



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 light gray 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**

Copyright: Hawaii Real Estate Commission 2008. All rights reserved. Funded by the Real Estate Education Fund and the Condominium Education Trust Fund and provided as an educational service to real estate licensees and the condominium community. This publication is designed to provide general information on the subject matters covered and is not a substitute for professional services to address specific situations. If legal advice or other expert assistance is required, please seek the services of a competent professional.

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.

Table of Contents

1	Laws and Rules Review Committee Report	7-11
	Chart 1. Recovery Fund - Notices	8
	Chart 2. Recovery Fund - Claims Paid	9
	FY 2008 Program of Work	10
	FY 2009 Program of Work	11
2	Administrative Actions	12-13
	Table 1. Administrative Actions	12
	Chart 3. Administrative Actions - Sanctions	12
	Chart 4. Disciplinary Actions	13
	Chart 5. Disciplinary Actions By Activity	13
3	Regulated Industries Complaints Office (RICO)	14-17
	Chart 6. RICO Complaints	14
	Chart 7. Statutory Violations	17
	Chart 8. Rules Violations	17
4	Education Review Committee Report	18-26
	FY 2008 Program of Work	18
	Table 2. Real Estate Licensing Examination	18
	Chart 9. Licensing Examination Candidates	19
	Chart 10. Inquiries and Applications	20
	Chart 11. Website Hits	20
	Chart 12. New Real Estate Licenses Issued	21
	Chart 13. Real Estate Licensees - By Island	22
	Table 3. Current Real Estate Licensees	22
	Chart 14. Total Real Estate Licensees	23
	FY 2009 Program of Work	26
5	Condominium Review Committee Report	27-41
	FY 2008 Program of Work	27
	Chart 15. Condominium Advice, Education, and Referral	28
	Chart 16. Developer's Public Reports Effective Dates Issued	29
	Table 4. Condominium Project Filings	30
	Chart 17. Number of Condominium Apartments	30
	Chart 18. New Residential Projects - By Size	31
	Chart 19. Condominium Governance Mediations	31
	Chart 20. Condominium Association Registration	32
	Chart 21. CMA and CHO Registration	33
	FY 2009 Program of Work	37
6	Fund Information	42-44
	Real Estate Education Fund	42
	Real Estate Recovery Fund	43
	Condominium Education Trust Fund	44

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.

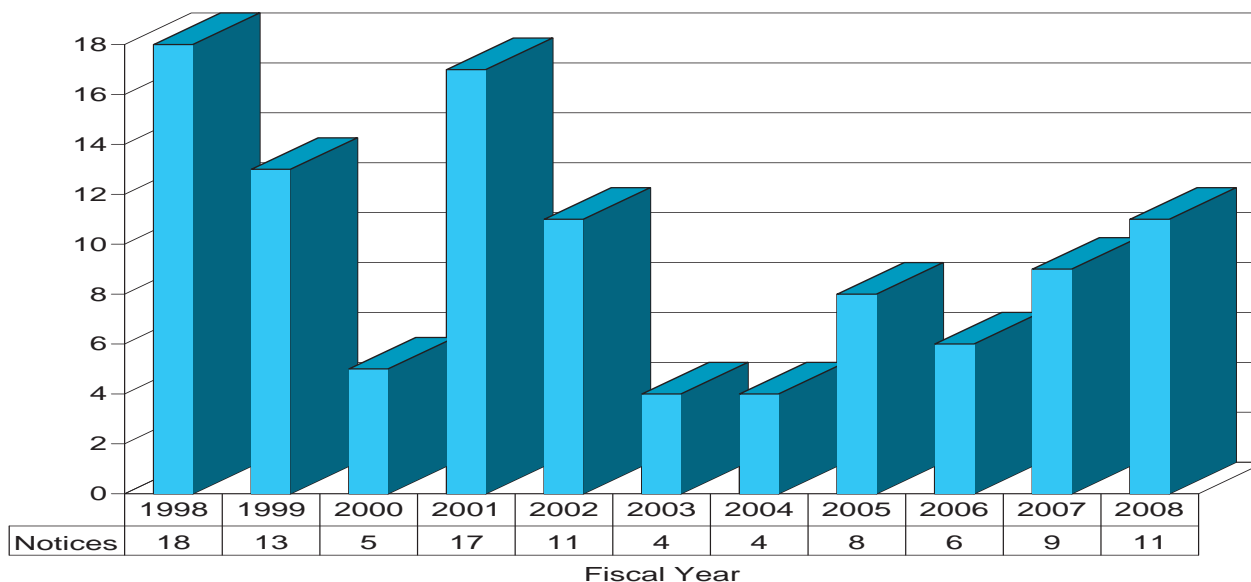
Subcommittee on Referral Fees and License Recognition - The Commission’s subcommittee researched and distributed information on various jurisdictional practices throughout the year. Based on this and advice from the Deputy Attorney General, it was recommended that changes in the current rules are necessary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

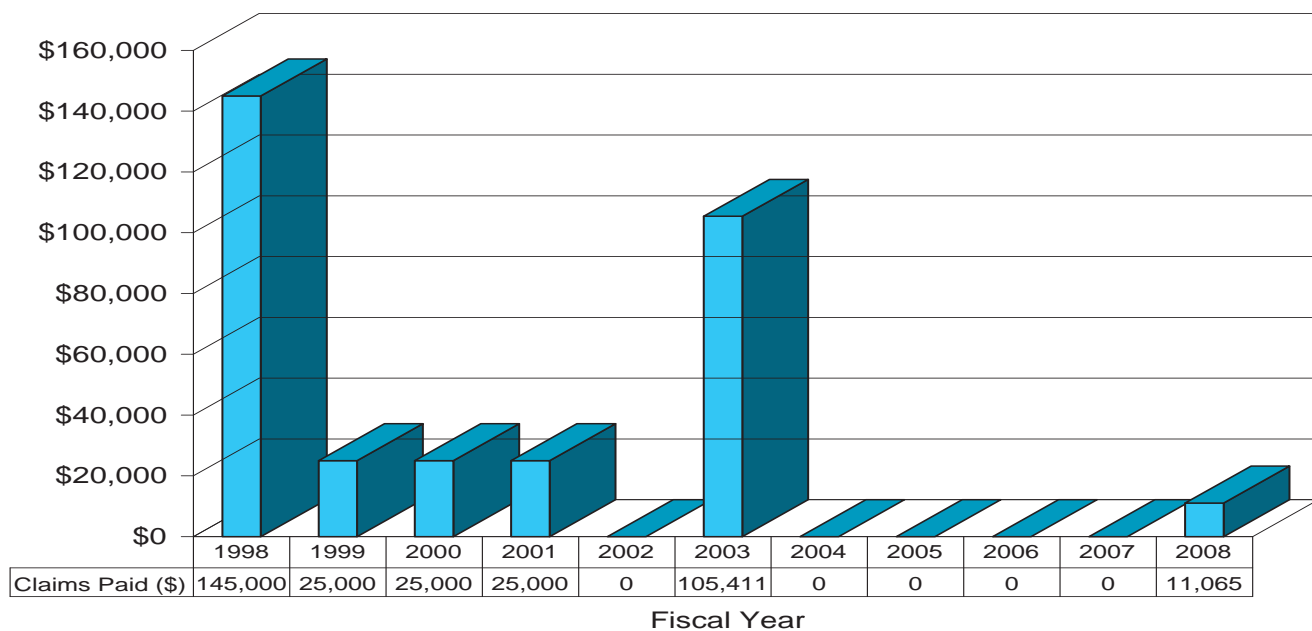
Real Estate Recovery Fund

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

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 prelicensing instructors to meet rule requirements. It contracted with the Hawaii Association of REALTORS® to develop and present an instructor’s development workshop in the 2007-2008 biennium.

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

Real Estate Specialist Office for the Day – 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 participate in a function related to real estate education.

Prelicensing Education Equivalency Administration

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

Uniform Section Equivalency of Prelicensing Examination

– The Commission administered applications on the equivalency to the uniform part of the exam, based on passage of the uniform part of another state’s exam. 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-

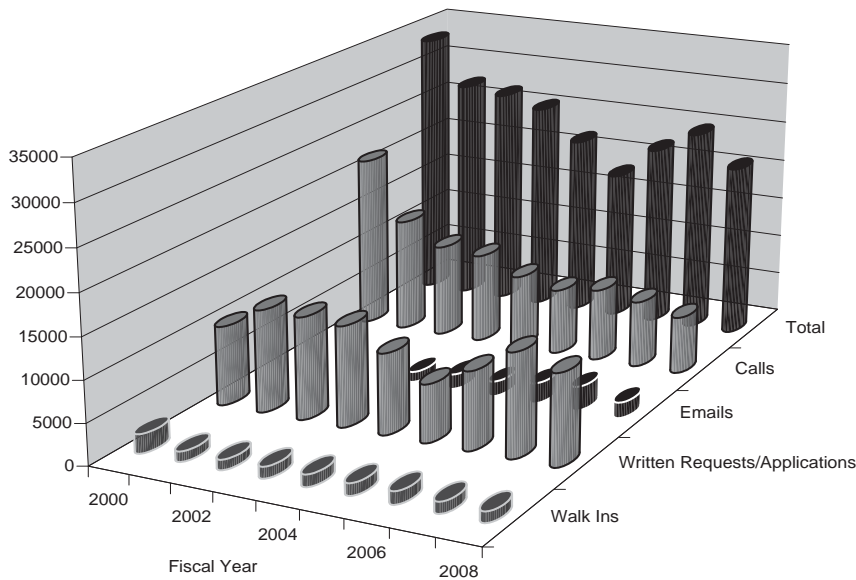
ing Chapter 514B, HRS, the Committee looks forward to the continuing support of the condominium governance and development communities, attorneys specializing in condominium law, the Hawaii State Bar Association-Real Property Section, and the real estate industry. To these committed organizations and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

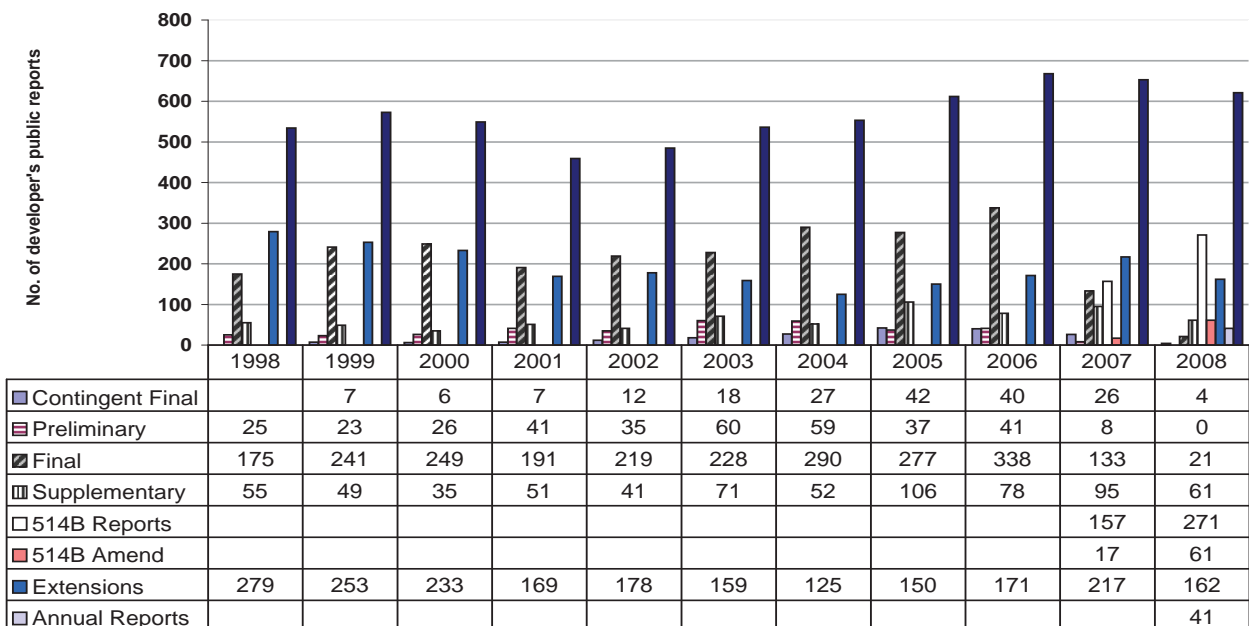
Condominium Apartment Owners on the Commission

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

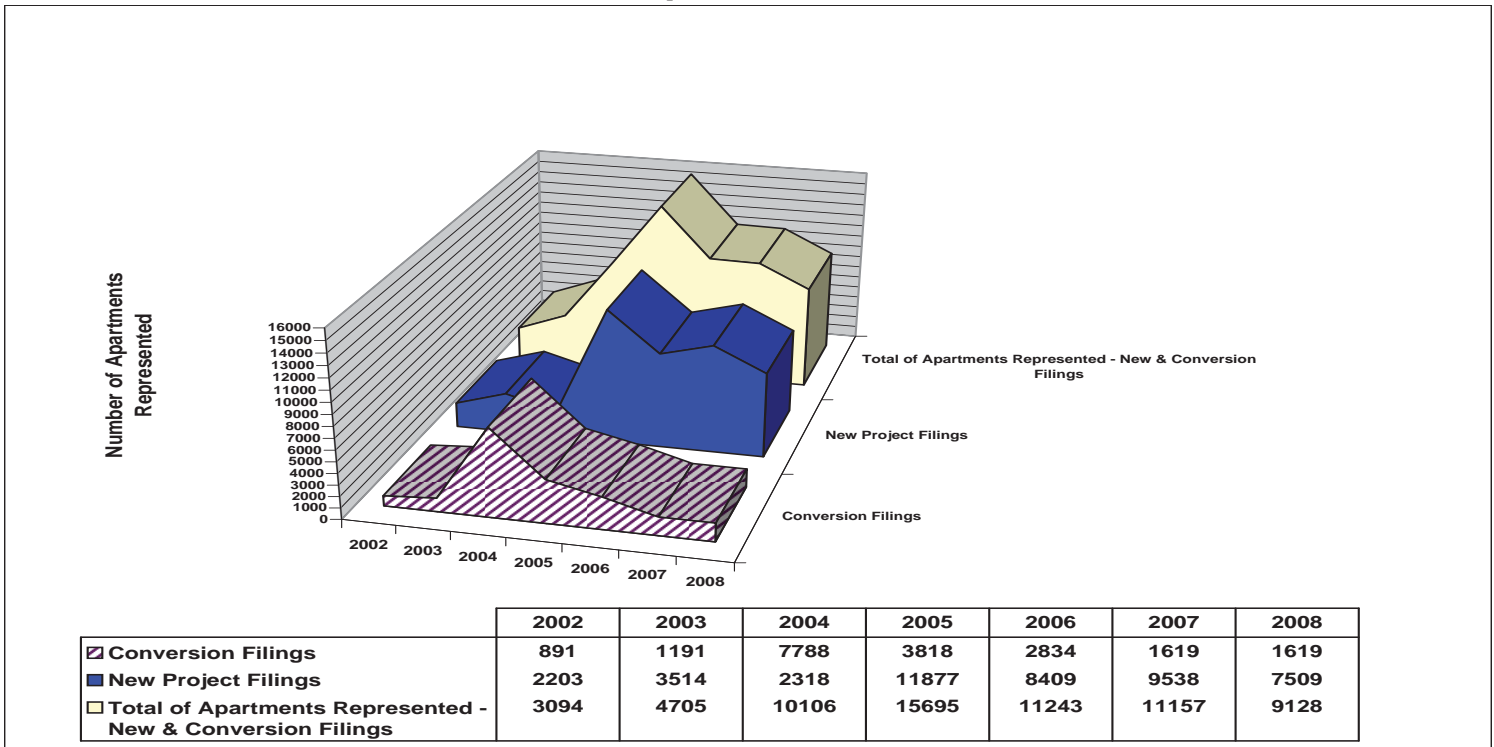
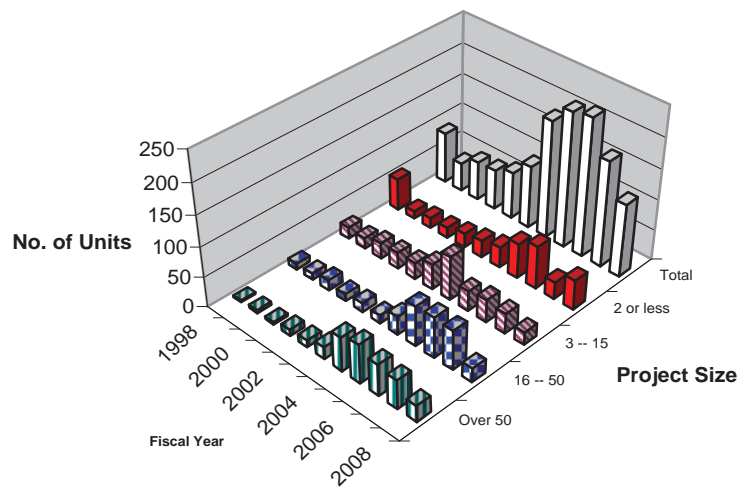
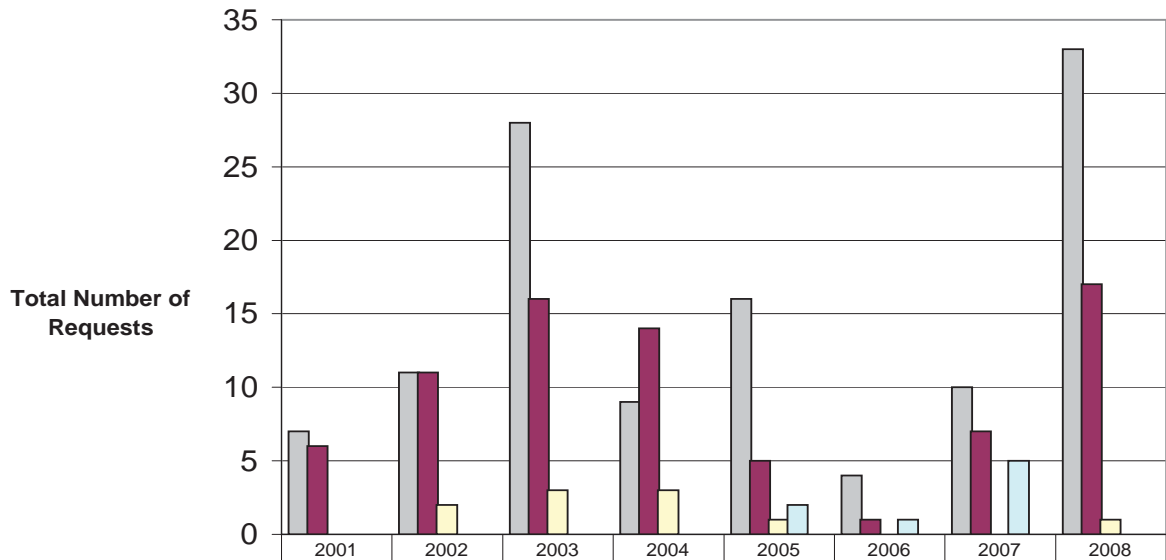


Chart 18. New Residential Projects - By Size



	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.

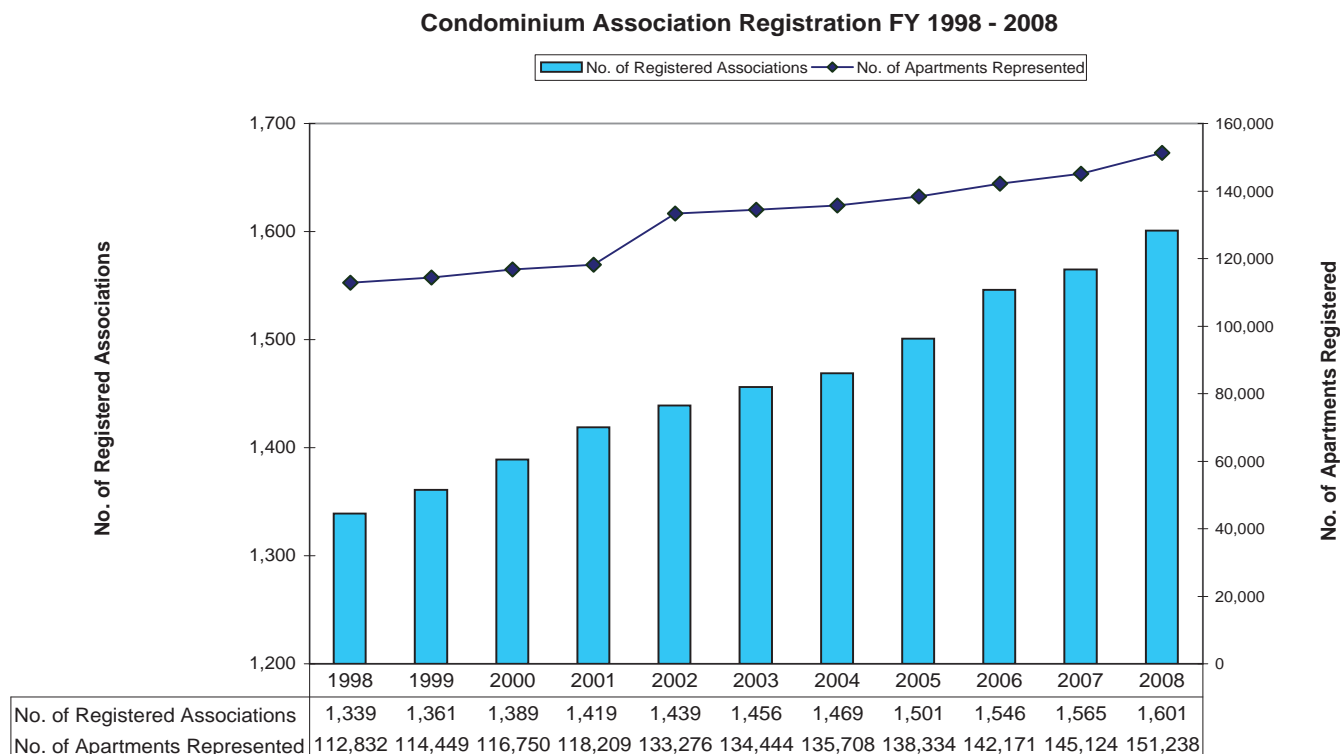
Condominium Mediation and Arbitration Program – The Commission continued to subsidize mediation programs on four islands and worked with various mediation providers, including the Mediation Center of the Pacific (MCP) to provide educational seminars about alternative dispute resolution and mediation 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

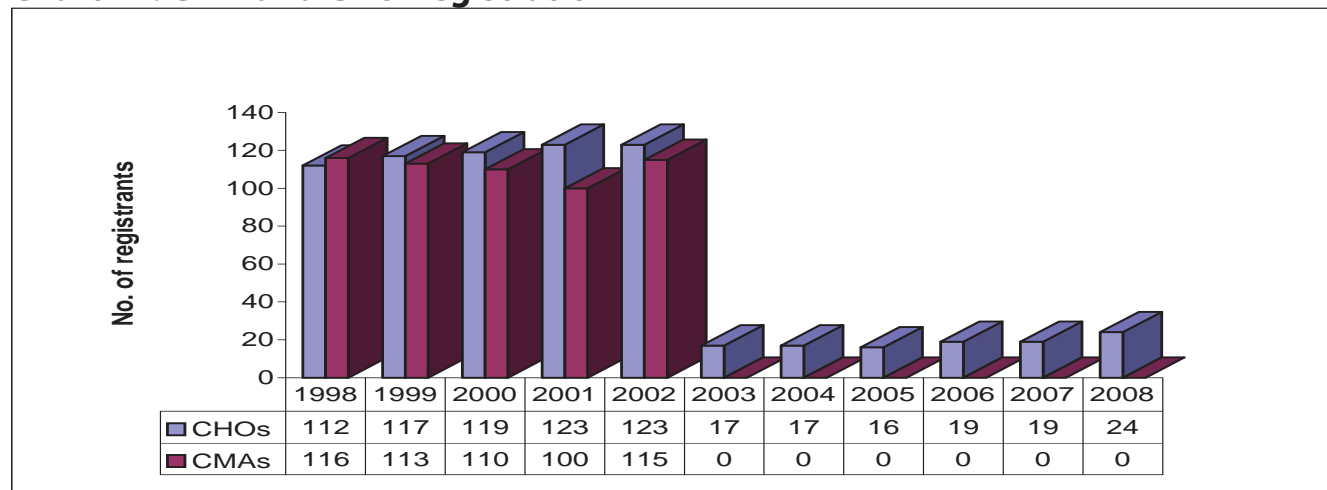
Registration – Staff reviewed policies and procedures for registration and responded to appeals, subpoenas, and requests for records under OIP rules and procedures. See Chart 21.

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 PVL, 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 <u>1,254,852</u>	Total Direct Licensee Education <u>123,717</u>
Total Liabilities and Fund Balance \$1,310,736	III. Indirect Licensee Education
	Interactive Participation w/Orgs. 35,724
	Staff/Commissioners Development 244
	Dues & Subscriptions 1,862
	Miscellaneous 126
	Total Indirect Licensee Education <u>37,956</u>
	Total Expenditures and Encumbrances <u>\$510,506</u>
Revenues and Expenditures For the Year Ending June 30, 2008 (Unaudited)	
Revenues	
Fees \$120,734	
Interest (includes Recovery Fund) 48,337	
Total Revenues <u>169,071</u>	
Expenditures <u>442,840</u>	
Excess (deficiency) of revenues over expenditures <u>(273,769)</u>	
Fund Balance	
Beginning of Year <u>1,528,621</u>	
End of Year <u>\$1,254,852</u>	

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><u>\$865,613</u></u>

FY 2008 Recovery Fund Payments

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

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><u>\$865,613</u></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><u>\$861,352</u></u>

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>

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