conversion Project</b>	<b>116</b>	<b>99</b>	<b>89</b>	<b>158</b>	<b>177</b>	<b>181</b>	<b>232</b>
<b>Total No. of Apartments Represented</b>	<b>519</b>	<b>816</b>	<b>891</b>	<b>1191</b>	<b>7788</b>	<b>3818</b>	<b>2834</b>
<b>Combined New &amp; Converted Project Filings</b>	<b>225</b>	<b>210</b>	<b>201</b>	<b>301</b>	<b>411</b>	<b>469</b>	<b>543</b>
<b>Combined No. of Apartments Represented</b>	<b>1693</b>	<b>2918</b>	<b>3094</b>	<b>4705</b>	<b>10106</b>	<b>15695</b>	<b>11243</b>

\* 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.

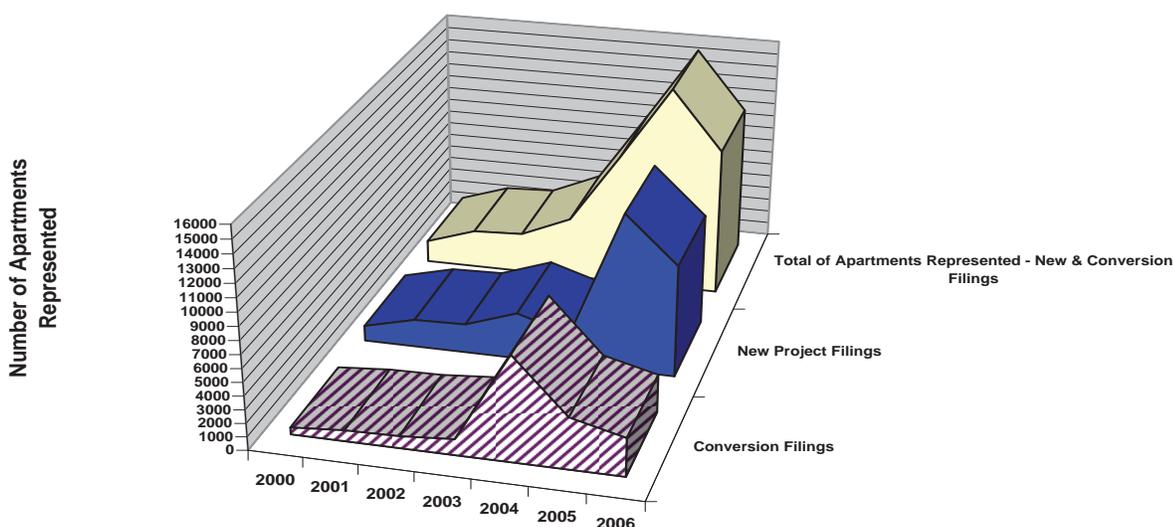
prior to July 1, 2006 to adopt an amendment to their declaration, bylaws, condominium map or other constituent documents to achieve any result permitted by the new condominium law chapter 514B, HRS. Other amendments among others provide for changes in common elements, association powers and limitations, restatement of governing documents, corrections to the percentage of common interest for the project to total 100 percent by a resolution adopted by the board, and provisions relating to association fiscal matters (costs and expenses of lease rent renegotiation).

- Act 276 - Relating to planned community associations. Amends Chapter 508D, HRS, Mandatory Seller Disclosures in Real Estate Transactions. Requires that the disclosure statement to the buyer of a property in a planned community, include

the planned community’s declaration and association documents as those terms are defined in section 421J-2. HRS.

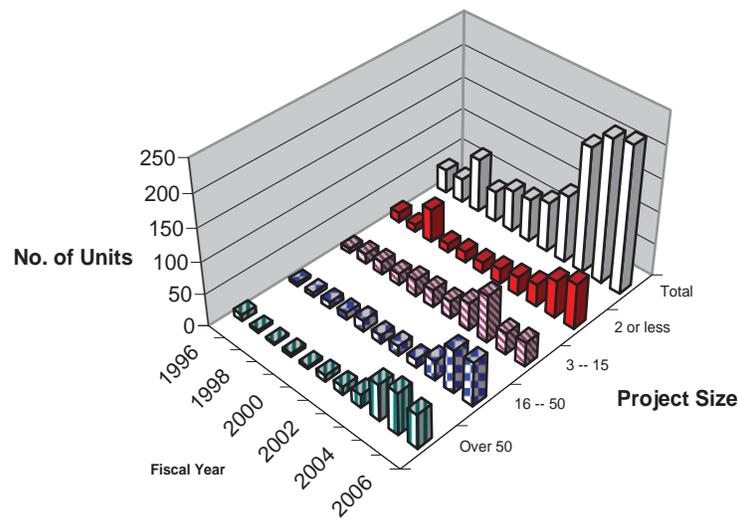
- Act 277 - Relating to condominiums. Extends for 3 years the pilot program for condominium management dispute resolution by establishing comparable provisions in the new condominium law, Chapter 514B, HRS.
- Act 278 - Relating to out of state sales of time share interests. Amends Chapter 514E, HRS, Time Share. Provides an exemption for time share use plans containing time share interests or units located in Hawaii and offered for sale outside the USA from the time share law, provided that the plan does not place blanket liens on its Hawaii units and complies with contractual resale restrictions and consumer disclosure requirements.

**Chart 16. Number of Condominium Apartments**



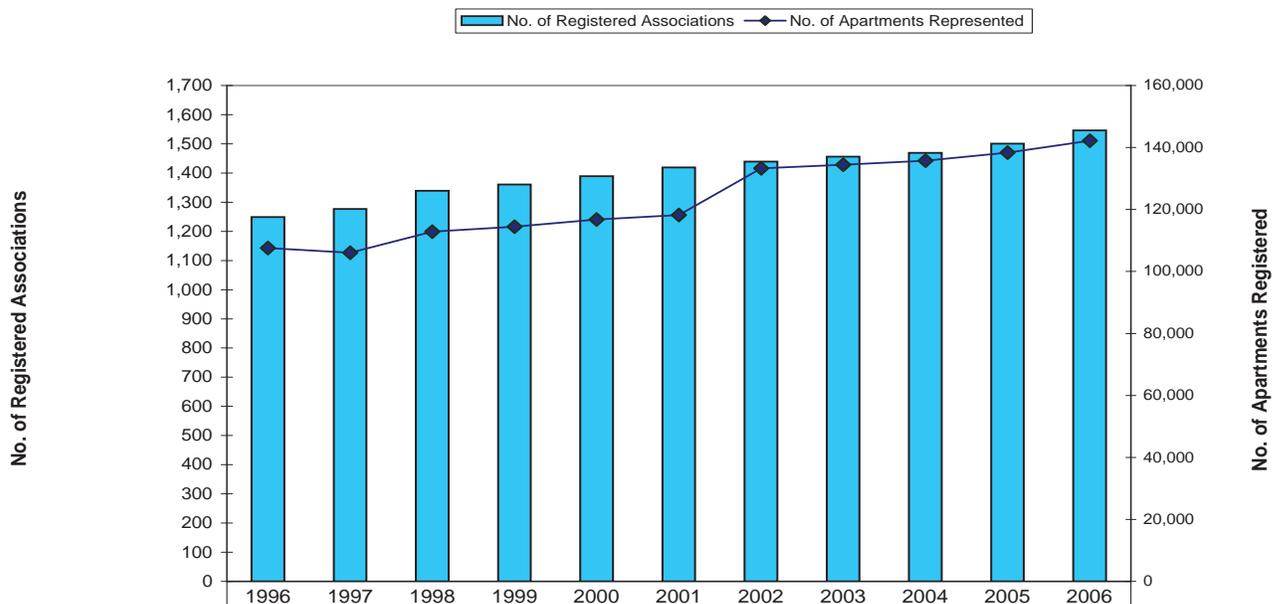
	2000	2001	2002	2003	2004	2005	2006
Conversion Filings	519	816	891	1191	7788	3818	2834
New Project Filings	1174	2102	2203	3514	2318	11877	8409
Total of Apartments Represented - New & Conversion Filings	1693	2918	3094	4705	10106	15695	11243

**Chart 17. New Residential Projects - By Size**



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Over 50	10	4	3	5	4	10	12	20	56	64	52
16 -- 50	5	7	10	11	17	12	15	13	30	66	67
3 -- 15	7	15	19	18	26	27	27	42	72	33	37
2 or less	15	11	52	13	17	17	23	28	34	57	70
Total	37	37	84	47	64	66	77	103	192	220	226

**Chart 18. Condominium Association Registration**



No. of Registered Associations	1,249	1,277	1,339	1,361	1,389	1,419	1,439	1,456	1,469	1,501	1,546
No. of Apartments Represented	107,580	106,052	112,832	114,449	116,750	118,209	133,276	134,444	135,708	138,334	142,171

- Act 312 - Relating to planned community associations. Amends Chapter 421J, HRS, Planned Community Associations. Amends provisions relating to meetings of the board of directors; committee or subcommittee. Provides that all meetings of the board of directors of planned community associations, other than executive sessions, shall be open to all members to provide input on the matters being discussed. Amends provisions relating to documents of the association. Provides that association documents, the most current financial statement of the association, and the minutes of the most recent meeting of the board of directors (other than the minutes of executive sessions) shall be made available for examination by any member at no cost, on 24 hour loan or during reasonable hours.

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 CEF, (2) the amount of money in the fund, and (3) a copy of the budget for the current fiscal year, including summary information on programs which were funded or are to be funded. This portion of the report, also consistent with Act 100, (SLH 1999), includes a summary of the CEF programs that have been funded for the prior fiscal year (2006) and the

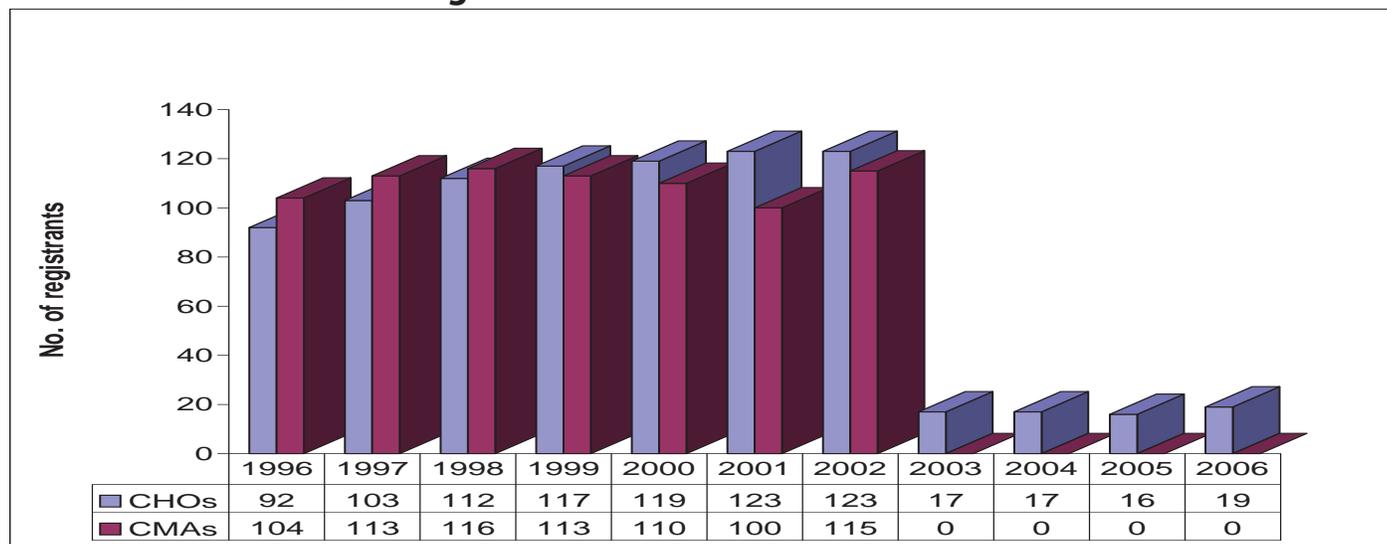
current fiscal year (2007).

## FY 2006 PROGRAM OF WORK CONDOMINIUM REVIEW COMMITTEE

**Recodification of HRS Chapter 514A** - Concurrently with the administration of Chapter 514A, HRS, participated in the legislative process to fine tune the new recodified Condominium Property Act (now codified as Chapter 514B, HRS effective at the start of the fiscal year 2007, July 1, 2006) and initiated implementation. With the help of stakeholder organizations and volunteers developed appropriate new and amended forms, instructions, informational sheets, procedures and evaluative processes.

**Advice, Education, and Referral** – Responded and provided information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested others and the public, via telephone, walk-ins, faxes, written, emails, and through the Commission’s website. Prepared for the printing and distribution of Commission developed information including copy of HRS Chapter 514A and HRS Chapter 514B to each registered AOA. Participated in a public television broadcast focused on current condominium issues and the new recodified condominium law.

**Chart 19. CMA and CHO Registrations**



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

**Hawaii Condominium Bulletin** – Continued the research, development, publication and distribution of a quarterly bulletin to all registered AOA's, CMAs, CHOs, and maintained on REC website. Continued contract administration with consultant and procurement code management.

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

**Condominium Hearings Program** - Pilot program ended June 30, 2006. Assisted in the administration of the pilot program and continued to assist the administrative Hearings Office in any educational and awareness program

**Condominium Association Registration**

- Administered the registration including applications, review, policies, procedures, appeals, subpoenas, requests for records under OIP, study, report, implementation, maintenance, and update of an electronic/computerized registration and listing of all AOA contact information on REC website and preprinted lists available upon request.

#### **Condominium Seminars and Symposium**

- Produced seminars for the condominium community through procured contracts with various providers and procured new providers. Continued to administer CEF subsidies for Commission approved seminars including the following: "2005 Legislative Update Seminar," "Developing Issues for Community Associations," "Fair Housing Act & the American with Disabilities Act," "Information Technology," "Saving Money For Your AOA Managing Utilities & Mechanical Costs," "Firing Line: Secrets of Employment Law Revealed," and "ABC Basic Course."

**CRC Educational Advisory Group** – Administered this volunteer group which reviews, recommends, assists in development, updates and administration of condominium education-related projects. Incorporated the work of this group with this year's recodification educational efforts.

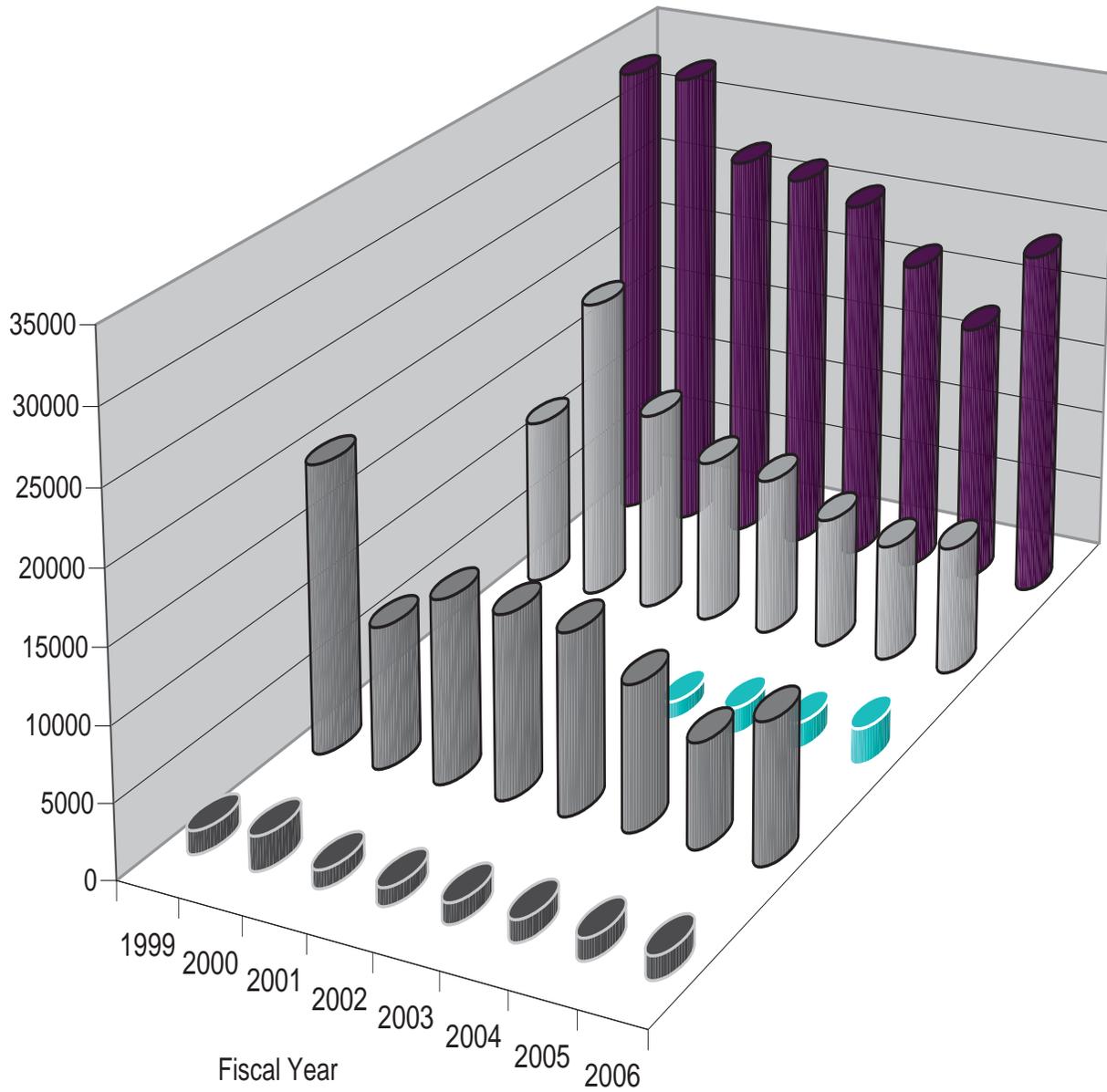
#### **Condominium Managing Agents Registration**

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

#### **Condominium Hotel Operator Registration**

– Administered the licensing, registration, and certification requirements, including applications, review, policies, procedures, appeals,

**Chart 20. Condominium Advice Education and Referral**



	1999	2000	2001	2002	2003	2004	2005	2006
Walk Ins	1568	2325	1235	1229	1395	1480	1473	1551
Written Requests/Applications	19635	9650	12481	12449	12217	9819	7027	9461
Emails					1259	1819	1812	2487
Calls	11721	21182	13947	11387	10971	9050	8064	8863
<b>Total</b>	<b>32924</b>	<b>33157</b>	<b>27663</b>	<b>27067</b>	<b>25842</b>	<b>22168</b>	<b>18376</b>	<b>24368</b>

subpoenas, and requests for records under OIP. Continued the administration of the registration program and with Licensing Branch since active real estate brokers are exempt from the registration and fidelity bond requirements.

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

**Meetings** - Planned, coordinated, and conducted monthly CRC meetings. Included schedule of meetings and agendas on Commission website. Developed meetings minutes on PDF and searchable.

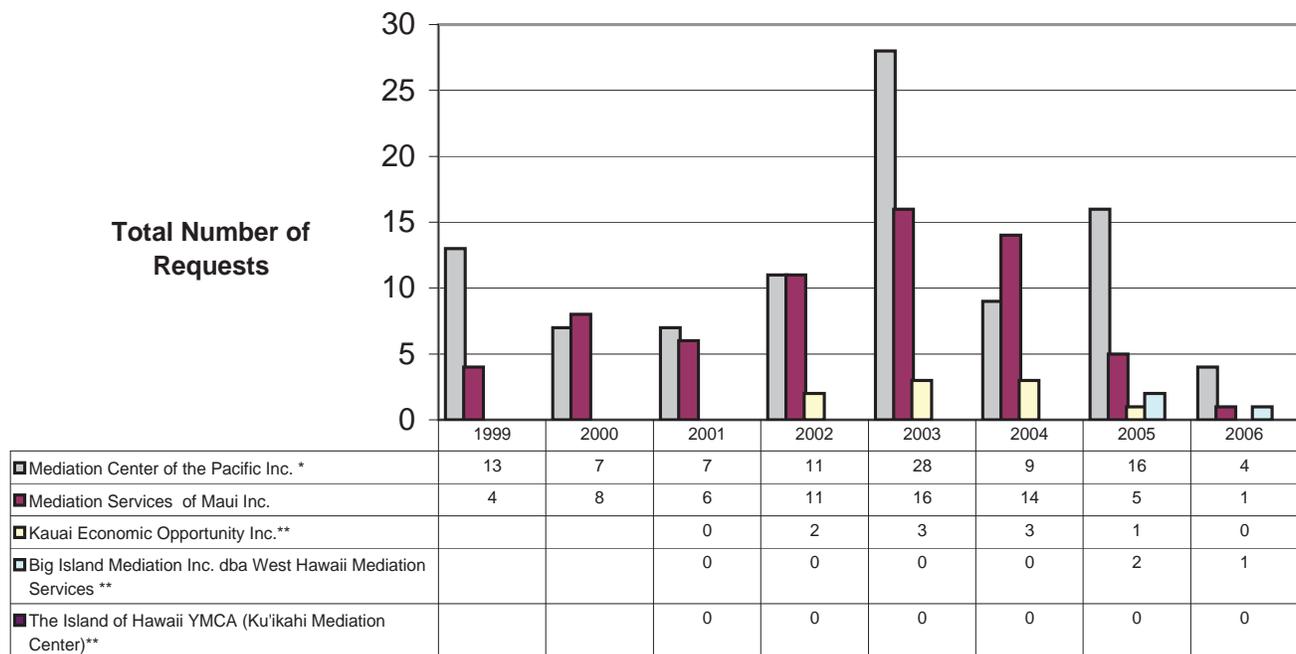
**Government and Legislative Participation and Report** - Researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. Researched, developed and distributed annual report to the Legislature on CEF pro-

grams and funds; immediately upon completion submitted to REC website.

**Legislative Acts and Resolutions** - Reviewed, reported, and developed summaries on all related acts and resolutions; implemented requirements of directly related acts and resolutions. Prepped for printing and distribution amended public copy of HRS Chapter 514A, HRS and 514B, HRS and studied the feasibility of ramseyer format of public copy of Chapter 514A and Chapter 514B, HRS.

**Interactive Participation with Organizations** – Continued active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc., through attendance, membership and participation at local, regional, national, and international meetings,

**Chart 21. Condominium Governance Mediations**



\* Ika Neighborhood Justice Center of Honolulu, Inc.

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

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

including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan). Participated with agencies and organizations to include recodification education programs.

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

**Condominium Education Fund (CEF)** - Administered fund. Prepared, maintained, and reviewed budget, finance, and records for the CEF. Prepared monthly and annual financial statements, budget, and administered fund investment. Planned and worked with the department to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections.

**Consumer Education** - Researched a consumer education program targeting prospective purchasers of condominium units and new owners of condominium units on initial project sales and resales. Considered a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers.

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

**CPR Project Workshop and Meetings** - Conducted periodic workshops for condominium consultants for purposes of orientation and information. In conjunction with the recodification of Chapter 514A and implementation of Chapter 514B, HRS, facilitated forums for representatives of developers, attorneys, condominium consultants, CMAs, and AOA focus groups.

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

**Condominium Speakership Program** - Subject to State government approvals and priorities, honored requests to provide a speaker, resource person, or participant in a function related to condominium education, recodification, condominium issues, and condominium project registration. .

**Technology and Website** - Administered an in-house and network computer system; including training, purchases, and DCCA and PVLDD plans. Maintained, updated the electronic storage, review, printing of developer's public reports, registration and public information. Pursuant to the new recodified condominium law's effective date of July 1, 2006, posted and made form fillable and downloadable a new developer's public report form and other related forms. Administered the REC website with long range plan of including all condominium information, forms, database, etc. plus online registration. Utilized scanning for website, storage of public information, and other programs; developed and maintained CD ROM PC for review and use by the public educational materials and developers' public reports.

**Case Law Review Program** - Monitored, collected and reported on judgments and decisions on Hawaii, Federal, and other states' court cases; reported on governance and development cases; evaluated cases for inclusion in the Condominium Bulletin.

**Start-up Kit for New AOAOs and New CMAs** - Distributed start-up kit to new registered AOAOs and CMAs; including public copy

of HRS Chapter 514A, and rules, budget and reserves guide, board of director's guide, past condominium bulletins.

**Records Management** - Evaluated, planned, reorganized, and implemented a centralized, consistent, user friendly, computerized glossary of the existing and future educational materials, records, developers' public reports and files. Maintained and updated the scanning and electronic storage of records, including developer's public reports.

**Cooperative Education, Research, and Administrative Program** - Actively participated and sponsored cooperative education, research and administrative programs for those persons, Branches, Divisions, Department personnel, Attorney General's Office that provide direct or indirect services to the REC and its condominium education fund and condominium project registration responsibilities.

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

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

**Condominium Reference Library** - Maintained on the REC's website a catalog of all public reference materials provided to State Libraries (especially in high CPR concentrated areas), mediation services offices (neighbor islands included) and at the REB office.

## **FY 2007 PROGRAM OF WORK CONDOMINIUM REVIEW COMMITTEE**

### **Condominium Recodification and Education**

- Concurrently with the administration of Chapter 514A, HRS, continue to participate in the legislative process to fine tune and implement the new recodified Condominium Property Act now codified as Chapter 514B, HRS, include as needed the second wave of briefings, updates, and presentations to the condominium community, Administration, and the inclusion of the presentations on the REC website, Condominium Bulletin, Real Estate Bulletin, etc., and a statewide multifaceted low cost educational program delivered with the help of stakeholder organizations and volunteers on all islands. With the help of stakeholder organizations and volunteers review and amend existing REC-developed educational materials, new and amended forms, instructions, informational sheets, procedures and evaluative processes.

**Advice, Education, and Referral** – Respond and provide information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested others and the public, via telephone, walk-ins, faxes, written, emails, and through the Commission's website. Prep for the printing and distribution of Commission developed information including copy of HRS Chapter 514A and HRS Chapter 514B to each registered AOA.

**Condominium Project and Developer's Public Reports** – Continue to administer the new Chapter 514B, HRS condominium project registration program while continuing with the Chapter 514A, HRS, administration and registration. With the help of stakeholder organizations, volunteers, other governmental agencies and interested attorneys continue to refine unalterable fillable developer's public report forms, the evaluation of and development where appropriate new processes, records, forms, information documents and rules. Where needed consider additional consultants to assist with tasks. Continue to make developer's public reports available for public viewing and copying to disc via the REC webpage. Continue to study and

research a comprehensive evaluation system on the project registration and review process.

**Hawaii Condominium Bulletin** – Continue the research, development, publication and distribution of a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and maintain on REC website, include electronic delivery, and either increase bulletin up to 12 pages with the addition of a developer’s section, or a developer’s bulletin, or a special webpage for developers. Continue contract administration with consultant and procurement code management.

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

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

**Condominium Association Registration** – Continue to administer the registration including applications, review, policies, procedures, appeals, subpoenas, requests for records under OIP, study, report, implementation, maintenance, initiate an electronic/computerized registration and continue the listing of all AOA contact information on REC website and pre-printed lists availability upon request. Compile a biennial profile of registered AOAOs based on the data fields gathered from the registration information.

### **Condominium Seminars and Symposium**

- Produce seminars for the condominium community through procured contracts with various providers and procure new providers. Continue to administer CEF subsidies for Commission approved seminars. Produce a seminar on reserves, especially the cash flow funding method, collaborate with CAI-Hawaii and other interested parties. Proactively seek additional consultants, especially on the neighbor islands. Research web re-broadcast of all CEF seminars.

**CRC Educational Advisory Group** – Continue the administration of this group which reviews, recommends, assists in development, updates and administration of condominium education-related projects. Incorporate the work of this group with the recodification educational efforts including an electronic consumer brochure for condo living, seniors, and real estate brokers for distribution to new owners and tenants of residential condominium units.

**Condominium Managing Agents Registration** - Administer the registration requirements, including applications, review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Continue the administration of registration of corporations authorized as trust companies pursuant to article 8 of Chapter 412, HRS and with Licensing Branch since active real estate brokers are exempt from the registration requirement.

### **Condominium Hotel Operator Registration**

– Administer the licensing, registration, and certification requirements, including applications, review, policies, procedures, appeals, subpoenas, and requests for records under OIP. Continue the administration of the registration program and with Licensing Branch since active real estate brokers are exempt from the registration and fidelity bond requirements.

**Rule-Making - Chapter 107** -Study, evaluate, research, and develop rule amendments for the formal rule making process. Consider

recommendations received from the various participants in recodification, CRC, community workshops, government officials, organizations as to rule making for the new law; joint program with “Recodification of Chapter 514A (Chapter 514B, HRS)”.

**Meetings** - Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on Commission website. Develop meetings minutes on PDF and searchable.

### **Government and Legislative Participation**

**and Report** - Research, participate, and report on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. Research, develop and distribute annual report to the Legislature on CEF programs and funds; immediately upon completion submit to REC website.

**Legislative Acts and Resolutions** - Review, report, and develop summaries on all related acts and resolutions; implement requirements of directly related acts and resolutions. Prep amended public copy of HRS Chapter 514A and 514B, HRS for printing and distribution and study the feasibility of ramseyer format of public copy of Chapter 514A and Chapter 514B, HRS.

### **Interactive Participation with Organizations**

– Continue active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc., through attendance, membership and participation at local, regional, national, and international meetings, including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan). Participate with agencies and organizations to include recodification education programs.

**Neighbor Island Outreach** – Hold three com-

mittee meetings at neighbor island sites (Kauai, Maui and Hawaii) in collaboration with the local boards, HAR, condominium organizations, etc.

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

**Consumer Education** - Develop a consumer education program about initial project sales and resales targeting prospective and new purchasers of condominium units. Consider a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers. Utilize the Office of Communications for publicity.

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

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

**Condominium Specialists Office for the Day** – Condominium Specialists set up office at RICO neighbor island offices or other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral with advanced publicity, mailouts,

and appointments; upon request, include training of RICO investigators.

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

**Technology and Website** - Administer an in-house and network computer system; including training, purchases, and DCCA and PVLVD plans. Maintain, update the electronic storage, review, printing of developer's public reports, registration and public information. Pursuant to the new recodified condominium law continue to amend, post, and make form fillable and downloadable a new developer's public report form and other related forms. Administer the REC website with long range plan of including all condominium information, forms, database, etc. plus online registration including web conferencing, and an AOAOs central depository for all governing documents, minutes, etc.. Utilize scanning for website, storage of public information, and other programs; develop and maintain CD ROM PC for review and use by the public condominium educational materials and developers' public reports.

**Case Law Review Program** - Monitor, collect and report on judgments and decisions on Hawaii, Federal, and other states' court cases; report on governance and development cases; evaluate cases for inclusion in the Condominium Bulletin.

**Start-up Kit for New AOAOs and New CMAs** - Continue to distribute start-up kit to new registered AOAOs and CMAs; including public copy of HRS Chapter 514A, 514B, HRS and rules, budget and reserves guide, board of director's guide, past condominium bulletins.

**Records Management** - Evaluate, plan, reor-

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

**Cooperative Education, Research, and Administrative Program** - Actively participate and sponsor cooperative education, research and administrative programs for those persons, Branches, Divisions, Department personnel, Attorney General's Office that provide direct or indirect services to REC and its condominium education fund and or condominium project registration responsibilities.

**Division and Department Program** - Continue the coordination of activities and programs of mutual concern with PVLVD, RICO and DCCA.

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

**Condominium Reference Library** - Maintain and update the REC's website catalog of all public reference materials (including the board of director's chapters and law amendment) and continue to provide to State Libraries especially in high CPR concentrated areas, mediation services offices (neighbor islands included) and at the REB office. Whenever feasible, provide information in conjunction with recodification educational programs.

## Real Estate Education Fund

<b>Fund Balance As of June 30, 2006 (Unaudited)</b>	<b>FY 2006 Expenditures and Encumbrances (Unaudited)</b>
<b>ASSETS</b>	<b>I. Operations</b>
Cash	Personnel \$234,646
In State Treasury \$305,868	Supplies 6,115
Short term cash investments 900,000	Postage 4,539
	Equipment Rentals/Maintenance 11,901
Total Assets 1,205,868	Machinery and Equipment 8,576
	Books 787
	Total Operations \$266,565
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	<b>II. Direct Licensee Education</b>
Payables 30,790	Advice, Education, Referral 0
Fund Balance	Legislative/Government Participation 406
Reserve for Encumbrances 28,279	Neighbor Islands Outreach 2,752
Unreserved 1,146,799	Annual Report/Quarterly Bulletin 39,352
Balance <u>1,175,078</u>	Real Estate Seminars 25,110
Total Liabilities and Fund Balance \$1,205,868	Instructor's Development Workshop (640)
	Programs <u>3,167</u>
	Total Direct Licensee Education 70,147
	<b>III. Indirect Licensee Education</b>
	Interactive Participation w/Orgs. 19,851
<b>Revenues and Expenditures For the Year Ending June 30, 2006 (Unaudited)</b>	Staff/Commissioners Development 426
Revenues	Dues & Subscriptions 2,337
Fees \$153,328	Miscellaneous 0
Interest (includes Recovery Fund) 39,313	Total Indirect Licensee Education <u>22,614</u>
Total Revenues <u>192,641</u>	
Expenditures <u>331,047</u>	<b>Total Expenditures and Encumbrances</b>
Excess (deficiency) of revenues over expenditures <u>(138,406)</u>	<u><u>\$359,326</u></u>
Fund Balance	
Beginning of Year <u>1,313,484</u>	
End of Year <u><u>\$1,175,078</u></u>	

## Real Estate Recovery Fund

### Fund Balance As of June 30, 2006 (Unaudited)

### FY 2006 Recovery Fund Payments

ASSETS		Case No.	Licensee	Amount
Cash		Total Payments		\$0
In State Treasury	\$580,913			
Short term cash investments	200,000			
Investment securities (cost)				
Total Assets	\$780,913			
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Payables	\$3,570			
Investment income included "In State Treasury" and Paid to Real Estate Education Fund	0			
Total Liabilities	3,570			
Fund Balance				
Reserve for encumbrance	4,191			
Unreserved	773,153			
Fund Balance	777,344			
Total Liabilities and Fund Balance	\$780,913			

### Revenues and Expenditures For the Year Ending June 30, 2006 (Unaudited)

Revenues	
Fees	\$135,860
Expenditures	
Operations	38,311
Legal Services	20,237
Claims	0
Total Expenditures	58,548
Excess (deficiency) of revenues over expenditures	77,312
Fund Balance	
Beginning of Year	700,032
End of Year	\$777,344

## Condominium Education Fund

<b>Fund Balance As of June 30, 2006 (Unaudited)</b>	<b>FY 2006 Expenditures and Encumbrances (Unaudited)</b>
<b>ASSETS</b>	
Cash	Personnel \$227,644
In State Treasury \$441,637	Supplies 4,400
Short term cash investments 400,000	Postage 3,000
Total Assets <u>\$841,637</u>	Equipment Rentals/Maintenance 7,031
	Education and Research 94,291
	Equipment for Office 1,296
	Staff/Commissioner Development 2,118
<b>LIABILITIES AND FUND BALANCE</b>	Resource Materials 0
Liabilities	Dues & Subscriptions 454
Payables \$34,472	Miscellaneous <u>55</u>
Fund Balance	
Reserve for Encumbrances 41,945	Total Expenditures and Encumbrances <u>\$340,287</u>
Unreserved 765,221	
Fund Balance <u>807,166</u>	
Total Liabilities and Fund Balance <u>\$841,637</u>	

<b>Revenues and Expenditures For the Year Ending June 30, 2006 (Unaudited)</b>	
<b>Revenues</b>	
Fees \$165,329	
Interest income 12,413	
Total Revenues <u>177,742</u>	
<b>Expenditures</b> <u>298,342</u>	
Excess (deficiency) of revenues over expenditures (120,600)	
Fund Balance	
Beginning of Year 927,766	
End of Year <u>\$807,166</u>	

<b>FY 2007 Budget</b>	
Personnel	\$367,963
Supplies	1,000
Postage	6,000
Equipment Rentals/Maintenance	6,000
Contingency	500
Education and Research	184,761
Equipment for Office	1,500
Staff/Commissioner Development	6,000
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	750
Total Expenditures and Encumbrances	<u>\$575,474</u>