

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: July 13, 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
Nikki Senter, Public / Honolulu 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
Carole Richelieu, Senior Condominium Specialist
Benedyne Stone, Condominium Specialist
Dathan Choy, Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
David Grupen, Real Estate Specialist
Daniel Jacob, Deputy Attorney General
Tammy Norton, Recording Secretary

Others: Dale Head, Hui 'Oia 'i'o
Alice Clay Hui Malama O Hale
Lila Mower, Hui 'Oia 'i'o
John White, Hui 'Oia 'i'o
Katrina Mizuuchi, American Warrior Initiative
Marcia Kimura

Absent: Bruce Faulkner, Vice Chair, Broker / Maui Commissioner

Call to Order: Chair Sherley called the meeting to order at 9:16 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 Faulkner was excused from the meeting. Prior notification of his non-attendance was received.

Condominium
Specialist's
Report:

Minutes

Upon a motion by Commissioner Klein, seconded by Commissioner Wada, it was voted on and unanimously carried to accept the minutes of the June 8, 2016 Condominium Review Committee meeting as circulated.

Condominium
Governance and
Management:

AOUO Registrations

Specialist Stone reported that as of June 30, 2016, 1,646 AOUOs have successfully registered.

Condominium Related Articles

The following articles were distributed for informational purposes: "Documents- Documents-Documents," and "The End of Self-Governance?" June 2016 issue of *CAI Hawaii*, and "Community Next: 2020 and Beyond – The Association Governance Model Panel Report" March 2016 of *CAI*.

Members of Hui 'Oia 'i'o distributed a written statement to the Committee regarding the June 2016 CAI Hawaii article entitled "The End of Self-Governance."

SEO Fujitani noted that CAI's March 2016 article entitled "Community Next: 2020 and Beyond – The Association Governance Model Panel Report" is a good article which the Commission should look at and take ideas from to move forward in providing education to unit owners, professional board members, etc.

Commissioner Cobb stated that she had worked with an association in its reorganization and had them review HRS Ch. 514B, the bylaws, declaration, etc. After reviewing the laws and condominium related documents, the association functioned much better.

Commissioner Sherley reported that Core B has a section on the condominium board's fiduciary duty which is very educational.

SEO Fujitani noted that page 8 of the article states in part "Most association financial woes could be significantly reduced if home buyers had clear, unambiguous, understandable documents and more disclosure *before* purchase. MLS is developing a rating system for association finances – including reserves – that will be included on the MLS listing." He noted that the Condominium Review

Committee had discussed this issue previously. If the information were available on the MLS it may raise awareness.

Commissioner Pang responded that it may also stimulate associations to be properly funded.

Commissioners suggested using the concept of plain language forms in creating an educational brochure on how to read a budget and reserve study, as some may read the document but not know how to interpret it. The brochure could be made available on the Commission's website and sent out via the Condominium Email Blast to those on the Condominium subscription list.

The committee discussed ideas on how to get the consumer to read the documents presented in a purchase. One suggestion was to provide the purchaser with links to the documents for ease of use and storage, although it was commented that having the actual documents may be better, as some may say, out of sight, out of mind.

Commissioner Senter stated that what stood out in the article was the section on Millennials and how they place value on their social connections and tend to be flexible on their living accommodations, which is very different than the Boomer age.

SEO Fujitani questioned those practicing broker Commissioners whether under-funded associations is a material fact.

Commissioners responded in the affirmative and noted that not all reserve studies look the same. The licensee cannot interpret what is important and what is not, but can disclose the information. Purchasers should review the health of the association.

Commissioner Senter noted that condominium conversions in general will have a heftier report.

Commissioner Lee further noted that lenders are looking out for their best interest and will look at an association's budget and reserves, etc.

Commissioner Wada stated that prospective purchasers should also look into the amount of owners that are late in their maintenance fees, delinquencies, foreclosures, drug sales, etc., prior to purchasing.

Condominium
Project
Registration:

Condominium Project Registration - Public Reports Issued

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

PROJ #	PROJECT NAME	PROJECT ADDRESS	TMK #	UNITS	REPORT	DATE
7763	1891 AND 1893 PAULA DRIVE	1891 & 1893 PAULA DR HONOLULU HI 96816	133021028	2	B REPT	6/1/2016
7811	3125 UA NOE PLACE CONDO	3125 UA NOE PL HAIKU HI 96708	227008153	2	B REPT	6/29/2016
7349	383 KALAIMOKU	383 KALAIMOKU ST	126018042	346	B AMD 3	6/14/2016

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7594	400 KEAWE	HONOLULU HI 96815 KEAWE ST	121054025	96	B AMD 2	6/29/2016
7816	4906 EA ROAD	HONOLULU HI 96813 4906 EA RD	445016001	2	B REPT	6/9/2016
7326	AWAKEA AT MEHANA	KAPAA HI 96746 WAKEA ST KAKALA ST MANAWAI	191016212	124	B AMD 4	6/13/2016
7823	CLUB BUNGALOWS AT KUKUI'ULA PH II THE	KAPOLEI HI 96707 KE ALA ULA ST	426019017	9	B REPT	6/2/2016
7710	HO'OMALOLO III	KOLOA HI 96756 896 HO'OMALOLO PL & 676	228002265	2	B REPT	6/2/2016
6403	HONOKAHUA BEACH HOTEL	HAIKU HI 96708 ONE RITZ CARLTON DR	242004015	135	B AMD 4	6/23/2016
7600	KEAUHOU PLACE	LAHAINA HI 96761 555 SOUTH ST	121030001	428	B AMD 2	6/29/2016
7815	MALAEKAHANA BAY	HONOLULU HI 96813 56-155 A KAMEHAMEHA HWY	156001033	8	B REPT	6/28/2016
7781	MCLELLAN CONDOMINIUM	KAHUKU HI 96731 1351 PULEHUIKI RD	223026025	2	B REPT	6/15/2016
7817	NALO ROAD BUNGALOWS	KULA HI 96790 3389A ALO RD	428027023	3	B REPT	6/16/2016
3043	NAMAHANA PARTNERS	KOLOA HI 96756 LOT 30 KALIHUIWAI RDG II	452022028	5	SUPPL 2	6/6/2016
7314	OPAEEKAA FALLS LOT 1 CONDO	KILAUEA HI 96754 5552 KUAMOO RD	442003065	4	B AMD	6/23/2016
7481	PUNAHOU TERRACE	WAILUA HI 96746 1630 MAKIKI ST	124024023	45	B AMD	6/8/2016
7805	UPCOUNTRY ESTATES	HONOLULU HI 96822 365 KEONI PL	223003215	3	B REPT	6/14/2016
7775	WAIMEA BEACH CONDOMINIUM	KULA HI 96790 9925 A KAHAKAI RD	416006011	2	B REPT	6/13/2016
0	Preliminary Reports	WAIMEA HI 96766				
0	Contingent Final Reports					
0	Final Reports					
1	Supplementary Reports					
10	B Reports					
7	B Amendment Reports					
18	TOTAL REPORTS					

Program of Work: **Specialists' Office for the Day**

Written report on the June 8, 2016 Specialist Office for the Day to be provided during the Education Review Committee meeting.

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.

Budget & Finance Report: **Condominium Education Trust Fund**

Commissioner Pang questioned about the item "Reserve for Encumbrances."

Specialist Gruppen responded that this is an amount set aside to pay a future bill.

Upon a motion by Commissioner Pang, seconded by Commissioner Lee, it was voted on and unanimously carried to accept the Condominium Education Trust Fund Financial Report for the period ending March 31, 2016.

Next Meeting: August 10, 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 9:43 a.m.

Respectfully submitted:

/s/ Benedyne Stone

Benedyne Stone
Condominium Specialist

July 19, 2016

Date

Minutes approved as is.

Minutes approved with changes; see minutes of _____

BS:tn