



2008 Annual Report

Real Estate Commission

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

The 2008 Hawaii Real Estate Commission

Trudy I. Nishihara
Chair
Oahu, Real Estate Broker

Stanley M. Kuriyama
Vice Chair
Oahu, Real Estate Broker

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

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

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

Frances Allison Torre Gendrano
Vice Chair, Education Review Committee
Oahu, Real Estate Broker

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

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

Annette Aiona
Hawaii, Real Estate Broker

The Purpose of the Commission:

In summary, the purpose of the Commission:

“...the protection of the general public in its real estate transactions.”

“...promote the advancement of education and research in the field of real estate for the benefit of the public and those licensed under the provision of this chapter (467, HRS) and the improvement and more efficient administration of the real estate industry.”

“...promoting education and research in the field of condominium management, condominium registration, and real estate for the benefit of the public and those required to be registered under this chapter (514A and 514B, HRS).”



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

Aloha!

I respectfully present to you the annual report on the status of the Real Estate Commission (Commission) for Fiscal Year 2008. The Commission currently oversees approximately 21,900 licensees statewide, of which approximately 15,000 hold active licenses. This is a slight increase from 2007. The Commission also oversees approximately 1,601 condominium

associations and 24 condominium hotel operators. The number of condominium units being offered for sale in condominium conversion projects remained the same in FY 08. Compared to FY 07 new project filings, there were 7,509 condominium units created as part of 224 new project filings. The total number of registered condominium association units increased to 151,238. The Commission provides information, education, and acts as a resource for unit owners throughout the year by way of the Commission's Outreach Program and other educational efforts.

The Commission is responsible for the education, licensure, and discipline of real estate licensees, certifying and monitoring activities of pre-license real estate schools, pre-license courses, curricula and instructors, certifying continuing education providers, developing continuing education core courses, and registering condominium projects, associations, and managing agents. The Commission is also responsible for testing and certifying broker and salesperson applicants, publishing and disseminating reports and bulletins in its overall communication with schools, instructors, licensees, condominium owners and associations. The Commission also administers the real estate recovery fund.

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

Commissioner Louis Abrams, Broker, Kauai, and Chair of the Laws and Rules Review Committee, continues to work closely with the Hawaii Association of REALTORS® (HAR) on issues that affect the real estate industry and the Commission's statewide volunteer Ad Hoc Committee on Consumer Broker Relationships in finalizing proposed rule changes for consumer representation needs and agency disclosures. Commissioner Michele Loudermilk, Public Member, Oahu, Vice Chair of the Laws and Rules Review Committee, has focused on establishing background checks and fingerprinting requirements for new applicants.

Commissioner William Chee, Broker, Oahu, Chair of the Condominium Review Committee, and Vice Chair, Commissioner Mark Suiso, Public Member, Oahu, together with the assistance of the Commission's condominium consultants, continued tackling the transition from the recodification of Chapter 514A, Hawaii Revised Statutes (HRS), Condominium Property Regimes and the compliance with the new Chapter 514B, HRS, Condominium Property Act. To insure the intent of the law, amendments, deletions and modifications continue in the second year extending the pilot program for dispute resolution for one more year. The Condominium Consumer Education Committee worked on the development of an educational brochure to help consumers to be better prepared for condominium purchase and residency. This information will be distributed to prospective purchasers and condominium unit owners.

Commissioner Carol Ball, Broker, Maui, Chair of the Education Review Committee, together with Vice Chair, Commissioner Frances Gendrano, Broker, Oahu, continue to work diligently with the long standing Commission's Education Evaluation Task Force (EETF), a group made up of industry members, who contribute unselfishly, their time and effort to maintain professional educational standards in the real estate industry. The EETF provided recommendations for the 2007-2008 and 2009-2010 mandatory core course topics. The internet way of doing business has triggered implementing possible post-license requirements for brokers and salespersons, and the discussion continues on increasing continuing education hours to increase professional standards.

Commissioner Stanley Kuriyama, Broker, Honolulu, serves as the Commission's Vice Chair and actively participates on all committees. His ten years of Commission experience bring wisdom and insight to Commission decisions, and coupled with his knowledge of the real estate industry, he is an asset to the Commission. Commissioner Annette Aiona, Broker, Hawaii, participates in all committees and earnestly contributes the neighbor island's real

estate licensee perspectives in the decision making process.

It is with the support of Director Lawrence M. Reifurth, 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 now-retired Supervising Executive Officer, Calvin Kimura, and the new Supervising Executive Officer, Neil Fujitani, that the Commission has been able to accomplish its work during these changing times.

The Commission looks forward to fiscal year 2009 and its many challenges in an industry that is no longer a local business but a continually evolving global enterprise. The Commission must be vigilant in ensuring the Hawaii Revised Statutes and the Hawaii Administrative Rules reflect current business practices; while maintaining a standard of professionalism, in order to protect consumers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Trudy I. Nishihara", is centered within a white rectangular box.

Trudy I. Nishihara ®

Chair

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



**Lawrence M. Reifurth, Director
Ronald Boyer, Deputy Director
Noe Noe Tom, Licensing Administrator**

Real Estate Branch:

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

**335 Merchant Street, Room 333
Honolulu, Hawaii 96813
Telephone: (808) 586-2643
Web: <http://www.hawaii.gov/hirec>
Email: hirec@dcca.hawaii.gov**

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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 2008, led by Chair Louis Abrams and Vice Chair Michele Sunahara Loudermilk, had an active year with legislation, reactive issues, licensing programs, and recovery fund administration.

Legislation

- **Act 070** – Amends HRS Chapter 421J, Planned Community Associations, by clarifying the rights and obligations of planned community associations and ensuring planned community associations are able to effectively enforce assessments and restrictive covenants.
- **Act 076** – Amends HRS Chapters 514A (original law) and 514B (recodified law). The amendments allow condominium associations to invest funds in certificates of deposit through the Certificate of Deposit Accounting Registry Service network.
- **Act 191** – Amends HRS Chapter 421J, Planned Community Associations, by requiring sufficient disclosures in real estate transactions. The purpose of this Act is to require sellers of residential real property to disclose all restrictions or conditions.
- **Act 137** – Requires mortgage foreclosure rescuers to provide specific information and disclosures to distressed property owners and imposes specific prohibitions on mortgage foreclosure rescuers. Enacts a new chapter, known as the Mortgage Rescue Fraud and Prevention Act, to regulate distressed property consultants and their practices and contracts.
- **Act 014** – Amends HRS Chapter 484, Uniform Land Sales Practices Act, by exempting time share plans from the registration requirements by treating the registered time share plans similarly to registered condominium projects, which are also exempt from the requirements of Chapter 484.
- **Act 205** – Amends HRS Chapters 514A and 514B and clarifies the dispute resolution procedures relating to the interpretation or enforcement of a condominium association's declaration, bylaws, house rules, or certain other matters.
- **Act 013** – Requires scheduling of special association meetings by petition to be set no later than 60 days from receipt of petition and attempts to remove obstacles that may interfere with the right of condominium owners to petition for special meetings. Also, the Act clarifies that petitioners may send out notice of the meeting and proxies at association's expense if secretary or managing agent fails to do so.
- **Act 028** – Amends various statutory provisions relating to condominiums in order to reflect the existence of the two chapters relating to condominiums, HRS Chapters 514A and 514B.
- **Act 019** – Amends various provisions of volume 11 of the Hawaii Revised Statutes, (including those provisions which have an impact on real estate in Hawaii), for the purpose of correcting errors and references, and providing clarifying language.
- **Act 138** – Amends HRS Chapter 667, the Mortgage Foreclosures law, to streamline and ensure transparency in the non-judicial foreclosure process by requiring a foreclosure mortgagee to provide pertinent information regarding the property to interested parties. Requires a mortgagee to provide the telephone number of an attorney located and licensed in Hawaii as the contact individual, and authorizes this individual to provide information to qualified callers.
- **SR 47** – Urging associations of apartment owners and condominium unit owners'

associations in the state to develop emergency and evacuation plans for residents, including provisions for seniors and residents with special health needs.

- **HCR 125** – Requesting the auditor to examine upcoming condominium leasehold expirations and their impact on the availability of replacement and affordable housing for Hawaii residents.

Special Subcommittees

For fiscal year 2008, the five subcommittees and ad hoc committees were as follows:

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

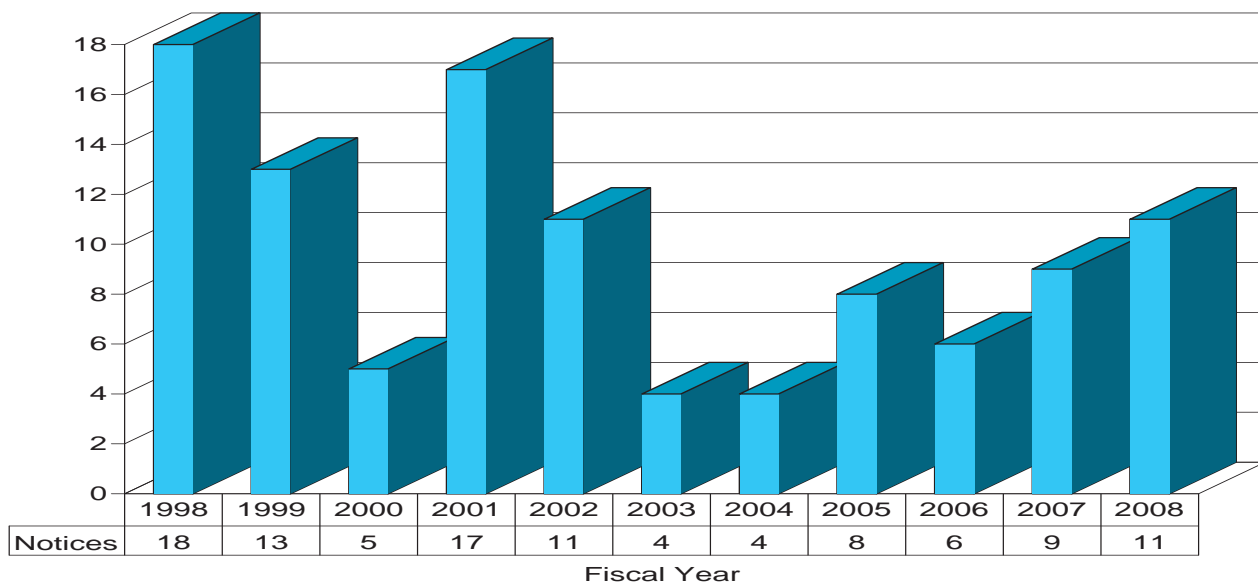
Subcommittee on Referral Fees and License Recognition - The Commission's subcommittee researched and distributed information on various jurisdictional practices throughout the year. Based on this and advice from the Deputy Attorney General, it was recommended that changes in the current rules are necessary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

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

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

Ad Hoc Committee on Consumer-Broker Relationships - The Commission's 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 Committee was formed due to the initial research and study by the Committee's Chair into the various issues facing the consumer's relationship with real estate licensees, as well as research with ARELLO (Association of Real Estate License Law Officials) and its members. This research and study was initiated due to the introduction of a legislative bill by the Hawaii

CHART 1. Recovery Fund - Notices



Association of REALTORS® to the 2005 Legislature. Although the bill was deferred, the Commission desired to continue its review and discussion. The Commission desired a broader perspective on the consumer-broker relationship and requested for officials from each of the Board of REALTOR® organizations, the Regulated Industries Complaints Office, the Hawaii State Bar Association, the Office of the Attorney General, large/small/independent brokerage firms, CCIM, and Real Estate Educators to serve on the committee. The Ad Hoc committee is currently researching and writing draft language for proposed rules which, if approved, may be implemented in the near future.

Licensing

For Fiscal Year 2008, the total number of licensees peaked at approximately 21,868, up from 19,926 in Fiscal Year 2007. This represents a 9.9% increase over the previous fiscal year. The number of real estate licensees has always been cyclical, with the all-time high of 26,090 licensees in 1990 and the lowest count in the past 20 years of 13,033 licensees in 1999.

The Laws and Rules Review Committee, through the Professional and Vocational Licensing Division, developed a plan for increasing the 2008 on-line renewals for real estate licensees with the implementation of a paperless renewal process.

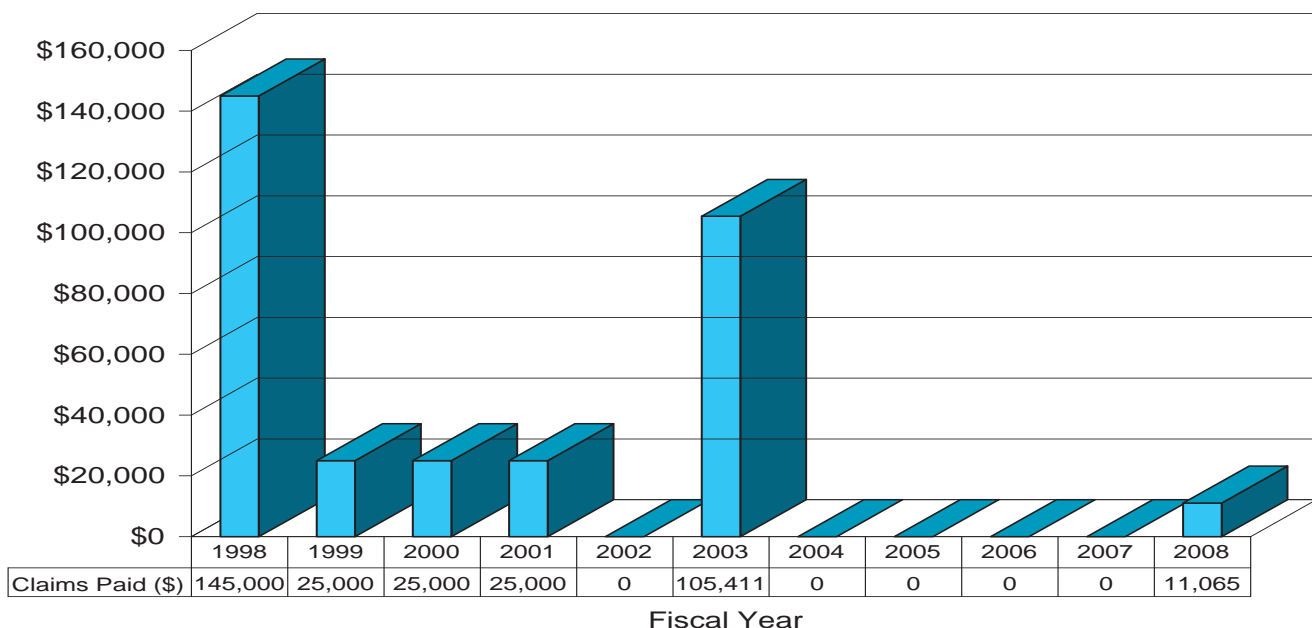
Real Estate Recovery Fund

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

During FY 2008, the Commission received notification in eleven cases, a 22% increase from the FY 2007 notices. See Chart 1.

In FY 2008, there was one payment 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.

CHART 2. Recovery Fund - Claims Paid



FY 2008 PROGRAM OF WORK

Laws and Rules Review Committee

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

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

Advice, Education, and Referral – Staff 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.

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

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

Licensing Renewals – Staff developed a plan for paperless renewal system for implementation during the 2008 biennial renewal.

Legislative and Government Participation – The Commission participated in the legislative sessions; provided briefings and acted as a resource to Legislators, government officials, and staff; researched and submitted

testimony on bills and resolutions, including oral testimony; and assisted Legislators and government officials in responding to the community.

Interactive Participation with Organizations – The Commission, as well as staff, continued active participation with the ARELLO (Association of Real Estate License Law Officials), local, Pacific Rim, national, and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects of mutual concern, training, etc.

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

Neighbor Island Outreach – The Commission held two committee meetings at neighbor island sites (Hawaii in September 2007 and Maui in May 2008).

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

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

ARELLO National Disciplinary Action Data Bank – Staff continued participation in the

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

Case Law Review Program – The Commission monitored, collected, and reported on case law, disciplinary actions, judgments and decisions on Hawaii court cases, federal court cases, and other States' court cases; material cases to be considered for the Real Estate Bulletin and the website.

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

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

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

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

FY 2009 PROGRAM OF WORK

Laws and Rules Review Committee

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

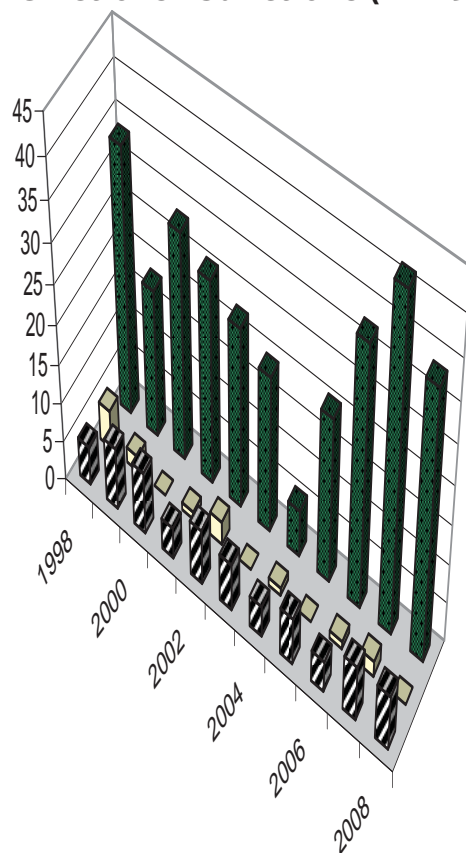
ADMINISTRATIVE ACTIONS

Table 1. Administrative Actions
FY 2008 Administrative Actions

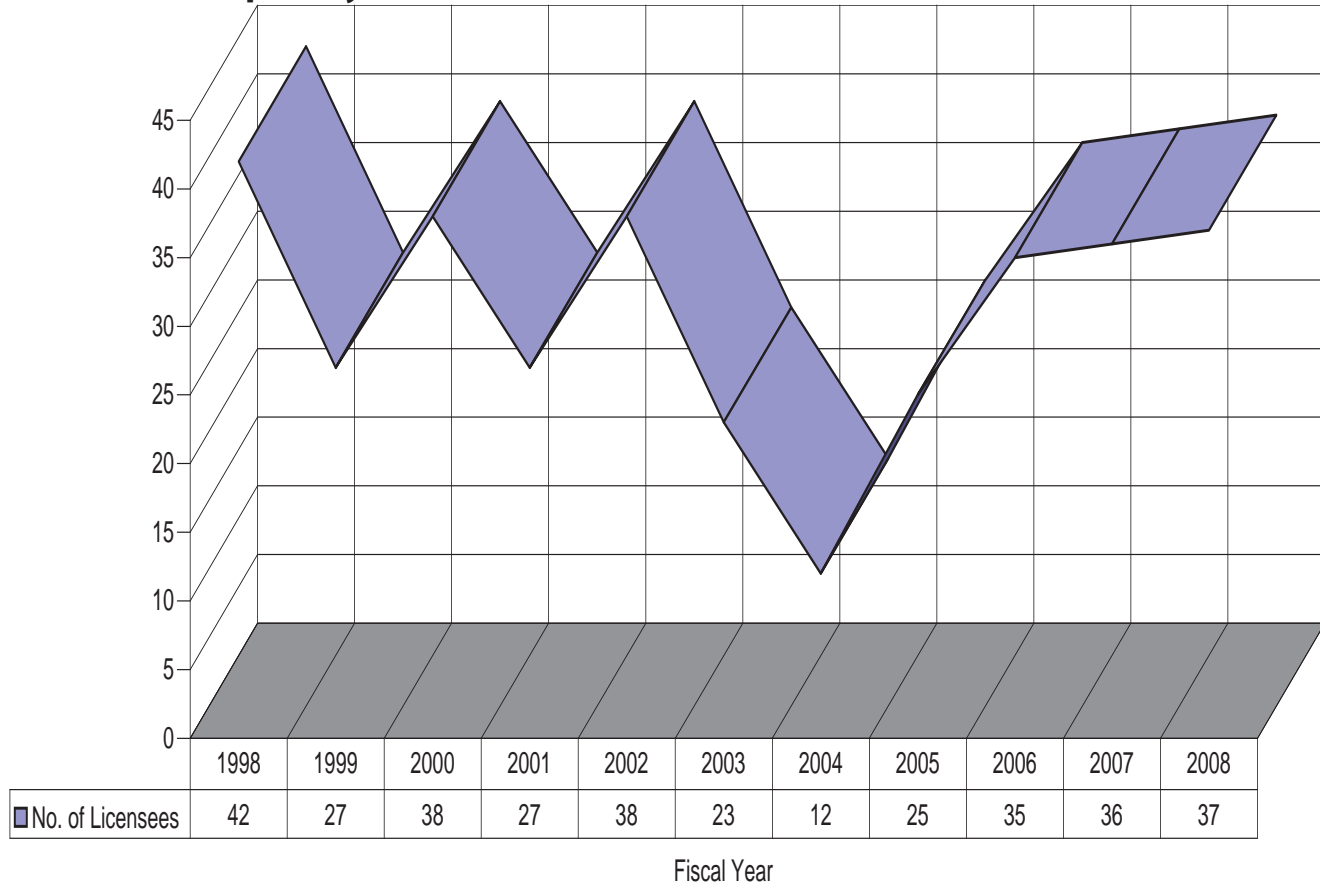
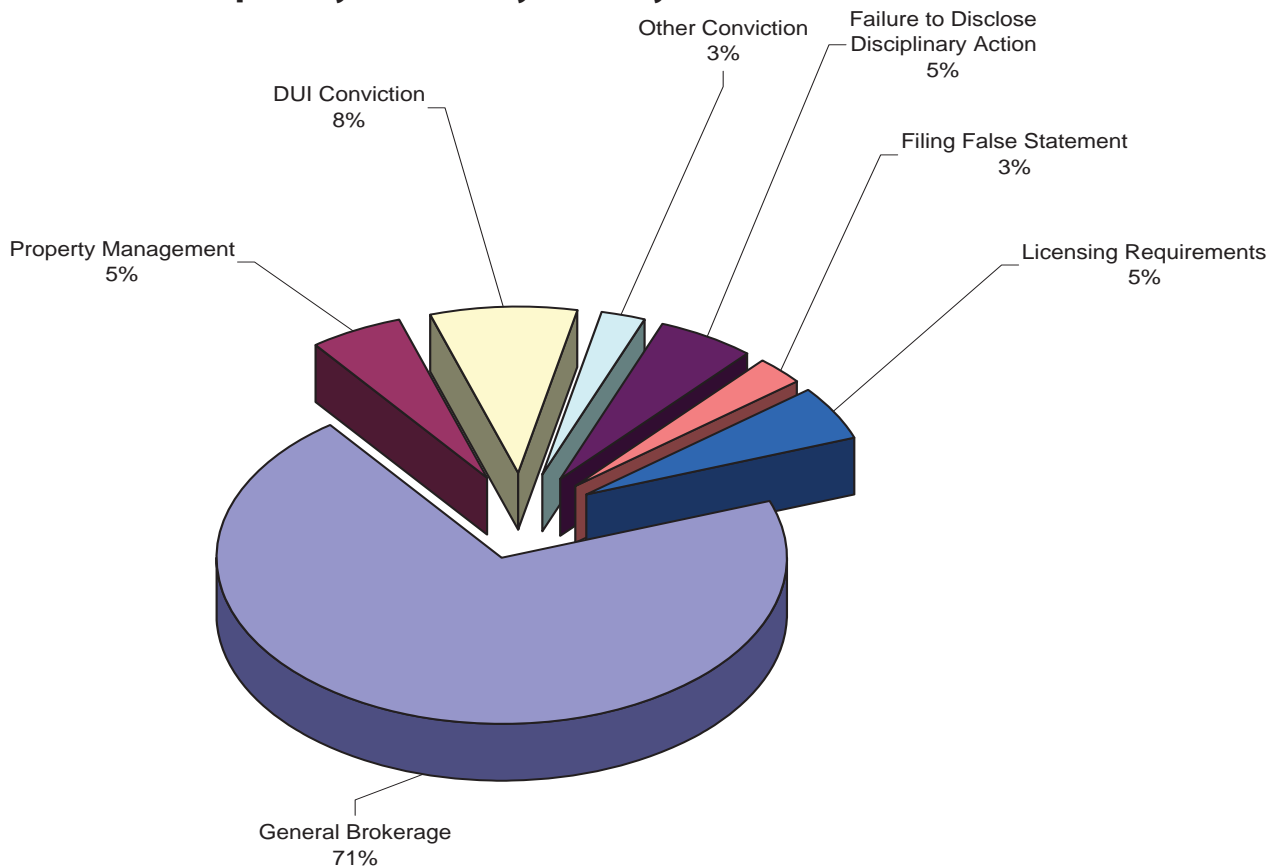
No. of Licensees Disciplined - By Category	
General Brokerage	26
Property Management	2
DUI Conviction	3
Other Conviction	1
Failure to Disclose Disciplinary Action	2
Filing False Statement	1
Licensing Requirements	2
	<hr/> 37
Licenses Revoked	7
Licenses Suspended	0
Licenses Fined	34
Total fines	\$50,000
Licenses Subject to Other Sanctions	7

Disciplinary Actions

The Commission took disciplinary action against 37 licensees in FY 2008. This was a 2.7% increase over the 36 licensees disciplined in FY 2007. Fines totaling \$50,000 were assessed against 34 of the licensees. Seven licensees had their licenses revoked. Table 1 and Chart 3 provide details on disciplinary actions and Chart 5 shows the distribution by the type of real estate activity involved in the case. Of note, the number of licensees fined in 2008 totalling 34 decreased 23.5% compared to last year's total of 42. Chart 4 provides historical information on the number of licensees disciplined.

CHART 3. Administrative Actions - Sanctions (FY 1998-2008)


	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
▨ Licenses Revoked	5	8	8	4	7	6	4	6	4	7	7
▤ Licenses Suspended	5	2	0	1	3	0	1	0	1	2	0
■ Licenses Fined	34	19	29	26	23	20	6	21	33	42	34

CHART 4. Disciplinary Actions (FY 1998-2009)**CHART 5. Disciplinary Actions By Activity (FY 2008)**

REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

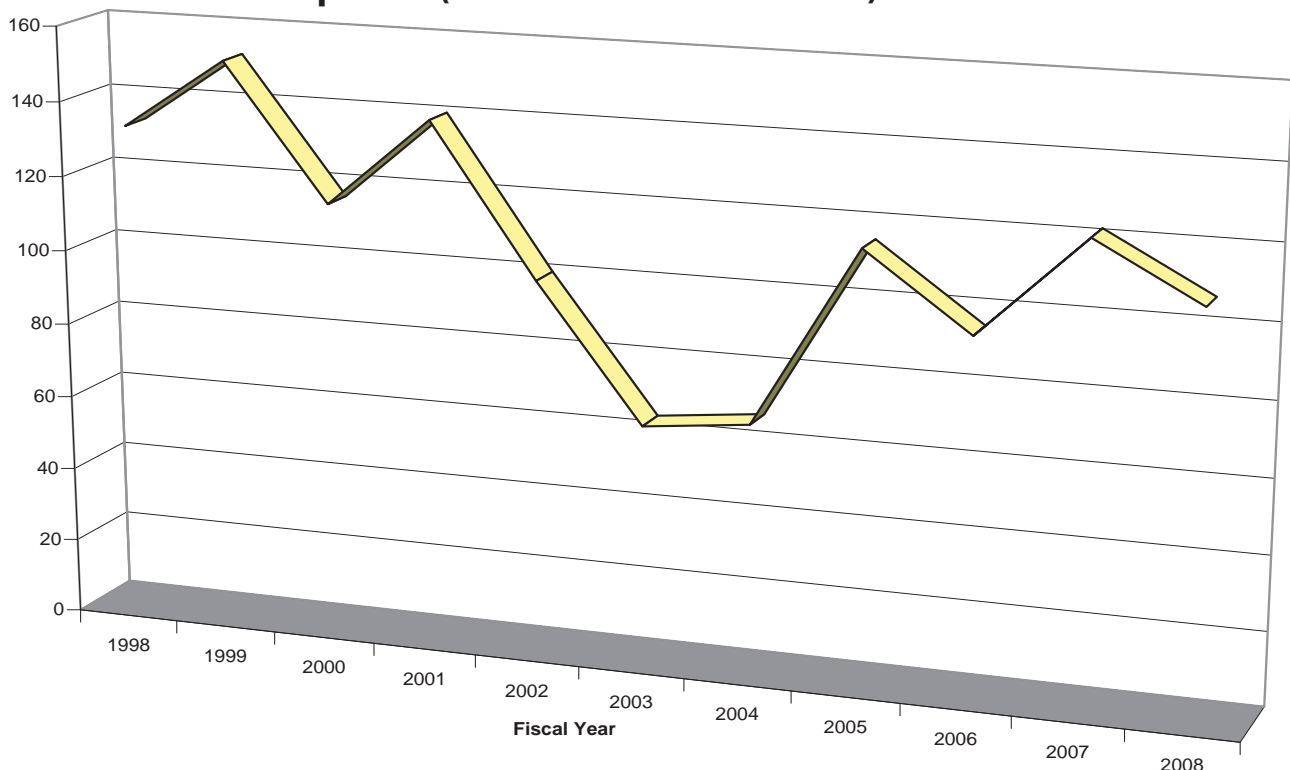
RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 12.3% decrease in 2008. RICO received 107 real estate complaints in FY 2008, compared to 122 in FY 2007. Refer to Chart 6.

Seventy-six of the complaints are pending, while 31 have been closed. Of the closed complaints, there was insufficient evidence in seven cases, warning letters were issued in ten cases, two cases were resolved, in three cases legal action was taken, in two cases the complaints were withdrawn, in five cases there were no violations found, and two cases were closed for records 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 number of disciplinary action cases in which the licensee(s) admitted or the hearings officer found a violation of a specific rule or law. In disciplinary actions that are concluded by settlement agreement, there often is no admission of violations.

CHART 6. RICO Complaints (Real Estate FY 1998-2008)



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Complaints	133	152	116	140	100	64	67	115	95	122	107

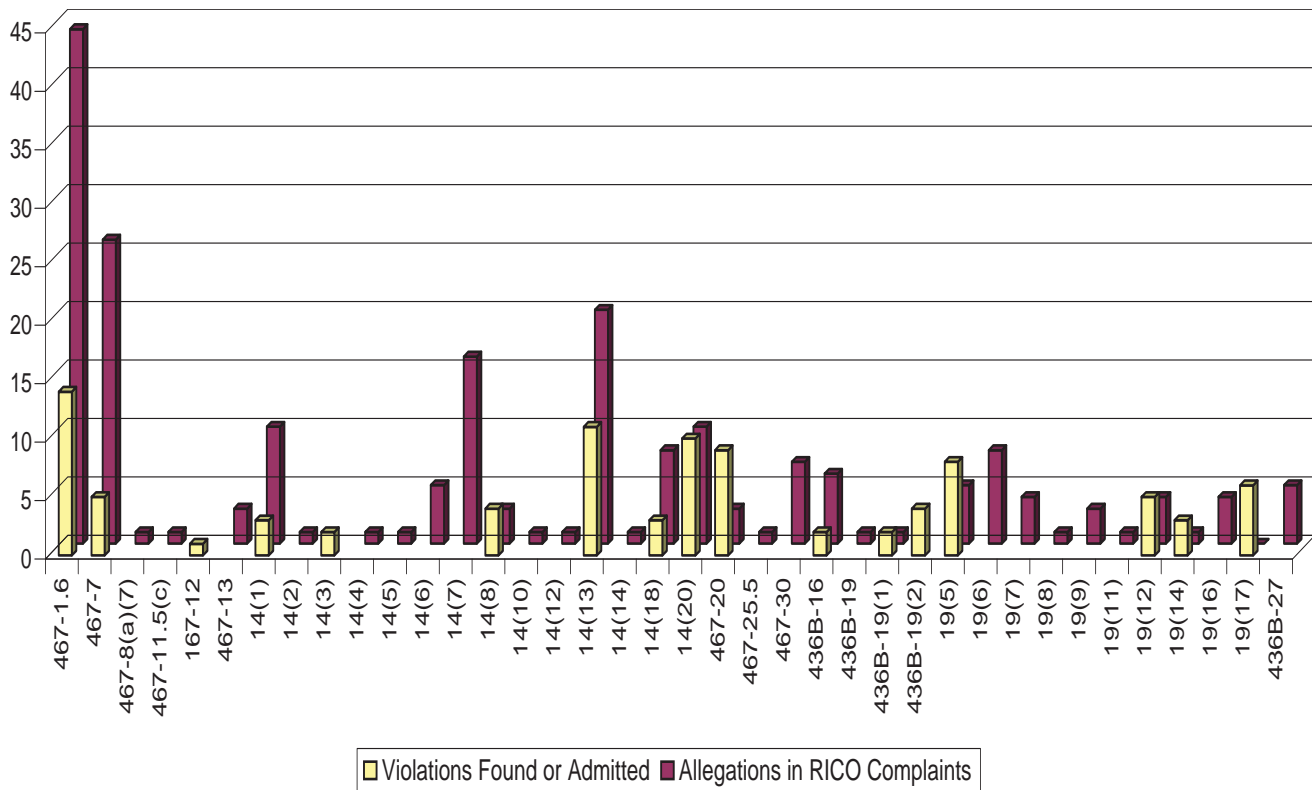
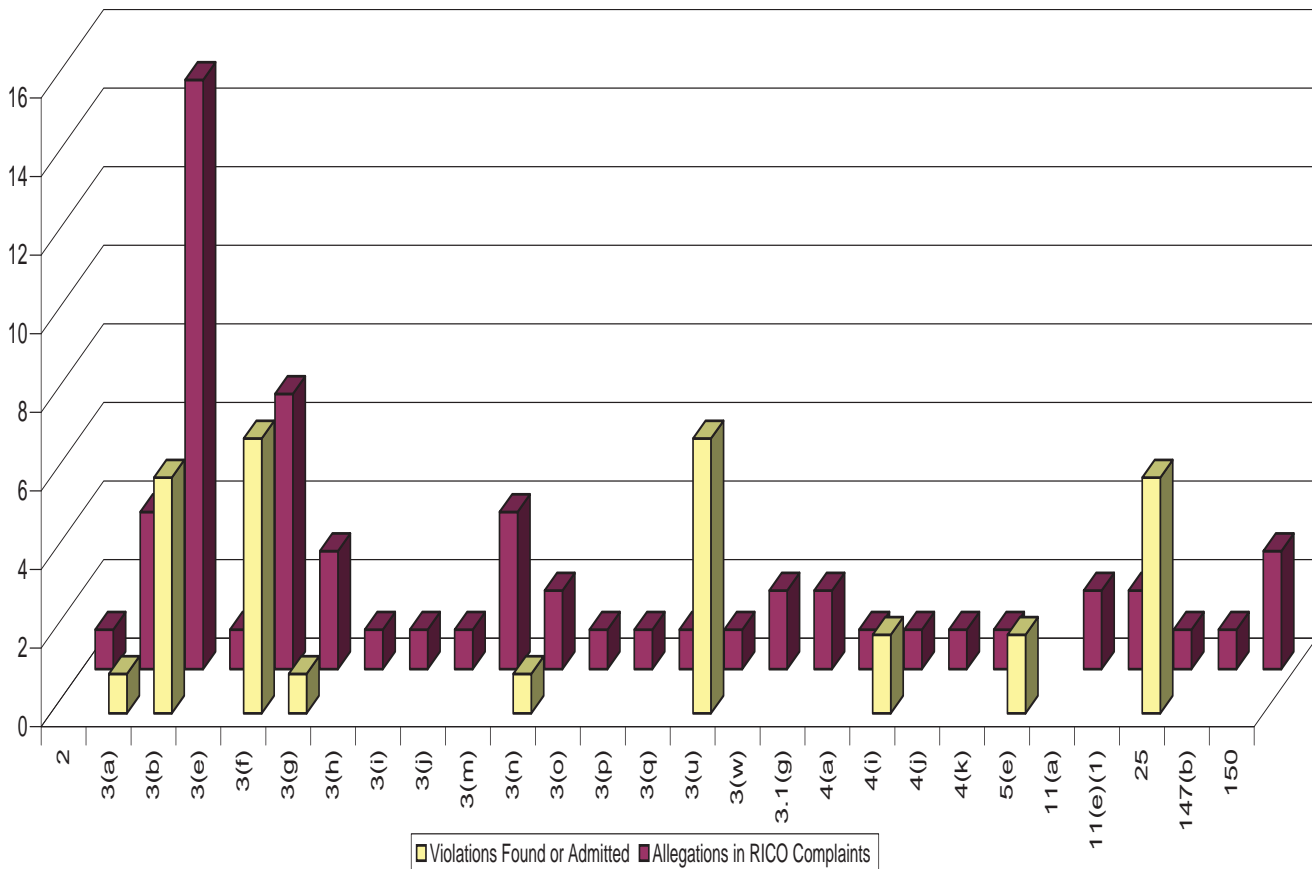
Statutory Violations (HRS Ch. 467 and 436B)

§467-7	Licenses required to act as a real estate broker or salesperson.	§467-20	integrity, and fair dealing.
§467-1.6	Principal broker shall have direct management and supervision of the firm and its licensees.	§467-25.5	False statement.
§467-8(a)(7)	Prerequisites for license, registration, or certificate	§467-30	Registration of schools, instructors; fees.
§467-11.5(c)	No license shall be renewed if the license trade name, partnership, or corporation is not currently registered with the department of commerce and consumer affairs.	§436B-16	Registration, bonding and other requirements for condominium hotel operators.
§467-12	Place of business and posting of license.	§436B-19	Notice of judgments, penalties.
§467-13	Licensee shall deliver a copy of the agreement or contract to the parties signing it at the time the signature is obtained.	§436B-19	Grounds for refusal to renew, reinstate or restore and for revocation, suspension, denial, or condition of licenses.
§467-14(1)	Making any misrepresentation concerning any real estate transaction.	§436B-19(1)	Failure to meet or maintain the conditions and requirements necessary to qualify for the granting of a license.
§467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.	§436B-19(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
§467-14(3)	Pursuing a continued and flagrant course of misrepresentation.	§436B-19(5)	Procuring a license through fraud, misrepresentation, or deceit.
§467-14(4)	Without first having obtained the written consent to do so of both parties involved in any real estate transaction, acting for both the parties in connection with the transaction, or collecting or attempting to collect commissions or other compensation for the licensee's services from both of the parties.	§436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
§467-14(5)	Acceptance of any commission or other compensation for the performance of any of the acts enumerated in the definition set forth in section 467-1 of real estate salesperson from any person other than the real estate salesperson's employer or the real estate broker with whom the real estate salesperson associates or, being a real estate broker or salesperson, compensates one not licensed under Chapter 467 to perform any such act.	§436B-19(7)	Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.
§467-14(6)	Salesperson acting or attempts to act as a real estate broker or represents or attempts to represent any real estate broker other than the one employed or associated with.	§436B-19(8)	Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.
§467-14(7)	Failing to account for moneys belonging to others.	§436B-19(9)	Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.
§467-14(8)	Conduct constituting fraudulent or dishonest dealings.	§436B-19(11)	Engaging in business under a past or present license issued pursuant to the licensing laws, in a manner causing injury to one or more members of the public.
§467-14(10)	Permitting a corporate officer or employee who does not hold a real estate broker's license to have direct management of the brokerage business.	§436B-19(12)	Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license.
§467-14(12)	Failing to obtain on the contract between the parties to the real estate transaction confirmation of who the real estate broker represents.	§436B-19(14)	Criminal conviction.
§467-14(13)	Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.	§436B-19(16)	Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws where licensure is required.
§467-14(14)	Splitting fees with or otherwise compensating others not licensed.	§436B-19(17)	Violations of Chapter 467, HRS, or any other rule or order of the licensing authority.
§467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts.	§436B-27	Civil and criminal sanctions for unlicensed activity; fines; injunctive relief; damages; forfeiture.
§467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial		

Rules Violations (Chapter 99, HAR)

§16-99-2	Definitions.
§16-99-3	Conduct.
§16-99-3(a)	Licensee shall fully protect the general public in its real estate transactions.
§16-99-3(b)	Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
§16-99-3(e)	Broker shall keep in special bank account, separated from the broker's own funds, moneys coming into the broker's possession in trust for other persons.
§16-99-3(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) 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(i) The brokerage firm shall not submit or advertise property without written authorization, and in any offering the price quoted shall not be other than that agreed upon with the owner as the offering price.
- §16-99-3(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(n) A brokerage firm shall maintain a principal place of business located in this State at a business address registered with the commission from which the brokerage firm conducts business and where the brokerage firm's books and records are maintained.
- §16-99-3(o) Prior to the time the principal broker or the broker in charge is absent from the principal place of business for more than thirty calendar days, and no other broker in charge is registered with the principal place of business, the principal broker shall submit to the commission a signed, written notification of the absence designating a temporary principal broker or temporary broker in charge, who shall acknowledge the temporary designation by signing the notification. Prolonged illness or death where the principal broker or broker in charge is unable to act, another broker shall be designated as the temporary principal broker or broker in charge within 30 days of the illness or death with appropriate notification to the commission. A temporary principal broker or broker in charge arrangement shall not exceed a period of six months, with the right to extend prior to expiration for another six months for good cause and with the approval of the commission.
- §16-99-3(p) Licensee shall not act as a broker, broker-salesperson, or salesperson for more than one brokerage firm except that this subsection shall not apply to those situations as described in subsection (o).
- §16-99-3(q) Within ten days of receiving a written request, it shall be the responsibility of the principal broker or broker in charge of the brokerage firm to provide broker applicants formerly or presently employed by or associated with them with an accurate experience certification statement in the form provided by the commission attesting to the length of time that the broker applicant has been actively associated with or employed full-time by the brokerage firm. Falsification of information contained in the certification form shall be cause for revocation or suspension of the broker's or brokerage firm's license and of the salesperson's license if that person is a party to the falsification.
- §16-99-3(u) The licensee shall not add or modify the terms of a party to a transaction without written consent of all the parties.
- §16-99-3(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. The written consent shall state that the licensee made a full disclosure of the type of representation the licensee will provide and shall briefly describe the type of representation the licensee will provide to the buyer and to the seller. A general statement in the consent signed by the buyer and seller that the licensee represents both buyer and the seller is not sufficient.
- §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(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.
- §16-99-5(e) License forfeited, suspended - cease employment and return wall certificate and identification card.
- §16-99-11(a) Advertisements.
- §16-99-11(e) Licensee's name - advertising and promotions.
- §16-99-25 The commission may deny an applicant admission to the examination, or issuance of license, void applicant's examination score, or revoke a license on the ground of falsification of any information supplied in the application for examination, application for experience certificate, application for license, or supporting documents.
- §16-99-147 Condominium Hotel Operators Registration
- §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(b) The condominium hotel operator shall not accept any compensation, commission, rebate, or profit on any expenditure for or from an apartment owner, without the apartment owner's knowledge and written consent.
- §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.

Chart 7. Statutory Violations (HRS Ch. 467 and 436B)**Chart 8. Rules Violations (Chapter 99, HAR)**

Education Review Committee (ERC) Report

The Committee, for fiscal year 2008, under the leadership of Chair Carol Mae Ball and Vice Chair Annette Aiona, continued to address important and varied education issues.

FY 2008 PROGRAM OF WORK

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

In fiscal year 2008, real estate specialists visited Waikoloa, Hawaii, on September 10, 2007 and Kahului, Maui on May 7, 2008.

Neighbor Island Outreach – The Commission convenes its standing committee meetings on a neighbor island two to three times a year. The committees met on September 10, 2007, in Waikoloa, Hawaii, and on May 7, 2008, in Kahului, Maui. The meetings afforded neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in the committee meetings.

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

Continuing Education (CE) – During the fiscal year, there were 39 approved CE courses, a decrease from the 184 approved CE courses in the previous fiscal year. Six of the courses were national courses. There were nine CE providers. CE providers offered 1,151 classes to 14,223 participants as compared to the previous fiscal year of 424 classes offered to 20,512 participants.

Real Estate Licensing Examination – Pearson VUE, formerly known as Promissor, a Pearson Vue business, began using the name,

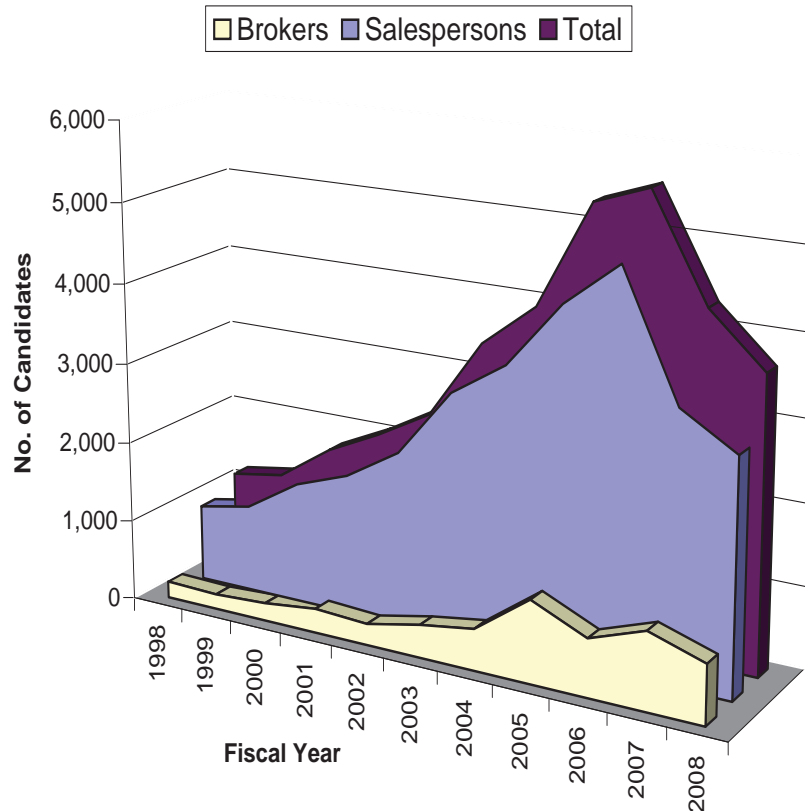
Pearson VUE effective January 1, 2008. Pearson VUE continued offering testing five days a week in Honolulu, twice a month in Kahului and on Kauai, and on a space available basis at Parker School in Kamuela on the Big Island. As shown in Table 2 and Chart 9, the number of examination candidates decreased 15.1% over the last fiscal year. Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with Pearson VUE and Commission policies.

There were 406 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 15.8% decrease from the last fiscal year's total of 482 approvals.

Table 2. Real Estate Licensing Examination

	FY 2007	FY 2008	% Change
Brokers Tested	957	735	-23.2%
Salespersons Tested	3306	2884	-12.8%
Total Tested	4263	3619	-15.1%
Brokers Passed	293	242	-17.4%
Salespersons Passed	1744	1545	-11.4%
Total Passed	2037	1787	-12.3%
% Brokers Pass	30.6%	32.9%	
% Salespersons Pass	52.8%	53.6%	

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®, the Kauai Board of REALTORS®, the REALTORS® Association of Maui, the Hawaii Island

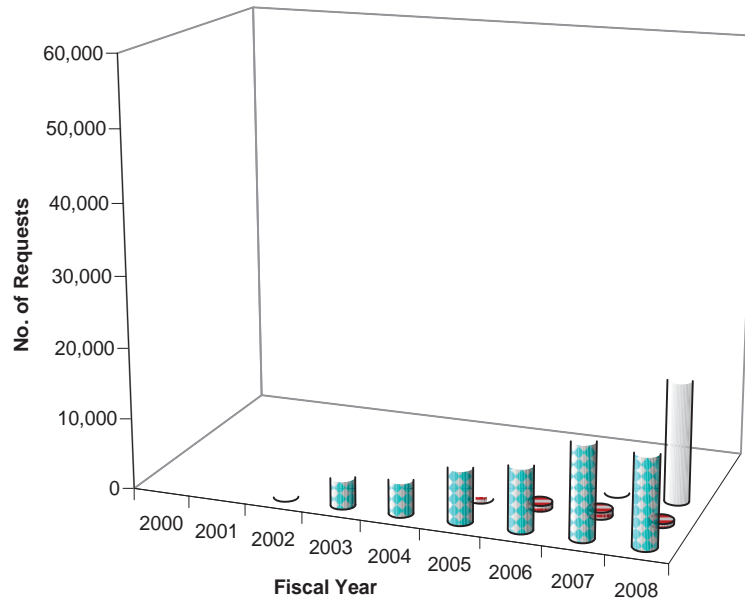
CHART 9. Licensing Examination Candidates (FY 1998-2008)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Brokers	207	187	224	304	269	409	516	1,022	714	957	735
Salespersons	955	1,082	1,504	1,744	2,158	3,012	3,458	4,283	4,838	3,306	2,884
Total	1,162	1,269	1,728	2,048	2,427	3,421	3,974	5,305	5,552	4,263	3,619

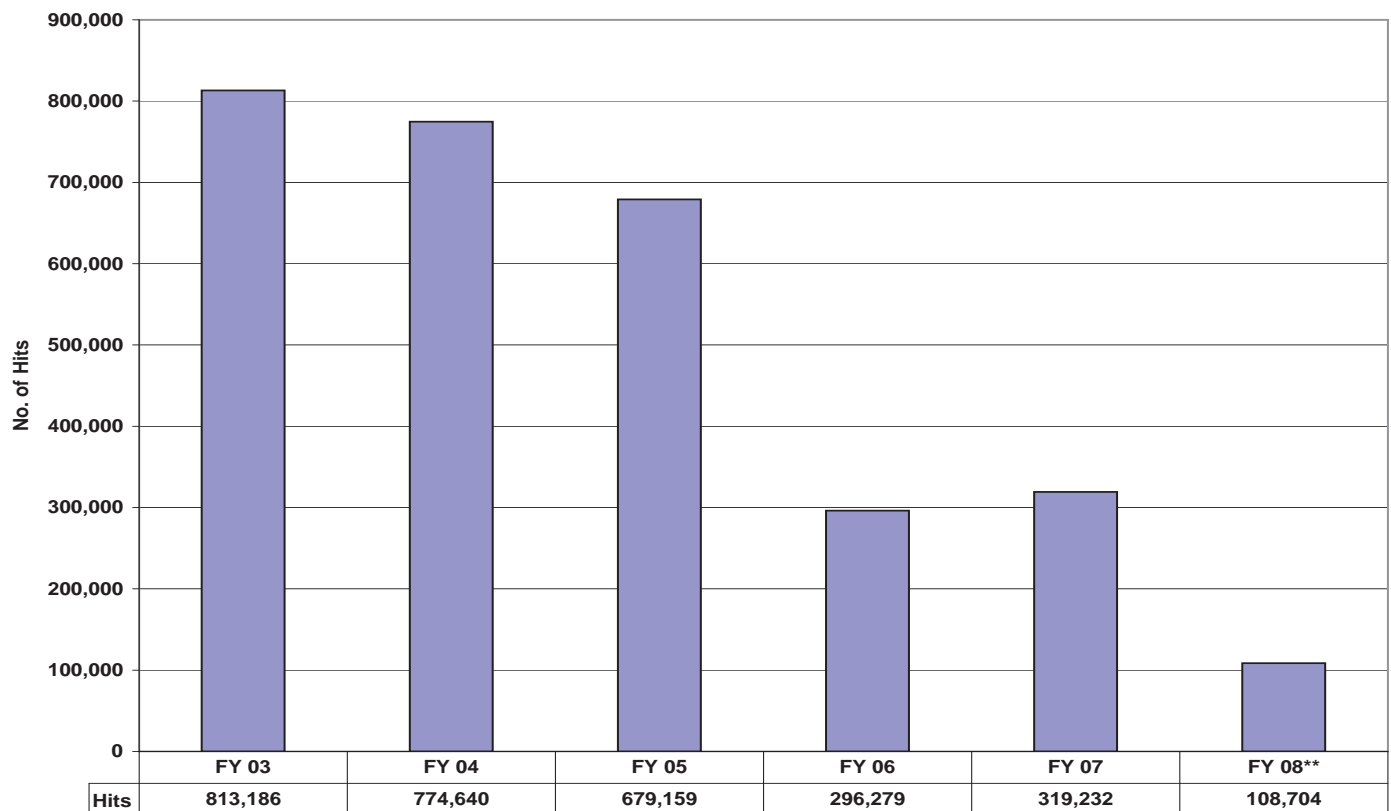
Board of REALTORS®, and the Kona Board of REALTORS®. On a national level, the Commission continued its active participation with the Association of Real Estate License Law Officials (ARELLO), the Real Estate Educators Association (REEA), and the National Association of REALTORS® (NAR). Participation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

Advice, Education, and Referral – Staff continued to field an enormous number of telephone, walk-in, written inquiries, faxes, and emails. For real estate, the fiscal year produced 14,999 telephone inquiries, 594 walk-in inquiries, 17,037 written inquiries/written requests/faxes, and 12,648 emails. See Chart 10.

Website Hits – The Commission’s website, www.hawaii.gov/hirec, is available seven days a week and 24 hours each day for information, forms, and applications. The website has provided well over 108,704 real estate and condominium related hits for the period of January 11 through June 30, 2008. Due to a change in the program used to collect webstats, no data is available for the period covering July 1, 2007 though January 10, 2008. Some webstats previously available are no longer collected by the program adopted by the State Information Systems and Communications Office (see Chart 11).

CHART 10. Inquiries and Applications (FY 2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
E-mail			1,052	3,889	4,695	7,499	8,886	13,193	12,648
Walk-ins	1,400	2,241	2,185	1,417	768	904	807	996	594
Applications / written requests	11,770	12,068	11,343	14,753	15,137	17,574	17,439	18,985	17,037
Telephone calls	13,050	26,295	20,184	18,864	15,050	19,738	16,478	20,995	14,999
Total	26,220	40,604	34,764	38,923	35,650	45,715	43,610	54,169	45,278

CHART 11. Website Hits

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

Licenseses

New Licenses

The number of new licenses issued in FY 2008 decreased 9% over the prior fiscal year. During FY 2008, 1,910 new licenses were issued. Individual broker licenses decreased by 21.1%, new salesperson licenses decreased by 6.9%, and new entity licenses decreased by 9.8%. Refer to Chart 12.

Current Licenses

The overall number of current real estate licenses increased 9.7% by the end of FY 2008. In FY 2008, active licenses increased 2% over last year, while inactive licenses increased 31.1%. There was an 8.9% increase of active licenses on Molokai and a 3.4% increase of active licenses on Oahu. On the islands of Hawaii and Kauai, there were minimal decreases in the number of active licenses. Refer to Table 3, Chart 13, and Chart 14.

CHART 12. New Real Estate Licenses Issued

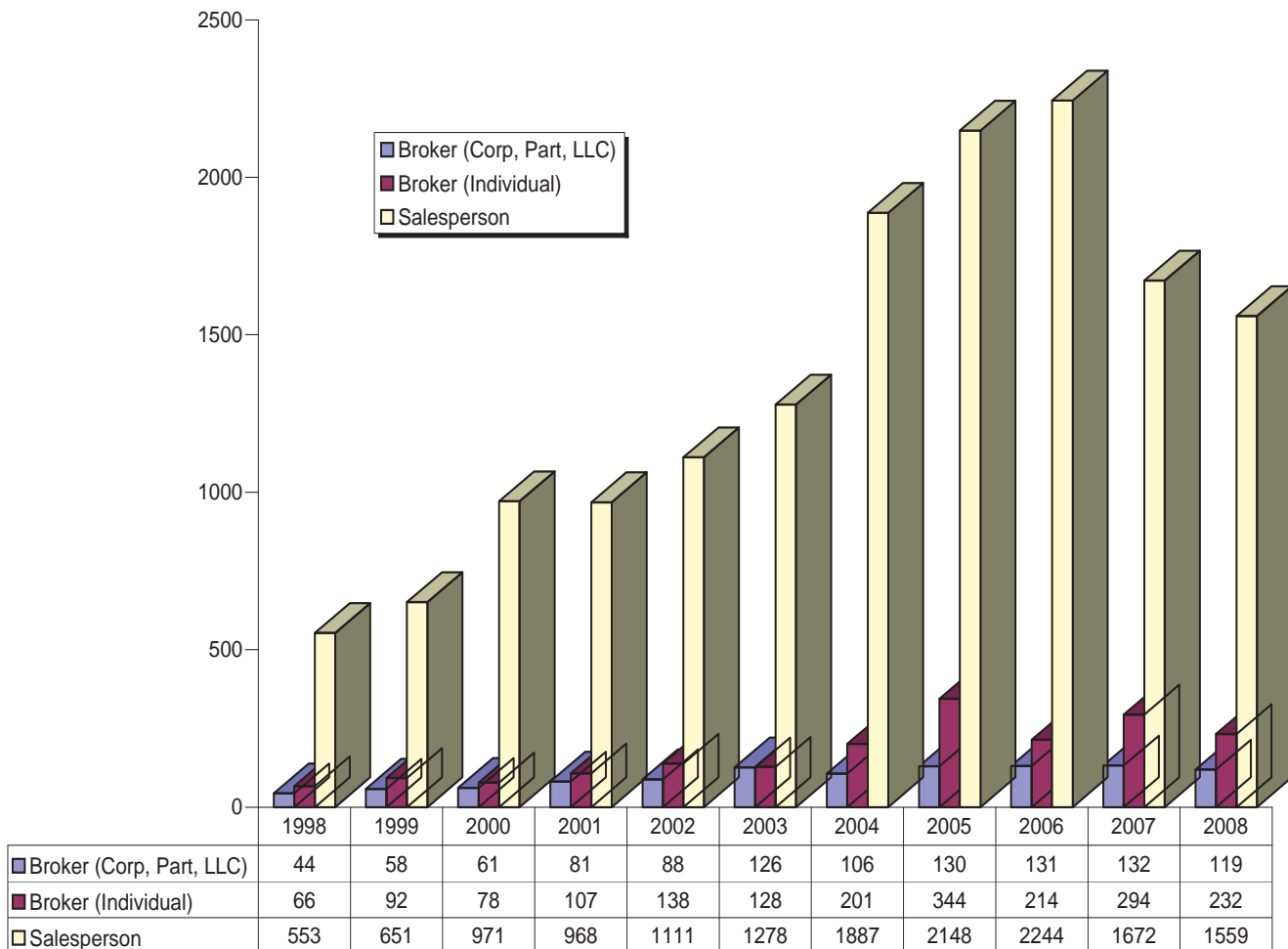
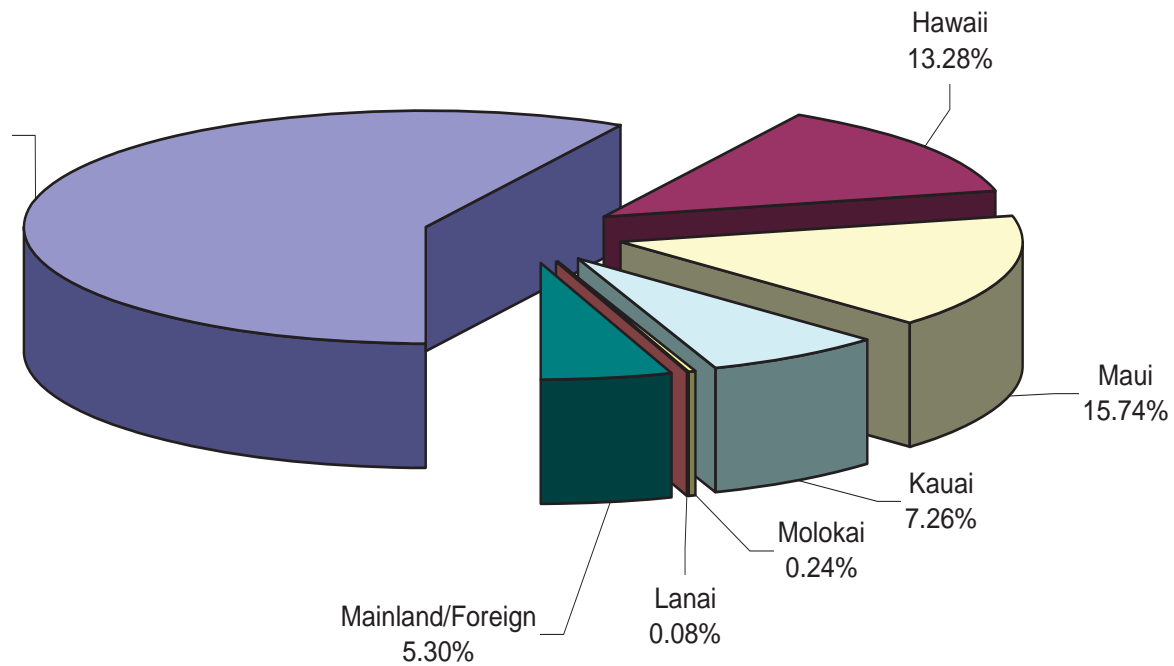
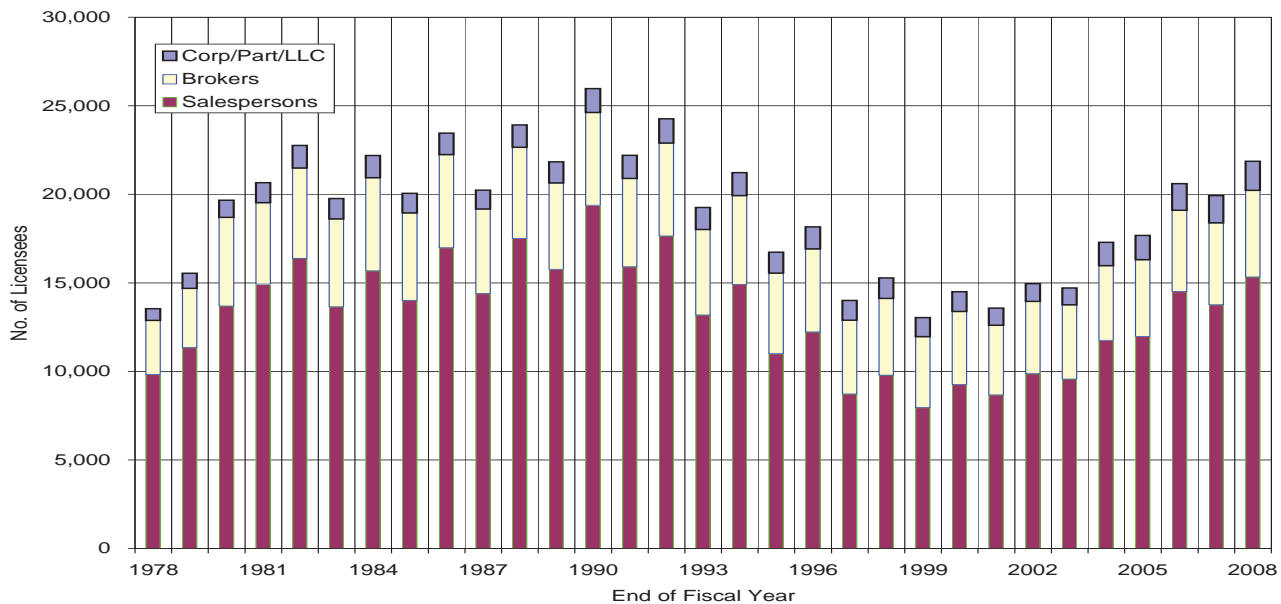


CHART 13. Real Estate Licensees - By Island**Table 3. Current Real Estate Licensees - By License Type and Island (July 2007)**

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,883	485	475	210	10	3	64	3,130
Salesperson	5,375	1,210	1,599	700	29	5	154	9,072
Sole Proprietor	796	163	114	73	5	1	2	1,154
Corporation, Partnership, LLC	946	241	248	103	5	3	1	1,547
Total Active	9,000	2,099	2,436	1,086	49	12	221	14,903
Inactive								
Broker	296	58	41	29	2	0	180	606
Salesperson	3,359	726	943	468	2	6	750	6,254
Corporation, Partnership, LLC	50	20	22	4	0	0	9	105
Total Inactive	3,705	804	1,006	501	4	6	939	6,965
Active and Inactive								
Broker	2,179	543	516	239	12	3	244	3,736
Salesperson	8,734	1,936	2,542	1,168	31	11	904	15,326
Sole Proprietor	796	163	114	73	5	1	2	1,154
Corporation, Partnership, LLC	996	261	270	107	5	3	10	1,652
Total	12,705	2,903	3,442	1,587	53	18	1,160	21,868

CHART 14. Total Real Estate Licensees

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

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

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

Continuing Education Core Course –

The Commission researched and developed the its core course on law update, rules update, and agency and disclosures for the licensing biennium; and provided recommendations on the future of the core course. A new format for the core course was implemented, offering the core course in two, 2-hour parts for the biennium.

Salesperson Curriculum and Resources – The salesperson’s curriculum continued to be offered in both a live classroom and on-line format.

Broker Curriculum and Resources – The broker’s curriculum continued to be offered in both a live classroom and on-line format.

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

Administration of Prelicense Education Program, Schools and Instructors

– The Commission administered applications, approval process, information, renewals, certification, records management, reevaluation, etc. It coordinated the instructor's examination program and administered an evaluation system on schools and instructors. Staff researched, developed, printed, and distributed the quarterly School Files, a bulletin for educators. This is a joint program with the Continuing Education Program.

Administration of Examinations – The Commission administered the real estate licensing examination program, including contract administration with Pearson VUE, information, troubleshooting, reviewed amendments to application booklets, periodic reports, daily exams, etc. The Commission, along with its testing vendor, Pearson VUE, conducted a Test Development Workshop and an Educators Forum in October 2007.

Administration of Continuing Education Program, Providers, and Instructors – The Commission administered the continuing education program, providers, instructors, courses, information center, records management, etc. It researched, developed, printed, and distributed quarterly School Files, a bulletin for educators. Staff developed, printed, and distributed continuing education course schedules. This is a joint program with the Continuing Education Program.

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

Education Evaluation Task Force (EETF) – The Commission's EETF reviewed, recom-

mended, assisted in development, updates, and administration of education-related projects and continuing education. The EETF conducted five meetings during the fiscal year: July and October 2007, January, March, and May 2008.

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

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

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

Neighbor Island Outreach – The Commission held two ERC meetings on neighbor island sites.

Interactive Participation with Organizations – The Commission actively participated with local, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects of mutual concern, and training.

Real Estate Seminars – The Commission contracted with the Hawaii Association of REALTORS® to provide a statewide seminar during the 2007-2008 biennium for real estate licensees and/or consumers through a contractor, via subsidy, sponsoring, assisting, or co-sponsoring.

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

Instructor's Development Workshop – The Commission developed, sponsored, coordinated, and/or produced instructor development workshops for precicensing instructors to meet rule requirements. It contracted with the Hawaii Association of REALTORS® to develop and present an instructor's development workshop in the 2007-2008 biennium.

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

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

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

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

Uniform Section Equivalency of Precicensing Examination – The Commission administered applications on the equivalency to the uniform part of the exam, based on passage of the uniform part of another state's exam. It implemented Pearson VUE contract provision and

law on utilizing either part of exam for different purposes.

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

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

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

New Salesperson and New Broker Startup Kits – Staff packaged and distributed startup kits to newly licensed salespersons.

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

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

Staff and Commissioners Development –

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

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

FY 2009 PROGRAM OF WORK**Education Review Committee**

- Continuing Education Core Course
- Salesperson Curriculum and Resources
- Broker Curriculum and Resources
- Continuing Education Core Course
- Salesperson Curriculum and Resources
- Broker Curriculum and Resources
- Advice, Education, and Referral
- Administration of Prelicense Education Program, Schools, and Instructors
- Administration of Examinations
- Administration of Continuing Education Program, Providers, and Instructors
- Administration of Continuing Education Elective Courses
- Education Evaluation Task Force (EETF)
- Meetings and Symposium
- Annual Report and Quarterly Bulletin
- Real Estate Education Fund (REEF)
- Neighbor Island Outreach
- Interactive Participation with Organizations
- Real Estate Seminars
- Legislative Participation, Research, and Report
- Instructor's Development Workshop
- Evaluation and Education System for Continuing Education and Prelicensing Instructors, Courses, Providers, and Schools
- Real Estate Specialist Office for the Day
- Real Estate Speakership Program
- Prelicensing Education Equivalency Administration
- Uniform Section Equivalency of Prelicensing Examination
- Technology and Website
- Records Management
- Information Distribution System
- New Salesperson and New Broker Startup Kits
- Cooperative Education, Research, and Administration Program
- Division and Department Programs
- Staff and Commissioners Development
- Real Estate Reference Library

CONDOMINIUM REVIEW COMMITTEE (CRC) REPORT

The Committee, for fiscal year 2008, under the leadership of Chair William Chee and Vice Chair Mark Suiso continued with the implementation challenges of Chapter 514B, Hawaii Revised Statutes (HRS), including the challenges of new legislation. Concurrently in this same period, the Committee continued with the administration of the original condominium law, Chapter 514A, HRS, as well as other important planned program of work.

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

The law requires the Commission to submit to the legislature annually: (1) a summary of the programs funded during the prior fiscal year with funds from the CMEF and the CETF, (2) the amount of money in the funds, and (3) a copy of the budgets for the current fiscal year, including summary information on programs which were funded or are to be funded.

FY 2008 PROGRAM OF WORK

Condominium Laws and Education –

Concurrently with the administration of Chapter 514A, HRS, the Commission participated in the legislative process to fine tune Chapter 514B, HRS, effective July 1, 2006, and the implementation of this new law. With the help of stakeholder organizations and volunteers, the Commission continued the development and refinement of appropriate new and amended forms (including web based online fillable forms), instructions, informational sheets, procedures and evaluative processes, curriculum, materials, handouts, and power point presentations for use in statewide educational efforts. The Commission continued with statewide advertising and delivery of Commission-developed seminars. This fiscal year’s three hour free seminar focused on “Chapter 514B, HRS, Condominium Management Provisions, The 21st Century Remake of Chapter 514A, HRS.” Again a volunteer faculty of representatives from the condominium development and governance community, including attorneys and real estate industry representatives, together with Commission staff delivered the Commission-developed three-hour

free seminar. The educational efforts were targeted to inform and educate those impacted by the new condominium law, namely, the condominium unit owners, boards, managing agents, resident managers, developers, real estate licensees, their respective attorneys, prospective condominium purchasers, and the general public. Concurrent breakout sessions were held when the various stake-holders indicated a need for separate educational sessions. These seminars were held in Waikoloa, Hawaii, on September 10, 2007; Hilo, Hawaii, on September 11, 2007; Lihue, Kauai, on October 19, 2007; Kahului, Maui, on October 24, 2007; and on Oahu, at the Hawaii State Capitol Auditorium on November 9, 2007. The Committee considered six requests for informal non-binding interpretations of the owner-occupant provisions of Chapter 514B, HRS. The Commission then, pursuant to Subchapter 5 of Chapter 201, Title 16, Hawaii Administrative Rules, issued six informal non-binding interpretations of the provisions of Chapter 514B, HRS, and made them available to interested parties directly and online at the Commission’s website. In implement-

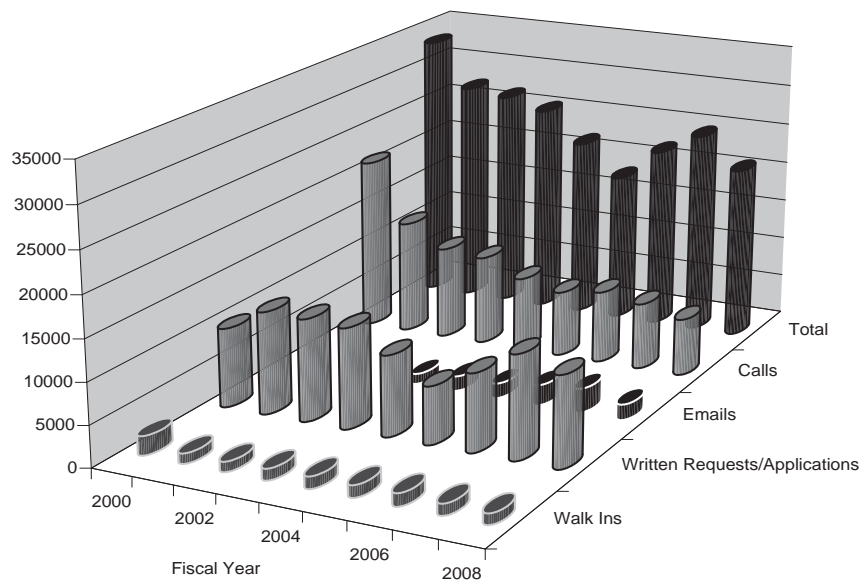
ing Chapter 514B, HRS, the Committee looks forward to the continuing support of the condominium governance and development communities, attorneys specializing in condominium law, the Hawaii State Bar Association-Real Property Section, and the real estate industry. To these committed organizations and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

Advice, Education, and Referral – The Commission responded and provided information to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested parties and the public, via telephone, walk-ins, faxes, written correspondence, emails, the Condominium Bulletin and through the Commission’s website. The Commission prepared for the printing and distribution of Commission-developed information, including copies of Chapters 514A and 514B, HRS, for each registered association. See Chart 15.

Condominium Project and Developer’s Public Reports – Staff continued the implementa-

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

Chart 15. Condominium Advice, Education, and Referral



	2000	2001	2002	2003	2004	2005	2006	2007	2008
Walk Ins	2325	1235	1229	1395	1480	1473	1551	1388	1322
Written Requests/Applications	9650	12481	12449	12217	9819	7027	9461	12535	11035
Emails				1259	1819	1812	2487	2940	1890
Calls	21182	13947	11387	10971	9050	8064	8863	8157	7014
Total	33157	27663	27067	25842	22168	18376	22362	25020	21261

which are required for the conduct of condominium unit sales. Staff conducted yearly forum and information session for the condominium project consultants, including an update on the project registration requirements of Chapter 514B, HRS. See Charts 16-18, and Table 4.

Hawaii Condominium Bulletin – The Commission continued the research, development, publication and distribution of a quarterly bulletin to all registered associations and condominium managing agents (CMAs) which was also made available on the Commission’s website. Staff continued the research and study of in-house electronic publication and delivery of the bulletin, and the publication of a “developers’ reference file” with consultants contributing articles. Staff also continued contract administration with consultant assisting in the printing of the bulletin and procurement code management.

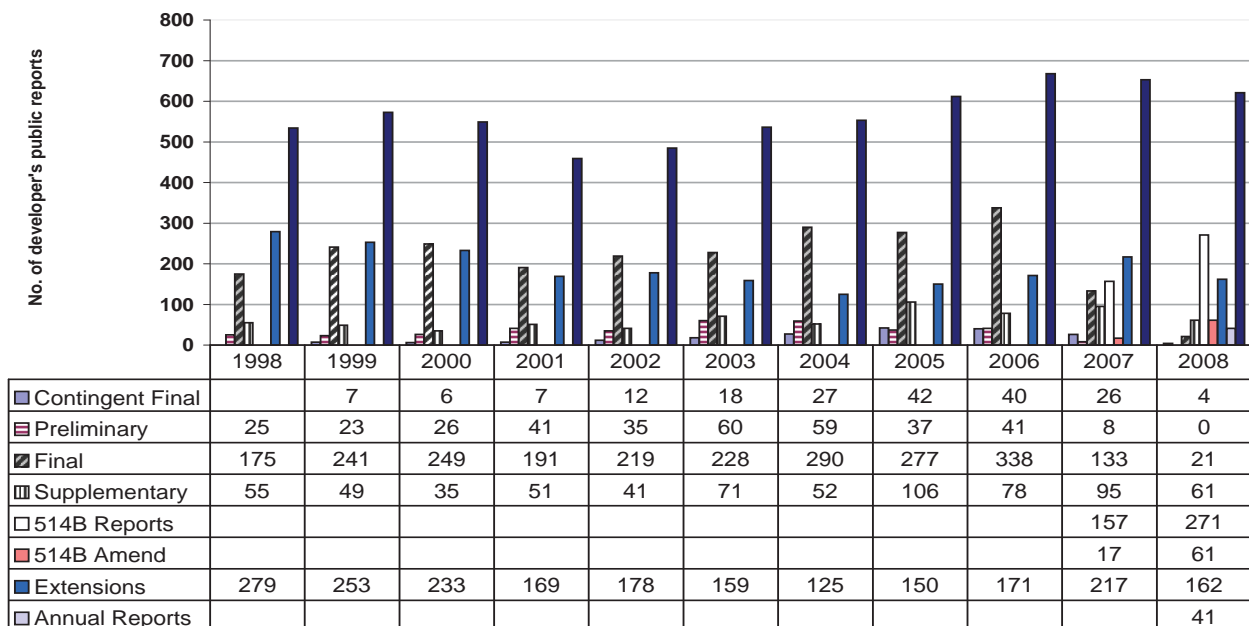
Condominium Apartment Owners on the Commission

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

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

Carol Ball
William Chee
Annette Aiona
Mark Suiso

Chart 16. Developer’s Public Reports Effective Dates Issued



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

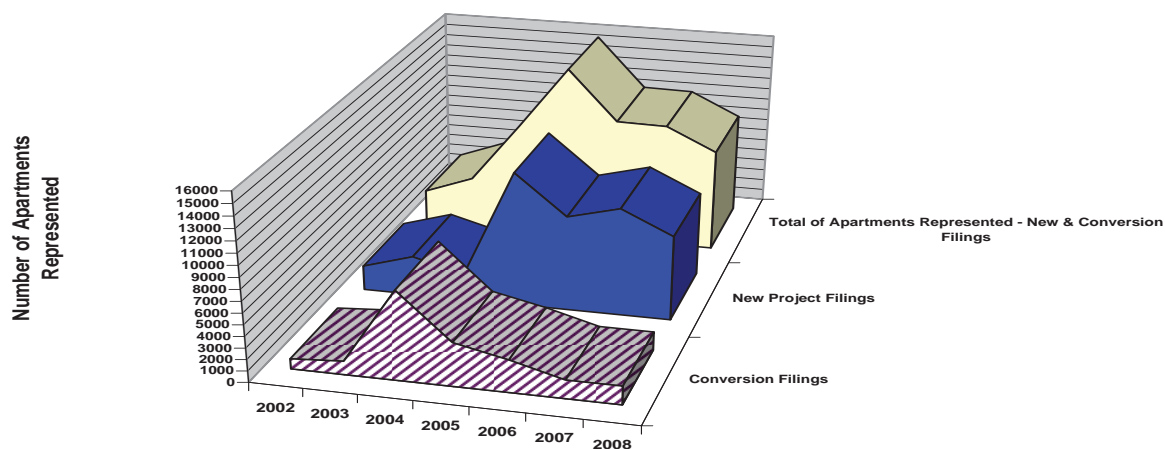
Table 4. Condominium Project Filings

New Projects	2002	2003	2004	2005	2006	2007	2008
Residential	79	103	192	219	230	178*	146
No. of Apartments Represented	2096	3012	6274	9334	6203	6582	4249
Commercial and Other	5	10	12	25	47	29	37
No. of Apartments Represented	33	67	1444	2338	89	2793	3208
Agricultural	28	30	29	44	34	42	41
No. of Apartments Represented	74	435	70	205	2117	163	52
Total New Projects	112	143	234	288	311	249	224
Total No. of Apartments Represented	2203	3514	2318	11877	8409	9538	7509
Conversions							
Residential	58	92	116	135	164	157	132
No. of Apartments Represented	591	740	1422	2347	1177	903	664
Commercial and Other	5	20	10	16	14	8	14
No. of Apartments Represented	273	360	777	1325	1584	649	894
Agricultural	26	46	51	30	54	45	47
No. of Apartments Represented	27	91	119	146	73	67	61
Total Conversion Projects	89	158	177	181	232	210	193
Total No. of Apartments Represented	891	1191	7788	3818	2834	1619	1619
Combined New & Converted Project Filings	201	301	411	469	543	459	417
Combined No. of Apartments Represented	3094	4705	10106	15695	11243	11157	9128

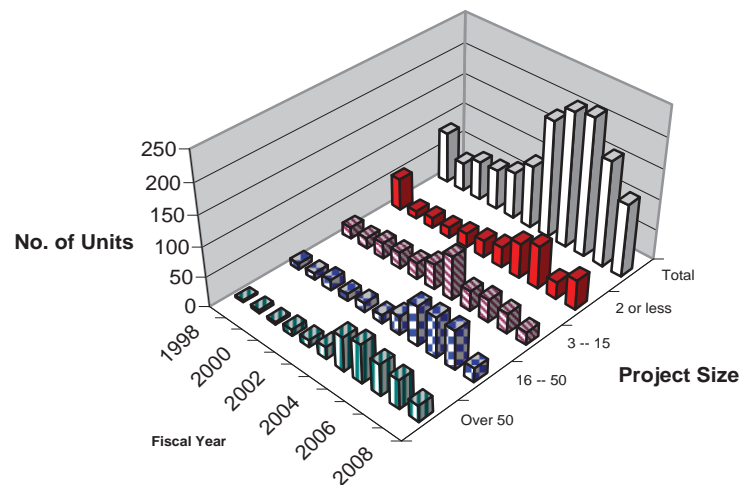
* Total includes five (5) projects that were either withdrawn or returned.

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

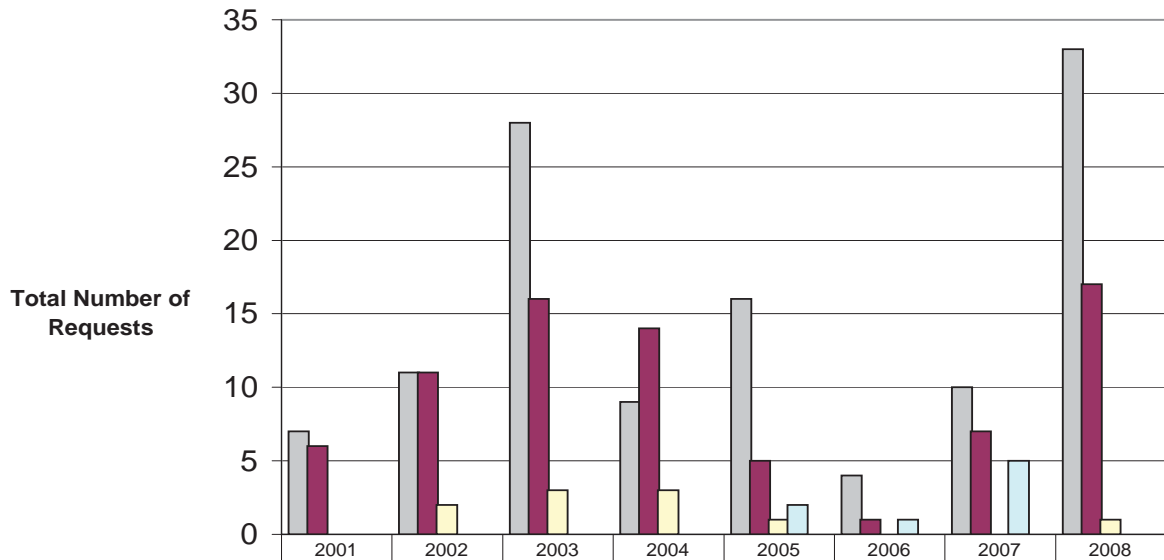
Note 2: In mixed use condominium projects, the predominant use is reported. This is done to prevent the multiple counting of a project filing.

Chart 17. Number of Condominium Apartments

	2002	2003	2004	2005	2006	2007	2008
Conversion Filings	891	1191	7788	3818	2834	1619	1619
New Project Filings	2203	3514	2318	11877	8409	9538	7509
Total of Apartments Represented - New & Conversion Filings	3094	4705	10106	15695	11243	11157	9128

Chart 18. New Residential Projects - By Size

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Over 50	3	5	4	10	12	20	56	64	52	47	27
16 -- 50	10	11	17	12	15	13	30	66	67	65	23
3 -- 15	19	18	26	27	27	42	72	33	37	33	21
2 or less	52	13	17	17	23	28	34	57	70	28	49
Total	84	47	64	66	77	103	192	220	226	173	120

Chart 19. Condominium Governance Mediations

	2001	2002	2003	2004	2005	2006	2007	2008
Mediation Center of the Pacific Inc. *	7	11	28	9	16	4	10	33
Mediation Services of Maui Inc.	6	11	16	14	5	1	7	17
Kauai Economic Opportunity Inc.**	0	2	3	3	1	0	0	1
Big Island Mediation Inc. dba West Hawaii Mediation Services **	0	0	0	0	2	1	5	0
Ku'ikahi Mediation Center**	0	0	0	0	0	0	0	0

* fka Neighborhood Justice Center of Honolulu, Inc.

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

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

Condominium Mediation and Arbitration Program

– The Commission continued to subsidize mediation programs on four islands and worked with various mediation providers, including the Mediation Center of the Pacific (MCP) to provide educational seminars about alternative dispute resolution and mediation for boards of directors, apartment owners, and CMAs. Staff collected statistical information for education and annual report purposes, including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). During Fiscal Year 2008, the Commission renewed contracts with mediation providers for an additional year. See Chart 19.

Condominium Dispute Resolution Pilot Program

– Staff continued to assist the Administrative Hearings Office in education and awareness programs regarding “condominium court”. This pilot program is set to end June 30, 2009. The Commission supported legislation clarifying the availability of this program to condominium unit owners and boards for condominiums created prior to July 1, 2006 and thereafter.

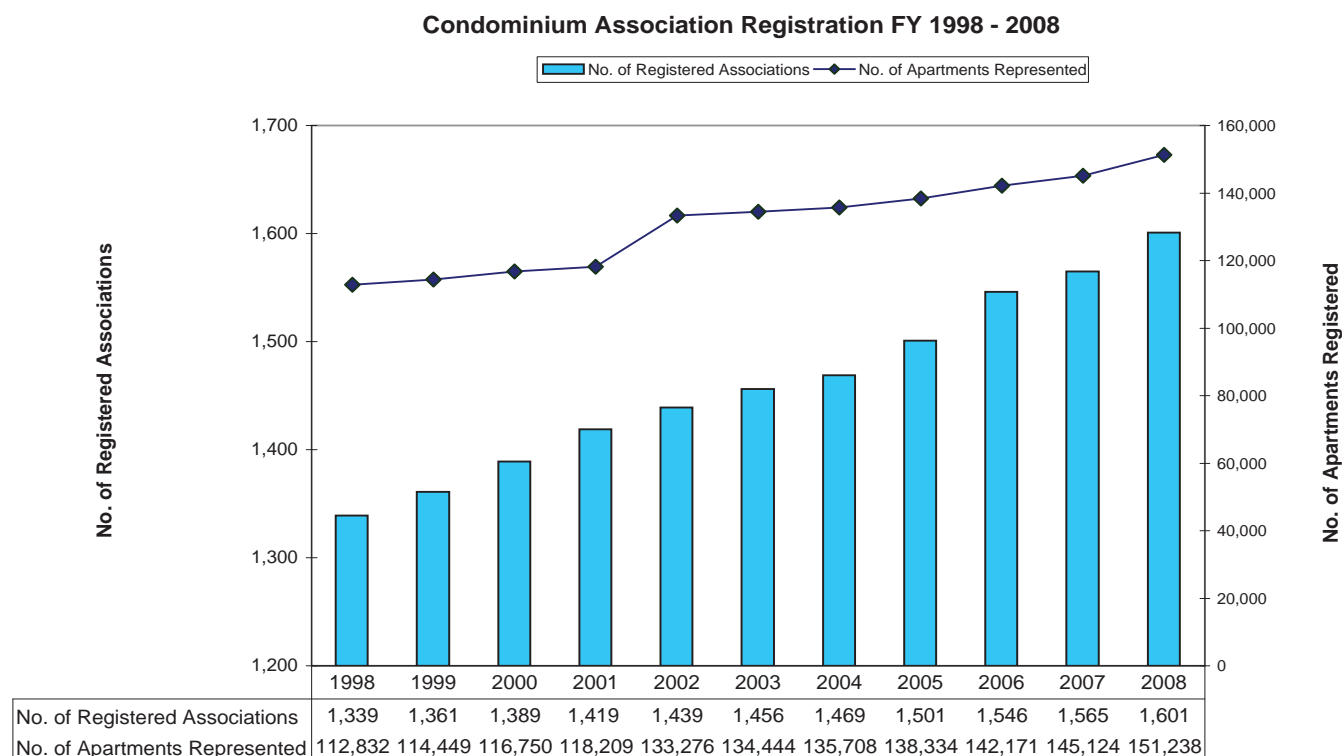
Condominium Association

Registration – The Commission administered the condominium association registration program, including review of submitted applications and the assessment of Commission registration policies and procedures. It also considered appeals, subpoenas, and requests for records under Office of Information Practices (OIP) rules and procedures. For Fiscal Year 2008, the Commission continued its biennial condominium association registration. It processed 1,610 registrations and registered 1,601 condominium associations representing 151,238 condominium units. In addition, the Commission continued the implementation of an electronic/computerized registration and continued to make available on the Commission website a list of all association contact information, including preprinted lists available upon request. See Chart 20.

Condominium Seminars and Symposium

– The Commission continued to produce seminars for the condominium community utilizing Commission staff, a procured

Chart 20. Condominium Association Registration



provider and volunteer faculty of representatives from the condominium governance, development, and real estate community. The Commission continued to administer CMEF and CETF subsidies for Commission-approved seminars, including the following: Legislative Update & Aging in Place, 7/21/2007; The Effective One Hour Board Meeting – Oahu, 8/30/2007; The Effective One Hour Board Meeting – Maui, 9/1/07; The Effective One Hour Board Meeting – Kona, 8/31/2007; Board Do's and Don'ts – Oahu, 10/18/2007 and Maui, 10/20/07; Avoiding Disasters at Annual Meeting 1/26/08; Dingbats Druggies Damsels: Solving the "D" Problem, 3/6/08; Dealing w/ Mold & Other Hazards, 3/27/2008; ABCs , 4/26/2008; and Disaster Preparedness, 6/28/08.

It proactively sought additional consultants as condominium education providers, explored electronic publication of consumer brochures and continued administration of the CRC educational ad hoc advisory group to provide recommendations and input regarding the CRC educational programs. The group included board members, condominium owners, resident managers, representatives from self-managed associations, CMAs and condominium organizations, and educators.

Ad Hoc Committee On Condominium Education and Research – The CRC administered this volunteer group which reviewed, recom-

mended and assisted in the development, update and administration of condominium education-related projects. The Commission expanded the advisory group's focus to include recommendations for a Commission five year educational strategic plan for condominium education. It also incorporated this group as part of the "Ad Hoc Committee on Condominium Education and Research". During this fiscal year the Commission worked on procuring for one of this group's recommendation, the update and rewrite of two 1991 Commission brochures "Condominium Owners Rights and Responsibilities" and the "Condominium Board Members Powers and Duties" to provide consistency with the current condominium laws (Hawaii Revised Statutes Chapters 514A and 514B).

Condominium Managing Agents

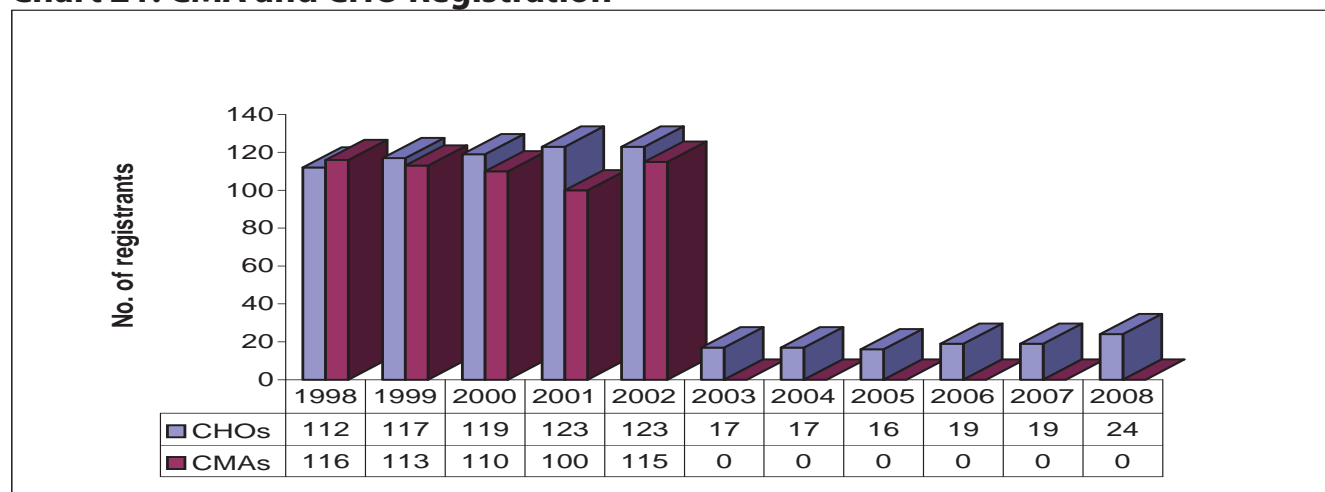
Registration – Staff reviewed policies and procedures for registration and responded to appeals, subpoenas, and requests for records under OIP rules and procedures. See Chart 21.

Condominium Hotel Operator

Registration – The Commission redelegated this program to the Laws and Rules Review Committee of the Commission, pursuant to Chapter 467, HRS. See Chart 21.

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

Chart 21. CMA and CHO Registration



Meetings – The Commission continued to plan, coordinate, and conduct monthly CRC meetings and include the schedule of meetings and agendas on the Commission’s website and meeting minutes were made available in PDF and searchable format.

Government and Legislative Participation and Report – The Commission participated in all aspects of the legislative process. It researched and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. In addition to researching, preparing, and presenting testimony on a number of condominium bills, staff assisted the CRC in monitoring and tracking 26 House and 24 Senate condominium related bills and six resolutions. The Commission researched, developed, and distributed its annual report to the Legislature on the CMEF and CETF programs and funds, and upon completion, posted the report on the Commission’s website.

Legislative Acts and Resolutions – The Commission reviewed, reported, and developed summaries on all related Acts and resolutions and implemented requirements of directly-related Acts and resolutions. The enactment of new laws and the adoption of resolutions at the end of the fiscal year impacted the CRC’s Advice, Education and Referral program of work item. Condominium board members, apartment owners, managing agents and interested others inquired about the following new laws:

- **Act 13** – Amends § 514B-121, HRS. Requires that the scheduling of special association meetings by petition be set no later than 60 days from receipt of petition. Clarifies that petitioners may send out notice of meeting and proxies at association expense, if secretary or managing agent fails to do so.
- **Act 76** – Amends §§ 514A-97 and 514B-149, HRS. Allows condominium associations to invest funds in certificates of deposit through the Certificate of Deposit Account-

ing Registry Service network.

- **Act 205** – Amends §§ 514A-121.5 and 514B-161, HRS. Specifies matters eligible for mediation; establishes notification requirements for mediations; allows parties not satisfied with the mediation outcome to participate in arbitration after thirty days; and expands the availability of administrative hearings for failed mediations by including this option in Chapter 514B, HRS.
- **SR 47 (SLH 2008) SD 2** – Urges associations of apartment owners and condominium unit owners’ associations to develop emergency and evacuation plans for residents, including provisions for seniors and residents with special health needs.

During the 2008 legislative session, the Commission also focused a good portion of this program of work item in assisting and cooperating with the State of Hawaii Auditor in the performance of a “sunrise” analysis of Senate Bill No. 1837 (SLH 2007) to create a condominium commission in the Department of Commerce and Consumer Affairs. The Auditor concluded that “Senate Bill No. 1837 does not meet the criteria for the establishment of a condominium commission to oversee the implementation of the Condominium Property Act codified in Chapter 514B, HRS, and to enforce policies relating to condominiums in the state. . .” The Auditor found that “the Real Estate Commission has been proactive in its effort to promote education and research in the field of condominium management, registration and real estate for the benefit of the public, and implement the regulatory framework for those required to be registered under Chapters 514A and 514B, HRS. . .” The Commission also continued the preparation for printing and distributed amended unofficial copies of Chapters 514A and 514B, HRS.

Interactive Participation with Organizations – The Commission continued active participation with local, Pacific Rim, national and inter-

national 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). Participation with agencies and organizations included educational programs on Chapter 514B, HRS.

Neighbor Island Outreach – The Commission held committee meetings at neighbor island sites in collaboration with the local boards, HAR, condominium organizations, etc. This fiscal year the Committee met on September 10, 2007 on the island of Hawaii and on May 7, 2008 on the island of Maui. The meetings afford the neighbor island condominium community, owners, boards, related professionals, government officials, and interested parties an opportunity to attend and participate in committee meetings.

Condominium Education Trust Fund (CETF) – The Commission administered the CMEF and the CETF funds. It prepared, maintained, and reviewed quarterly and annual financial statements, budget and finance records for both educational funds, and administered fund investment. The Commission also planned and worked with the DCCA to increase budget for funding the Commission's educational efforts for the implementation of Chapter 514B, HRS, personnel compensation, and additional educational programs subject to revenue projections.

Consumer Education – The Commission researched a consumer education program targeting prospective purchasers of condominium units and new owners of condominium units on initial project sales and resales. It considered a pamphlet or brochure on condominium living and governance in consultation with real estate professionals, condominium board members, condominium unit owners, and developers. The

Commission also incorporated this program as part of the CRC Educational Advisory Group's five year educational strategic plan for condominium education.

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

CPR Project Workshop and Meetings – On December 3, 2007, the annual forum for condominium consultants for purposes of orientation and information was conducted. In conjunction with the recodification of Chapter 514A, HRS, and implementation of Chapter 514B, HRS, staff facilitated forums for representatives of developers, attorneys, condominium consultants, CMAs, and association focus groups at the locations and dates noted in "Condominium Laws and Education", above.

Condominium Specialists Office for the Day – Condominium Specialists set up office at RICO neighbor island offices or other sites to provide the condominium community, developers, government officials, consumer purchasers, and other related professionals advice, education, and referral with advanced publicity, mail outs, and appointments, including, upon request, training of RICO investigators. The condominium specialists held offices at Waikoloa, Hawaii, on September 10, 2007, and Kahului, Maui, on May 7, 2008. In addition, the condominium specialists held its office for the day in conjunction with the recodification educational sessions on those dates and neighbor islands previously reported to you under "Condominium Laws and Education."

Condominium Speakership Program – Subject to State government approvals and priorities, the Commission honored requests to provide a speaker, resource person, or participant in a function related to condominium education, the condominium law and related issues, and

condominium project registration. Staff individualized and delivered Commission-developed presentations on Chapter 514B, HRS, in Waikoloa, Hawaii; Hilo, Hawaii; Lihue, Kauai; Kahului, Maui; and in Honolulu, on the respective dates previously reported to you under “Condominium Laws and Education.”

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

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

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

Records Management – Commission staff evaluated, planned, reorganized, and imple-

mented a centralized, consistent, user friendly, computerized glossary of existing and future educational materials, records, and developers’ public reports and files. Staff also maintained and updated the scanning and electronic storage of records, including developer’s public reports.

Cooperative Education, Research, and Administrative Program – The Commission actively participated in and sponsored cooperative education and research and administrative programs for those persons, branches, divisions, department personnel, and the Office of the Attorney General which provide direct or indirect services to the Commission and its condominium education trust fund and condominium project registration program.

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

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

Condominium Reference Library – Staff maintained at the Real Estate Branch Office and on the Commission’s website, a catalog of all public reference materials provided to State Libraries (especially in highly concentrated CPR areas) and mediation services offices (neighbor islands included). Staff also updated its research on the cost of updating all condominium library reference materials, and initiated procurement process to retain consultants to update the board of directors’ and condominium owners’ guides and its printing. The Commission recommended the inclusion of these updates as part of any developed five year educational strategic plan for condominium education.

FY 2009 PROGRAM OF WORK

Condominium Review Committee

Condominium Laws and Education –

Concurrently with the administration of Chapter 514A, HRS, the Commission continues to fine tune and implement Chapter 514B, HRS, including continuing participation in the legislative process. The Commission will continue briefings, updates, and presentations to the condominium community; administration, and the inclusion of the presentations on the Commission's website, the Condominium Bulletin and the Real Estate Bulletin, etc. It will continue the delivery of statewide multifaceted low cost educational program with the help of stakeholder organizations and volunteers on all islands. In addition, with the help of stakeholder organizations and volunteers, the Commission will continue to review and amend existing Commission-developed educational materials, new and amended forms, instructions, informational sheets, procedures and evaluative processes.

Advice, Education, and Referral – Staff, on behalf of the Commission, continues to respond and provide information related to inquiries from the condominium community, developers, consumers, licensees, government officials, organizations, interested others and the public, via telephone, walk-ins, faxes, written correspondence, emails, Condominium Bulletin and the Commission's website. Staff will prepare for the printing and distribution of Commission-developed information, including copies of Chapters 514A and 514B, HRS, to each registered association and CMA. The Commission will study the feasibility of a grant program for board of director participation in Commission-approved education programs. Maintain and update the Commission website as necessary.

Condominium Project and Developer's

Public Reports – The Commission continues to administer two condominium project registration programs (Chapters 514A and 514B, HRS) and continue accordingly the ongoing

administration of issuance of effective dates for developer prepared public reports. With the help of stakeholder organizations, volunteers, other governmental agencies and interested attorneys, staff continues to refine online unalterable fillable developer's public report forms and the evaluation and development, where appropriate, of new processes, records, forms, information documents, and rules relating to condominium project registrations. If necessary, it will procure additional condominium consultants to assist with the review of documents and information submitted to the Commission in conjunction with condominium project registrations. Staff will continue to conduct information and orientation sessions for all new procured consultants. It continues to monitor the consultants' performance of the contracts. Staff also continues to make developer's public reports available for public viewing and copying to disc via the Commission's website and continue to compile information and Commission decisions and make these available to the consuming public, consultants and other interested persons. The Commission continues to study and research a comprehensive evaluation system on the project registration and review process to include considering a plan for electronic administration of the developers' public reports, including the scanning of documents on CDs. It will also continue to monitor legislation relevant to condominium project registration for impact on policies and procedures upon condominium developers and the public report process.

Hawaii Condominium Bulletin – The Commission continues the research, development, publication and distribution of a quarterly bulletin to all registered associations and CMAs. It also maintains copies of the bulletin on the Commission's website and include electronic delivery. Staff continues the research and study of in-house electronic publication and delivery, and the publication of a "developers' reference file," with consultants contributing articles. The Commission will also take into consideration the addition of an ongoing section in the bulletin

dedicated to issues relevant to condominium project registration and developer's issues, with articles written by condominium consultants.

Condominium Mediation and Arbitration

Program – The Commission continues to monitor the delivery of mediation programs, including the annual renewal of mediation contracts. Staff continues to work with the Mediation Center of the Pacific (MCP) and other procured providers to present educational seminars about alternative dispute resolution and mediation to board of directors and apartment owners. Staff continues to collect information and statistics for education and annual report purposes, including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). The Commission is studying the feasibility of CMEF and CETF funding of arbitration for those parties eligible for mediation. Staff also continues to update the Commission mediation brochure to reflect changes in the law and for distribution to the condominium community. It continues to work with MCP to update the MCP mediation training instruction manual.

CDR Pilot Program – The Commission continues to assist in the administration of the pilot program, to end June 30, 2009, and continue to assist the Office of Administrative Hearings with any educational and awareness programs for condominium owners and board members.

Condominium Association

Registration – Staff continues to administer the registration of condominium associations; including reviewing and updating, as necessary, applications for registration, policies, procedures, appeals. It will respond to subpoenas and requests for records under OIP. Staff studies the feasibility of initiating an electronic/computerized registration process. It continues listing all association contact information on the Commission's website with preprinted lists available upon request. The Commission continues to research and study the feasibility of compiling a biennial profile of registered associations based

on the data fields gathered from the registration information.

Condominium Seminars and Symposium

The Commission continues to produce seminars for the condominium community through procured contracts with various providers and continues to procure for additional new providers on relevant topics. It continues to administer CMEF and CETF subsidies for Commission-approved seminars. The Commission is considering producing a seminar on reserves, especially the cash flow funding method, in collaboration with CAI Hawaii and other interested parties. Staff proactively seek additional consultants, especially on the neighbor islands. It will research the possibility of web re-broadcast of all CMEF and CETF seminars. The Commission continues the administration of a CRC educational advisory group to provide recommendations and input about the CRC educational programs with the group to include board members, resident managers, and representatives from self managed associations, CMAs, condominium organizations, and educators.

Ad Hoc Committee on Condominium Education and Research

The Commission continues the administration of this group which reviews, makes recommendations and assists in development, update and administration of condominium education-related projects. It continues to develop a roll-over five year strategic CMEF and CETF education plan; develop electronic consumers' brochures for seniors, condominium owners, and real estate brokers.

Condominium Managing Agents

Registration – The Commission continually administers CMA registration requirements, including review of applications for registration, policies, procedures, appeals, subpoenas, and requests for records under OIP. It is working towards developing a paperless fidelity bond review process and will continue to provide a listing of registered CMAs on the Commission's website.

Rule Making, Chapter 107 – The Commission continues to study, evaluate, research, and develop rule amendments for the formal rule making process. It will also consider recommendations received from various groups in the condominium community, CRC, community workshop participants, government officials and organizations regarding rule making for Chapter 514A, HRS, and Chapter 514B, HRS.

Meetings – The Commission, with support from staff, continues to plan, coordinate, and conduct monthly CRC meetings. Staff includes the schedule of meetings and agendas on the Commission's website and continues to maintain the meetings minutes in PDF and searchable format.

Government and Legislative Participation and Report – The Commission continues to research, participate, and report on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. It will also continue to research, develop and distribute the annual report to the Legislature on CMEF and CETF programs and funds; immediately upon completion, place on the Commission's website.

Legislative Acts and Resolutions – The Commission will continue to review, report, and develop summaries on all related Acts and resolutions proposed in the 2009 legislative session; implement requirements of directly related Acts and resolutions. Staff will prepare amended unofficial copies of Chapters 514A and 514B, HRS, for printing and distribution and study the feasibility of Ramseyer format of unofficial copies of Chapters 514A and 514B, HRS.

Interactive Participation with Organizations – The Commission, as well as staff, will, continue active participation with local, 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). They will participate with agencies and organizations to include recodification education programs.

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

Condominium Management Education Fund (CMEF) and Condominium Education Trust Fund (CETF) – The Commission continues to administer the funds for educationally defined purposes. It prepares, maintains, and reviews quarterly and annual financial statements, budget and finance records for both educational funds, and administers fund investment. The Commission also plans and works with the DCCA to increase budget for funding the Commission's educational efforts for the implementation of Chapter 514B, HRS, personnel compensation, and additional educational programs subject to revenue projections.

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

Rule Making, Chapter 53, Fees – The Commission continues to monitor, review, research, and make recommendations on rule amendments for fees through coordination with the Licensing Administrator. It is also studying

existing and new condominium services and determine appropriate fees and amendments to Chapter 53, Hawaii Administrative Rules.

CPR Project Workshop and Meetings – Staff continues to conduct periodic information sessions and forums for condominium consultants for purposes of orientation and information. Staff also facilitates forums for representatives of developers, attorneys, condominium consultants, CMAs, and association focus groups regarding the ongoing implementation of Chapters 514A and 514B, HRS.

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

Condominium Speakership Program – Subject to State government approvals and priorities, the Commission honors requests to provide a speaker, resource person, or participate in a function related to condominium education, Chapters 514A and 514B, HRS, condominium issues, and condominium project registration.

Technology and Website – The Commission continues to operate its website for public interaction and education. It maintains and updates the electronic storage of materials providing the public online access to the developer's public reports, condominium association registration data and other information. Pursuant to Chapter 514B, HRS, the Commission continues to post and make the new developer's public report form and other related forms form fillable and downloadable. The forms are evaluated and amended to meet the implementation challenges which surfaced throughout the year. The Commission continues to work towards its long

range goal of providing all condominium information available online; studying the feasibility of providing associations a central depository for all governing documents on the website, including minutes of association meetings.

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

Start-up Kit for New AOA's and New CMAs – Staff continues to distribute start-up kits to newly registered associations and CMAs, including unofficial copies of Chapters 514A and 514B, HRS, administrative rules, budget and reserves guide, board of directors' and condominium owners' guides, and past Condominium Bulletins.

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

Cooperative Education, Research, and Administrative Program – The Commission actively participates and sponsors cooperative education, research and administrative programs for those individuals, branches, divisions, department personnel, and the Attorney General's Office that provide direct or indirect services to the Commission and its condominium education funds and or condominium project registration responsibilities.

Division and Department Program –

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

Staff and Commissioners

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

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

Real Estate Education Fund

Fund Balance As of June 30, 2008 (Unaudited)		FY 2008 Expenditures and Encumbrances (Unaudited)	
ASSETS		I. Operations	
Cash		Personnel	\$313,449
In State Treasury	\$510,736	Supplies	9,179
Short term cash investments	800,000	Postage	15,900
		Equipment Rentals/Maintenance	435
Total Assets	1,310,736	Machinery and Equipment	9,743
		Books	126
LIABILITIES AND FUND BALANCE		Total Operations	\$348,833
Liabilities		II. Direct Licensee Education	
Payables	55,884	Real Estate Seminars	47,875
Fund Balance		Neighbor Islands Outreach	1,312
Reserve for Encumbrances	67,667	Annual Report/Quarterly Bulletin	58,325
Unreserved	1,187,185	Programs	16,205
Balance	1,254,852	Total Direct Licensee Education	123,717
Total Liabilities and Fund Balance	\$1,310,736	III. Indirect Licensee Education	
Revenues and Expenditures For the Year Ending June 30, 2008 (Unaudited)		Interactive Participation w/Orgs.	35,724
Revenues		Staff/Commissioners Development	244
Fees	\$120,734	Dues & Subscriptions	1,862
Interest (includes Recovery Fund)	48,337	Miscellaneous	126
Total Revenues	169,071	Total Indirect Licensee Education	37,956
Expenditures	442,840	Total Expenditures and Encumbrances	\$510,506
Excess (deficiency) of revenues over expenditures	(273,769)		
Fund Balance			
Beginning of Year	1,528,621		
End of Year	\$1,254,852		

Real Estate Recovery Fund

Fund Balance As of June 30, 2008 (Unaudited)

ASSETS	
Cash	
In State Treasury	\$365,613
Short term cash investments	500,000
Investment securities (cost)	
Total Assets	<u>\$865,613</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$4,262
Investment income included "In State Treasury" and	
Paid to Real Estate Education Fund	<u>0</u>
Total Liabilities	4,262
Fund Balance	
Reserve for encumbrance	0
Unreserved	<u>861,352</u>
Fund Balance	861,352
Total Liabilities and Fund Balance	<u>\$865,613</u>

Revenues and Expenditures For the Year Ending June 30, 2008 (Unaudited)

Revenues	
Fees	\$96,260
Expenditures	
Operations	47,206
Legal Services	13,255
Claims	<u>11,065</u>
Total Expenditures	<u>71,526</u>
Excess (deficiency) of revenues	
over expenditures	24,734
Fund Balance	
Beginning of Year	<u>836,618</u>
End of Year	<u>\$861,352</u>

FY 2008 Recovery Fund Payments

Case No.	Licensee(s)	Amount
CV07-0093(1)	Bucauto, Carol	\$11,065
	Country Land & Homes, Inc	
Total Payments		\$11,065

Condominium Education Fund

Fund Balance As of June 30, 2008 (Unaudited)

ASSETS

Cash	
In State Treasury	\$352,771
Short term cash investments	400,000
Total Assets	<u>\$752,771</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	\$37,805
Fund Balance	
Reserve for Encumbrances	17,820
Unreserved	697,146
Fund Balance	<u>714,966</u>
Total Liabilities and Fund Balance	<u><u>\$752,771</u></u>

FY 2008 Expenditures and Encumbrances (Unaudited)

Personnel	\$312,353
Supplies	5,417
Postage	4,233
Equipment Rentals/Maintenance	4,721
Education and Research	65,953
Equipment for Office	5,349
Staff/Commissioner Development	6,906
Resource Materials	338
Dues & Subscriptions	391
Miscellaneous	<u>485</u>

Total Expenditures and Encumbrances	<u><u>\$406,144</u></u>
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Revenues and Expenditures For the Year Ending June 30, 2008 (Unaudited)

Revenues	
Fees	\$116,744
Interest income	13,528
Total Revenues	<u>130,272</u>
Expenditures	<u>388,325</u>
Excess (deficiency) of revenues over expenditures	(258,053)
Fund Balance	
Beginning of Year	973,018
End of Year	<u><u>\$714,965</u></u>

FY 2009 Budget

Personnel	\$449,291
Supplies	4,000
Postage	6,000
Equipment Rentals/Maintenance	6,000
Contingency	500
Education and Research	178,261
Equipment for Office	4,000
Staff/Commissioner Development	6,000
Resource Materials	500
Dues & Subscriptions	500
Miscellaneous	750
Total Expenditures and Encumbrances	\$655,802