

CONDOMINIUM REVIEW COMMITTEE
REAL ESTATE COMMISSION
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii
www.hawaii.gov/hirec

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor as required by Section 92-7(b), Hawaii Revised Statutes.

Date: April 6, 2016

Time: Upon adjournment of the Laws and Rules Review Committee meeting scheduled to convene at 9:00 a.m.

Place: Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, First Floor
Honolulu, Hawaii

Present: Scott Sherley, Chair, Broker / Hilo Commissioner
Bruce Faulkner, Vice Chair, Broker / Maui Commissioner
Rowena Cobb, Broker / Kauai Commissioner
Aileen Wada, Broker / Honolulu Commissioner
Scott Arakaki, Public / Honolulu Commissioner
Laurie A. Lee, Broker / Honolulu Commissioner
Aleta Klein, Broker / Honolulu Commissioner
Michael Pang, Broker / Honolulu Commissioner

Neil Fujitani, Supervising Executive Officer
Miles Ino, Executive Officer
Dathan Choy, Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
David Grupen, Real Estate Specialist
Shari Wong, Deputy Attorney General
Tammy Norton, Recording Secretary
Torrie-ann Primacio, Office Assistant

Others: Suzanne Young, Honolulu Board of REALTORS®
Marsha Shimizu, Hawaii Association of REALTORS®

Absent: Nikki Senter, Public / Honolulu Commissioner

Call to Order: Chair Sherley called the meeting to order at 9:09 a.m., at which time quorum was established.

Chair's Report: No report was presented.

The Chair announced that the Commission may move into executive session to consider and evaluate personal information relating to individuals applying for licensure in accordance with Section 92-5(a)(1), HRS, and/or to consult with the Commission's attorney on questions and issues pertaining to the Commission's

powers, duties, privileges, immunities, and liabilities in accordance with Section 92-5(a)(4), HRS.

Commissioner Senter was excused from the meeting. Prior notification of her non-attendance was received.

Condominium
 Specialist's
 Report:

Additional Distribution

The following materials were distributed prior to the start of the meeting:

- 5. CPR Registration and Developer's Public Reports
 - a. Condominium Projects and Developer's Public Reports
 - 1) March 2016

Minutes:

Upon a motion by Commissioner Faulkner, seconded by Commissioner Pang, it was voted on and unanimously carried to accept the minutes of the March 9, 2016 Condominium Review Committee meeting as circulated.

Condominium
 Governance and
 Management:

AOUO Registrations

It was reported that as of March 31, 2016, 1,607 AOUOs have successfully registered.

**Condominium Seminars and Symposium – Community Associations
 Institute Hawaii Chapter – Option to Renew Contract**

Upon a motion by Commissioner Wada, seconded by Commissioner Arakaki, it was voted on and unanimously carried to exercise the Commission's option to renew Community Association Institute Hawaii Chapter's contract for up to one fiscal year subject to the same terms and agreements of the current contract.

Condominium
 Project
 Registration:

Condominium Project Registration - Public Reports Issued

A list of those condominium projects issued effective dates during the month of March 2016 were distributed for informational purposes.

PROJ #	PROJECT NAME	PROJECT ADDRESS	TMK #	TOTAL	REPORT DATE
7790	3744 CRATER ROAD	3744 CRATER RD HONOLULU HI 96816	132034054	2	B REPT 3/1/2016
7734	4075 PAI STREET	4075 PAI ST KALAHEO HI 96741	423022050	2	B REPT 3/17/2016
2836	4545 SIERRA DRIVE	4545 & 4545-A SIERRA DR HONOLULU HI 96816	133024016	2	SUPPL 3/7/2016
7779	53-014D AND 53-014D-1 MAKAO ROAD	53-014D & 53-014D-1 MAKAO RD HAUULA HI 96717	153016021	2	B REPT 3/10/2016
7786	59-384 MAKANA ROAD	59-384 MAKANA RD HALEIWA HI 96712	159029037	2	B REPT 3/22/2016
7759	988 HALEKAUWILA	988 HALEKAUWILA ST HONOLULU HI 96814	121050001	425	B REPT 3/18/2016
7662	HALEIWA COUNTR Y ESTATES IV	66-146 & 66-148 WAIALUA BEACH RD HALEIWA HI 96712	166034075	2	B AMD 3/31/2016
7614	HAUOLI LOFTS	917 HAUOLI ST HONOLULU HI 96826	123029052	9	B AMD 3/16/2016
7808	KAMALANI	KIHEI HI 96753	238004030	26	B REPT 3/22/2016
7566	KIPUKA AT HOAKALEI INCREMENT 11	END OF KAIKOHOLA ST EWA BEACH HI 96706	191162008	8	B AMD 2 3/17/2016
7768	LAULE'A KAI ESTATES	499 KEALAHOU ST HONOLULU HI 96825	139082064	7	B REPT 3/4/2016

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7792	LAU'S OHANA	1703 CITRON ST HONOLULU HI 96826	123031080	9	B REPT	3/29/2016
7784	PUEO SUNSET CONDOMINIUM	4517 PUEO RD KEKAHA HI 96752	413004089	2	B REPT	3/18/2016
4757	SILVER FALLS ESTATES	2818 N KAMOOKOA RD HANALEI HI 96714	452022025	5	SUPPL 2	3/17/2016
7772	WAILEA GOLF ESTATES II	100 WAILEA IKE DR WAILEA HI 96753	221008156	16	B REPT	3/31/2016
7736	WAOKE HOMESTEADS	WELIWELI RD KOLOA HI 96756	428003003	3	B REPT	3/28/2016
0	Preliminary Reports					
0	Contingent Final Reports					
0	Final Reports					
2	Supplementary Reports					
11	B Reports					
3	B Amendment Reports					
16	TOTAL REPORTS					

Program of Work: **Legislative and Government Participation Report**

Legislative Report No. 3 was distributed to the Commissioners during the Laws and Rules Review Committee meeting for their information.

SEO Fujitani reported that a majority of the bills that the Commission has been monitoring have died. The Commission provided testimony on HCR 152, HD1.

SEO Fujitani noted that HCR 152 in its original form was requesting the Legislative Reference Bureau to study the feasibility of establishing a condominium ombudsman. HCR 152, HD1, was changed requesting the Real Estate Commission to study the effectiveness of its existing dispute resolution process and consumer assistance program for condominium owners and associations, and possible expansion of these services to other types of homeowner associations. In its current form, the bill is flawed. The bill states that since 2013 the REC has started to use evaluative mediation services as a means of dispute resolution. In actuality, the evaluative mediation portion of Act 187 (2013) commenced on July 1 2015 and has been offered for less than 1 year which is an insufficient amount of time with which to judge the success or failure of the program.

SEO Fujitani noted that he would like to tie this issue into item no. 4.c., the Committee's Ad Hoc Committee on Condominium Education and Research, a program that has been on the Committee books for many years. This program has been utilized in the past by utilizing stakeholders to sit on this committee to review educational programs. SEO encouraged the committee to have discussions on a monthly basis regarding education.

Commissioner Arakaki noted that he hears from both owners and the industry professionals. Issues could arise because of one particularly bad manager or board, many potential sources of problems. Unit owners and the AOOU are self-policing and for the most part it has worked well. The board has to be held more accountable.

Commissioner Klein noted that she feels for the owners. She has handled mediation with boards who are unsympathetic. There are more than a handful of disgruntled owners who have a huge financial investment in condo ownership.

Chair Sherley noted that he is not discounting disgruntled owners, but that it seems that it is the same disgruntled owners that show up at the Legislature year after year to make their complaints. There is a need for education and a plan on how to get the board and owners to attend the educational sessions.

SEO Fujitani commented that the Commission has tried numerous times to reach out to AOUOs and to provide education, but it seems that the only time they want help is when they are facing a problem.

Commissioner Pang suggested working in cooperation with CAI Hawaii to include educational articles of interest written by the Commission to be included in CAI Hawaii's publications. He also noted that the problem is not just education, but more of a structural problem.

Commissioner Klein suggested forming a group to interview attorneys who represented Associations and owners to better understand the issues from their prospective and to see if they feel mediation works.

Suzanne Young of HBR stated that their Professional Standards Committee receives calls from consumers, condominium associations and management companies, which all seem to react in a triangle where the owners seek direction from the board, the board says its following direction from the management company and the management company says it only does what the board says. Should the CRC put a group together to visit the issue, she or Lynn Murison would be willing to participate.

Commissioner Wada stated that not everyone wants to serve on a board.

It was noted that the concept of condominium living is self-governance. Where can the average unit owner turn to?

SEO Fujitani responded that unit owners can call the Real Estate Branch. Staff will hear the issue and provide guidance and education.

Commissioner Klein suggested forming a group of volunteers to serve 2 to 3 years who are well versed in Roberts Rules of Order, self-governance issues, etc. Provide the public with a dedicated phone number to call in to these volunteers and utilize them as a resource similar to that of the Landlord Tenant Hotline.

SEO Fujitani noted that short of practicing law, the Condominium Specialists help provide information to callers on their issues.

Commissioner Arakaki suggested staff respond to inquiries on how to resolve issues, and to include the issues as articles with the Commission's point of view in the Condominium Bulletin and industry circulations.

Specialist Choy responded that staff does respond to inquiries received and also sends out in the form of memorandums, Commission decisions and policies. Staff receives calls on a daily basis from owners, board members, developers, developer's attorneys and consumers.

Commissioner Klein suggested using the CETF to fund a position on staff to assist with the "Condominium Hotline" and educational issues.

**Interactive Participation with Organizations – Japanese Professors
Research – Meeting Into DPR Process and Effective Dates**

It was reported that staff met with Professors from Japan regarding their interest in the role of the Commission, Hawaii's Condominium Project Registration process, and the issuance of developer's public reports.

Condominium
Organizations Forum: No comments, recommendations or concerns were received from the following:
Community Associations Institute Hawaii Chapter, Alakahi Foundation, Hawaii Council of Association of Apartment Owners, Hawaii Independent Condominium and Cooperative Owners, Hawaii State Bar Association/Real Property & Financial Services Section, Land Use Research Foundation, Condominium Council of Maui, Hawaii Association of Realtors/Institute of Real Estate Management Hawaii Chapter/ Oahu Arm Committee, others.

CETF Budget &
voted
Finance Report: Upon a motion by Commissioner Pang, seconded by Commissioner Klein, it was on and unanimously carried to accept the Condominium Education Trust Fund Financial Report for the period ending January 31, 2016.

Next Meeting: May 11, 2016
Upon adjournment of the Laws and Rules Review Committee meeting scheduled to convene at 9:00 a.m.
Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, First Floor
Honolulu, Hawaii

Adjournment: With no further business to discuss, Chair Sherley adjourned the meeting at 9:49 a.m.

Respectfully submitted:

/s/ Dathan Choy

Dathan Choy
Condominium Specialist

April 12, 2016

Date

Minutes approved as is.
 Minutes approved with changes; see minutes of _____