

2001 Annual Report

Real Estate Commission

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

**John Ohama, Chair
Michael G. Ching, Vice Chair
Charles H. Aki
Alfredo G. Evangelista
Mitchell A. Imanaka
Iris R. Okawa
Patricia Choi
Peter Rice
Casey Choi**

Hawaii Real Estate Commission

John Ohama
Chair
Oahu

Michael G. Ching
Vice Chair
Kauai

Charles H. Aki
Chair, Education Review Committee
Hawaii

Alfredo G. Evangelista
Chair, Laws and Rules Review Committee
Oahu

Mitchell A. Imanaka
Chair, Condominium Review Committee
Oahu

Patricia Choi
Vice Chair, Education Review Committee
Oahu

Iris R. Okawa
Vice Chair, Laws and Rules Review Committee
Oahu, Public Member

Peter Rice
Vice Chair, Condominium Review Committee
Maui

Casey Choi
Oahu, Public Member



The Honorable Benjamin J. Cayetano, Governor, State of Hawaii and Ms. Kathryn S. Matayoshi, Director, Department of Commerce and Consumer Affairs:

Aloha! This past year has seen many changes to the real estate industry and for the Real Estate Commission. The Real Estate Commission, led by senior commissioners, Michael Ching, Charles Aki and Alfredo Evangelista, were responsible for many of the changes to the licensing laws in Chapter 99 of the Hawaii Administrative Rules, due to the SWAT program. These changes have been overwhelmingly accepted by the industry. There is still some fine tuning in progress to clarify and define some of the changes. Although these changes are probably 20 years overdue and huge forward progress has been made in this area.

Commissioners, Mitchell Imanaka and Peter Rice, along with the recodification attorney, Gordon Arakaki, have been doing a fantastic job in working on the recodification of the condominium statute, HRS 514A. HRS 514A is antiquated and needs a fresh new look. The recodification is going extremely well and by next year, we should have the first drafts to start looking over.

Commissioners, Charles Aki and Pat Choi have been doing an outstanding job in getting more national courses approved for CE credits. The 4-hour core course for continuing education was developed for this biennium by volunteers and put together by the Real Estate Commission staff. This course was only possible through the efforts and cooperation of the Hawaii Association of REALTORS, many real estate instructors, and some members of various segments of the real estate community. This biennium's core course was developed to be modularized, so that you can take a core CE class in a subject that is pertinent to your field of endeavor. If you are in residential property management, there is a core course that is being offered specifically for your area of expertise. If you are a commercial broker, there are courses that will pertain to commercial transactions that you may want to take as your core course. Please check with the Continuing Education providers or the Real Estate Commission website for a list of classes that are or will be available for your core CE credit this biennium.

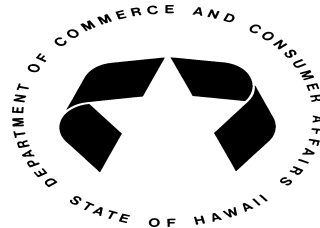
This coming year, the commission will continue to work hard to field new ideas and work towards making a difference for the benefit of real estate licensees and consumers in the State of Hawaii.

Aloha,

A handwritten signature in black ink that reads "John Ohama". The signature is written in a cursive, flowing style.

John Ohama
Chair

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



Kathryn S. Matayoshi, Director
Noe Noe Tom, Deputy Director
Jan K. Yamane, Acting Licensing Administrator

Real Estate Branch:

Calvin Kimura, Supervising Executive Officer
Alan Taniguchi, Executive Officer
Cynthia Yee, Senior Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Arata, Real Estate Specialist
Gina Watumull, Condominium Specialist
Cheryl Leong, Condominium Specialist
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This material can be made available for individuals with special needs. Please call the Senior Real Estate Specialist at 586-2645 to submit your request.

Contents

Laws and Rules Review Committee Report	6
Chart 1. Recovery Fund – Notices	6
Chart 2. Recovery Fund – Claims Paid	7
Real Estate Recovery Fund	8
Education Review Committee Report	9
Chart 3. Web Site Hits	9
Chart 4. Licensing Examination Candidates 2000 – 2001	10
Table 1. Real Estate Licensing Examination	11
Chart 5. Inquiries and Applications	12
Chart 6. New Real Estate Licenses Issued	14
Licensees	14
Table 2. Current Real Estate Licensees	15
Chart 7. Real Estate Licensees – By Island	15
Chart 8. Total Real Estate Licensees	16
Condominium Review Committee	17
Chart 9. Developer’s Public Reports Effective Dates Issued	18
Table 3. Condominium Project Filings	19
Chart 10. Number of Condominium Apartments	20
Chart 11. New Residential Projects – By Project Size	21
Chart 12. Condominium Association Registration	21
Chart 13. CMA and CHO Registrations	22
Chart 14. Advice Education and Referral	24
Chart 15. Condominium Governance Mediations	25
Administrative Actions	32
Table 4. Administrative Actions	32
Chart 16. Disciplinary Actions	33
Chart 17. Disciplinary Actions By Activity	33
Regulated Industries Complaints Office (RICO)	34
Chart 18. RICO Complaints	34
Chart 19. Statutory Violations	35
Chart 20. Rule Violations	36
FY 2001 Program of Work	40
Laws and Rules Review Committee	40
Education Review Committee	42
FY 2002 Program of Work	45
Laws and Rules Review Committee	45
Education Review Committee	45

Laws and Rules

The Committee, led by Chair Alfredo Evangelista and Vice Chair Iris Okawa, had a very industrious program of work for the fiscal year. The Committee concentrated its effort on the Slice Waste and Tape (SWAT) program, which resulted in dramatic changes to the real estate licensing rules (Chapter 99, HAR) and to the real estate licensing law (Chapter 467, HRS).

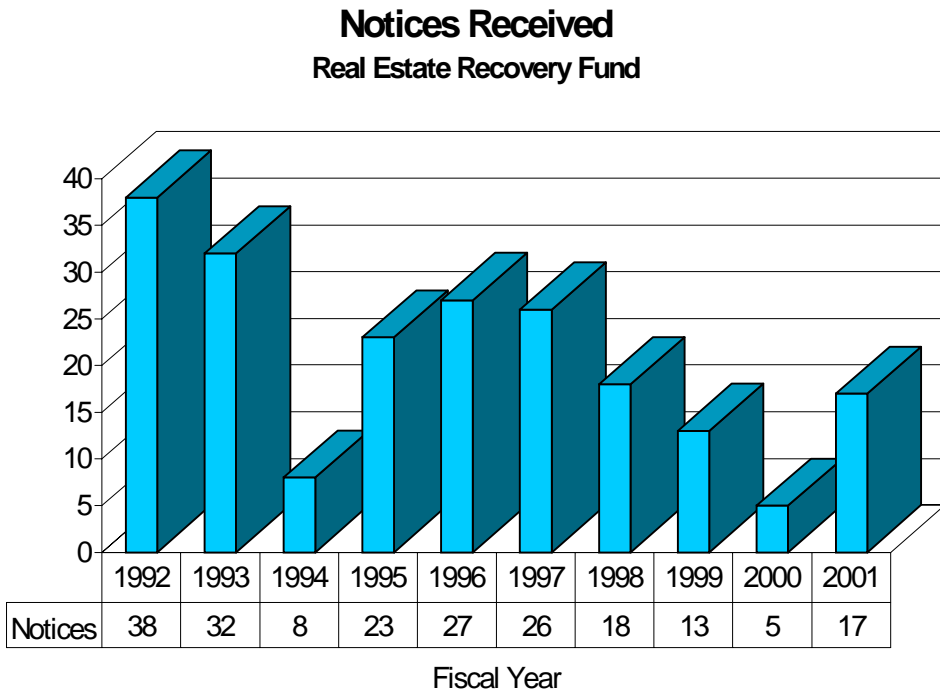
SWAT

Slice Waste and Tape is the State's project, under Lieutenant Governor Mazie Hirono's leadership, to repeal and reduce regulatory burdens on businesses, the general public, and state government. Due to the cooperating working relationship between the Real Estate Commission, the Hawaii Association of

REALTORS®, and the Department of Commerce and Consumer Affairs, the administrative rules for real estate licensees (Chapter 99, HAR) was one of the vanguard efforts of SWAT. Legislation provided SWAT with an expedited rule making process, resulting in a turnaround of approximately a year versus the normal process of a least two years. The last amendments to Chapter 99, HAR, were approved in 1991. This major project required an extensive expedited review, research, meetings with the real estate industry, and a public hearing which resulted in subsequent amendments to Chapter 99, HAR, and amendments to Chapter 467, HRS. Under SWAT, the amendments to the administrative rules were approved and a legislative bill was passed.

The SWAT changes affects real estate

Chart 1. Recovery Fund - Notices



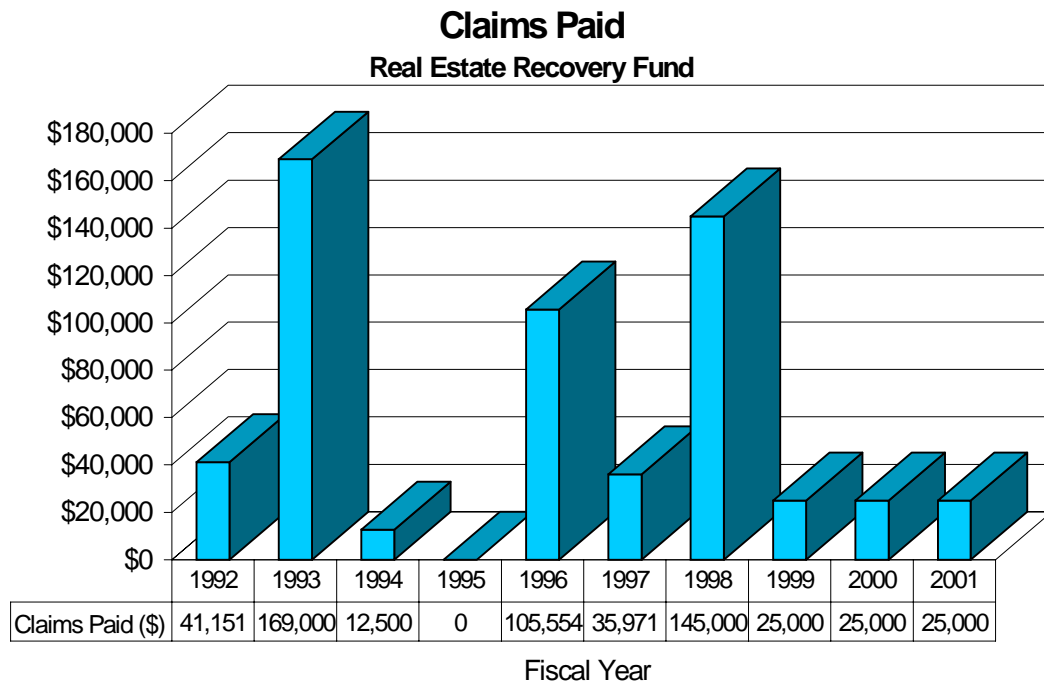
licensees, applicants, and registrants as follows:

- Permits more flexibility.
- Repeals numerous requirements.
- Removes numerous reporting and document submissions.
- Provides brokerage firms with more management responsibilities while removing government oversight.
- Extends numerous filing deadlines and expiration dates.
- Repeals numerous registration requirements.
- Opens the real estate practice statewide and worldwide.
- Provides more exemptions.
- Reduces paperwork overall.

Licensing Renewal

The renewal of real estate licenses for the licensing biennium 2001/2002 was conducted during the fall of the year 2000, as all real estate licenses expired on December 31, 2000. The new renewal application deadline of November 30 ensured that real estate licensees could receive their renewed licenses before January 1 enabling them to continue conducting real estate activity. In the past, some applicants risked not receiving the renewed license until some time after January 1 and had to temporarily cease real estate activity. As a result of various initiatives, such as the stepped up application deadline; increased information on the REC's website; statewide staff conducted workshops; meetings with

Chart 2. Recovery Fund - Claims Paid



industry members; the Hawaii association of Realtors, and the local boards, there were less problems and a higher percentage of applicants successfully renewed their licenses. The Commission's and the Divisions's next goal is to have on-line renewals.

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 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 2001, the Commission received notification in 17 cases, an increase over the 5 filed last fiscal year. See Chart 1.

In FY 2001, one payment totaling \$25,000 was paid out of the recovery fund. Since its inception in 1967, the recovery fund has paid out over \$1.9 million. See Chart 2.

Education Review Committee Report

The Committee, under the leadership of Chair Charles H. Aki and Vice Chair Patricia Choi, worked on a number of critical educational programs.

Mandatory Core Course for Continuing Education

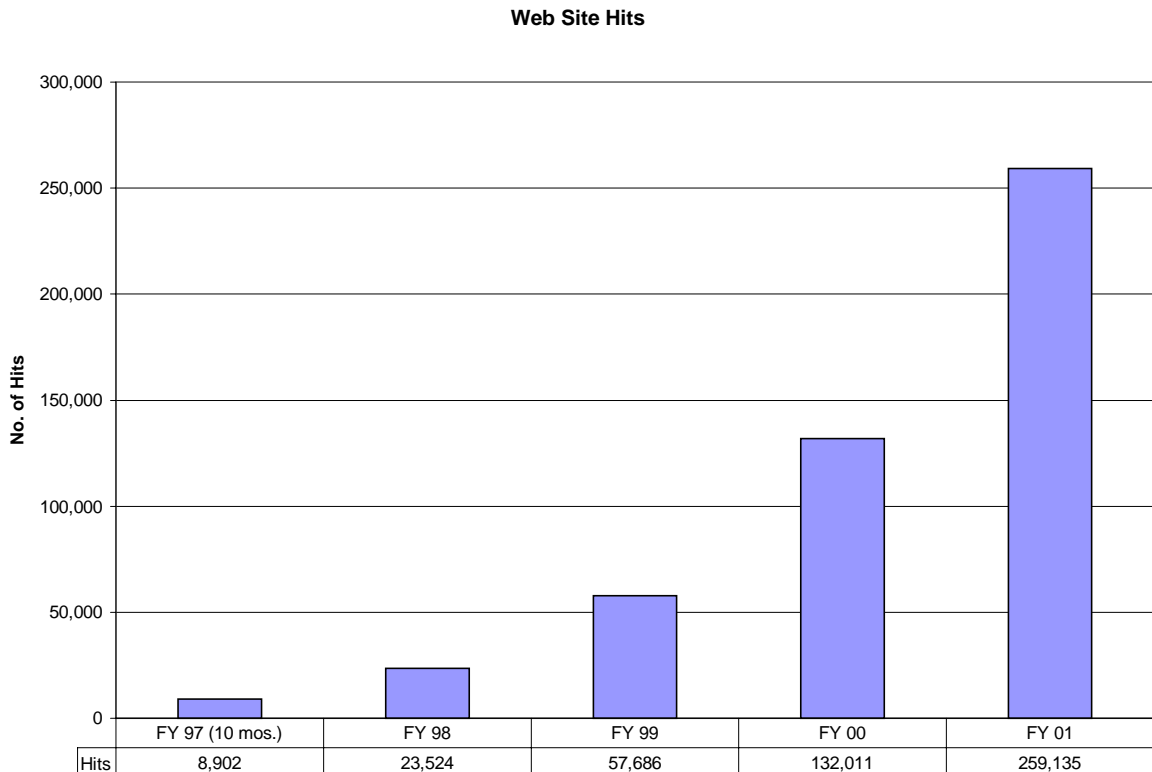
The mandatory 2001-2002 law update and ethics continuing education course was completed during this fiscal year. The course was developed through REC Chair John Ohama's facilitation of a collaborative effort by a number of members of the real estate industry, Commissioners, attorneys, real estate educators, commercial brokers, time share brokers, property management brokers, condominium management

brokers, and the Hawaii Association of REALTORS®.

The course is unique in many ways and represents the first of its kind, as follows:

- It was developed with active participation from a wide range of real estate professionals, including the specialty areas of real estate brokerage.
- The majority of the course is designed to be interactive with opportunities for individual written responses and group participation.
- The course is designed in two parts, with the first part consisting

Chart 3. Web Site Hits



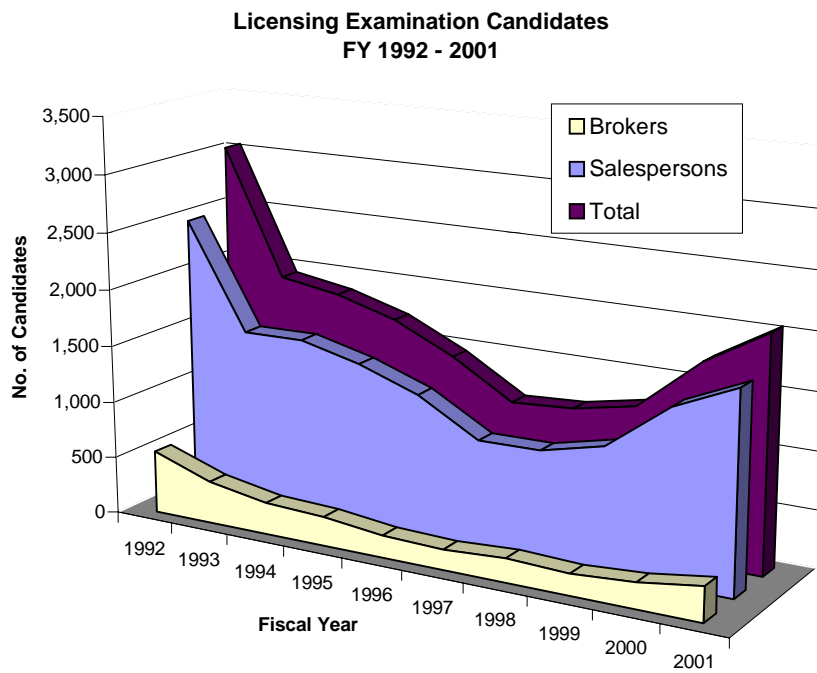
of general law update, rules update, and ethics. The second part, which can be individualized to each class, is devoted to the specialty areas of real estate brokerage, consisting of separate modules of residential sales ethics, commercial law, residential property management, condominium property management, time share laws, and advance laws/rules/ethics for experienced real estate licensees. The instructor would determine the second part of the course by selecting the subject area for a particular class.

Development Workshop, Elective Continuing Education Course, and Fair Housing

The Real Estate Commission, in partnership with ARELLO (Association of Real Estate License Law Officials) and Hawaii Association of REALTORS®, conducted a series of Fair Housing Seminars throughout the State during April of the fiscal year. The seminar was developed for real estate licensees, the condominium community, and real estate educational instructors. The seminar was certified for credit as an Instructor’s Development Workshop and as an elective continuing education course for real estate licensees. The curriculum focused on current issues in fair housing, the Americans with Disabilities Act, case studies, guidelines for developing policies,

Real Estate Seminars, Instructor’s

Chart 4. Licensing Examination Candidates 1992 - 2001



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Brokers	552	371	278	255	193	178	207	187	224	304
Salespersons	2,495	1,569	1,575	1,444	1,258	952	955	1,082	1,504	1,744
Total	3,047	1,940	1,853	1,699	1,451	1,130	1,162	1,269	1,728	2,048

strategies for risk reduction, and sensitizing the community on issues of fair housing.

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

Table 1. Real Estate Licensing Examination

REAL ESTATE LICENSING EXAMINATION			
	FY 2000	FY 2001	% Change
Brokers Tested	224	304	35.7%
Salespersons Tested	1504	1744	16.0%
Total Tested	1728	2048	18.5%
Brokers Pass	84	119	41.7%
Salespersons Pass	1102	1217	10.4%
Total Passed	1186	1336	12.6%
% Brokers Pass	37.5%	39.1%	
% Salespersons Pass	73.3%	69.8%	

benefit when the sessions are held at the local Board of Realtors' offices is the opportunity to exchange information with the staff and membership of the local Boards.

The real estate specialists visited Kauai, Maui, Hilo, and Kona in November in conjunction with the renewal workshops.

Neighbor Islands Outreach

Twice a year, the Commission convenes its standing committee meetings on a neighbor island. The committees met in Maui in January and in Kauai in May. The meetings afford neighbor island licensees, government officials, and interested parties an opportunity to attend and participate in committee meetings.

Continuing Education

The SWAT-based rule amendments to Chapter 99 (HAR) brought about a number of changes in the administration of the continuing education program. Amendments included: guidelines in reviewing a request for equivalency for continuing education courses to include consideration for courses completed out-of-state that are certified by ARELLO, NAR, BOMA, CAI, and any other national organization approved by the Commission; any newly licensed active salesperson during an even-numbered year will meet the equivalency for continuing education requirements; changes in surety bond requirements for CE providers, including an exception; and permitting approval of out-of-state continuing education courses.

During the fiscal year, there were 51 approved CE courses, an increase over the 36 approved CE courses in the previous fiscal year, and 15 of the courses were national courses. There were 20 approved CE providers. CE providers offered 968 classes to 20,065 participants as compared to the previous fiscal year of 446 classes to 9,118 participants.

Prelicense Education and Experience

At the end of FY 2001, there were 12 approved prelicense schools and 14 certified prelicense instructors and 6 guest lecturers. Two new prelicense schools were added during the fiscal year. There were 142 broker candidates and 1,314 salesperson candidates who completed the courses during the fiscal year. This represents

a substantial increase over the past fiscal year totals of 91 broker candidates and 824 salesperson candidates.

During the fiscal year, there were 144 applications approved for equivalency to the precicensing education requirement. In addition, there were 151 applications approved for precicensing experience for broker candidates.

Real Estate Licensing Examination

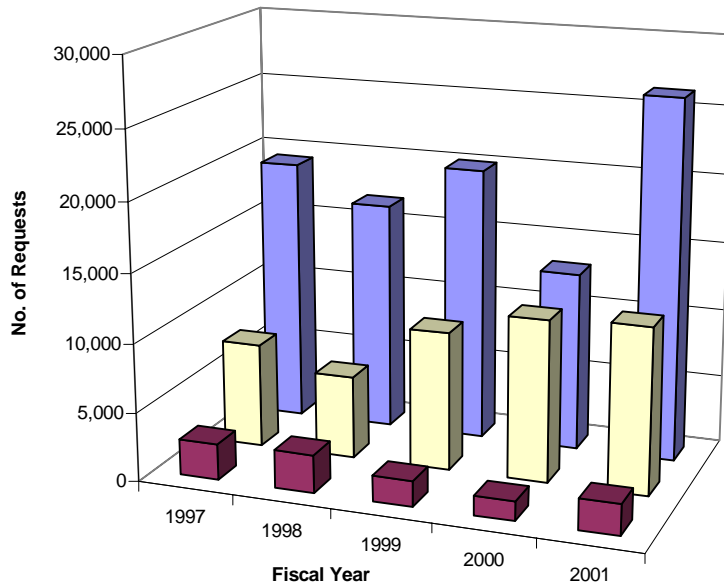
ASI continued as the Commission's examination provider, offering five days a week testing in Honolulu, twice monthly testing in Waikoloa and Kahului, and monthly testing in Kauai. As shown in Chart 4, Table 1, the number of examination

candidates increased 19% over last fiscal year. Staff periodically monitors the examination administration on each island to assure the facilities and procedures comply with ASI and Commission policies.

There were 111 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 substantial increase over the last fiscal year's total of 42 approvals.

Chart 5. Inquiries and Applications

Inquiries and Applications - Real Estate



	1997	1998	1999	2000	2001
■ Walk-ins	2,600	2,748	1,852	1,400	2,241
□ Applications/written requests	7,600	6,010	10,072	11,770	12,068
■ Telephone	19,300	16,761	20,038	13,050	26,295

Interactive Participation with Other Organizations

The Commission continued its participation in events sponsored by local and national organizations. In Hawaii, Commissioners and staff participated in a number of events with the Hawaii Association of REALTORS®, Kauai Board of REALTORS®, Maui Board of REALTORS®, Hawaii Island Board of REALTORS®, and Kona Board of REALTORS®. On a national level, the Commission continued its active participation in the Association of Real Estate Licensing Law Officials (ARELLO) and Real Estate Educators Association (REEA). Participation in national organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry and other jurisdictions.

Advice, Education, Referral

The staff continues to field an enormous number of telephone, walk-in, written inquiries, website inquiries, faxes, and emails. The ease of access to the Commission's website, *hirec*, 7 days a week and 24 hours each day for information, forms, and applications has provided over 259,135 hits during the fiscal year. This represents a substantial increase over last fiscal year's total of 132,011 hits. Refer to Chart 3. For real estate, the fiscal year produced 26,295 telephone inquiries, 2,241 walk-in inquiries, 12,068 written inquiries/documents, 647 faxes, and 207 emails. Refer to Chart 5. It appears that the Commission's website is the number one communication tool with the real estate and consumer community.

Publications

The Commission continues to publish the Hawaii Real Estate Bulletin in a traditional newsletter format that is mailed to all current licensees, the Legislature, government officials, ARELLO jurisdictions, and other interested parties. It is also available in electronic format on *hirec*. While the Bulletin provides articles on current licensing and real estate issues, its usefulness in communicating information with immediacy has been supplanted by *hirec*.

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

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

Licensees

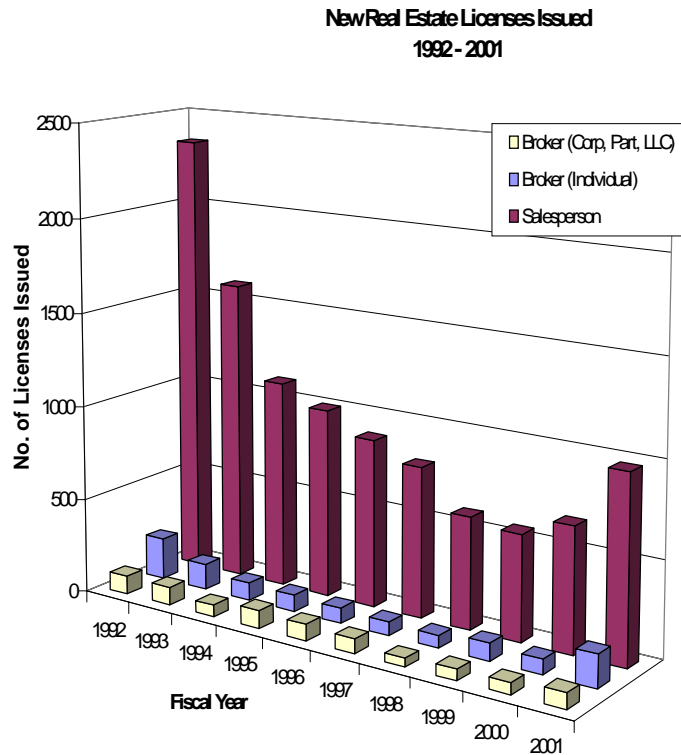
New Licenses

The number of new licenses issued in FY 2001 increased 55% over the prior fiscal year. During the year 1,223 new licenses were issued. Individual brokers licenses increased by 145%, new salespersons increased by 49%, and new entity licenses increased by 34%.

Current Licenses

The overall number of real estate licenses decreased 6% from the end of FY 2000. In FY 2001, active licenses decreased 1% over last year while inactive licenses decreased 16%. There was a 4% decrease of active licenses on Oahu, and modest growth on the neighbor islands with Hawaii increasing 4%, Maui 2%, and Kauai 3%. Refer to Table 2.

Chart 6. New Real Estate Licenses Issued



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Broker (Corp, Part, LLC)	95	95	61	94	86	76	44	58	61	82
Broker (Individual)	219	135	94	88	81	71	66	92	78	170
Salesperson	2,342	1,588	1,088	997	886	793	586	553	651	971

Table 2. Current Real Estate Licensees**Current Real Estate Licensees (July 2001) by License Type and Island**

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	1,538	303	311	148	7	1	1	2,309
Salesperson	2,833	697	1,006	452	12	7	9	5,016
Sole Proprietor	827	121	96	39	3		1	1,087
Corporation, Partnership, LLC	631	120	123	51	4		1	930
Total Active	5,829	1,241	1,536	690	26	8		9,342
Inactive								
Broker	326	51	30	15	2		113	537
Salesperson	2,160	384	481	252	1	3	362	3,643
Corporation, Partnership, LLC	36	4	6	3		1	5	55
Total Inactive	2,522	439	517	270	3	4	480	4,235
Active and Inactive								
Broker	1,864	354	341	163	9	1	114	2,846
Salesperson	4,993	1,081	1,487	704	13	10	371	8,659
Sole Proprietor	827	121	96	39	3	0	1	1,087
Corporation, Partnership, LLC	667	124	129	54	4	1	6	985
Total	8,351	1,680	2,053	960	29	12	492	13,577

Chart 7. Real Estate Licensees - By Island

Real Estate Licensees - By Island
Active and Inactive
July 2001

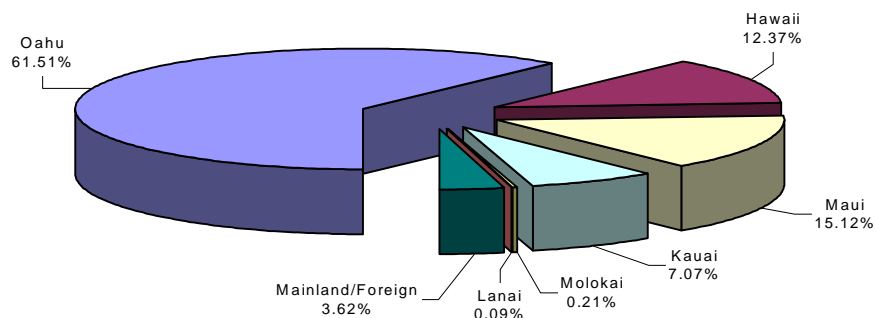
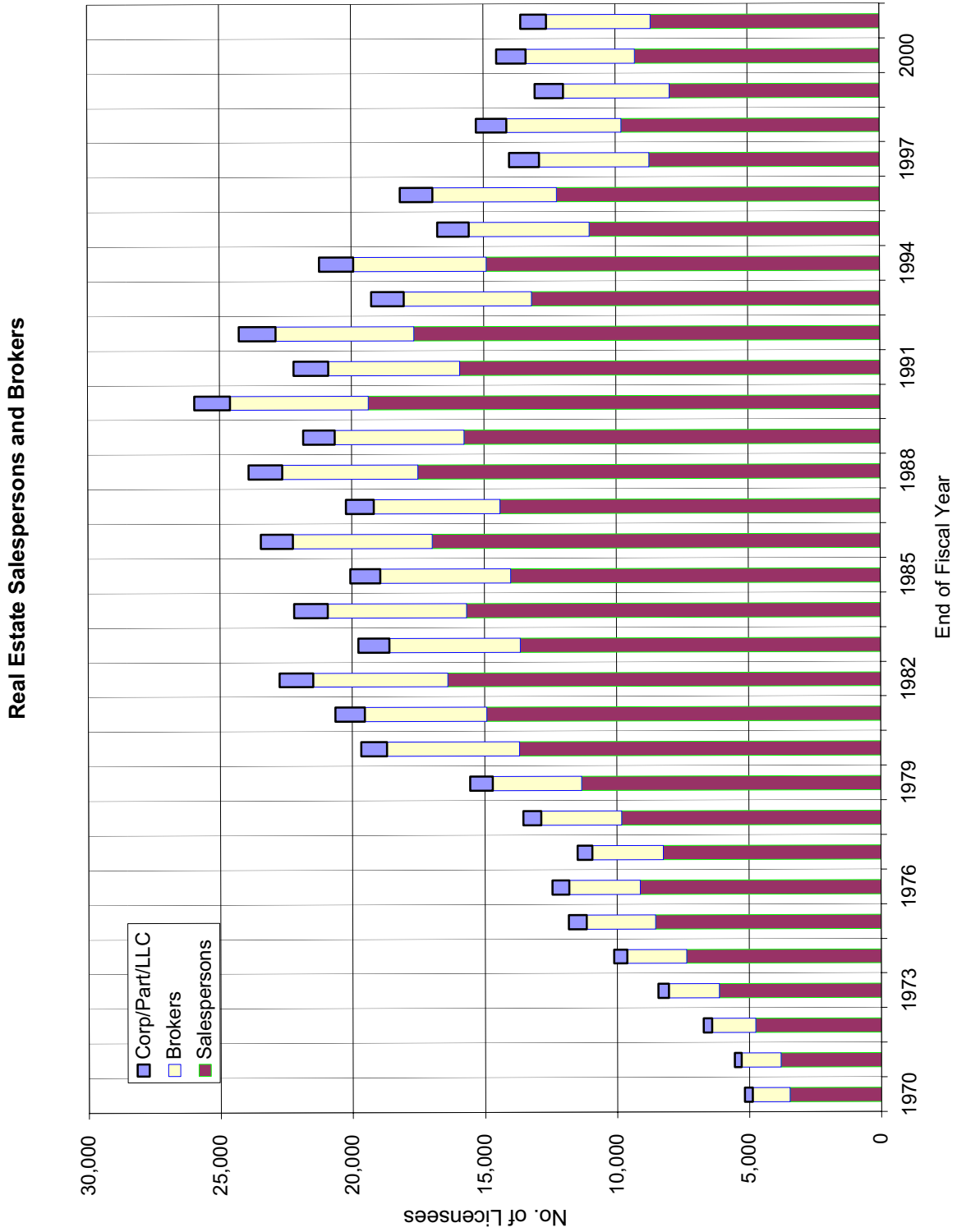


Chart 8. Total Real Estate Licensees



Condominium Review Committee

Chair Mitchell Imanaka and Vice Chair Peter Rice directed the Condominium Review Committee's 2001 fiscal year program of work.

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

In response to Act 213 (SLH 2000), this fiscal year the CRC directed a substantial portion of its program of work to formulating a workplan and timetable for recodifying the state Condominium Property Regimes law (Chapter 514A, HRS). The workplan and timetable is readily available at the Commission's website at <http://www.state.hi.us/hirec>. As mandated by the Act, the Commission is submitting a progress report about its recodification efforts in a separate report to the legislature.

Additionally, the CRC, without compromising consumer protection measures, continued in its efforts to minimize government involvement in those condominium governance areas legislatively intended for self governance; and streamlined the registration of condominium projects, AOAOs, CMAs and CHOs. The CRC also continued its subsidy of programs in the condominium education area in approving seminars for CEF subsidy. The subsidy pays a portion of a condominium apartment owner's seminar registration fees. The subsidy continues to be provided only for condominium apartment owners from registered AOAOs. The CRC also completed its work on making CEF subsidized mediation services available to the neighbor island condominium communities. The Commission respectively executed contracts and renewed existing contracts with the Mediation Center of the Pacific, Inc., Mediation Services of Maui Inc., Kauai Economic Opportunity Inc., Big Island Mediation Inc. dba West Hawaii Mediation Services; and The Island of Hawaii YMCA (Ku'ikahi Mediation Center). Maui continues to be serviced by the Mediation Services of Maui, Inc. In addition, the CRC continued the implementation of its ongoing programs.

The enactment of new laws at the end of the fiscal year impacted the CRC's Advice, Education, and Referral program of work item. Condominium board members, apartment owners, CMAs and interested others inquired about the following new laws: mandatory mediation of disputes when an apartment owner or the board of directors requests mediation involving the interpretation or enforcement of the association of apartment owners' declaration, bylaws, house rules or involving specified sections of Chapter 514A, HRS; developer exemption from the giving of the

Condominium Apartment Owners on the Commission

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

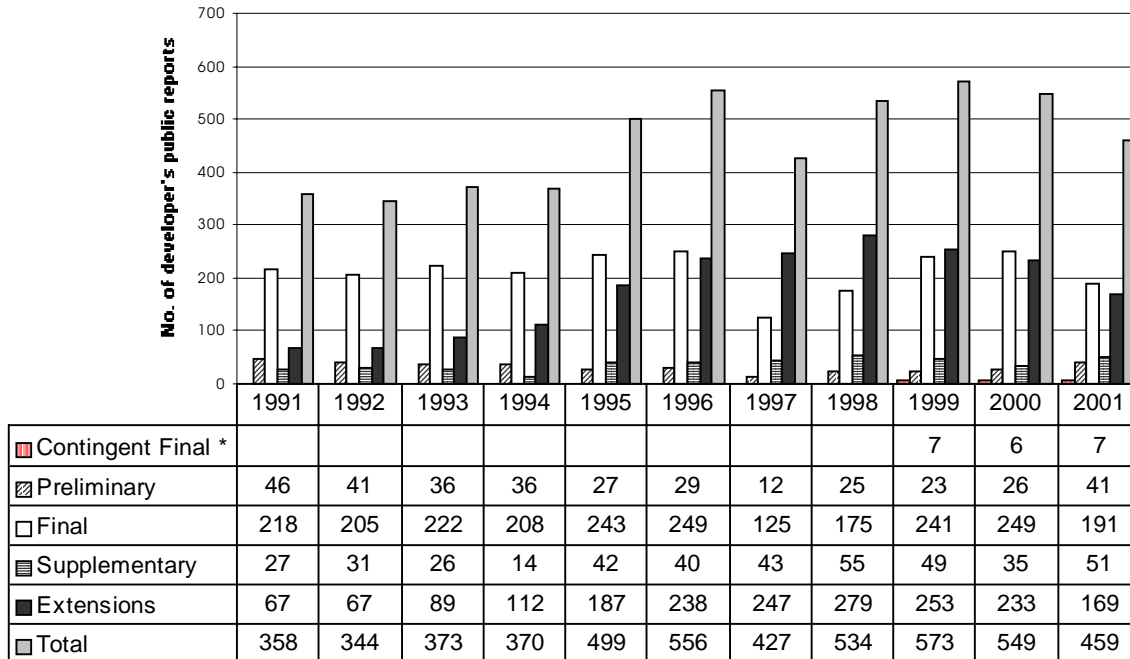
- Alfredo G. Evangelista**
- Iris R. Okawa**
- Patricia Choi**
- Peter Rice.**

Commissioner **Michael G. Ching** and **Casey K. Choi** are condominium apartment owners.

developer's public report and abstract to prospective purchasers for time share projects when a time share project is registered under chapter 514E, HRS; exemption for active real estate brokers from the condominium hotel operators registration and fidelity bond requirement; exemption from the child care home provider notification to the association within 60 days of its intent to operate; addition of the Uniform Arbitration Act effective July 1, 2002; amendments to

Chart 9. Developer's Public Reports Effective Dates Issued

**Developer's Public Reports Effective Dates Issued
FY 1991-2001**



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

the mandatory seller disclosure law; and other related legislation.

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

have been funded for the prior fiscal year (2001) and the current fiscal year (2002).

Summary of Programs For Fiscal Year 2001:

Recodification of HRS Chapter 514A - Developed and initiated the plan and CEF budget for recodification, including development, recruitment, and hiring of temporary staff member based on Act 213 (SLH 2000) and the 1995 Commission's report to the Legislature, "A Plan to

Table 3. Condominium Project Filings

Condominium Project Filings Received -- Fiscal Years 1995 -- 2001

New Projects	1995*	1996*	1997*	1998	1999	2000	2001
Residential	**65	**41	40	84	47	64	66
No. of Apartments Represented	2456	1519	1378	862	1028	1028	1642
Commercial and Other	25	16	25	5	11	18	15
No. of Apartments Represented	152	78	175	198	81	95	367
Agricultural	18	27	27	28	27	27	30
No. of Apartments Represented	57	57	104	83	62	51	93
Total New Projects	108	85	92	117	85	109	111
Total No. of Apartments Represented	2781	1654	1647	1143	1171	1174	2102
Conversions							
Residential	119	74	66	54	73	55	44
No. of Apartments Represented	1106	386	981	665	368	342	454
Commercial and Other	9	8	6	4	11	14	4
No. of Apartments Represented	713	68	56	87	734	57	234
Agricultural	9	21	37	51	42	47	51
No. of Apartments Represented	36	53	187	130	90	120	128
Total Conversion Project	137	103	109	109	126	116	99
Total No. of Apartments Represented	1856	496	1118	882	1192	519	816
Combined New & Converted Project Filings	246	188	201	226	211	225	210
Combined No. of Apartments Represented	4637	2150	2765	2025	2363	1693	2918

* 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.

**Note 3: Correction made to count from previous annual report.

Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime.” Held discussions with interested parties, carried out the directives of Act 213 (SLH 2000) for the fiscal year. Recodification workplan and timetable available at Commission’s website <http://www.state.hi.us/hirec>.

Rule-Making - HAR Chapter 107 - Studied and evaluated the Chapter 107 and HRS Chapter 514A, for rule making, considered deregulation without reducing consumer protection. Administer formal rule making process. Research and update new project registration, AOAO registration, and CMA registration. Continued SWAT project to reduce or repeal regulatory burdens; worked with Administration and Licensing Administrator on developing amendments for Chapter 107.

Hawaii Condominium Bulletin - Developed, wrote, edited, printed and distributed a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and provided on Commission’s website. Studied the feasibility of providing the bulletin through electronic medium; including electronic distribution prior to hard copy distribution. Planned, developed and provided for guest articles on relevant topics. Develop a plan for in-house electronic publication including software determination and training. Develop and include a survey-evaluation of the bulletin and include surveys of various other Commission programs.

Rule-Making - HAR Chapter 53, Fees - Monitored and reviewed services

Chart 10. Number of Condominium Apartments

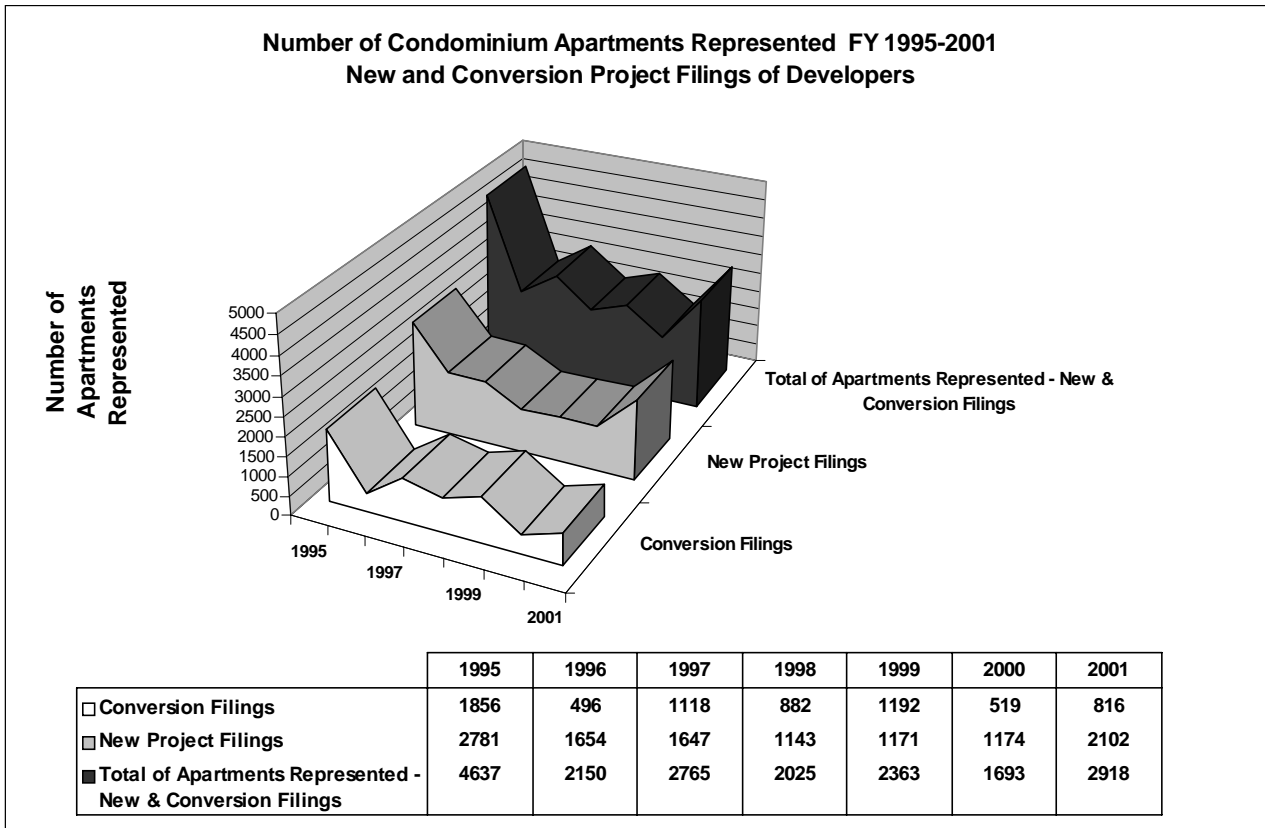
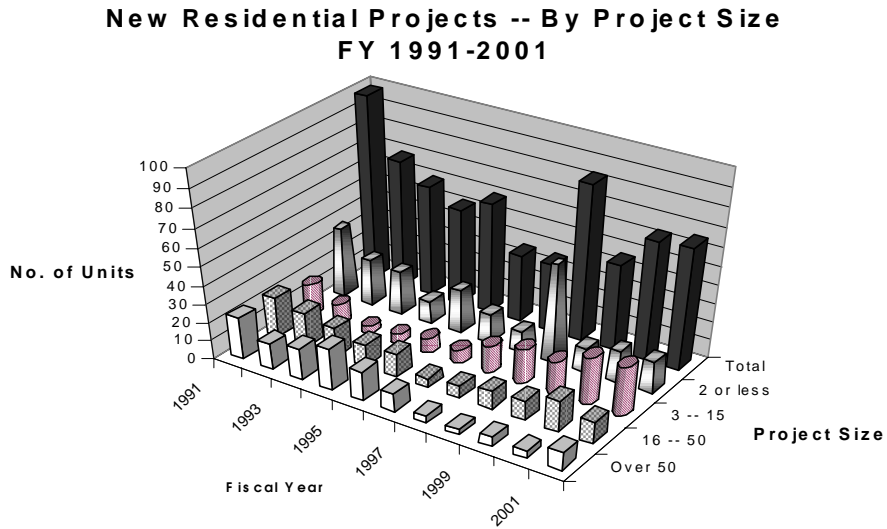


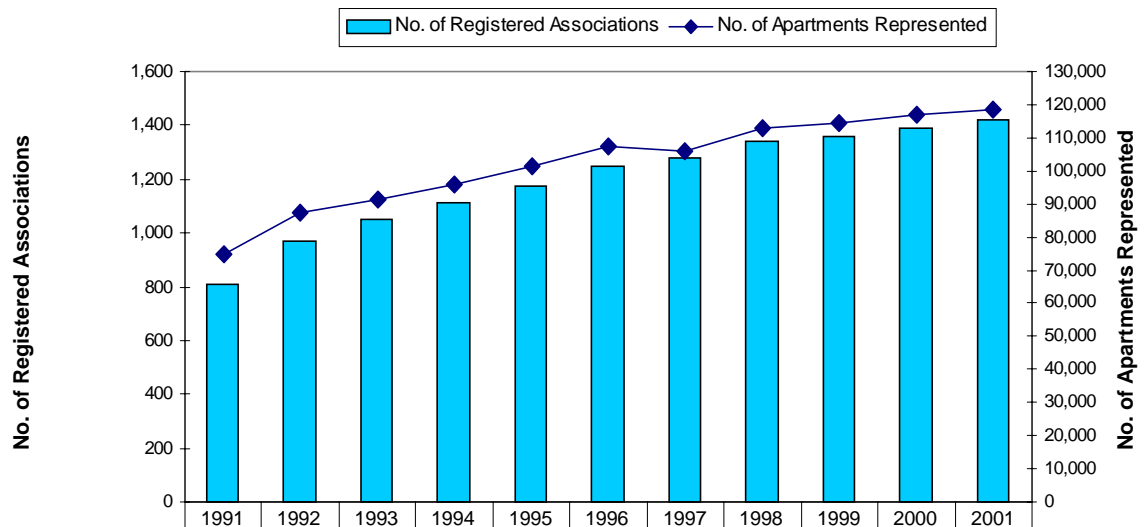
Chart 11. New Residential Projects - By Project Size



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Over 50	23	14	17	23	16	10	4	3	5	4	10
16 -- 50	22	19	16	12	13	5	7	10	11	17	12
3 -- 15	17	11	4	5	8	7	15	19	18	26	27
2 or less	37	25	23	12	23	15	11	52	13	17	17
Total	99	69	60	52	60	37	37	84	47	64	66

Chart 12. Condominium Association Registration

Condominium Association Registration FY 1991-2001



No. of Registered Associations	809	968	1,049	1,114	1,171	1,249	1,277	1,339	1,361	1,389	1,419
No. of Apartments Represented	74,916	87,127	91,424	95,827	101,628	107,580	106,052	112,832	114,449	116,750	118,209

provided in relation to fees. Developed drafts of propose rules, assist in formal rule making process with Licensing Administrator. Implemented, administered, and disseminated information on fee amendments of the May 2000 hearing.

Condominium Project and Developer's Public Reports -

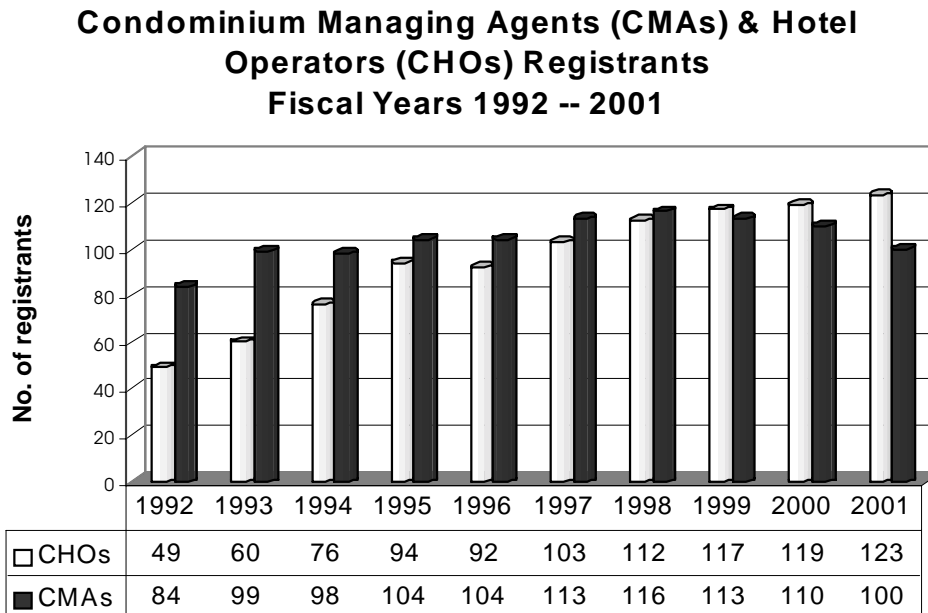
Administered registration program. Evaluated the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Planned, developed and administered any legislative amendments needed. Administered consultant contracts. Updated and amended all project forms and instructions. Implemented plan of providing access to developer's public

reports through compact discs (CDs), State Library locations, REC webpage etc. Implement plan of listing of project with current developer's public reports on REC webpage. Implement plan of electronic administration including scanning of documents on CDs and computerized project tracking. Study, report and recommend a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys.

Condominium Association

Registration - Administered registration program. Reviewed and monitored program for improvement. Develop a paperless fidelity bond review process. Administered reregistration filing deadline of May 31, 2001 and provided numerous advance

Chart 13. CMA and CHO Registrations



communications about the deadline. Study, report, and initiate electronic/computerized/ Scantron/bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Maintained a public list of all registered AOAOs for distribution and inclusion in Commission's webpage, include when feasible scanning of the actual registration forms in REC webpage.

Condominium Managing Agent

Registration - Administered registration program. Reviewed and monitored program for improvement and problem resolutions with Licensing Branch. Develop a paperless fidelity bond review process. Administered reregistration program, provided advance messages on new reregistration deadline of November 30, 2000. Participate in Batch Renewal Program. Maintained list of all registered CMAs in Commission's webpage and made preprinted lists available upon request. Include in listing information on PB; and maintenance of a fidelity bond or not.

Condominium Hotel Operator

Registration - Administered registration program. Reviewed and monitored program for improvement and problem resolutions with Licensing Branch. Administered reregistration program, provided advance messages on new reregistration deadline of November 30, 2000. Participate in Batch Renewal Program. Listed all registered CHOs in Commission's webpage and made preprinted lists available upon request. Include in listing information on PB or not, and maintenance of a fidelity bond or not. Study and determine sources to locate unregistered CHOs, and initiate initial compliance through education.

Maintained and distributed start-up kits for CHOs, similar to CMAs. Conducted SWAT review of CHO statute. Recommended and supported legislation to eliminate duplicative regulation of real estate brokers engaged in CHO activity.

Condominium Education Fund (CEF) -

Administered fund. Prepared, maintained, and reviewed budget, finance, and records for the CEF. Prepared monthly and annual financial statements, budget, administered fund investment. Planned and worked with department to increase budget for funding the recodification program, personnel, compensation, and additional educational programs subject to revenue projections. See page 39.

Advice, Education, and Referral -

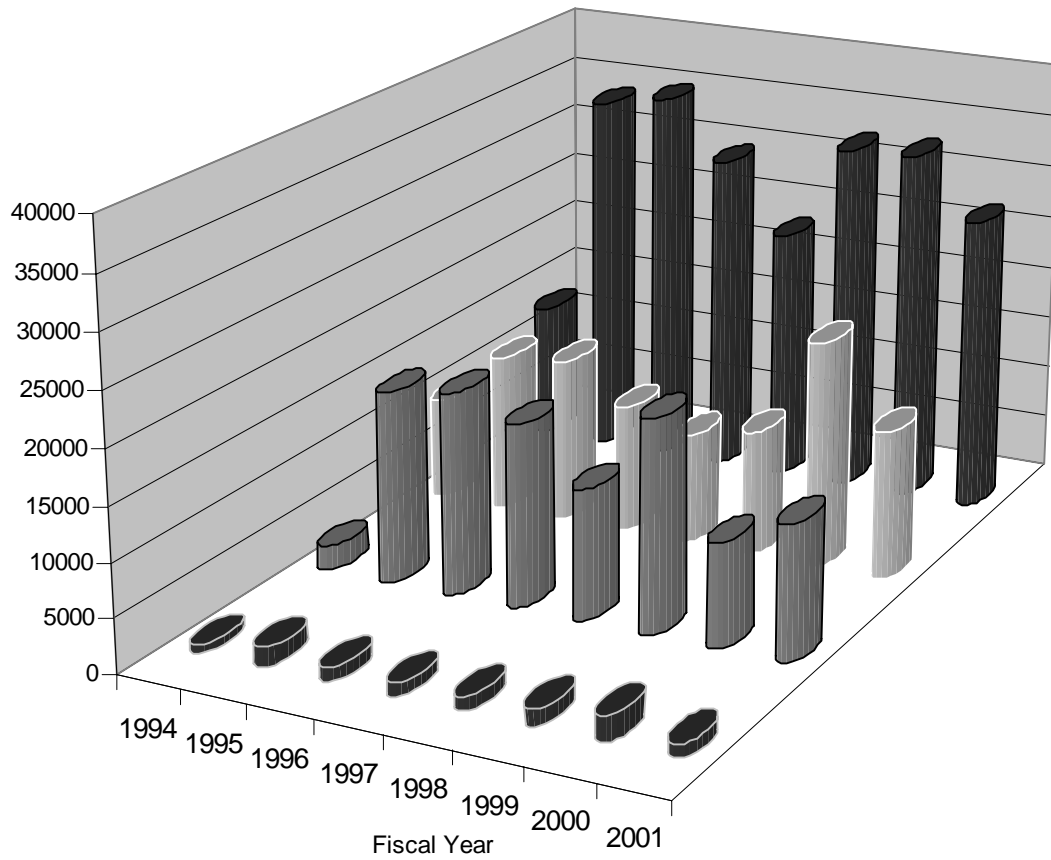
Provided advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Printed and distributed copy of HRS Chapter 514A to all registered AOAOs and CMAs. Study and report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintained and improved webpage.

Condominium Mediation and Arbitration Program

- Administered mediation programs. Research, develop, and publish a brochure on dispute resolution, mediation, arbitration including "trial de novo," and RICO program, etc. Coordinated joint complaint/mediation program with RICO. Initiate and work with Mediation Center of the Pacific to provide educational seminars to board of directors, apartment owners, and CMAs on the purpose of alternative dispute resolution and mediation. Contracted with other vendors for additional programs on neighbor islands.

Chart 14. Advice Education and Referral

**Advice Education and Referral
Fiscal Years 1994 - 2001**



	1994	1995	1996	1997	1998	1999	2000	2001
Walk Ins	763	1832	1300	1200	1293	1568	2325	1235
Written Requests/Applications	2304	17863	18800	17000	12143	19635	9650	12481
Calls	9690	14770	15500	12000	10348	11721	21182	13947
Total	12757	34465	35600	30200	23784	32924	33157	27663

Continued condominium governance mediation arrangements with providers. Provided periodic reports to CRC on meaningful information on each case submitted for subsidy programs which is to be utilized in education programs, including Condo Bulletin and REC webpage.

Meetings and Symposium - Planned, coordinated, and conducted monthly CRC meetings. Included schedule of meetings and agendas on Commission webpage.

Legislative Acts and Resolutions - Reviewed and carried out responsibilities of legislative acts and resolutions, amended public copy of HRS Chapter 514A, provided summary of condominium and related acts and

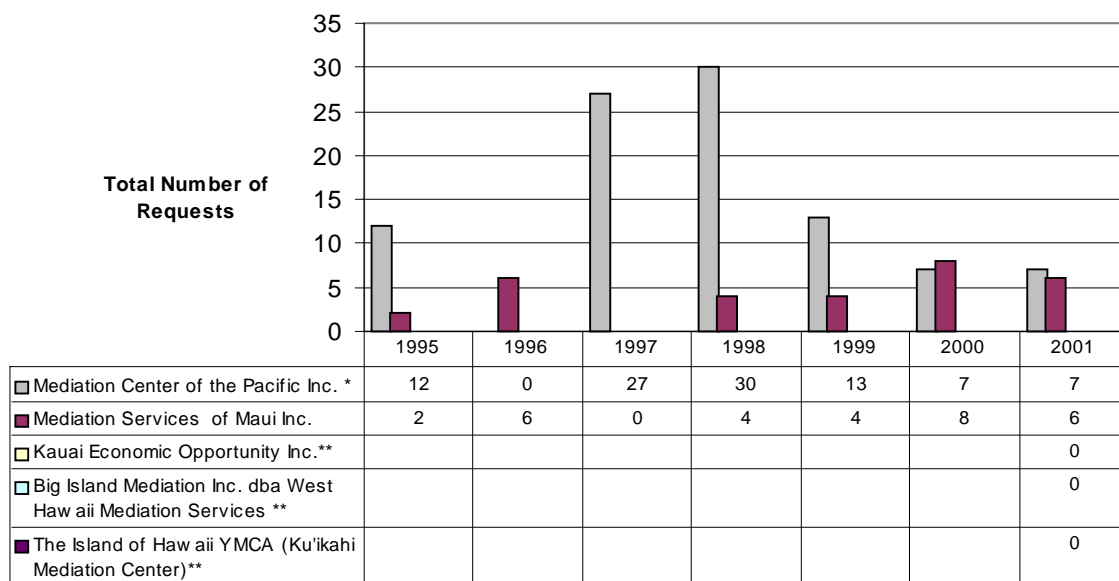
resolution for Commission/staff/bulletin, etc.

Government and Legislative Participation and Report - Researched, developed and distributed annual report to the Legislature on CEF programs and funds; immediately upon completion submitted to REC webpage. Provided briefings to Legislators and staff; act as a resource. Attended hearings, provided written and oral testimony on legislative bills, and bill tracking. Responded to elected officials, inquiries or complaints, request for information, etc.

Neighbor Island Outreach - Coordinated and conducted two CRC

Chart 15. Condominium Governance Mediations

Condominium Governance Mediations FY 1995 - 2001



* fka Neighborhood Justice Center of Honolulu, Inc.

**New contracts with beginning dates of January 2001; reporting period covers January 2001—June 30, 2001

meetings at neighbor island sites with ERC and LRRC. This fiscal year the CRC meetings were convened on the islands of Maui, January 2001, and Kauai, May 2001. Held meetings in collaboration with local boards, HAR, condominium organizations, etc.

Interactive Participation with Organizations - Active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc. through attendance, membership and participation at local, regional, national, and international meetings, including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan).

Condominium Seminars - Produced seminars for the condominium community through contracts with various providers that provide for registration fee subsidies for apartment owners of registered AOAOs; encouraged new providers. Continued to administer CEF subsidies for Commission approved seminars including the following: "2001 Legislative Update," "Covenant Enforcement," "Fair Housing: 2001 and Beyond" (Oahu, Maui, Hawaii), "Termites/Ground Maintenance," "Fair Housing," "Ask the Experts," and "ABC's, A Basic Course." Study and report on the feasibility of a seminar on reserves, particularly the cash flow funding method, collaborate with CAI - Hawaii.

Condominium Specialists Office for the Day - Set up office at various neighbor island locations to meet and discuss condominium concerns.

Consider and collaborate arrangements in conjunction with a function of a condominium organization and or at a condominium organization office.

Condominium Speakership Program - Honored requests for speaking engagements for some type of program concerning or related to condominium issues.

New Technology Program - Administered in-house and network computer system; including training, purchases, and DCCA and PVLD plans. Studied the feasibility of new technology in the storage, printing of developer's public reports, registration and public information. Administered Commission's webpage with long range plan of including all condominium information, forms, database, etc. plus online registration.

Condominium Reference Library - Maintained in Commission webpage a catalog of all public reference materials provided to State Libraries and at REB office. Maintained materials for a condominium reference library at public libraries, REB office, mediation services offices and neighbor islands. Studied and reported on the feasibility of increasing and adding new educational materials at libraries, especially in high CPR concentrated areas, collaborated with CAI-Hawaii, and considered an internet reference library system including links with REC webpage and possible licensing arrangements with national providers such as CAI.

Start-up Kit for New AOAOs and New CMAs - Distributed start-up kit to new registered AOAOs, CMAs, and include the CHOs; including public copy of HRS Chapter 514A, and rules, budget and

reserves guide, board of directors guide, past condominium bulletins.

Cooperative Education, Research, and Administrative Program - Participate in and sponsor cooperative education research and administrative programs.

Division and Department Program - Coordinated activities and programs of mutual concern with the PVLD, RICO and the DCCA; including Director's project on deregulation; review, analyze, and coordinate positions on HRS Chapter 436B with PVLD and AG's as it relates to HRS Chapter 514A. Coordinated joint complaint/mediation program with RICO.

Records Management - Administer and organize all records, reference materials, reports, minutes, legislation, rules, AG opinions, contracts, etc. with applicable laws including the Uniform Information Practices Act and Records Report System. Research options or alternative for records storage and public information.

CPR Project Workshop and Meetings - Conducted periodic workshops for condominium consultants for purposes of orientation and information. Alternated consultants as workshop lead and developing curriculum for workshop dates of October 2000 and June 2001. Facilitate a workshop with developers, attorneys, condominium consultants, CMAs, and AOA focus groups for purposes of discussing governance issues and how to address the issues early in the life of a CPR, from initial documents to the first AOA meeting.

Case Law Review Program - Monitored, collected and reported on judgments and decisions on Hawaii, federal, and other states' court cases; reported on governance and development cases; material cases considered for

Condominium Bulletin.

Limited Equity Cooperatives - Develop forms, procedures and process for Limited Equity Cooperatives, HRS Chapter 421H, falling within the limited responsibility of the Commission.

Staff and Commissioners Development - Develop and train REB staff and Commissioners. Participated in training provided by CAI, ARELLO, REEA, CLEAR and other organizations.

Summary of Programs For Fiscal Year 2002:

Recodification of HRS Chapter 514A - Develop and initiate the plan and CEF budget for recodification, based on Act 213 (SLH 2000) and the 1995 Commission's report to the Legislature, "A Plan to Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime." Recodification workplan and timetable available at Commission's website <http://www.state.hi.us/hirec>. Hold discussions with interested parties, carry out the directives of Act 213 (SLH 2000). Research, discuss, exchange, develop progress report and recommendations including any draft legislation; meet and discuss with various sectors of the condominium community. Interact with various state, national, and international organizations and government entities. Provide briefings/power point presentations to the condominium community and related other entities.

Advice, Education, and Referral - Provide advice, education, and referrals to the condominium community, applicants, consumers, licensees, government officials, organizations, and the public. Print and distribute copy of HRS Chapter 514A to

report on the feasibility of providing information and advice on telephonic prerecorded messages. Maintain and improve webpage. Add section to webpage on most commonly ask questions.

Condominium Project and Developer's Public Reports

- Administer registration program. Evaluate the process, records, forms, information documents, rules; coordinate with other governmental agencies, attorneys, etc., to ensure more expeditious processing and review time. Plan, develop, and administer any legislative amendments needed; specifically Act 237 with the Time Share Administrator. Administer consultant contracts. Update and amend all project forms and instructions. Implement plan of providing access to developer's public reports through compact discs (CDs), State Library locations, REC webpage etc. Implement plan of listing of project with current developer's public reports on REC webpage. Implement plan of electronic administration including scanning of documents on CDs and computerized project tracking. Study, report and recommend a comprehensive evaluation system on the project registration and review process, including the use of evaluation forms by developers and attorneys.

Hawaii Condominium Bulletin

- Develop, write, edit, print and distribute a quarterly bulletin to all registered AOAOs, CMAs, CHOs, and provide on Commission's website. Study feasibility of providing the bulletin through electronic medium; including electronic distribution prior to hard copy distribution. Plan, develop and provide for guest articles on relevant topics. Develop plan for in-house electronic publication including software determination and training. Develop and include a survey-evaluation of the bulletin plus include surveys of various other

Commission programs. Develop article on AOAO utilizing technology for self-governance, information, discussion, exchanging, documents, etc.

Condominium Mediation and Arbitration Program

- Administer mediation programs. Research, develop, and publish a brochure on dispute resolution, mediation, arbitration including "trial de novo," and RICO program, with distribution through the Commission's webpage and upon request, a hard copy. Coordinate joint complaint/mediation program with RICO. Initiate and work with Mediation Center of the Pacific to provide educational seminars to board of directors, apartment owners, CMAs on the purpose of alternative dispute resolution and mediation. Continue condominium governance mediation arrangements with additional providers. Monitor and review the demand for additional consultants. Collect information and statistics for education and annual report purposes; including information and statistics relating to mandatory mediation pursuant to Act 232 (SLH 2001). Provide periodic reports to CRC on meaningful information on each case submitted for subsidy programs which is to be utilized in education programs, including Condo Bulletin and REC webpage.

Condominium Association

Registration - Administer registration program. Review and monitor program for improvement. Develop a paperless fidelity bond review process. Administer reregistration filing deadline. Study, report, and initiate electronic/computerized/Scantron/ bar coding application processing recommendations, or computer generated forms with previous responses for recertification or amendments. Explore the feasibility of internet re-registration. Administer a public list of all registered AOAOs for distribution and inclusion in Commission's

webpage, including scanning of the actual registration forms in REC webpage.

Condominium Seminars and

Symposium - Produce seminars for the condominium community through contracts with various providers; and encourage new providers. Develop and administer a CRC educational advisory group to provide recommendations and input about CRC educational programs; group to include board members, resident managers, representatives from self managed AOAOs, CMAs, condominium organizations, and educators. Continue to administer CEF subsidies for Commission approved seminars including the following: "Legislative Update," "Covenant Enforcement," "Termites/Ground Maintenance," "Ask the Experts," "ABC's, A Basic Course," "Board Duties", "One Hour Board Meeting," "Ask The Experts," "Trends in Mediation, Arbitration and Litigation," and "Security." Study and report on the feasibility of a seminar on reserves, especially the cash flow funding method, collaborate with CAI - Hawaii. Research and report on the feasibility of an international symposium on condominiums; consider a consultant contract.

Condominium Managing Agent

Registration - Administer registration program. Review and monitor program for improvement and problem resolutions with Licensing Branch. Develop a paperless fidelity bond review process. Administer reregistration program. Participate in Batch Renewal Program. Maintain list of all registered CMAs in Commission's webpage and make preprinted lists available upon request. Include in listing information on PB; and maintenance of a fidelity bond or not. Consider eliminating duplicative regulation of real estate broker CMAs for consistency with real estate broker CHOs.

Condominium Hotel Operator

Registration - Implement Act 245 (SLH 2001). Administer registration program. Review and monitor program for improvement and problem resolutions.

Rule-Making - Chapter 107 - Study and evaluate Chapter 107 and HRS Chapter 514A, for rule making, consider deregulation without reducing consumer protection. Administer formal rule making process. Research and update new project registration, AOAO registration, and CMA registration. Continue SWAT project to reduce or repeal regulatory burdens; work with Administration and Licensing Administrator on developing amendments for Chapter 107.

Meetings - Plan, coordinate, and conduct monthly CRC meetings. Include schedule of meetings and agendas on Commission webpage.

Government and Legislative

Participation and Report - Research, develop and distribute annual report to the Legislature on CEF programs and funds; immediately upon completion to be submitted to REC webpage. Provide briefings to Legislators and staff; act as a resource. Attend hearings, provide written and oral testimony on legislative bills, and bill tracking. Respond to elected officials, inquiries or complaints, request for information, etc.

Legislative Acts and Resolutions

- Review and carry out responsibilities of legislative acts and resolutions, amend public copy of HRS Chapter 514A, provide summary of condominium and related acts and resolution for Commission/staff/bulletin, etc.

Interactive Participation with

Organizations - Active participation with Hawaii, Pacific Rim, national and international organizations and government

agencies for the exchange of information and concerns, sharing of education and research efforts, joint projects of mutual concern, training, etc. through attendance, membership and participation at local, regional, national, and international meetings, including CAI, CAI Hawaii, HCAAO, HICCO, Condominium Council of Maui, IREM, ARELLO, Hawaii State Bar, and Zenkauren (Japan).

Neighbor Island Outreach - Coordinate and conduct two CRC meetings at neighbor island sites with the ERC and the LRRC. This fiscal year the CRC meetings are scheduled for the islands of Hawaii (Kona), August 2001, and Maui January 2002. Study holding meetings in collaboration with the local boards, HAR, condominium organizations, etc.

Condominium Education Fund (CEF) - Administer fund. Prepare, maintain, and review of budget, finance, and records for the CEF. Prepare monthly and annual financial statements, budget, administer fund investment. Plan and work with department to increase budget for funding the recodification program, personnel compensation, and additional educational programs subject to revenue projections. See page 39.

Rule-Making - Chapter 53, Fees - Monitor and review services provided in relation to fees. Develop drafts of propose rules, assist in formal rule making process with Licensing Administrator.

CPR Project Workshop and Meetings - Conduct periodic workshops for condominium consultants for purposes of orientation and information. Alternate consultant as workshop lead and develop curriculum for workshop dates of January 2002 and June 2002. Facilitate a workshop with developers, attorneys, condominium consultants, CMAs, AOA focus groups for purposes of discussing

governance issues and how to address the issues early in the life of a CPR, from initial documents to the first AOA meeting.

Condominium Specialists Office for the Day - Set up office at various neighbor island locations to meet and discuss condominium concerns. Consider and collaborate arrangements in conjunction with a function of a condominium organization and or at a condominium organization office.

Condominium Speakership Program - Honor requests for speaking engagements for some type of program concerning or related to condominium issues.

New Technology Program - Administer in-house and network computer system; including training, purchases, and DCCA and PVLD plans. Study the feasibility of new technology in the storage, review, printing of developer's public reports, registration and public information. Administer the Commission's webpage with the long range plan of including all condominium information, forms, database, etc. plus online registration. Utilize scanning for website, storage of public information, and other programs; develop CD ROM PC for review and use of educational materials and courses by the public.

Case Law Review Program - Monitor, collect and report on judgments and decisions on Hawaii, federal, and other states' court cases; report on governance and development cases; material cases to be considered for Condominium Bulletin.

Start-up Kit for New AOAs and New CMAs - Distribute start-up kit to new registered AOAs, CMAs; including public copy of HRS Chapter 514A, and rules, budget and reserves guide, board of directors guide, past condominium bulletins.

Records Management - Administer and organize all records, reference materials,

reports, minutes, legislation, rules, AG opinions, contracts, etc. with applicable laws including the Uniform Information Practices Act and Records Report System. Research options or alternative for records storage and public information.

Cooperative Education, Research, and Administrative Program - Participate in and sponsor cooperative education research and administrative programs.

Division and Department Program - Coordinate activities and programs of mutual concern with the PVLD, RICO and the DCCA; including Director's project on deregulation; review, analyze, and coordinate positions on HRS Chapter 436B with PVLD and AG's as it relates to HRS Chapter 514A. Coordinate joint complaint/mediation program with RICO.

Staff and Commissioners

Development - Develop and train REB staff and Commissioners. Participate in training provided by CAI, ARELLO, REEA, CLEAR and other organizations. Assist in amendments to REC Reference Book relative to CRC and its programs.

Limited Equity Cooperatives - Develop forms, procedures and process for Limited Equity Cooperatives, HRS Chapter 421H, falling within the limited responsibility of the Commission. Consider proposing legislation repealing REC authority; eliminating the double government registration process. A SWAT II initiative; consistent with cooperative housing corporations.

Condominium Reference Library - Maintain and update on the Commission's webpage a catalog of all public reference materials provided to State Libraries and at REB office. Maintain and update materials for a condominium reference library at public libraries, REB office, mediation services offices and neighbor islands.

Study and report on the feasibility of increasing and adding new educational materials at libraries, especially in high CPR concentrated areas, collaborate with CAI-Hawaii, and consider an internet reference library system including links with REC webpage and possible licensing arrangements with national providers such as CAI.

Administrative Actions

Disciplinary Actions

The Commission took disciplinary action against 27 licensees in FY 2001. This was a 29% increase over the 38 licensees disciplined in FY 2000. Fines totaling \$16,250 were assessed against 26 of the licensees. Four licensees had their licenses revoked. One licensee was suspended. Table 4 provides detail on disciplinary actions and Chart 17 shows the distribution by the type of real estate activity involved in the case. Chart 16 provides historical information on the number of licensees disciplined.

In addition, one licensee was suspended due to noncompliance with the Child Support Enforcement Agency's order of support or failure to comply with a subpoena or warrant relating to paternity or child support proceedings. One license suspension was cancelled.

Appeals

Nine applicants appealed Commission denials of their applications. The appeals involved four salespersons, one broker, one sole proprietor, and three broker experience applications. Five of the appeals went to hearing, and in four of the cases, the Commission's Final Orders were upheld. One case was dismissed. One of the appeals was withdrawn and three are pending.

Table 4. Administrative Actions

FY 2001 Administrative Actions

No. of Licensees Disciplined - By Category

General Brokerage	24
Time Share	0
Condominium Managing Agent	0
Property Management	2
Tax Obligations	1
Total	27
Licenses Revoked	4
Licenses Suspended	1
Licenses Fined	26
Total fines	\$16,250

Chart 16. Disciplinary Actions

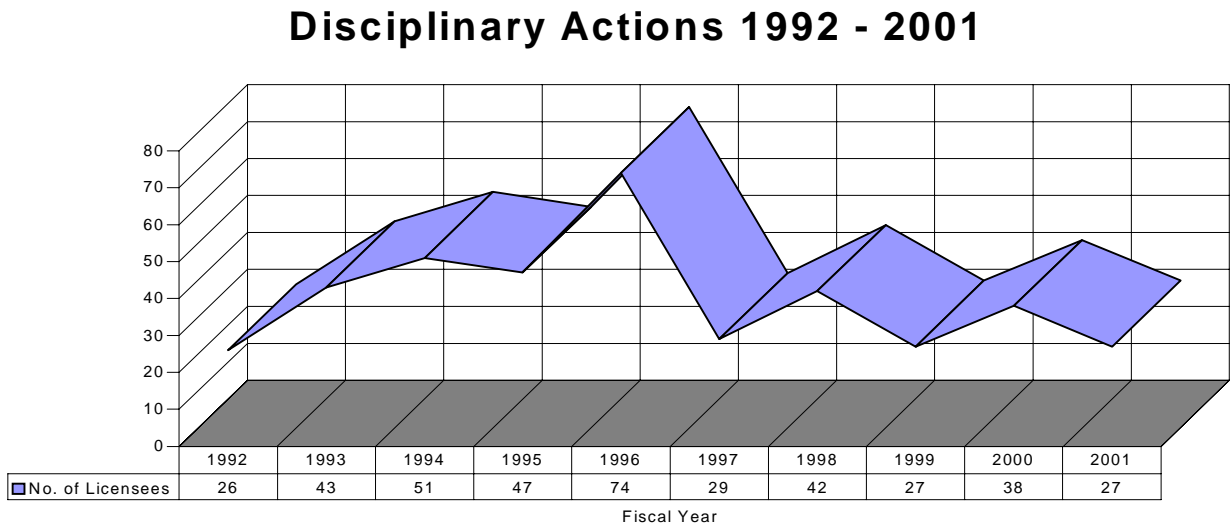
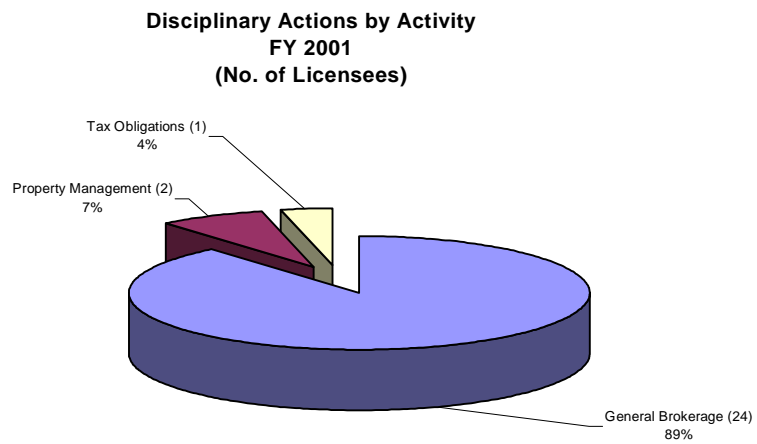


Chart 17. Disciplinary Actions By Activity



Regulated Industries Complaints Office (RICO)

RICO receives, investigates and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have been on a general decline since 1990, but increased by 21% in 2001. RICO received 140 real estate complaints in FY 2001, compared to 116 in FY 2000. Refer to Chart 18.

Ninety (90) of the complaints are pending while 50 have been closed. Of the closed complaints: there was insufficient evidence in 16 cases, warning letters were issued in 24 cases, 3 cases were resolved by the parties, 1 case was more

appropriate for civil legal action, no violation was found in 4 cases, administrative legal action was taken in 3 cases, 1 respondent was unlocatable, and 1 complaint was withdrawn.

Charts 19 and 20 show the number of cases in which specific provisions of 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.

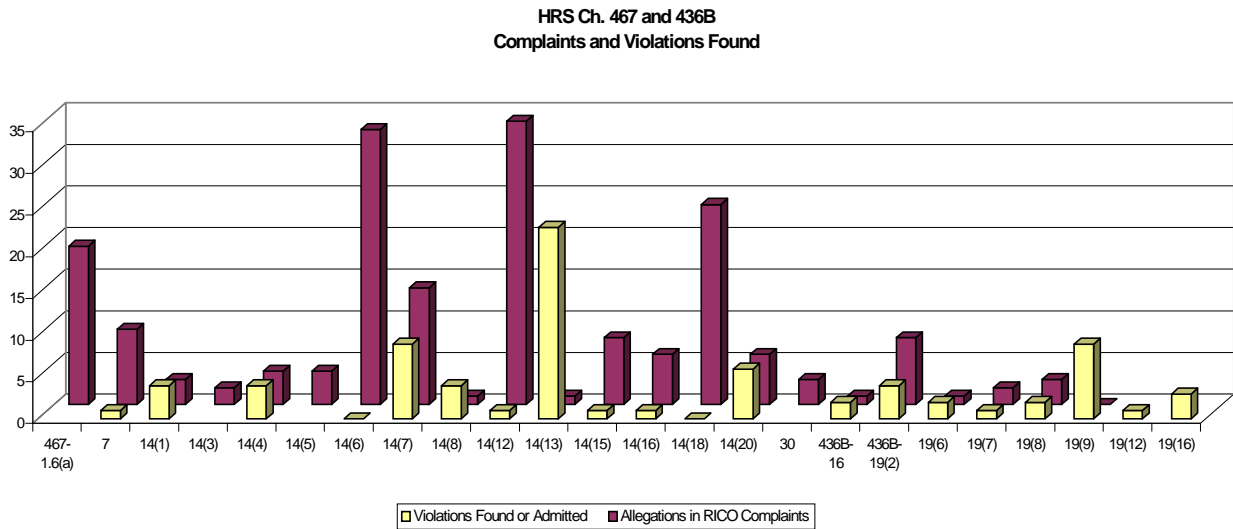
Chart 18. RICO Complaints

**RICO Complaints - Real Estate
FY 1991 - 2001**



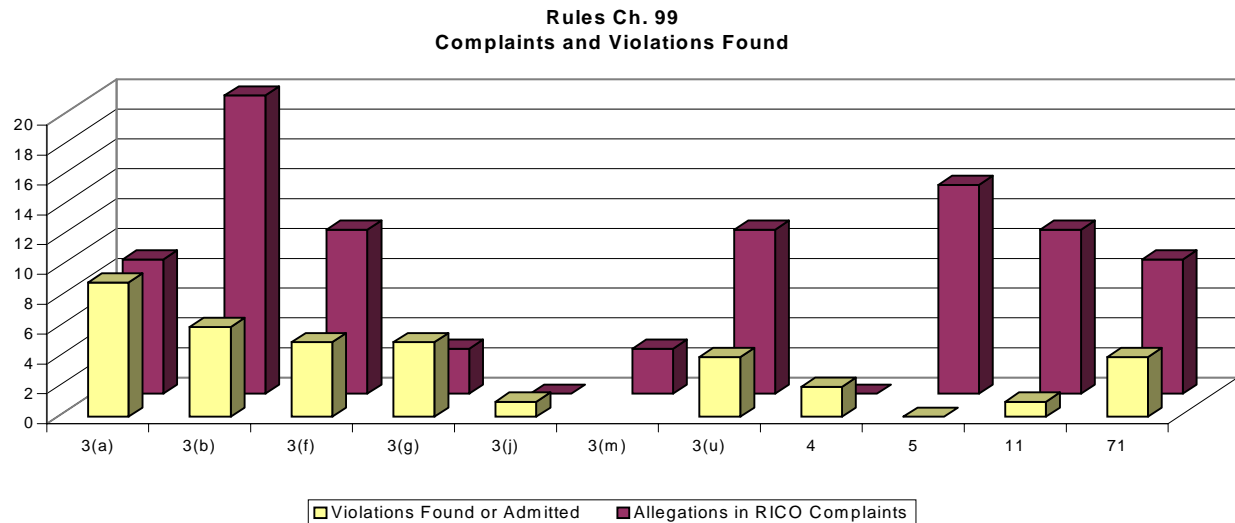
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Complaints	425	441	345	407	260	231	177	133	152	116	140

Chart 19. Statutory Violations



<p>§ 467-1.6(a) Principal broker shall have direct management and supervision of the firm and its licensees.</p> <p>§467-7 License required to act as real estate broker or salesperson.</p> <p>§467-14(1) Making any misrepresentation concerning any real estate transaction.</p> <p>§467-14(3) Pursuing a continued and flagrant course of misrepresentation.</p> <p>§467-14(6) Salesperson acting as a real estate broker.</p> <p>§467-14(7) Failing to account for moneys belonging to others.</p> <p>§467-14(8) Conduct constituting fraudulent or dishonest dealings.</p> <p>§467-14(12) Licensee fails to obtain on the contract between the parties to the real estate transaction confirmation of who the real estate broker represents.</p> <p>§467-14(13) Violating this chapter, chapters 484, 514A, 514E, or 515, or section 516-71, or the rules adopted pursuant thereto.</p> <p>§467-14(1) Commingling the money or other property of the licensee's principal with the licensee's own.</p> <p>§467-14(16) Converting other people's moneys to the licensee's own use.</p> <p>§467-14(18) Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts.</p> <p>§467-14(20) Failure to maintain a reputation for or record of competency, honesty,</p>	<p>truthfulness, financial integrity, and fair dealing.</p> <p>Registration, licenses, and bonding requirements for condominium hotel operators.</p> <p>Licensee shall provide written notice within thirty days to the licensing authority of any judgment, award, disciplinary sanction, order, or other determination, which adjudges or finds that the licensee is civilly, criminally, or otherwise liable for any personal injury, property damage, or loss caused by the licensee's conduct in the practice of the licensee's profession or vocation.</p> <p>Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.</p> <p>Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation.</p> <p>Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity.</p> <p>Conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation.</p> <p>Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license.</p> <p>Employing, utilizing, or attempting to utilize any person not licensed under the licensing laws where licensure is required.</p>
	<p>§467-30</p> <p>§436B-16</p> <p>§436B-19(6)</p> <p>§436B-19(7)</p> <p>§436B-19(8)</p> <p>§436B-19(9)</p> <p>§436B-19(12)</p> <p>§ 436B-19(16)</p>

Chart 20. Rule Violations



§16-99-3(a)	Licensee shall fully protect the general public in its real estate transactions.		conducts business and where the broker's books and records are maintained.
§16-99-3(b)	Licensee shall protect the public from fraud, misrepresentation, or unethical practices in the real estate field.		§16-99-3(o) A principal broker shall advise the commission in writing about absences of more than 14 days and designate another broker as the temporary principal broker.
§16-99-3(c)	Licensee shall not be a party to the naming of a false consideration in any document.		§16-99-3(p) No licensee shall act as a broker, broker-salesperson, or salesperson form more than one firm or office.
§16-99-3(f)	Licensee shall see that financial obligations and commitments are in writing.		§ 16-99-3(u) The licensee shall not add to or modify the terms of an instrument previously signed or initiated by a party to a transaction without written consent of all the parties.
§16-99-3(g)	Licensee shall not acquire property without making the true position known in writing to the owner.		§16-99-3(v) Licensee shall not convert other people's moneys to the licensee's own use.
§16-99-3(i)	Broker shall not submit or advertise property without written authorization.		§16-99-4 Violation of client trust account rules.
§16-99-3(j)	Licensee shall transmit immediately all written offers to the listing broker.		§16-99-5 Licensee shall file the licensee's address with the commission and shall notify the commission of any change.
§16-99-3(l)	Licensee shall not place any sign or advertisement indicating a property is for sale, rent, lease, or exchange without the written authorization of the owner or seller.		§16-99-11 Violation of advertising rules.
§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.		§16-99-71 Real estate activities of each firm shall be under the direct management and supervision of a principal broker.
§16-99-3(n)	A broker shall maintain a place of business located in this state at a business address registered with the commission from which the broker		

REAL ESTATE EDUCATION FUND

Fund Balance As of June 30, 2001 (Unaudited)	FY 2001 Expenditures and Encumbrances (Unaudited)
ASSETS	I. Operations
Cash	Personnel \$155,638
In State Treasury \$808,495	Supplies 2,757
Short term cash investments 39,131	Postage 2,000
Investment securities (cost) 79,463	Equipment Rentals/Maintenance 8,639
	<u>Total Operations 169,034</u>
 Total Assets <u>927,089</u>	II. Direct Licensee Education
 LIABILITIES AND FUND BALANCE	Annual Report/Quarterly Bulletin 8,874
Liabilities	Instructor's Development Workshop 217
Payables 51,254	Neighbor Islands Outreach 399
Fund Balance	Advice, Education, Referral Programs 382
Reserve for Encumbrances 8,595	<u>9,191</u>
Unreserved 867,240	<u>Total Direct Licensee Education 19,063</u>
Balance <u>875,835</u>	III. Indirect Licensee Education
Total Liabilities and Fund Balance <u>\$927,089</u>	Interactive Participation w/Orgs. 2,951
	Division and Department Programs 709
	Staff / Commissioners Development 554
	Miscellaneous 28
	Dues & Subscriptions <u>2,017</u>
	<u>Total Indirect Licensee Education 6,259</u>
	Total Expenditures and Encumbrances <u>\$194,356</u>
 Revenues and Expenditures For the Year Ended June 30, 2001 (Unaudited)	
Revenues	
Fees \$607,915	
Investment income 17,450	
Total Revenues <u>625,365</u>	
Expenditures <u>185,761</u>	
Excess (Deficiency) of revenues over expenditures <u>439,604</u>	
Fund Balance	
Beginning of Year <u>513,719</u>	
End of Year <u>\$953,323</u>	

Revenues and Expenditures and Encumbrances FY 1997 - 2001

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Fees	\$579,390	\$55,880	\$539,033	\$75,955	\$607,915
Investment Income	38,586	49,045	48,280	46,799	17,450
Total Revenues	<u>617,976</u>	<u>104,925</u>	<u>587,313</u>	<u>122,754</u>	<u>625,365</u>
 Expenditures and Encumbrances	 473,892	 371,700	 316,508	 316,637	 194,356
Excess (deficiency) over Revenues	<u>\$144,084</u>	<u>(\$266,775)</u>	<u>\$270,805</u>	<u>(\$193,883)</u>	<u>\$431,009</u>

Real Estate Recovery Fund

Fund Balance As of June 30, 2001 (Unaudited)

FY 2001 Recovery Fund Payments

ASSETS	Case No.	Licensee	Amount
Cash	Civil 97-2992-07	Stephen Kaya	\$25,000
In State Treasury			\$179,001
Short term cash investments			264,108
Investment securities (cost)			50,000
Total Assets			\$493,109
LIABILITIES AND FUND BALANCE			
Liabilities			
Payables			\$11,762
Fund Balance			
Reserve for Encumbrances			1,108
Unreserved			480,239
Balance			481,347
Total Liabilities and Fund Balance			\$493,109

Revenues and Expenditures For the Year Ended June 30, 2001 (Unaudited)

Revenues	
Fees	\$64,380
Expenditures	
Operations	28,399
Legal Services	21,494
Claims	25,000
Total Expenditures	74,893
Excess (deficiency) of revenues over expenditures	(10,513)
Fund Balance	
Beginning of Year	618,785
End of Year	\$608,272

Revenues and Expenditures and Encumbrances FY 1997 - 2001

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Fees	\$35,764	\$38,202	\$44,217	\$60,200	\$64,380
Expenditures and Encumbrances					
Operations		4,820	13,960	21,477	28,399
Legal Services	44,823	50,255	33,060	9,967	21,494
Claims	35,971	145,000	25,000	25,000	25,000
Total Expenditures and Encumbrances	80,794	200,075	72,020	56,445	74,893
Recoveries	(64)	48,745	0	0	0
Excess (deficiency) of revenues over expenditures and encumbrances	(\$45,094)	(\$113,128)	(\$27,803)	\$3,755	(\$10,513)

Condominium Education Fund

Fund Balance As of June 30, 2001 (Unaudited)	FY 2001 Expenditures and Encumbrances (Unaudited)
ASSETS	
Cash	Personnel \$182,927
In State Treasury	Supplies 3,723
Total Assets <u>\$1,213,585</u>	Postage 6,068
	Equipment Rentals/Maintenance 5,245
LIABILITIES AND FUND BALANCE	Education and Research 44,146
Liabilities	Equipment for Office 8,708
Payables \$69,419	Staff/Commissioner Development 9,756
Fund Balance	Dues & Subscriptions 595
Reserve for Encumbrances 21,282	Miscellaneous <u>40</u>
Unreserved 1,122,884	
Balance <u>1,144,166</u>	Total Expenditures and Encumbrances \$261,208
Total Liabilities and Fund Balance 1,213,585	

Revenues and Expenditures For the Year Ended June 30, 2001 (Unaudited)	
Revenues	
Fees	\$561,478
Interest	27,220
Total Revenues	<u>588,698</u>
Expenditures	
Excess (deficiency) of revenues over expenditures	<u>239,926</u> 348,772
Fund Balance	
Beginning of Year	979,400
End of Year	<u><u>\$1,328,172</u></u>

FY 2002 Budget	
Personnel	\$315,586
Supplies	7,500
Postage	5,000
Equipment Rentals/Maintenance	12,000
Contingency	1,000
Education and Research	98,636
Equipment for Office	5,000
Staff/Commissioner Development	5,000
Resource Materials	1,000
Dues & Subscriptions	1,375
Miscellaneous	1,000
Recodification program	<u>71,776</u>
Total Budget	\$524,873

Revenues and Expenditures and Encumbrances FY 1997 - 2001

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues					
Fees	\$565,060	\$93,310	\$535,580	\$42,710	\$561,478
Investment Income	7,582	18,928	19,909	21,514	27,220
Total Revenues	<u>572,642</u>	<u>112,238</u>	<u>555,489</u>	<u>64,224</u>	<u>588,698</u>
Expenditures and Encumbrances					
	230,263	255,443	255,472	138,977	261,208
Excess (deficiency) over Revenues	<u>\$342,379</u>	<u>(\$143,205)</u>	<u>\$300,017</u>	<u>(\$74,753)</u>	<u>\$327,490</u>

FY 2001 Program of Work

Laws and Rules Review Committee

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

Rule Making, Chapter 99 - Study, evaluate, research, and develop rule amendments for the formal rule making process; implement the SWAT project on rules.

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

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

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

Meetings - Administer the monthly committee meeting.

Advice, Education, and Referral - Respond and provide information to inquiries via telephone, walk-ins, faxes, written, emails, and through the Commission's website; print and distribute Commission developed information; and respond to inquiries from government officials.

Neighbor Island Outreach - Hold two committee meetings at neighbor island sites.

Legislative Acts and Resolutions - Review, report, and develop summary on all related acts and resolutions; implement requirements of directly related acts and resolutions.

Legislative and Government Participation - Participate in the legislative sessions; provide briefings and act as resource to Legislators, government officials, and staff; research and submit testimony on bills and resolutions including oral testimony; and assist Legislators and government officials in responding to the community.

Interactive Participation with Organizations - Continue active participation with Hawaii, Pacific Rim, national, and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects and mutual concern, training, etc.

Review of Services and Organization - Analyze and initiate 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. Conduct meetings and exchanges with Licensing Branch personnel.

Application Processing and Forms –

Study and evaluate the processing of application forms, evaluate and amend forms and instructions; assist in mainframe computer programming issues. Study and report on other electronic/computer methods to improve application processing and providing a database, including additional uses of bar coding and services offered by testing companies and others.

ARELLO National Disciplinary Action

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

Commissioners Education Program –

Research and provide reference materials to Commissioners, provide orientation sessions for new Commissioners, and conduct periodic workshop for all Commissioners.

Division and Department Programs –

Coordinate and work with PVL, DCCA, and others on any program of mutual concern, joint program with ERC and CRC.

HUD/ARELLO Fair Housing Agreement –

Administer the terms of the agreement and coordinate annual review by HUD officials. Participate with ARELLO Fair Housing Committee and work with ARELLO on the terms of the agreement.

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

Education Review Committee

Continuing Education 2001-2002 Core Course – Research and develop the core course on laws update, rules update, and ethics for licensing biennium; and provide recommendations on the future of the core course.

Evaluation and Education System for CE and Prelicensing Instructors – In a collaboration with the Hawaii Association of REALTORS® and HARES, continue to administer evaluation system of prelicensing and continuing education instructors.

Broker Curriculum and Resources - Develop and implement amended broker curriculum.

Administration of Prelicense Education Program, Schools and Instructors – Administration of prelicense school and instructors, applications, approval process, information, renewals, certification, records management, re-evaluation, etc. Coordination of instructor's examination program. Administration of evaluation system on schools and instructors. Research, development, printing, and distribution of quarterly School Files, a bulletin for educators; a joint program with the Continuing Education Program.

Administration of Examinations – Administration of real estate licensing examination program, including contract administration with ASI, information, trouble shooting, review and amendments to application booklets, periodic reports, EXPro daily exams, etc.

Administration of Continuing Education Elective Courses – Provide administrative information to elective course providers and licensees, assist providers in submissions, review submission applications, review submitted curriculum, make

recommendations, and records management.

Administration of Continuing Education Program, Providers, and Instructors – Administration of the continuing education program, providers, instructors, courses, information center, records management, etc. Research, development, printing, and distribution of quarterly *School Files*, a bulletin for educators; a joint program with Prelicense Education Program. Development, printing, and distribution of continuing education course schedule.

Real Estate Education Fund (REEF) – Maintenance and review of budget, finance, and records for REEF; preparation of monthly and annual financial statements; preparation of annual biennial budgets; and administration of fund investment programs, including contract administration and procurement code management.

Annual Report and Quarterly Bulletin – Research, development and distribution of the Commission's annual report. Research, edit, printing, and distribution of quarterly REC bulletin; and contract administration with consultant, procurement code management.

Meetings and Symposium – Plan, coordinate, and conduct monthly Education Review Committee meetings.

Advice, Education, and Referral – Provide advice, education, and referral to applicants, licensees, government officials, consumers, public, organizations, etc., including research, reproduction, mailing, etc. Develop a distribution system of educational and informational products to each principal broker and broker in charge. Publish and distribute educational and informational materials; provide educational materials through REC website.

Neighbor Island Outreach – Hold two ERC meetings on neighbor island sites.

Interactive Participation with Organizations – Active participation with Hawaii, Pacific Rim, national and international organizations and government agencies for the exchange of information and concerns, sharing of educational and research efforts, joint projects of mutual concern, training, etc.

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

Legislative Participation, Research, and Report – Research, participate, and/or report on any request by the Legislature, including resolutions, agreements, and issues of mutual concern.

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

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

Instructor's Development Workshop – Development, sponsoring, coordination, and/or production of instructor development workshops for prelicensing and continuing education instructors to meet rule requirements.

Uniform Section Equivalency of Prelicensing Examination – Administer applications on the equivalency to the uniform part of the exam, passage of the

uniform part of another state's exam. Implement ASI contract provision and new law on utilizing either part of exam for different purposes.

Prelicensing Education Equivalency Administration – Administer applications for prelicensing education equivalencies including consultation with ARELLO.

Records Management – Evaluate, plan, reorganize, and implement a centralized, consistent, user friendly, computerized glossary of the existing and future records and files.

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

New Technology Program and REC Website – Administration of in-house and network computer system, coordination with DCCA's coordinator, training of staff, purchases of hardware and software, programming, etc.

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

New Salesperson and New Broker Startup Kits – Package and distribute startup kits to newly licensed salespersons.

Cooperative Education, Research, and Administration Program – Actively participate and sponsor cooperative education, research and administrative programs for those persons, Branches,

Divisions, Department personnel, Attorney General's Office that provide direct or indirect services to REC or are part of a real estate related program.

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

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

FY 2002 Program of Work

LAWS AND RULES REVIEW COMMITTEE

Real Estate Recovery Fund
 Real Estate Licensing, Registration, &
 Certification Administration
 Advice, Education, and Referral
 Rule Making, Chapter 99
 Meetings
 Legislative and Government Participation
 Interactive Participation with Organizations
 Legislative Acts and Resolutions
 Neighbor Island Outreach
 Licensing Renewal
 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

EDUCATION REVIEW COMMITTEE

Continuing Education Core Course
 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
 Meetings and Symposium
 Annual Report and Quarterly Bulletin
 Real Estate Education Fund (REEF)
 Neighbor Island Outreach
 Interactive Participation with Organizations
 Real Estate Seminars
 Legislative Participation, Research, and
 Report
 Instructor's Development Workshop
 Evaluation and Education System for CE
 and Prelicensing Instructors
 Real Estate Specialist Office of the Day
 Real Estate Speakership Program
 Prelicensing Education Equivalency
 Administration
 Uniform Section Equivalency of
 Prelicensing Examination
 New Technology Program and REC
 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