

2020 Annual Report

Real Estate Commission

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

The 2020 Hawaii Real Estate Commission

Michael E. Pang
Chair
Honolulu, Real Estate Broker

Scott C. Arakaki
Vice Chair
Chair, Laws and Rules Review Committee
Honolulu, Public Member

Sean S. Ginoza
Vice Chair, Laws and Rules Review Committee
Hawaii Island, Real Estate Broker

Bruce Faulkner
Chair, Education Review Committee
Maui, Real Estate Broker

Russell Kyono
Vice Chair, Education Review Committee
Kauai, Real Estate Broker

Laurie A. Lee
Chair, Condominium Review Committee
Honolulu, Real Estate Broker

John Love
Vice Chair, Condominium Review Committee
Honolulu, Public Member

Aleta Klein
Honolulu, Real Estate Broker

Derrick Yamane
Kauai, Real Estate Broker

The Purposes of the Commission:

The purposes of the Commission are to:

- Protect the general public in its real estate transactions;
- Promote the advancement of education and research in the field of real estate for the benefit of the public and those licensed under Hawaii Revised Statutes (HRS) chapter 467 and the improvement and more efficient administration of the real estate industry; and
- Promote education and research in the field of condominium management, condominium registration, and real estate for the benefit of the public and those required to be registered under HRS chapters 514A and 514B



The Honorable David Y. Ige, Governor, State of Hawaii, Members of the Thirty-First State Legislature, and Catherine P. Awakuni Colón, Director, Department of Commerce and Consumer Affairs (DCCA):

The COVID-19 pandemic affected the normal workings of the Real Estate Branch in fiscal year (FY) 2020. Branch staff operated on a rotating schedule in the office combined with teleworking from home. The monthly Real Estate Commission (Commission) and standing committee meetings were canceled in March and did not resume during the rest of the FY. The usual Real Estate Branch activities and responsibilities continued, albeit on a more limited and delayed basis. Real estate licenses continued to be issued, and the branch's publications of the Real Estate Commission Bulletin, School Files (for real estate

educators), and the Condominium Bulletin were produced on schedule. License testing was halted at the Hawaii test sites but has since resumed in nearly every location. 2020 was also a renewal year for real estate licensees. Live, online, and web-based continuing education classes and pre-license classes continued to be offered throughout the pandemic. The renewal deadline remained November 30, 2020. Access by the public to the DCCA and the Real Estate Branch was limited to Monday through Friday, 7:45 a.m. to noon. However, staff was available to service the public by telephone and email inquiries until closing each day at 4:30 p.m.

Notwithstanding the continued adjustments made due to the COVID-19 pandemic, I respectfully present to you the annual report on the status of the Commission for FY 2020. The Commission currently oversees 20,782 licensees statewide, of which 15,784 hold active licenses. This is 10.7% increase in total licensees from a year ago. We also oversee approximately 1,500 registered condominium associations and 30 condominium hotel operators (CHOs). There were 255 new and conversion project filings as compared to 359 filings in FY 2019.

The Commission is a nine-member, Governor-appointed body currently comprising seven industry members and two public members, all of whom who serve four-year terms. The Commission oversees the licensing of real estate salespersons and brokers, including brokerages, and the maintenance and renewal of these licenses every two years. The Commission certifies pre-license education schools and instructors and is responsible for developing the pre-licensing curriculum for salespersons and brokers.

The Commission also registers continuing education (CE) providers and certifies CE courses, and in the condominium area, registers condominium projects, condominium associations, CHOs, and condominium managing agents. The Commission also provides information, advice, referrals, and education and acts as a resource for these unit owners and board members throughout the year on all islands by way of the Commission's Outreach Program.

The Commission administers, as trustee, the real estate recovery fund and publishes and disseminates reports about the fund. There were no payments from the fund during FY 2020. The Commission takes disciplinary action against and reviews and approves settlement agreements involving real estate licensees who have been investigated by the Regulated Industries Complaints Office (RICO) and have been found in violation of the real estate licensing laws and rules.

The Commission has three standing committees: the Laws and Rules Review Committee, the Education Review Committee, and the Condominium Review Committee. The three committees are working committees where commissioners take on leadership roles to work toward accomplishing the Program of Work in those described areas for the FY. Funding for these programs is critical to the Commission to achieve the objectives and goals stated in the Program of Work and to maintain the direction of the Commission as set forth by law.

Commissioner Scott Arakaki, Honolulu Public Commissioner, Chair of the Laws and Rules Review Committee, and Vice Chair Sean S. Ginoza, Hawaii Island Commissioner, diligently worked to address national and state issues that impact Hawaii. To address strong concerns raised by industry stakeholders, certain amendments to the advertising rules are still being pursued through proposed revisions, as well as other trending issues such as team names, which is a national issue.

The Education Review Committee under the leadership of Bruce Faulkner, Maui Commissioner and Vice Chair Russell Kyono, Kauai Commissioner, worked with the Ad Hoc Committee on Education, which consist of industry volunteers, to produce the Commission's 2019-2020 mandatory core course, Part B, "Principal Brokers: The Buck Stops Here!"

Condominium Review Committee, Laurie A. Lee, Honolulu Commissioner, and Vice Chair, Commissioner John Love, Honolulu Public Commissioner, oversaw the activities of Commission staff relating to condominium project development, condominium governance, and condominium education. Staff also continued the task of rulemaking for HRS chapter 514B, the condominium law.

Under the guidance of Chair Lee and Vice Chair Love, Commission staff created and updated informational brochures, memos, forms, and FAQs for condominium owners and developers and continued its focus on the Commission's statutory mandate of educating the condominium community. The brochures and other informational materials were distributed at statewide educational and community events that Commission staff attended, which also included live presentations regarding timely topics. The Commission looks forward to participating in many community events in the future when circumstances allow. The Commission continues to operate its hotline.

Two free condominium seminars were held, one in the State Capitol Auditorium and, for the first time, one on Maui, for all interested registered condominium association unit owners. Topics included nonjudicial foreclosures, construction contracts, insurance contractors, board and annual meetings, legislative process, and parliamentary procedure. In addition the Commission subsidized qualified attendees of five procured seminars.

The 2019 to 2021 biennial condominium association registration continued this FY. Currently, 1,500 condominium associations consisting of six or more units are registered, representing 155,571 units through the end of this FY, while Commission staff continues to process late submitted association registrations.

Along with Commissioners Aleta Klein, Oahu broker, and Derrick Yamane, Oahu broker, the Commission is a hardworking and committed group, that seeks to meet the challenges of the changing economic times and a constantly evolving real estate industry, as well as embrace current changes that impact today's real estate licensees and consumers. Furthermore, the Commission is grateful to the members of the Ad Hoc Committee on Education who selflessly contribute their time and effort and are committed to improving the education of the real estate industry to maintain professional standards.

With the help and support of DCCA Director Catherine P. Awakuni Colón, Licensing Administrator Charlene Tamanaha, RICO, the Department of the Attorney General, Supervising Executive Officer Neil Fujitani, and the Real Estate Branch staff, the Commission will continue to move forward to improve the quality and competency of its real estate licensees, the education provided to registered condominium unit owners, and the licensee's ability to serve consumers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael E. Pang". The signature is fluid and cursive, with the first name "Michael" being more prominent than the last name "Pang".

Michael E. Pang

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



**Catherine P. Awakuni Colón, Director
Jo Ann M. Uchida Takeuchi, Deputy Director
Charlene L.K. Tamanaha, Licensing Administrator**

Real Estate Branch:

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This material can be made available for individuals with special needs. Please call the Senior Real Estate Specialist at (808) 586-2643 to submit your request.

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LAWS AND RULES REVIEW COMMITTEE REPORT

For FY 2020, the Laws and Rules Review Committee, led by Chair Scott Arakaki and Vice Chair Sean Ginoza, had another active year with legislation, reactive issues, licensing programs, and recovery fund administration.

LEGISLATIVE

Act 12– Allows the Commission to adjust recovery fund and the condominium and real estate education funds fees to maintain a reasonable relation between the fees generated and the cost of services rendered by the funds. It also caps the funds at amounts determined biennially by the Commission. The new act will apply retroactively to July 1, 2020, and it supersedes any contrary amendments made by Act 29, Session Laws of Hawaii (SLH) 2019.

LICENSING

For FY 2020, the total number of licensees was 20,782 compared to 19,790 in FY 2019. This represents an increase of 10.7% over the previous FY. The number of real estate licensees has always been cyclical, with the all-time high of 26,090 licensees in 1990 and the lowest count in the past 20 years of 13,033 licensees in 1999.

FY 2020 PROGRAM OF WORK

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

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

During FY 2020, the Commission received notification for two claims on the fund (see Chart 1). There were no payments out of the recovery fund for FY 2020. Since its inception in 1967, the RERF has paid out over two million dollars (see Chart 2).

Real Estate Licensing, Registration, and Certification Administration – The Commission administered the licensing, registration, and certification requirements, including applications review and updates, policies, procedures, appeals, subpoenas, and requests for records under the Uniformed Information Practice Act (UIPA), laws, rules, and procedures.

CHART 1. Recovery Fund - Notices

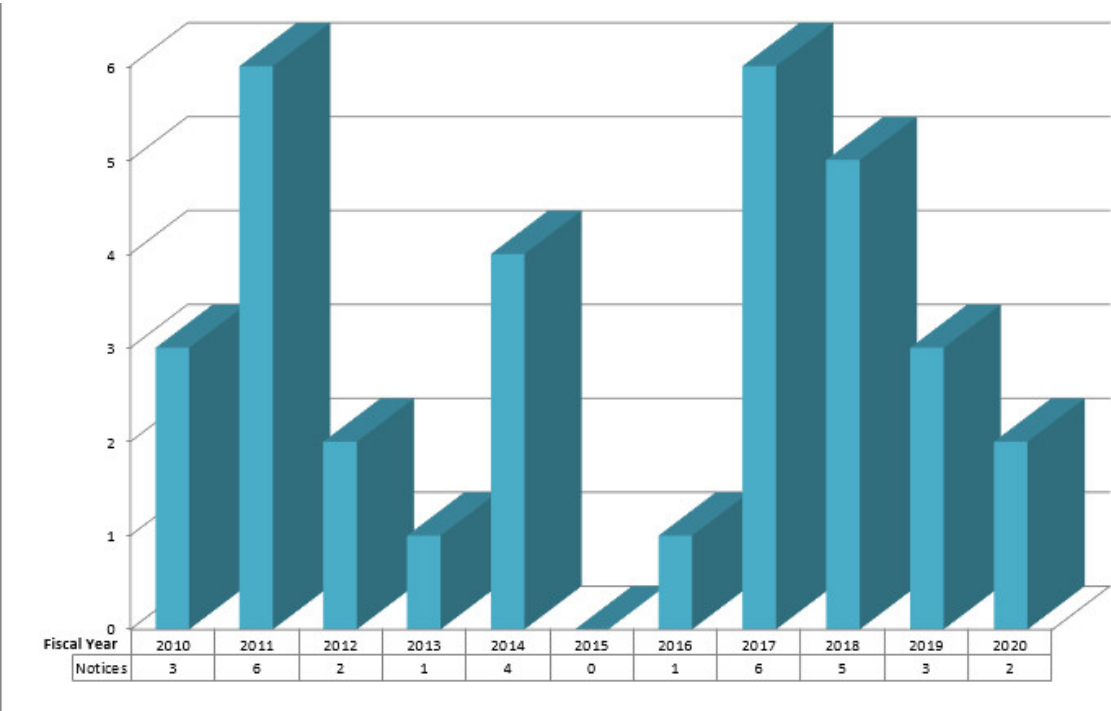
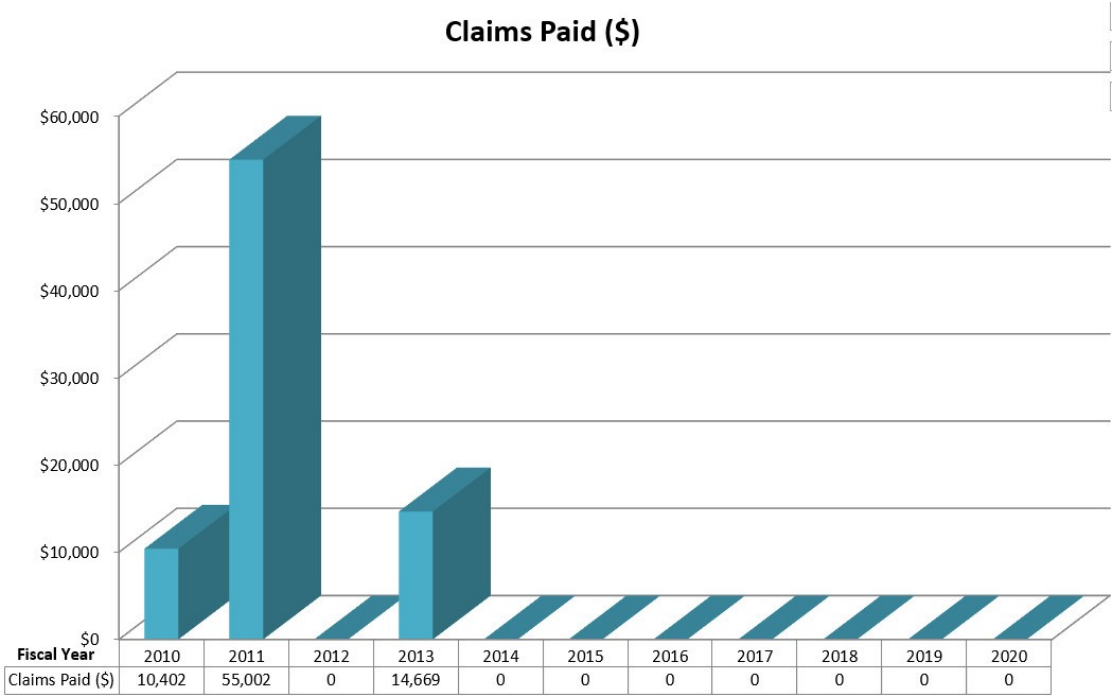


CHART 2. Recovery Fund - Claims Paid



CHO Registration – Staff administered the licensing, registration, and certification requirements, including applications review, policies, procedures, appeals, subpoenas, and requests for records under the UIPA. Staff continued the administration of the registration program with the Licensing Branch, since active real estate brokers are exempt from registration and fidelity bond requirements. In FY 2020, the Commission registered 30 CHOs (see Chart 3).

Advice, Education, and Referral – Staff responded and provided information to inquiries received via telephone, walk-ins, faxes, written correspondence, emails, and the Commission’s website; printed and distributed Commission-developed information; and responded to inquiries from government officials and the media.

Rulemaking, Hawaii Administrative Rules (HAR) Chapter 99 – The Commission studied, evaluated, researched, and developed rule amendments for submission to the formal rulemaking process. The Commission

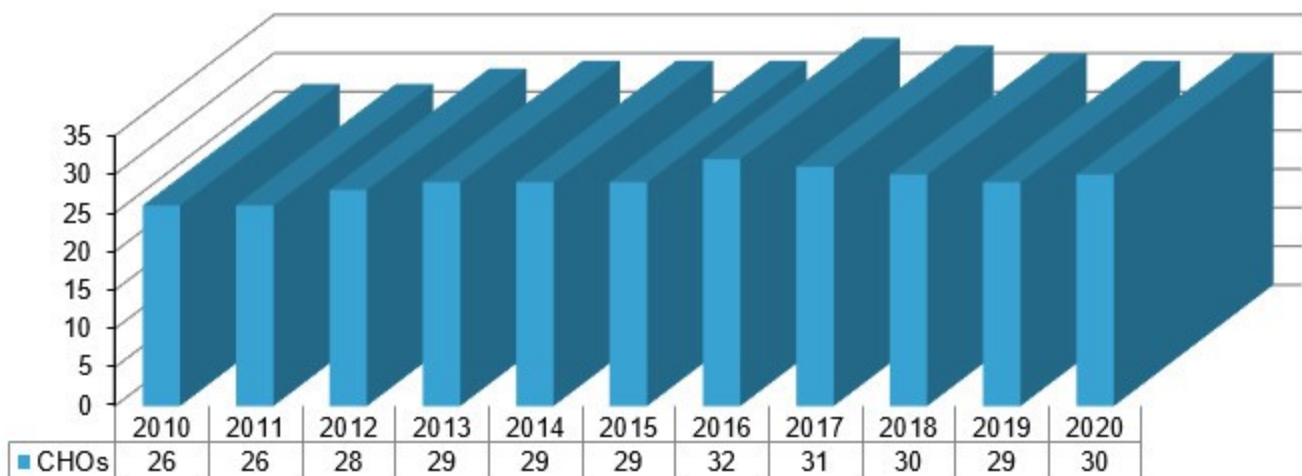
proceeding with the Legislative Reference Bureau’s recommendation to separate the rules into three separate chapters. To address strong concerns raised by industry stakeholders, amendments to certain advertising rules are being developed and reviewed separately.

Meetings – Prior to the COVID-19 pandemic, the Commission, with support from staff, administered monthly committee meetings, as well as subcommittee and ad hoc committee meetings.

Licensing Renewals – Staff continued implementation of the paperless renewal system and worked closely with the Licensing Branch to ensure its continued success.

Legislative and Government Participation – The Commission participated in the shortened legislative session, provided briefings, and acted as a resource to legislators, government officials, and staff; researched and submitted testimony on bills and resolutions, including oral testimony; and assisted legislators and government officials in responding to the community.

CHART 3. CHO Registration



Interactive Participation with Organizations –

The Commission, as well as staff, actively participated with the Association of Real Estate License Law Officials (ARELLO) and local, Pacific Rim, national, and international organizations and government agencies to exchange information and concerns, as well as share educational and research efforts, joint projects of mutual concern, and training.

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

Neighbor Island Outreach – The Commission held two meetings on the neighbor islands in FY 2020. Meetings were held on Kauai in September 2019 and Molokai in January 2020.

Unfortunately, due to the COVID-19 pandemic and associated travel-related complications, travel to Hawaii Island was canceled in 2020. The neighbor island meetings afforded neighbor island licensees, government officials, condominium owners, and interested parties the opportunity to attend and participate in the committee meetings.

Review of Services and Organization – Staff analyzed and initiated steps to improve services, provided for effectiveness and efficiency, amended laws, rules, forms, and systems, and improved staffing, equipment, organization, etc. Staff also conducted meetings and exchanges with Licensing Branch personnel.

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

ARELLO National Disciplinary Action Data Bank – Staff continued participating in the ARELLO National Disciplinary Action Data Bank to assist in the background review of applicants and consumer protection in other jurisdictions.

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

Commissioners Education Program – Staff researched and provided reference materials to commissioners and conducted periodic workshops for all commissioners.

Division and Department Programs – The Commission coordinated and worked with the Professional and Vocational Licensing Division (PVL), the DCCA, and others on programs of mutual concern through a joint program with the Education Review Committee and the Condominium Review Committee.

ADMINISTRATIVE ACTIONS

Disciplinary Actions- The Commission took disciplinary action against 31 licensees from July 2019 to February 2020. This is a 18.4% decrease over the 38 licensees disciplined in FY 2019. Chart 4 provides historical information on the number of licensees disciplined.

Fines totaling \$45,250 were assessed against 28 licensees. One license was revoked, and one was suspended (see Table 1 and Chart 5).

Table 1 - Administrative Actions - FY 2020

No. of Licensees Disciplined	31
Licenses Revoked	1
Licenses Suspended	1
Licenses Fined	28
Total fines	\$45,250

CHART 4. Disciplinary Actions

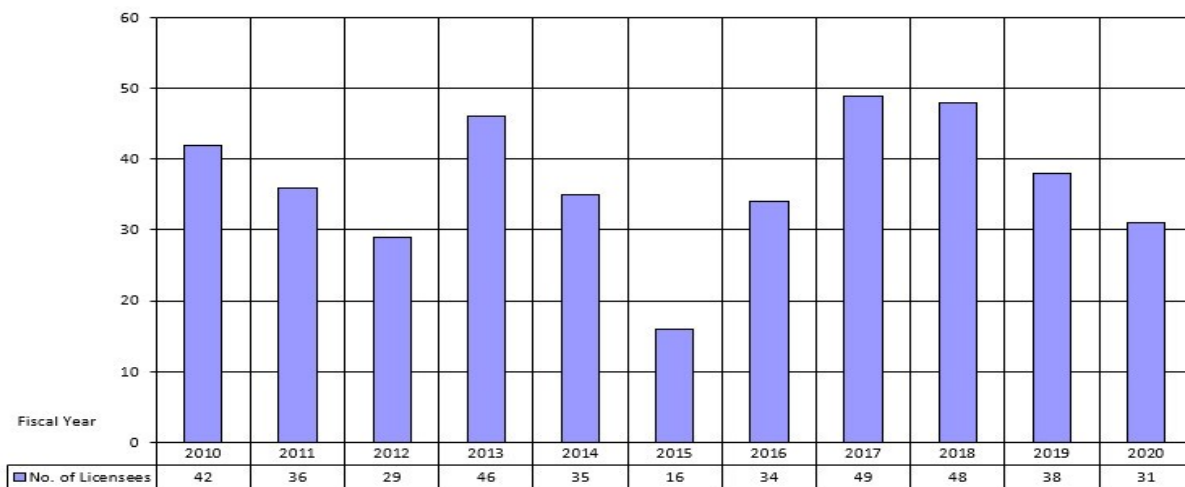
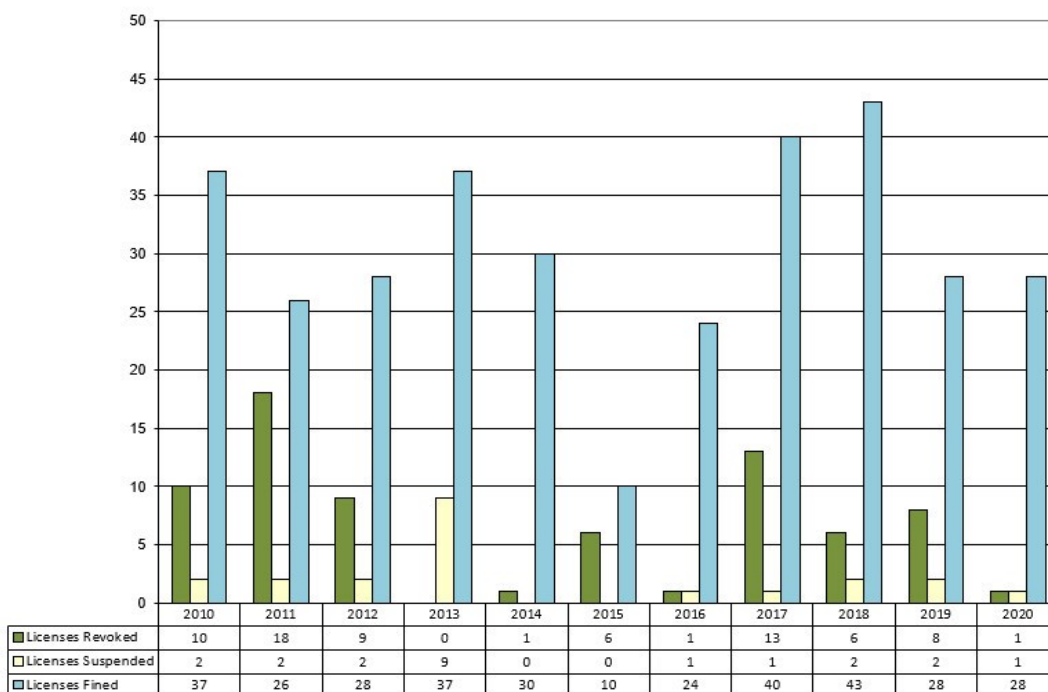


CHART 5. Administrative Actions - Sanctions



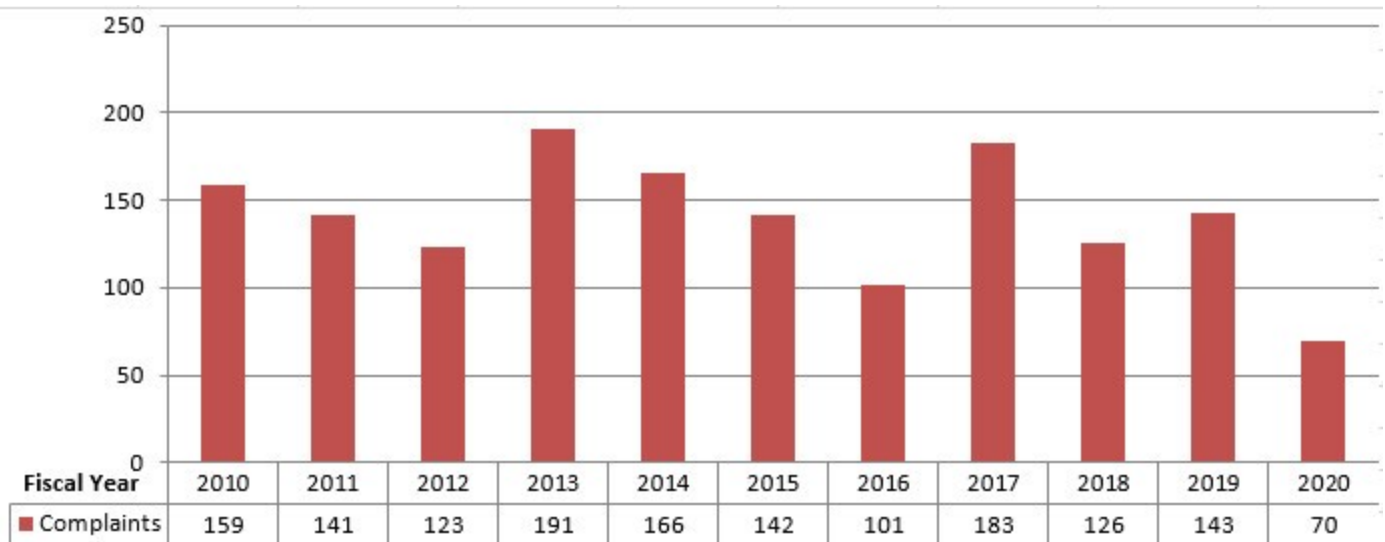
REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

RICO receives, investigates, and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past ten years with a 51% decrease in FY 2020. RICO received 70 real estate complaints in FY 2020, compared to 143 in FY 2019 (see Chart 6).

Forty-six complaints are pending, and thirty cases were closed as follows:

- 7 Warning Letters
- 2 Insufficient Evidence
- 3 Legal Action
- 2 Resolved
- 4 Retained for Records Only
- 3 No Violation
- 1 Education Contact
- 2 Withdrawn
- 6 No Violations

CHART 6. RICO Complaints (Real Estate)



The top 5 alleged HRS chapter 467 violations in RICO complaints:

1. §467-14(8) - Any other conduct constituting fraudulent or dishonest dealings.
2. §467-14(13) - Violating chapter 467, chapters 484, 514A, 514B, 514E, or 515, section 516-71, or the rules adopted pursuant thereto.
3. §467-14(20) - Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
4. §467-1.6(a) - The principal broker shall have direct management and supervision of the brokerage firm and its real estate licensees.
5. §467-14(7) - Failing, within a reasonable time, to account for any moneys belonging to others that may be in the possession or under the control of the licensee.

The top 5 alleged HAR chapter 99 violations in RICO complaints:

1. §16-99-3(b) - Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
2. §16-99-3(a) - Licensee shall fully protect the general public in its real estate transactions.
3. §16-99-3(p) - No licensee shall act as a broker, broker-salesperson, or salesperson for more than one brokerage firm, except that this subsection shall not apply to those situations as described in subsection (o).
4. §16-99-11(a) - All real estate advertising and promotional materials shall include the legal name of the brokerage firm or a trade name previously registered by the brokerage firm with the DCCA's Business Registration Division and with the Commission.
5. §16-99-3(j) - Licensee shall transmit immediately all written offers in any real estate transaction as defined in section 16-99-3.1 to the listing broker who has a written unexpired exclusive listing contract covering the property.

FY 2021 PROGRAM OF WORK

- | | |
|--|--|
| • Real Estate Recovery Fund | • Legislative Acts and Resolutions |
| • Real Estate Licensing, Registration & Certification Administration | • Neighbor Island Outreach |
| • CHO Registration | • Review of Services and Organization |
| • Education and Referral | • Application Processing and Forms |
| • Rulemaking, HAR Chapter 99 | • ARELLO National Disciplinary Action Data Bank |
| • Subcommittees | • Case Law Review Program |
| • Meetings | • Rulemaking, HAR Chapter 53 |
| • Licensing Renewals | • Commissioners Education Program |
| • Legislative and Government Participation | • Division and Department Programs |
| • Interactive Participation with Organizations | • Housing and Urban Development/ ARELLO Fair Housing Agreement |

EDUCATION REVIEW COMMITTEE REPORT

The Education Review Committee, for FY 2020, under the leadership of Chair Bruce Faulkner and Vice Chair Russel Kyono, continued to address important and varied education issues.

FY 2020 PROGRAM OF WORK

Continuing Education (CE) Core Course – The Commission researched and developed its core course on legislative updates and Core B – “Principal Brokers: The Buck Stops Here!” for the second year of the licensing biennium. Due to the COVID-19 pandemic, the core course may be offered in a “remote/live” format, which means the instructor is actually teaching the course and it is being offered via webinar-type platforms. This is in addition to the traditional live and online course offerings.

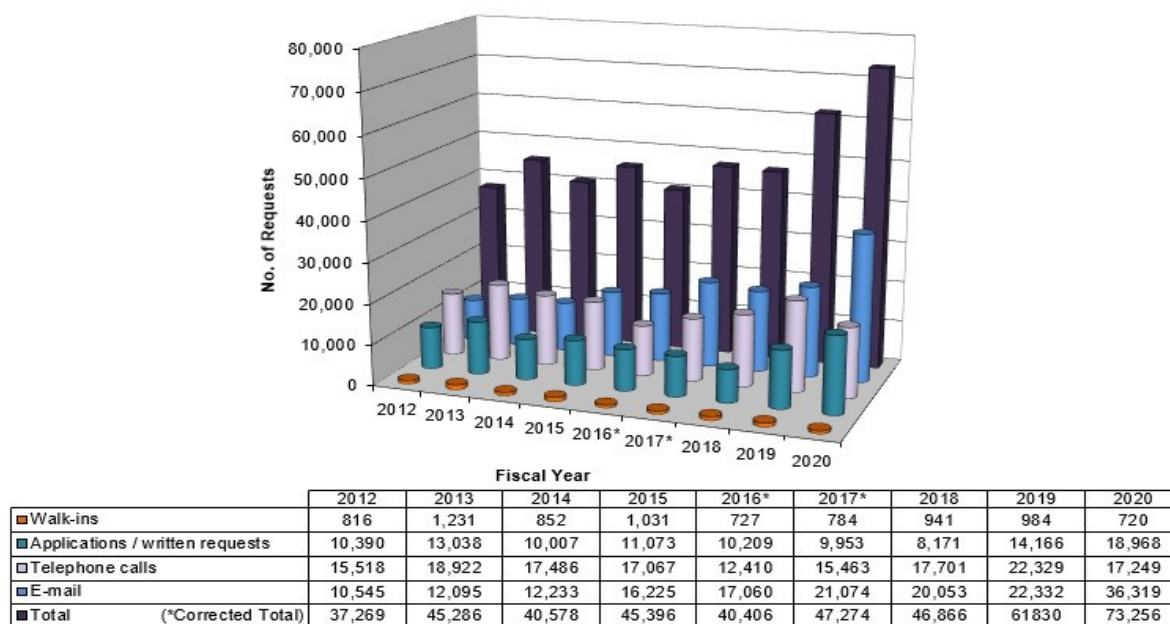
Salesperson Curriculum and Resources – The salesperson’s curriculum continued to be offered in both live classroom and independent study/online format. The Commission procured Scott Alan Bly, Esq. to update and amend the salesperson’s curriculum in FY 20. The updated curriculum was completed June 25, 2020, and the effective date will be January 1, 2021. The topics were reorganized, with Hawaii-specific topics being noted by an icon of the Hawaiian flag. Outdated terms such as “DROA” were eliminated. The curriculum remains at 60 hours.

Broker Curriculum and Resources— The broker’s curriculum continued to be offered in both live classroom and independent study/online format.

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

Staff continued to field a high number of telephone calls, walk-ins, written inquiries, faxes, and emails. For real estate, the FY produced 720 walk-in inquiries; 18,968 applications and written inquiries/requests; 17,249 telephone inquiries; and 36,319 emails (see Chart 7).

CHART 7. Inquiries and Applications



Administration of Pre-license Education Program, Schools, and Instructors – The Commission provided administrative review and an approval process for applications, disseminated information regarding renewals and certification, and provided appropriate records management. It coordinated the instructor's examination program with its test administrator, PSI. The Commission's Online Real Estate Education System provides electronic access to student registration, course completions, course schedules, and the ability to issue electronic School Completion certificates.

Staff researched, developed, printed, and distributed School Files, a quarterly newsletter for educators. It provided schools, instructors, and CE providers information on administrative procedures, changes in licensing laws, and other articles relevant to the delivery of real estate education. As with the Real Estate Commission Bulletin, School Files was published in print and electronic format. This was a joint program with the CE Program.

Administration of Examinations – The Commission administered the real estate licensing examination program, including contract administration with its test administrator, PSI, and provided information regarding the exam process, reviewed amendments to test candidate booklets, evaluated periodic examination reports, and kept abreast of daily exams. The annual PSI Industry Day was held on August 15, 2019. The session was attended by principals and certified pre-license instructors of registered pre-license schools. The yearly item review and writing session was not held due to the COVID-19 pandemic.

Because of the COVID-19 pandemic, PSI testing was cancelled on March 28, 2020.

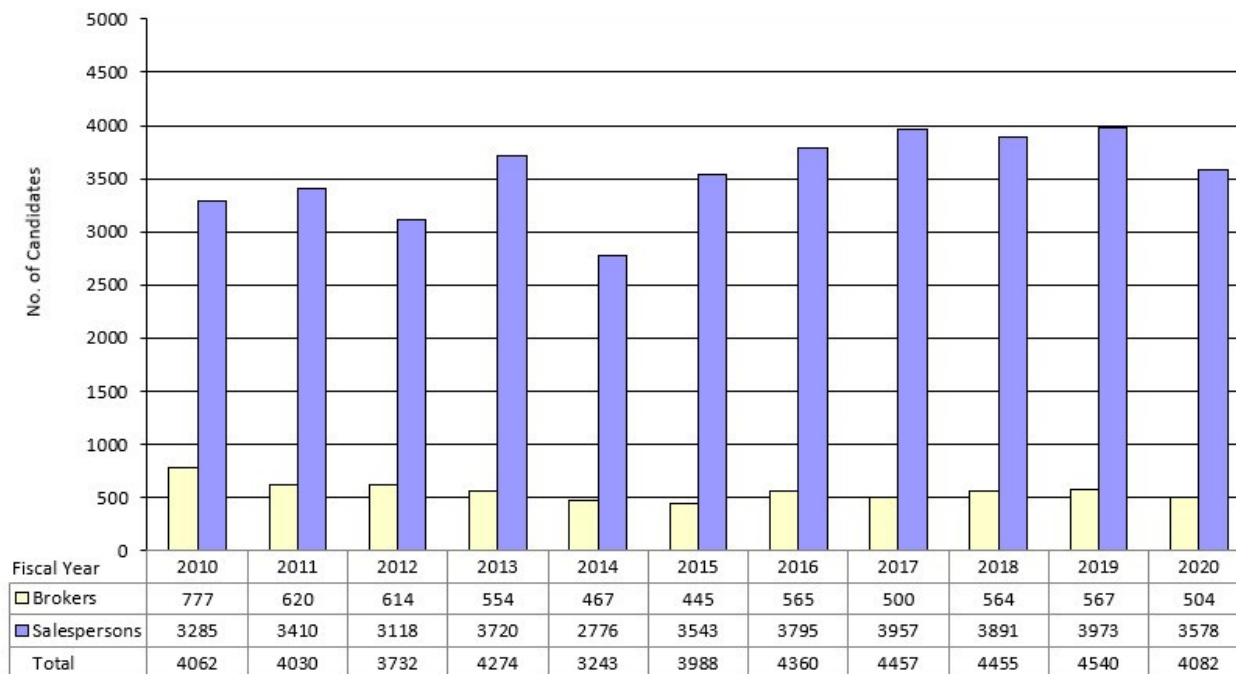
On April 13, 2020, testing resumed per the previous schedule, Tuesday through Saturday, on Oahu only. Because of social distance requirements, the test center capacity was reduced by 50%. Testing in Honokaa resumed on June 3, 2020. However, testing on Maui and Kauai, did not take place until after the end of FY 20 and on a limited basis. Prior to the COVID-19 pandemic, PSI offered testing at least five days a week, including Saturdays, in Honolulu, twice a month on Maui and the Hawaii Island, and once a month on Kauai. As shown in Table 2 and Chart 8, the number of total examination attempts by candidates decreased 10.1% from the last FY. Staff periodically monitored the examination administration on each island to assure facilities and procedures comply with Staff periodically monitored the examination administration on each island to assure facilities and procedures comply with PSI and Commission policies.

Table 2 Real Estate Licensing Examination

	FY2019	FY 2020	% Change
Brokers Tested*	567	504	-11.0%
Salespersons Tested*	3973	3578	-9.9%
Total Tested	4540	4082	-10.1%
Brokers Passed**	679	287	-11.3%
Salespersons Passed**	4675	2084	-57.7%
Total Passed	5354	2371	-55.7%
% Brokers Pass*	119.8%	56.9%	
% Salespersons Pass*	117.7%	58.2%	
*First time and Retakers			
**National and/or State Portion			

Two-hundred and twenty seven applications were approved for equivalency to the uniform section of the examination based on passage of the uniform section of another state's exam. This represents a 4.6% decrease from the last FY's total of 238 approvals.

CHART 8. Licensing Examination Candidates



Administration of CE Program, Providers, and Courses —

The Commission administered the CE program, including the registration of providers and certification of courses and provided timely information and records management, as appropriate. Staff updated the Online Real Estate CE website as needed.

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

Administration of CE Elective Courses –

Due to the COVID-19 pandemic, the Education Review Committee (ERC) did not meet from April through the end of the fiscal year. Already approved CE courses were offered via webinar-based programs to much

success. Live classes ceased. Online CE courses continued as scheduled.

The Commission provided administrative information to elective course providers and licensees, assisted providers in submissions, reviewed submitted applications, reviewed submitted curriculum, made recommendations, and assisted with records management. The Online Real Estate CE system continues to provide real estate licensees with the ability to view the number of CE hours required and earned for the current licensing period, their CE history, and the ability to search for future CE courses offered by approved CE providers. Real estate licensees are also able to access and reprint their own course completion certificates for the current and previous biennia. Additionally, real estate principal brokers and brokers-in-charge are able to monitor and view current CE hours, CE history, and the license status of all licensees associated with the brokerage. This system is updated daily. This online education system

is currently being reviewed and will be recreated by a contract with Sales Force to update the licensing system for the PVL.

During FY, 2020, 79 CE courses were newly approved, a 363.3% decrease from the approved 366 CE courses in the previous FY. Thirty-nine approved CE providers offered 926 classes to over 13,110 participants.

Ad Hoc Committee on Education (ACE) –

The Commission's ACE reviewed, recommended, assisted in developing, updating, and administering education-related projects and CE. Five ACE meetings were held in FY 2020: January 15, February 10, March 3, April 20, and June 17, 2020. ACE assisted in developing the topic for the Commission's 2019-2020 Core Course, Part B, "Principal Brokers: The Buck Stops Here!" ACE also provided review and feedback in the updating of the salesperson's pre-license curriculum. Due to the COVID-19 pandemic, the April and June meetings were conducted via Zoom.

Meetings and Symposium – Due to the COVID-19 pandemic, the Commission's monthly Education Review Committee meeting was not held from April through the end of the FY.

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

The Commission continued to publish the Real Estate Commission Bulletin in a traditional newsletter format that was mailed to all current licensees, legislators,

government officials, ARELLO jurisdictions, and other interested parties. It was also available in electronic format on the Commission's website at www.hawaii.gov/hirec.

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

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

Neighbor Island Outreach – The Commission held two meetings on the neighbor islands in FY 2020. Meetings were held in Kauai in September 2019, and for the very first time, on Molokai in January 2020. The neighbor island meetings afforded neighbor island licensees, government officials, condominium owners, and interested parties the opportunity to attend and participate in the committee meetings. Due to the COVID-19 pandemic, no additional meetings were held for the remainder of FY 20.

Interactive Participation with Other Organizations – The Commission continued its participation in events sponsored by local and national organizations. On a national level, the Commission continued its active

participation with ARELLO and the Real Estate Educators Association (REEA). Participation in local, national, and international organizations offers an opportunity to learn about the latest issues, trends, and solutions in the industry, exchange information and concerns, share education and research efforts, joint projects of mutual concern, and training. The Commission sent participants to the ARELLO annual conference September 18-21, 2019, which was held in Denver, CO.

Instructors Development Workshops – The Commission contracted with the Hawaii Association of REALTORS® to provide Instructors Development Workshops (IDWs) during the 2019-2020 biennium. The IDWs were initially scheduled for April 29 – May 6, 2020 on Hawaii Island, Maui, Kauai and Oahu, but due to the COVID-19 pandemic, they are rescheduled to take place in August 2020 on Kauai, Maui, the Big Island, and Oahu.

Legislative Participation, Research, and Report – The Commission researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern. Due to the COVID-19 pandemic, the legislative session was suspended effective March 17, 2020, reconvened June 22, and adjourned July 10, 2020.

Evaluation and Education System for CE and Pre-licensing Instructors, Courses, Providers, and Schools – The evaluation system for continuing education courses and instructors and pre-license instructors, schools, and courses is on hold until the development and implementation of a new licensing and reporting system is completed by Sales Force. This is a PVL project for the that is currently on-going. The evaluation system will hopefully be integrated into the new system. Currently, course and instructor

evaluations are the responsibility of each CE provider and pre-license school. Record-keeping is required by each CE provider and pre-license School.

Real Estate Specialists' Office for the Day – The Real Estate Specialists' Office for the Day provided staff with an opportunity to meet in person with licensees, applicants, prospective licensees, and members of the public. In conjunction with the Neighbor Island Outreach, the Real Estate Specialists' Office for the Day was held on Kauai and Molokai this FY.

Real Estate Speakership Program – Subject to state government approvals and priorities, the Commission and staff honored requests to provide a speaker, a resource person, or an active participant in functions related to real estate education.

Pre-licensing Education Equivalency

Administration – The Commission administered applications for pre-licensing education equivalencies, including consultation with ARELLO.

Uniform Section Equivalency for Licensing

Examination – The Commission administered applications for equivalency to the uniform part of the examination based on passage of the uniform part of another state's exam.

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

The Commission's website, www.hawaii.gov/hirec, is available 7 days a week, 24 hours each day for information, forms, and applications.

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

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

New Salesperson and New Broker Start-up Kits – Staff packaged and distributed start-up kits to newly licensed salespersons and brokers.

Cooperative Education, Research, and Administration Program – The Commission actively participated in and sponsored cooperative education, research,

and administrative programs for branches and divisions, and the Department of the Attorney General, all of which provided direct or indirect services to the Commission or were part of a real estate-related program.

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

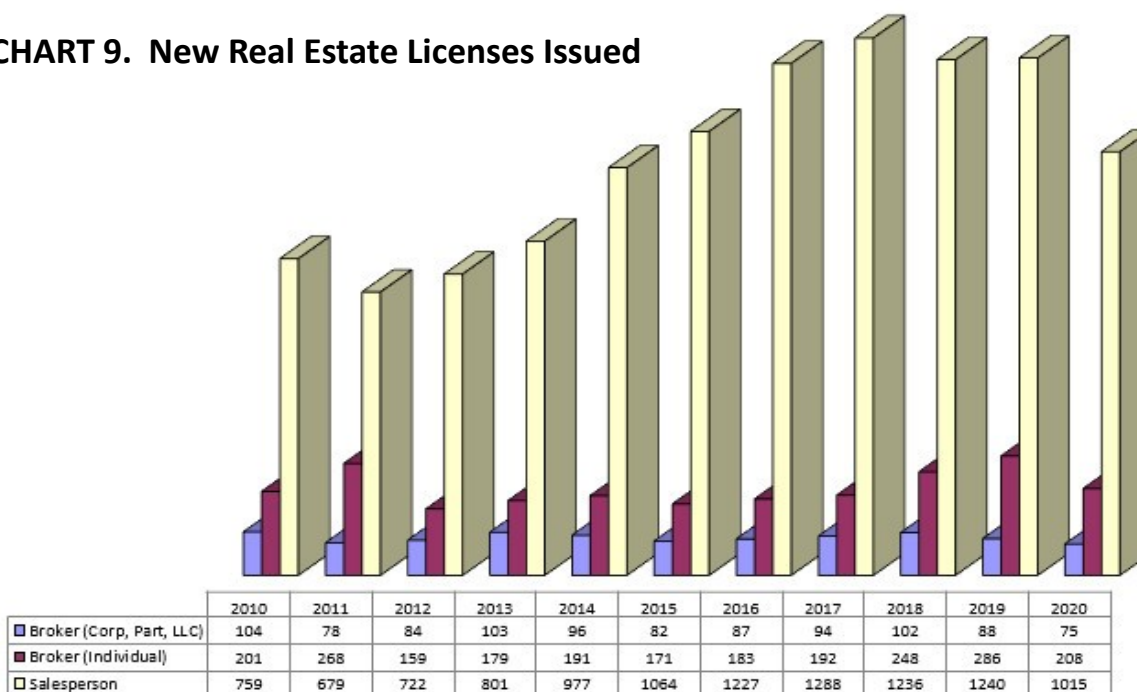
Staff and Commissioners Development— Staff developed and trained staff and commissioners for better administration of the real estate programs. Commissioners and staff participated in training and educational opportunities provided by the REEA, ARELLO, Condominium Associations Institute, Council on Licensure, Enforcement and Regulation, and other organizations.

Real Estate Reference Library – The Commission subscribed and purchased real estate reference materials for public review.

Licensees

New Licenses – During FY 2020, 1,298 new licenses were issued, representing a decrease of 19.6% over the prior FY. New individual broker licenses decreased by 27.3%, new salesperson licenses increased by 18.1%, and new entity licenses decreased by 14.8% (see Chart 9).

CHART 9. New Real Estate Licenses Issued



Current Licenses – The overall number of current real estate licenses increased 10.7% by the end of FY 2020. In FY 2020, active licenses increased by 8.4% over the previous FY, with inactive licenses increasing by 18.5% (see Chart 10, Table 3, and Chart 11).

CHART 10. Total Real Estate Licensees

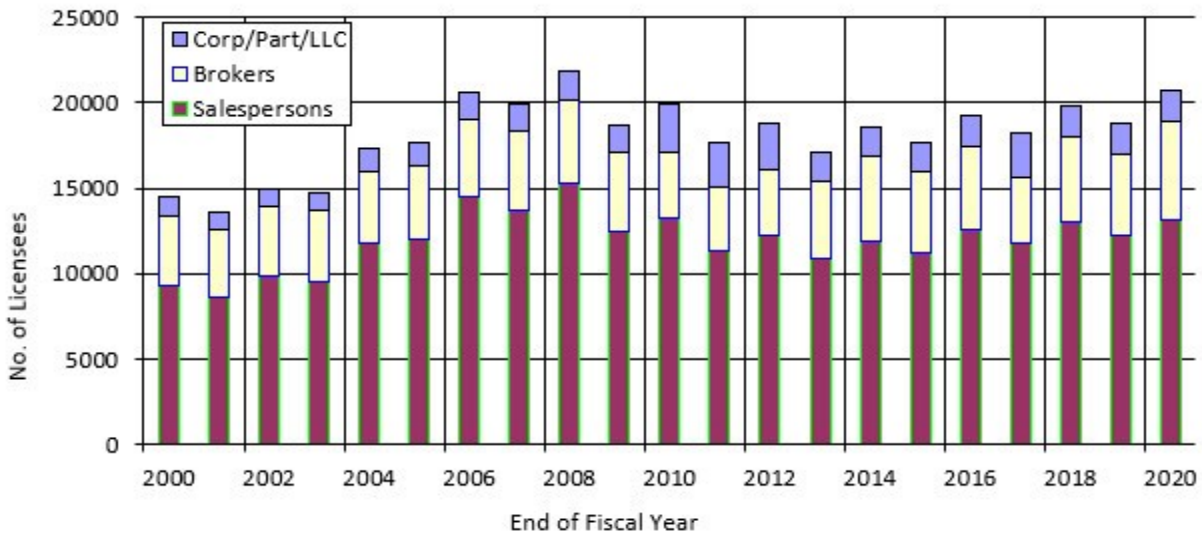
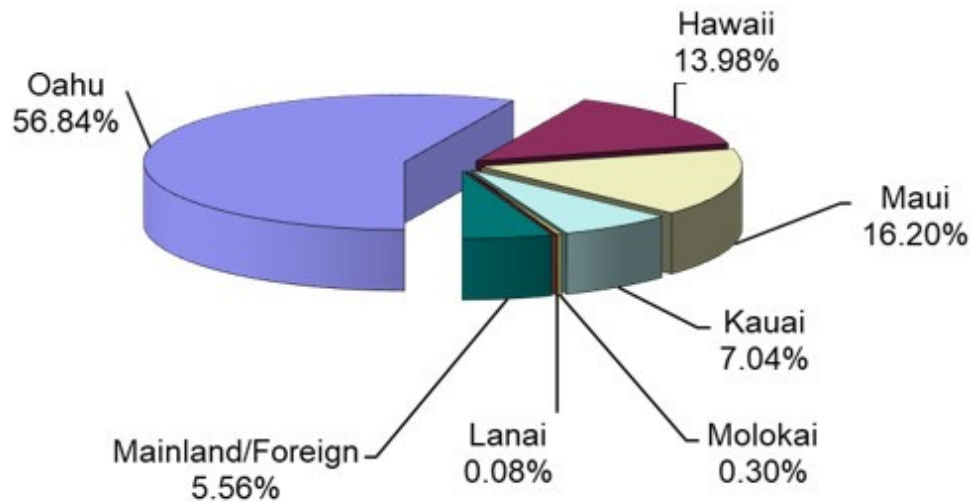


Table 3. Current Real Estate Licensees by Type and Island

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	2,103	867	862	390	20	4	125	4,371
Salesperson	5,431	1,113	1,507	531	19	8	267	8,876
Sole Proprietor	522	128	86	66	6	0	4	812
Corporation, Partnership, LLC	1,064	258	267	120	5	2	9	1,725
Total Active	9,120	2,366	2,722	1,107	50	14	405	15,784
Inactive								
Broker	297	67	53	32	4	0	229	682
Salesperson	2,353	457	585	317	6	3	500	4,221
Sole Proprietor	2	0	0	0	0	0	0	2
Corporation, Partnership, LLC	40	15	7	8	2	0	21	93
Total Inactive	2,692	539	645	357	12	3	750	4,998
Active and Inactive								
Broker	2,400	934	915	422	24	4	354	5,053
Salesperson	7,784	1,570	2,092	848	25	11	767	13,097
Sole Proprietor	524	128	86	66	6	0	4	814
Corporation, Partnership, LLC	1,104	273	274	128	7	2	30	1,818
Total	11,812	2,905	3,367	1,464	62	17	1,155	20,782

CHART 11. Real Estate Licensees by Island

FY 2021 PROGRAM OF WORK

Education Review Committee

- | | |
|---|---|
| • CE Core Course | • Instructor's Development Workshop |
| • Salesperson Curriculum and Resources | • Evaluation and Education System for CE and Pre-licensing Instructors, Courses, Providers, and Schools |
| • Broker Curriculum and Resources | • Real Estate Specialists' Office for the Day |
| • Education and Referral | • Real Estate Speakership Program |
| • Administration of Pre-license Education Program, Schools, and Instructors | • Pre-licensing Education Equivalency Administration |
| • Administration of Examinations | • Uniform Section Equivalency of Pre-licensing Examination |
| • Administration of CE Program, Providers, and Instructors | • Technology and Website |
| • Administration of CE Elective Courses | • Records Management |
| • Ad Hoc Committee on Education | • Information Distribution System |
| • Meetings and Symposium | • New Salesperson and New Broker Start-up Kits |
| • Annual Report and Quarterly Bulletin | • Cooperative Education, Research, and Administration Program |
| • Real Estate Education Fund | • Division and Department Programs |
| • Neighbor Island Outreach | • Staff and Commissioners Development |
| • Interactive Participation with Organizations | • Real Estate Reference Library |
| • Real Estate Seminars | |
| • Legislative Participation, Research, and Report | |

CONDOMINIUM REVIEW COMMITTEE REPORT

The Condominium Review Committee (CRC) is a standing committee that holds monthly public meetings in which condominium issues are presented, discussed, examined, and considered. It is a working committee that handles everyday issues. Members of the condominium community, including developers, unit owners and board members, condominium managing agents, attorneys, educators, government officials, and others with condominium concerns participate in the meetings. The CRC considers a variety of issues affecting condominium living in Hawaii, ranging from the proper registration of condominium projects by developers and condominium association registration, to the self-governance of associations, the education of owners, and educational outreach, all of which are funded by the Condominium Education Trust Fund (CETF).

Under the leadership of Chair Laurie A. Lee and Vice Chair John Love, the CRC oversaw the jurisdiction of condominiums under HRS chapter 514B and the administration of condominium-related Programs of Work. It was a year that brought a pandemic to the world, forcing everyone to rethink how and where they worked, and leaving Commission staff pondering how to offer condominium educational programs safely within the shifting public health requirements. In addition, this FY, the CRC closely monitored the safe harbor extension requests of HRS chapter 514A public reports until June 30, 2020, the statutory deadline for the extension.

Pursuant to HRS §514B-71, the Commission is authorized to expend monies from the CETF for educational purposes, including financing or promoting:

1. Education and research in condominium management, condominium project registration, and real estate to benefit the public and those required to be registered under this chapter;
2. The improvement and more efficient administration of associations;
3. Expeditious and inexpensive procedures for resolving association disputes;
4. Support for mediation of condominium-related disputes; and
5. Support for voluntary binding arbitration between parties in condominium-related disputes, pursuant to HRS §514B-161, as amended by Act 196, SLH 2018.

The Commission may use all monies in the CETF for purposes consistent with the above.

Additionally, the Commission is required by law to report to the legislature annually on: (1) a summary of the programs funded during the prior FY with monies from the CETF; (2) the amount of money in the CETF; (3) a copy of the budget for the current FY, including summary information on programs that were funded or will be funded; (4) a statement of the programs directed specifically at educating condominium owners; (5) summary information on programs that were funded or will be funded and the target audience for each program; and (6) a budget for the current FY that includes a line item reflecting the total amount collected from condominium associations.

FY 2020 PROGRAM OF WORK

Condominium Laws and Education – Act 181, SLH 2017, mandated the repeal of HRS chapter 514A, leaving HRS chapter 514B as the sole law governing condominium project development and governance in Hawaii.

However, Act 223 SLH 2019, gave condominium developers of HRS chapter 514A projects a reprieve, until June 30, 2020, in which to update their developer's public reports and associated documents.

Throughout FY 20, Commission staff notified and informed the remaining developers of HRS chapter 514A properties of this extension and advised them to seek legal assistance to ensure compliance with HRS chapter 514B. As of July 1, 2020, all condominiums in Hawaii are under the statutory jurisdiction of HRS chapter 514B.

The Commission continued the statewide promotion and delivery of Commission-subsidized and procured seminars and was prepared to deliver education to the neighbor islands where a demand for seminars existed. The Commission updated existing educational brochures and made improvements to instruction, curriculum, and other materials related to all aspects of condominiums. The Commission also increased its participation at community and public events to promote its educational efforts.

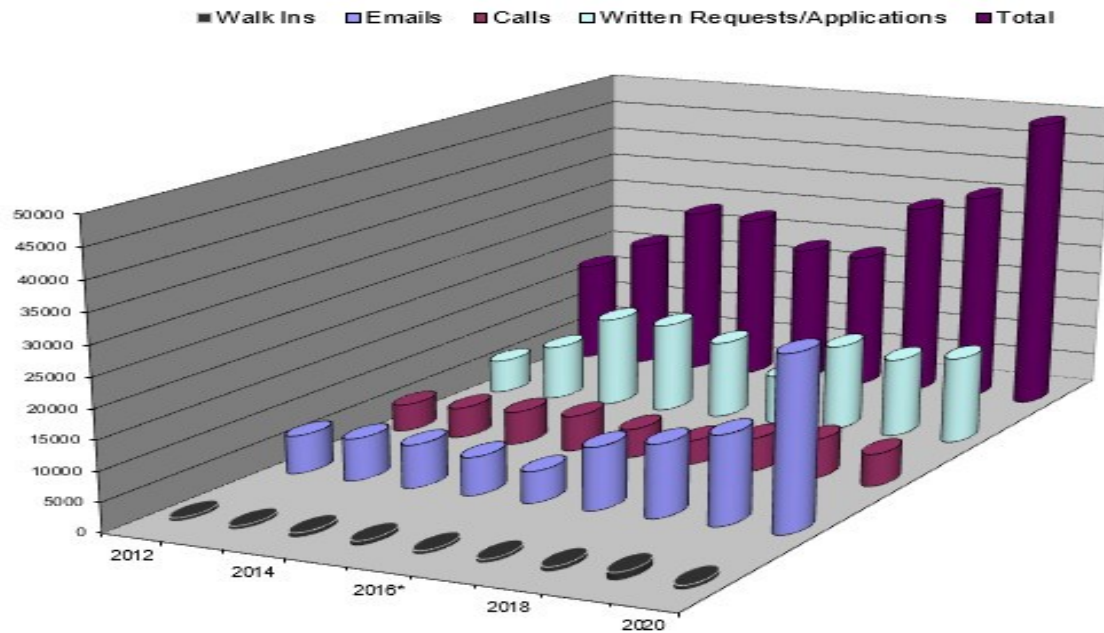
In FY 20, the Commission participated in 15 educational events, including events on Hawaii Island and Maui and two events on Kauai. Due to the COVID-19 pandemic and the complete shutdown of the state in March 2020, the Commission was unable to deliver or participate in any community events through the end of FY 20.

With the help of stakeholder organizations and volunteers, a draft of the proposed administrative rules for HRS chapter 514B was submitted to the Department of the Attorney General for review in November 2019.

The Commission reviewed and amended existing Commission-developed educational materials; created new forms and brochures; modified existing forms as necessary; reviewed instructions, informational sheets, procedures, and evaluative processes; and explored the delivery of educational seminars on the Commission's website. The Commission posted YouTube videos of its Condorama events for convenient viewing on the Real Estate Branch's Condorama webpage at cca.hawaii.gov/reb/condorama/ which includes a link to the YouTube video.

In the implementation of HRS chapter 514B, the CRC appreciates the continuing support of the condominium governance and development communities, attorneys concentrating in condominium law, the Hawaii State Bar Association - Real Property Section, and the real estate industry. To these committed organizations and groups, the Commission extends a big mahalo.

Education and Referral – The Commission provided educational information via telephone, in-person office visits, electronic communications, the Hawaii Condominium Bulletin, the Commission's website, quarterly email subscriptions, procured seminars, and community outreach. Targeted recipients of educational efforts were condominium unit owners, developers, prospective purchasers, real estate licensees, government officials,

Chart 12. Condominium Advice, Education, and Referral

	2012	2013	2014	2015*	2016*	2017*	2018	2019	2020
Walk Ins	560	557	754	792	583	597	749	1276	676
Emails	6469	7149	7292	6431	5293	10545	12259	14951	28914
Calls	4590	5135	5603	6023	4897	4094	5621	6550	5406
Written Requests/Applications	5721	9311	15347	15357	13200	8341	14664	13371	14686
Total	17340	22152	28996	28603	23953	23577	33293	36148	49682

and other interested parties.

The condominium specialists respond to thousands of requests for information, advice, and referral every year. Chart 12 shows the number of requests to be 49,696 for assistance from condominium owners and interested persons handled by the condominium specialists in FY 2020.

Condominium Project and Developer's Public Reports – Staff implemented and administered the condominium project registration program pursuant to HRS chapter 514B in addition to administering the project registrations remaining under HRS chapter 514A. With the assistance of stakeholder organizations, volunteers, state and county agencies, and interested attorneys, the Commission evaluated and developed new processes, records, forms, information documents, and considered rules relevant to the condominium project

registration process. Staff assisted consultants with condominium project registration-issues and related tasks. Developer's public reports were made available for public viewing and copying to disc via the Commission's website.

In FY 2020, the condominium consultants reviewed 255 condominium project files for issuance of effective dates for a developer's public report.

Staff planned for the electronic management of condominium project files, including the scanning of documents. The Commission worked alongside the condominium consultants to oversee the registration of condominium projects and issuance of effective dates for developer's public reports, which are mandated for initial sales of condominium units (see Charts 13 through 15 and Table 4).

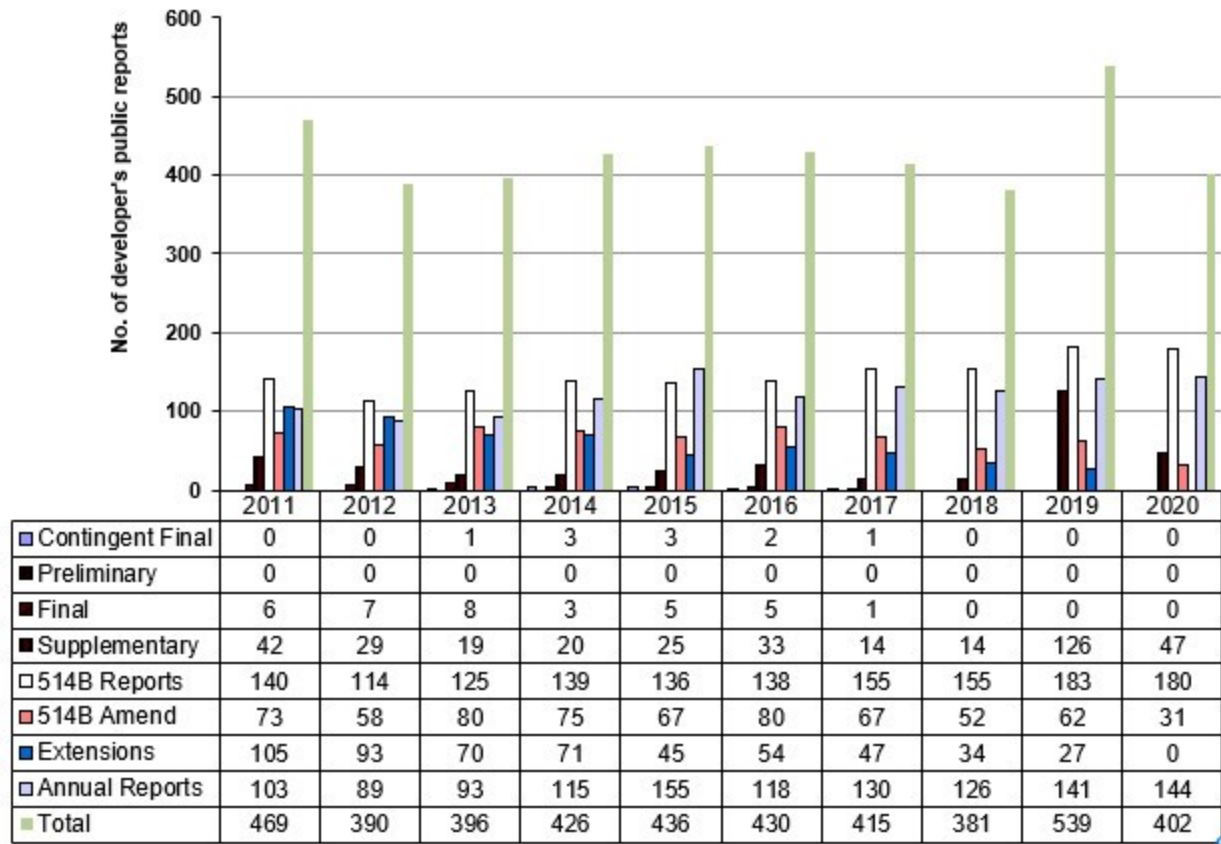
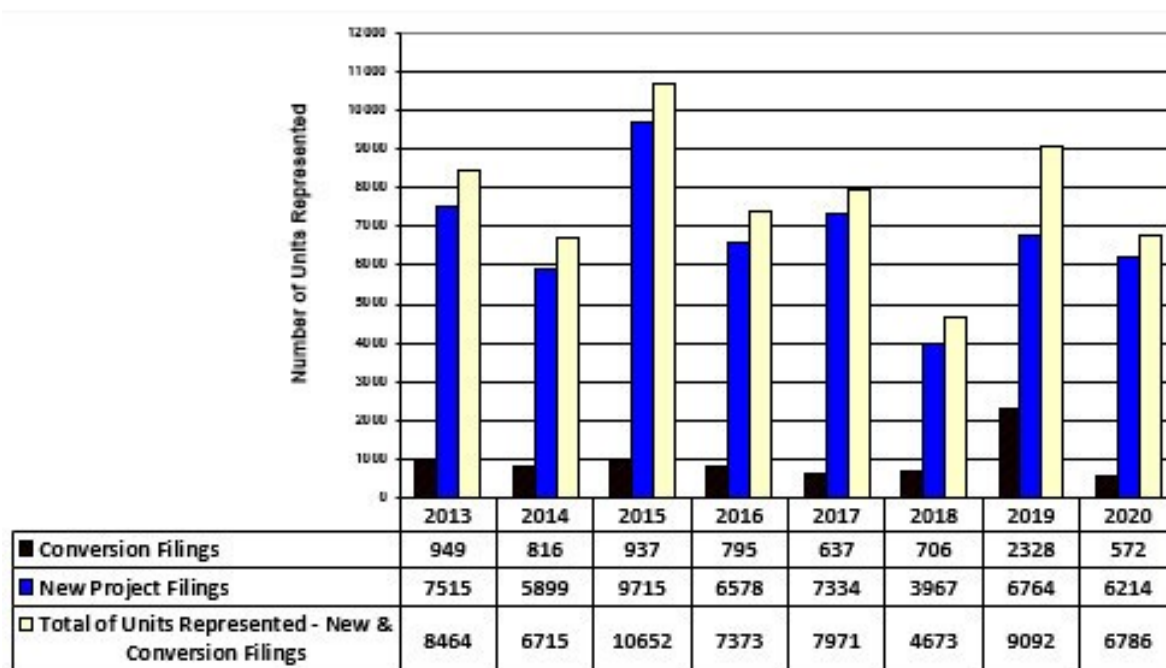
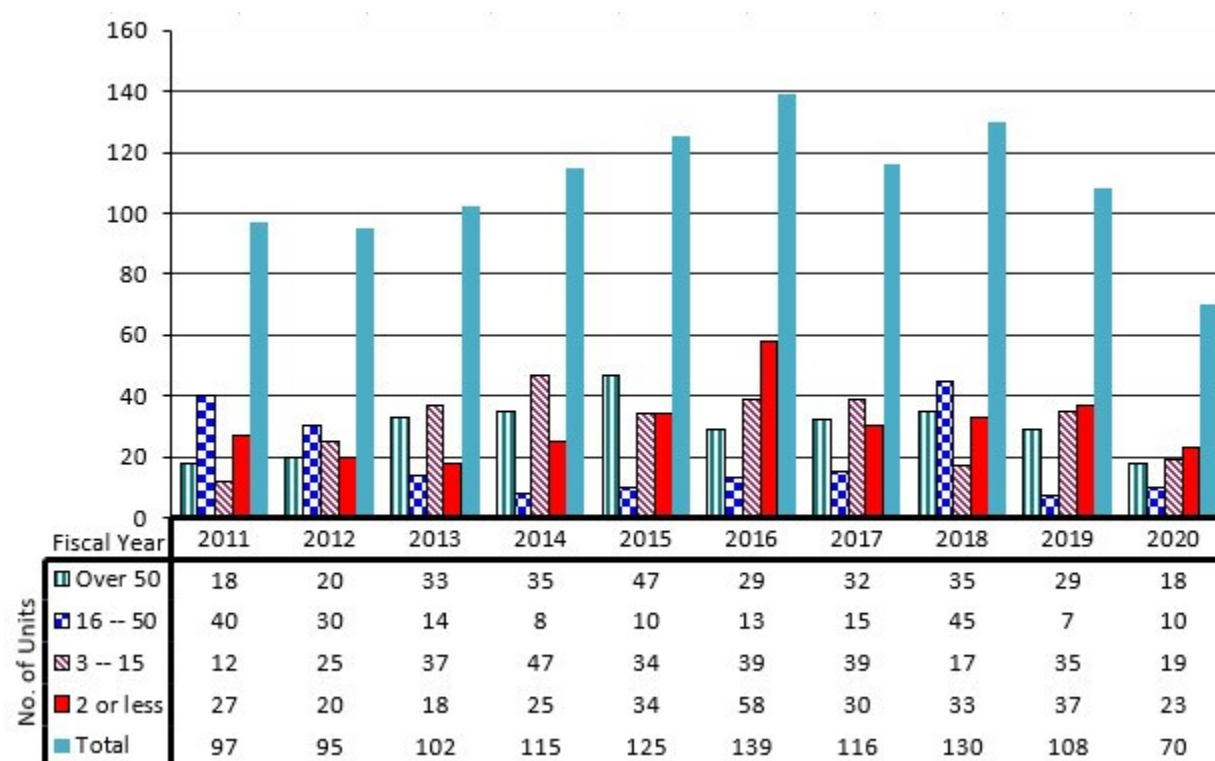
CHART 13. Developer's Public Reports Effective Dates Issued**CHART 14. New and Conversion Project Filings of Developer**

CHART 15. New Residential Project by Size**Table 4. Condominium Project Filings**

New Projects		2013	2014	2015	2016	2017	2018	2019	2020
Residential		102	121	125	139**	116	110	108	74
No. of Units Represented		5,789	4,933	8,175	5,374	6,978	3,583	5,629	5,417
Commercial and Other		10	9	9	4	4	4	9	7
No. of Units Represented		1,683	881	1,485	1,030	145	232	833	674
Agricultural		16	23	26	20	19	27	58	44
No. of Units Represented		43	85	55	123	211	152	302	123
Total New Projects		128	153	160	163	139	141	175	125
Total No. of Units Represented		7,515	5,899	9,715	6,527	7,334	3,967	6,764	6,214
Conversions									
Residential		75	75	71	76	62	91	110	75
No. of Units Represented		553	633	596	365	332	481	1,532	386
Commercial and Other		10	4	3	4	4	4	4	2
No. of Units Represented		336	88	264	320	247	192	570	48
Agricultural		21	29	19	34	27	15	70	53
No. of Units Represented		60	95	77	110	58	33	226	138
Total Conversion Projects		106	108	93	114	93	110	184	130
Total No. of Units Represented		949	816	937	795	637	706	2,328	572
Combined New & Converted Proj.		234	261	253	277	232	251	359	255
Combined No. of Units Represented		8,464	6,715	10,652	7,322	7,971	4,673	9,092	6,786

* Total includes one (1) project that was either withdrawn or returned.

** Correction to the 2016 Annual Report

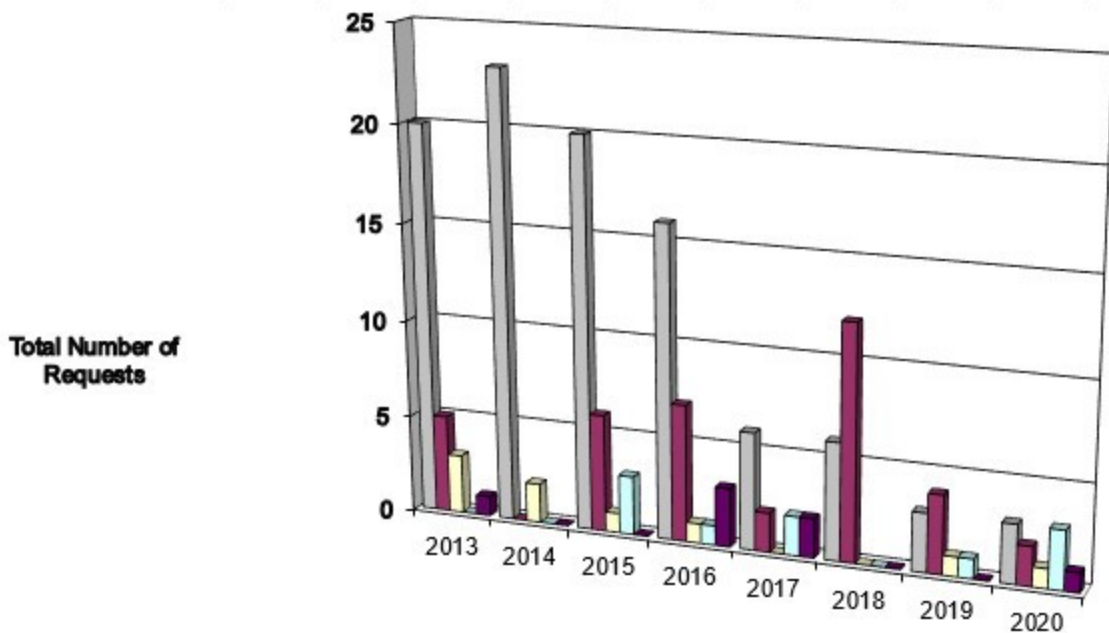
Note 1: Numbers and totals may differ from those reported in prior annual reports due in part to the change in the database management software.

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

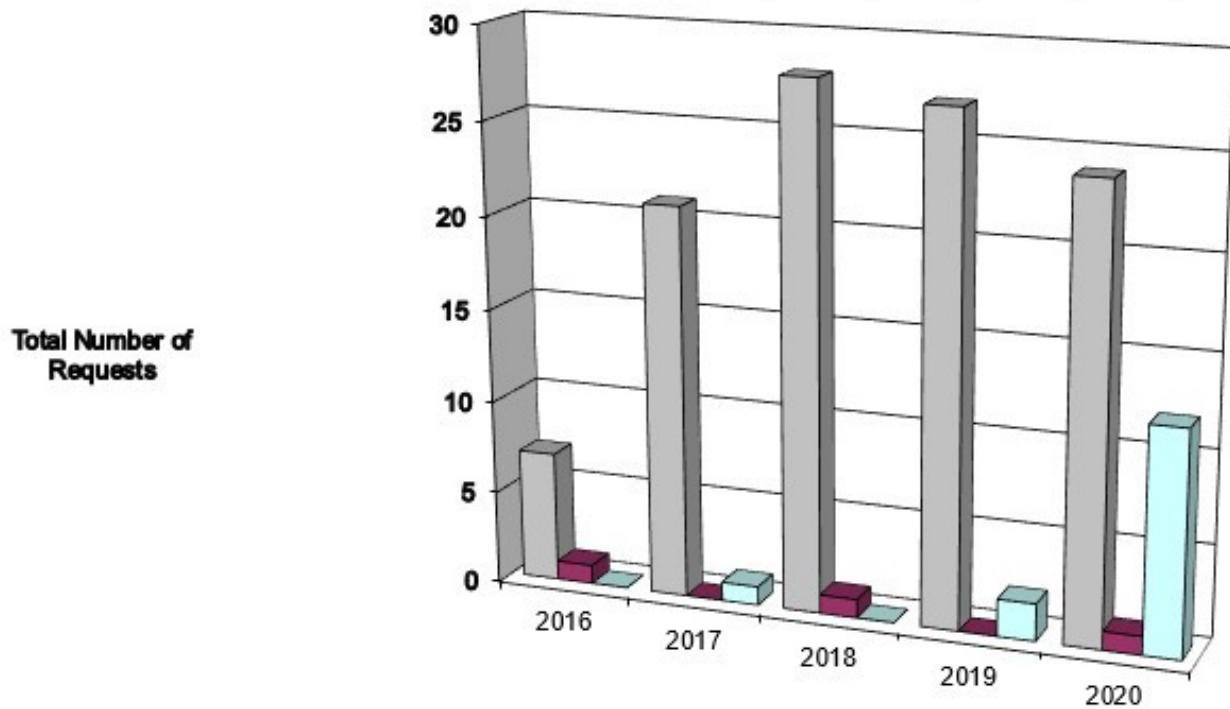
Hawaii Condominium Bulletin – The Commission publishes a quarterly online bulletin for the condominium community. Through the procurement process, staff contracted for the design and online layout of the bulletin. This FY, the bulletin included essential articles on pets in condominium associations, considerations when purchasing a condominium unit and a directors' duty to avoid conflicts of interests, in addition to regular reporting from the CRC chair, legislative updates, a calendar of upcoming meetings, and a quarterly summary of condominium mediations.

Condominium Mediation and Arbitration Program – Through the CETF, the Commission subsidized mediation and voluntary binding arbitration programs on all islands for registered condominium associations and worked with the various providers to provide information on alternative dispute resolution and mediation for boards of directors, unit owners, and condominium managing agents (see Charts 16 and 17). Brochures describing the types of mediation subsidized and mediation provider contact information are available on the Commission website. Every mediation or arbitration conducted is a condominium dispute that has avoided the court system and

Chart 16. Facilitative Mediations



	2013	2014	2015	2016	2017	2018	2019	2020
□ Mediation Center of the Pacific Inc.	20	23	20	16	6	6	3	3
■ Mediation Services of Maui Inc.	5	0	6	7	2	12	4	2
□ Kauai Economic Opportunity Inc.	3	2	1	1	0	0	1	1
□ Big Island Mediation Inc. dba West Hawaii Mediation Services	0	0	3	1	2	0	1	3
■ Ku'ikahi Mediation Center	1	0	0	3	2	0	0	1

Chart 17. Evaluative Mediations

	2016	2017	2018	2019	2020
Dispute Prevention and Resolution	7	21	28	27	24
Lou Chang, A Law Corporation	1	0	1	0	1
Mediation Center Of The Pacific, Inc	0	1	0	2	12

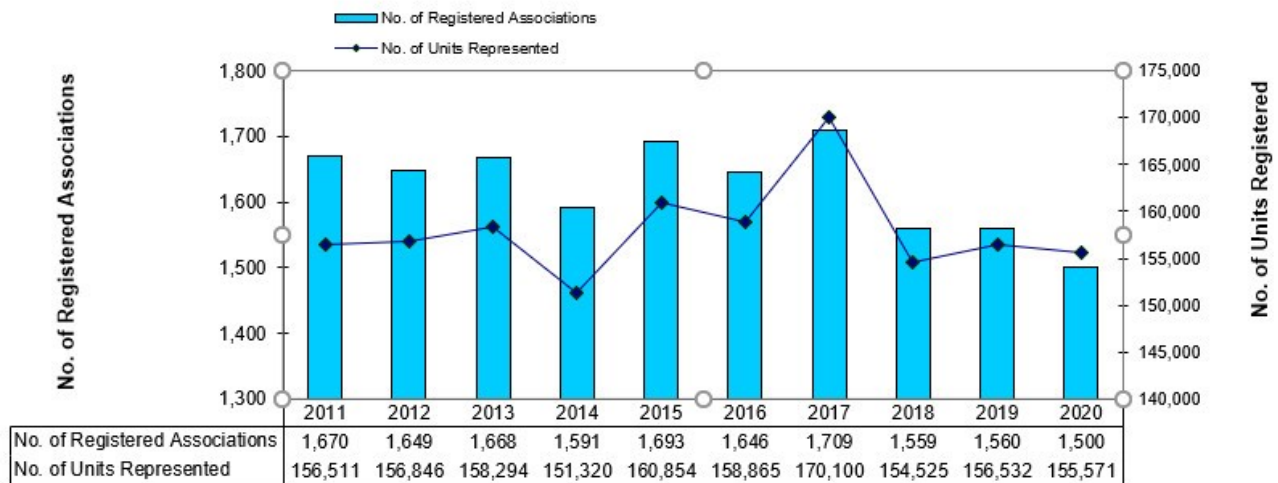
Condominium Association Registration –

The Commission conducted the condominium association registration program pursuant to HRS § 514B-103, which includes reviewing submitted applications for compliance with statutory and Commission registration policies and procedures for condominium associations with six or more units. It also considered appeals, subpoenas, and requests for records and copies of association registrations under HRS chapter 92F, as well as the Office of Information Practices’ (OIP) rules and procedures.

In FY 20, the Commission conducted registration for the 2019-2021 biennial

condominium association registration period.

In that period, 1,500 condominium associations were registered, representing more than 150,000 condominium units and their owners. In addition, the Commission maintained its online association registration process and made available on the Commission website a list of all public association contact information (see Chart 18). The Commission regularly responded to requests for information-specific registration lists, such as contact information for condominium associations and neighbor island and zip code-specific condominium associations.

Chart 18. Condominium Association Registration**Condominium Seminars and**

Symposiums - The Commission produced seminars for the condominium community using Commission staff, procured providers, and volunteer professionals from the condominium governance, development, and real estate community. The Commission used CETF subsidies for Commission-approved seminars, including the following for FY 2020:

- August 2019– Top Traits of Boards and Managers
- September 2019— Solving the “P” Problem, Pets Prostitutes, Problem Boards and Owners
- October 2019— Almost Free Legal Advice
- February 2020— Dos and Don’ts of Design Review
- March 2020– Disaster Preparedness

Due to the COVID-19 pandemic, seminars that had been scheduled for spring 2020 were postponed to a later date. With the assistance of its procured provider, Community Associations Institute (CAI) Hawaii, the Commission offered its Condorama, condominium educational seminars free-of-charge to

condominium owners in the State Capitol Auditorium in November 2019 and Maui in January 2020. Both of these events were well attended, with 150 persons in November and 94 persons in January. Due to the COVID-19 pandemic, a Condorama scheduled for April 2020 in Honolulu was cancelled.

Condorama featured speakers recognized in the condominium community for their expertise in condominium law, property management, dispute resolution and insurance. YouTube videos of the events are posted at the Real Estate Branch website for convenient viewing.

Ad Hoc Committee on Condominium Education and Research

– The CRC administers this informal group that reviews, recommends, and assists in the development, update, and administration of condominium consumer education-related projects as needed.

Condominium Managing Agent Registration

– Staff enforced policies and procedures for condominium managing agent registration pursuant to HRS §514B-132.

Rulemaking, HAR Chapters 107 and 119 -

The Commission continued the draft rulemaking process for HAR chapter 119. This FY, the Commission reviewed and revised drafts of the rules and was able to submit a draft to Department of the Attorney General in November 2019 for its review. The Commission welcomed input from Commissioners, stakeholder groups and interested parties on the draft rules.

Meetings – The Commission plans, coordinates, and conducts monthly CRC meetings and posts the schedule of meetings and agendas on the Commission’s website. CRC meetings are open to the public and are a forum for condominium consumers to bring issues before the Commission and to learn about the variety of issues facing the committee.

Government and Legislative Participation and Report – The Commission participated in all aspects of the legislative process, including researching, responding to and meeting with legislators, attending hearings, and providing testimony on proposed condominium legislation. Before the Legislature suspended its 2020 session in March due to COVID-19, the Commission reviewed proposed legislation, resolutions, and agreements relevant to condominium association governance and condominium project development. In addition to researching, drafting, and presenting testimony on condominium bills that were presented in the abbreviated legislative session, staff assisted the CRC in monitoring and tracking all condominium-related bills from the House and Senate.

The Commission distributed its annual report to the Legislature on CETF programs and funds and posted the report to the Commission’s website.

Legislative Acts and Resolutions – The Legislature suspended its 2020 legislative session on March 17, 2020, due to the COVID-19 pandemic. It reconvened on June 22, 2020, and adjourned *sine die* on July 10, 2020. Commission staff are following two bills from the 2020 session, SB 2425, which would repeal the sunset provision of Act 196, SLH 2018, and make permanent the amendments to HRS §§ 514B-71 (a), 514B-72 (a), and 514B-161, and SB 2421, which would repeal the sunset provision of Act 195, SLH 2018, and permanently codify the amendments to HRS §§ 14B-105, 514B-146, and 667-94. A third bill from this year’s legislative session, SB 2871, affected the real estate recovery and education funds and was signed into law on August 12, 2020, it applies retroactively to July 1, 2020.

The Commission reviewed, reported, and developed summaries of all pertinent Legislation and implemented requirements affecting condominium associations in Hawaii prior to suspension of the legislative session in March. The enactment of relevant new laws impacts the CRC’s Advice, Education, and Referral Program of Work.

The Commission prepared revised, unofficial copies of HRS chapter 514B, as amended, and related administrative rules for posting on its website. A limited number of hard copies of the statute and rules were printed to mail to requestors.

Interactive Participation with

Organizations – The Commission participated in education and research efforts with local organizations and government agencies through joint training and participation at meetings with groups including CAI Hawaii, the Hawaii Council of

Community Associations (HCCA), and the Hawaii State Bar Association. Participation with agencies and organizations included educational programs on HRS chapter 514B and the pending repeal of the HRS chapter 514A extension.

Neighbor Island Outreach – The Commission held two meetings on the neighbor islands in FY 2020. Meetings were held on Kauai in September 2019 and on Molokai in January 2020. A June neighbor island meeting was cancelled due to the pandemic.

The neighbor island meetings afforded neighbor island licensees, government officials, condominium owners, and other interested parties the opportunity to attend and personally participate in the committee meetings.

CETF – The Commission administered the CETF for educational purposes this FY, pursuant to HRS §514B-71. The Commission prepared, maintained, and reviewed quarterly and annual financial statements, budget and finance records for the CETF, and administered the fund's investments.

Consumer Education – The education of prospective purchasers of condominium units and current condominium unit owners is a priority for the Commission. While the COVID-19 pandemic forced the Commission to postpone and modify its events after March 2020, the first eight months of FY 20 saw a continued expansion of the Commission's efforts in educational outreach. The Commission participated in 15 outreach events in the community coordinated by the condominium education specialist, including one each on Hawaii Island and Maui and two on Kauai that reached hundreds of owners and prospective purchasers. These events included meetings with condominium industry groups on Maui and Oahu, speaking

to employees of property management firms, providing legislative updates and offering general condominium information at building industry events.

The Commission's statutory mandate emphasizes educating consumers in condominium governance issues. The Commission does this by procuring presenters for Commission-sponsored seminars, creating educational materials in the form of quick-read brochures for online and hardcopy availability, and producing Condorama free-of-charge educational seminars. Additionally, the Commission answers telephone, email, and written inquiries from the public and from legislators on behalf of their constituents.

The Condorama event in November 2019 was well attended by 150 persons. Likewise, in January 2020, the first Condorama event on a neighbor island, was attended by 94 persons. As word of this no-cost event grows, the Commission expects attendance to further increase.

In seeking to provide practical information to prospective purchasers and current unit owners, the Commission has posted the following educational materials on its website: the quarterly Hawaii Condominium Bulletin, informational brochures, owner and board member handbooks, a quarterly newsletter emailed to subscribers, and FAQs. The Commission honors requests to speak whenever possible and will modify its outreach efforts during the pandemic to continue providing condominium-related education consistent with current public health guidelines.

Rulemaking, HAR Chapter 53 – The Commission implemented HAR chapter 53 fees relating to condominium project registration, condominium association registration, and the CETF.

Condominium Property Regime Project Workshop and Meetings

Condominium consultants keep current with the laws and existing Commission policies in meetings with Commission staff and other consultants, memoranda, and individual conferences. The consultants share and discuss with each other and with staff common issues they face in their document review and in their dealings with the various counties. The Commission's condominium consultants assist the Commission in reviewing condominium project registration documents for Commission issuance of an effective date for a public report.

Condominium Specialists' Office for the Day

In conjunction with the Commission's Neighbor Island Outreach Program, the Condominium Specialists' Office for the Day was held on Kauai and Molokai this FY. These are held to give neighbor island residents a chance to personally discuss condominium issues with a staff member.

Condominium Speakership Program

Subject to administrative approvals and priorities, the Commission honors requests to provide a speaker, resource person, or participant in a function related to condominium education in the areas of condominium governance or condominium project registration.

Technology and Website – The Commission operated its website for public interaction and education. The website is regularly updated for ease of navigation for consumers and to include the most current information.

The Commission's email subscription service was created in 2015. Currently it has just under 2,000 subscribers; each quarter, the subscription provides consumers with current information on the condominium law and includes links to educational materials and

events available on the Commission website.

The Commission maintained and updated the electronic storage of materials and provided online access to the developer's public reports, condominium association registration data, and other information. The Commission posts and makes available on its website the developer's public report form for condominium developers and other forms necessary for association registration, condominium hotel operator and condominium managing agent registration in an electronically fillable and downloadable format. The forms are evaluated and amended to meet current statutory requirements.

The Commission continues to move toward accomplishing its long-range goal of providing all condominium information online and to study the feasibility of providing associations with a central depository for all governing documents on the Commission's website, including minutes of association meetings.

Case Law Review Program

The Commission monitors, collects, and reports on relevant state and federal case law, administrative decisions, and policies and procedures. It also reports on governance and project development issues and evaluates cases for inclusion in the Hawaii Condominium Bulletin. Copies of the decisions are provided to the Commissioners.

Start-up Kit for New Association of Unit Owners and New Condominium Managing Agents

Commission staff distributed start-up kits to newly registered Associations of Unit Owners that included unofficial copies of HRS chapter 514B and accompanying administrative rules, along with guides on topics pertinent to the condominium community, such as the importance of having sufficient reserves and the roles and duties of board members and condominium owners.

Records Management – Commission staff evaluated, planned, reorganized, and implemented a centralized, computerized glossary of existing and future educational materials, records, and developer’s public reports and files.

Staff maintained and updated the scanning and electronic storage of records.

Cooperative Education, Research, and Administrative Program – The Commission considered requests to participate in or sponsor cooperative education research and administrative programs with persons or groups providing direct or indirect services to the Commission’s condominium governance and condominium project registration program educational outreach.

Division and Department Program – The Commission coordinated activities and programs of mutual concern within the DCCA for the PVL, RICO, and the Director’s Office.

Staff and Commissioners Development – Materials were developed for training staff and commissioners to administer the condominium governance and project registration programs. Commissioners and staff participated in training and educational opportunities provided by Commission staff, local condominium and real estate industry groups, and their national counterparts.

Condominium Reference Library – Staff maintained at the Real Estate Branch office and on the Commission’s website a catalog of public reference materials provided to the Hawaii State Public Library System in areas with a high concentration of condominiums.

NOTE: This FY, the following previously summarized programs benefited condominium owners and/or educated condominium owners:

- Condominium Laws and Education
- Advice, Education, and Referral
- Hawaii Condominium Bulletin
- Rulemaking, Chapters 107 and 119
- Meetings
- Government and Legislative Participation and Report
- Legislative Acts and Resolutions
- Interactive Participation with Organizations
- Neighbor Island Outreach
- CETF
- Consumer Education
- Condominium Specialists’ Office for the Day
- Technology and Website
- Start-up Kit for New Association of Unit Owners and New Condominium Managing Agents
- Cooperative Education, Research, and Administrative Program
- Condominium Reference Library
- Condominium Mediation and Arbitration Program
- Condominium Association Registration
- Condominium Seminars and Symposium

FY 2021 PROGRAM OF WORK

Condominium Laws and Education – The safe harbor for condominium developers of HRS chapter 514A projects provided by Act 223, SLH 2019, ended on June 30, 2020. Thus, from now on Commission staff will be directing remaining developers with unsold 514A units to amend all documents in compliance with HRS chapter 514B.

The Commission will update the condominium community on relevant changes to the condominium law and post information on the Commission's website, in its quarterly email notices, and in the Condominium and Real Estate Bulletins on current issues affecting the condominium community.

The pandemic has forced the Committee to reconsider its delivery of educational programs. With the help of stakeholder organizations, procured providers, and volunteers throughout the State, the Commission will continue offering statewide educational programs on web platforms that allow virtual participation. Additionally, with input from stakeholder organizations and volunteers, the Commission will update Commission-developed educational materials, including forms and instructional and informational sheets, as appropriate. During this time, the Commission will focus on converting its in-person events to video conferencing platforms, so that attendees may participate in a safe environment.

Education and Referral – On behalf of the Commission, staff will provide educational information to the condominium community via telephone, in-person office visits, email and written correspondence, the Hawaii Condominium Bulletin, quarterly subscriber emails, and the Commission's website. The Commission will continue educating condominium consumers through procured providers delivering instruction on web platforms through community outreach at public events, where appropriate.

Through its educational efforts, the Commission will continue to emphasize the condominium law's guiding philosophy of self-governance by all owners and majority rule.

Condominium Project and Developer's Public Reports – The Commission will assist developers and the condominium development community process documents for the issuance of effective dates for public reports under HRS chapter 514B so that units may be legally sold. With the help of stakeholder organizations other governmental agencies, and interested attorneys, staff will refine electronically fillable developer's public report forms and evaluate and develop, where appropriate, new processes, records, forms, information documents, and rules relating to condominium project registrations. Where necessary, the Commission will procure additional condominium consultants to assist with reviewing documents and information submitted to the Commission in conjunction with condominium project registration requirements. Staff will conduct information and orientation sessions for all newly procured consultants, in addition to conducting yearly informational meetings for all consultants. The Commission will monitor the consultants' performance under the contracts.

Staff will make the developer's public reports available for public viewing and copying to disc via the Commission's website. The Commission will compile information and Commission decisions related to developer's public reports and issues, and will make these available to the public, consultants, and other interested persons. Staff will respond to subpoenas and requests for viewing condominium project files pursuant to HRS chapter 92F. For condominium project registrations, the Commission will study and research an evaluation system and review process that includes electronically administering developer's public reports and scanning documents. The Commission will monitor all

legislation relevant to condominium project registration, including land use regulation and agriculture use legislation on the neighbor islands for potential impact upon condominium developers and the public report process.

Hawaii Condominium Bulletin – The Commission will continue the online publication of its quarterly bulletin dedicated to educating condominium owners and interested persons on current issues relevant to condominium governance and living. Staff will continue management and administration of this program with a procured independent contractor assisting in the layout and design of the bulletin.

Condominium Mediation and Voluntary Binding Arbitration Program – Through the CETF, the Commission will subsidize and monitor the ongoing delivery by private providers of mediation and voluntary binding arbitration programs. Staff will monitor the contracted mediation and arbitration providers and collect information and statistics on its use for educational and annual report purposes.

Condominium Association Registration – Staff will administer the online registration of condominium associations, including reviewing and updating registration policies, procedures, and appeals in preparation for the 2021-2022 biennial registration period. The Commission will respond to subpoenas and requests for records relating to association registration, consistent with OIP procedures. The Commission lists all association contact information on its website, with preprinted lists available upon request. The Commission will continue responding to requests for data-specific association registration lists.

The Commission will post completed condominium association registration materials online for electronic access by the public and Commission staff.

Condominium Seminars and Symposiums – The Commission will produce seminars for the condominium community through procured contracts with various providers and will procure additional new providers as required on timely and relevant topics for availability on web platforms. This will

make education accessible to all interested condominium owners on the neighbor islands. The Commission will continue administering CETF subsidies for Commission-approved seminars where funds are available and public health requirements can be met. The Commission will administer a CRC educational ad hoc advisory group to provide recommendations and input on CRC educational programs as needed.

Ad Hoc Committee on Condominium Education and Research – To ensure community safety, the CRC will administer this group remotely on an as-needed basis, to review, make recommendations, and assist in the development, update, and administration of condominium education-related projects.

Condominium Managing Agents Registration – The Commission will monitor condominium managing agent registration requirements pursuant to HRS §514B-132.

Rulemaking, HAR Chapters 107 and 119 – The Commission will await return of the draft rules from the Department of the Attorney General, which were submitted in November 2019. The draft rules will then be reviewed by the Small Business Regulatory Review Board, Legislative Reference Bureau, Department of Budget and Finance, Department of Business, Economic Development and Tourism, and the Governor.

Meetings – With support from staff, the Commission will plan, coordinate, and conduct monthly meetings on a video conferencing platform. This will allow all interested persons, including neighbor island residents to participate. The schedule of meetings and agendas will be posted on the Commission's website; meeting minutes will be stored in PDF and searchable format.

Government and Legislative Participation and Report – The Commission will participate in all aspects of the legislative process, including researching, responding to, and meeting with legislators, responding to requests from legislators, attending hearings, and providing testimony on proposed condominium legislation. The Commission will review

and consider all proposed legislation and resolutions relating to condominium association governance and condominium project development. In addition to researching, drafting, and providing testimony on condominium related bills, staff will assist the CRC in monitoring and tracking all relevant bills.

Legislative Acts and Resolutions – The Commission will review, report, and develop summaries on all relevant legislation proposed in the 2021 legislative session and implement any required changes to the Commission’s policies and procedures as a result of new legislation.

Interactive Participation with Organizations – The Commission and staff will participate with local organizations and government agencies in exchanging information and concerns and share education and research efforts that include joint projects of mutual concern. The Commission and staff will participate in local meetings, including the CAI Hawaii, HCCA, and Hawaii State Bar Association which may be done remotely. Participation with national groups such as ARELLO and CAI National is also possible on a web platform in the coming year as funding and public safety allow.

Neighbor Island Outreach – All interested persons on the neighbor islands will be able to participate in Commission meetings of their choosing. Meetings will continue to be held via video conferencing platform through the duration of the pandemic as the Commission conducts its business remotely keeping in mind the health and safety of all participants.

CETF – The Commission will administer the funds for educationally defined purposes, pursuant to HRS §514B-71. The Commission prepares, maintains, and reviews quarterly and

annual financial statements, budget and finance records for both the educational funds, and administers fund investment.

Consumer Education – In addition to its existing focus on condominium governance issues, the Commission will work to develop a consumer education program about initial project sales and resales targeting prospective purchasers of new and resale condominium units. The Commission will maintain its existing educational materials on its website and in its brochures. Where appropriate, it will also offer any seminars on web platforms keeping in mind the health and safety of all participants.

Rulemaking, HAR Chapter 53 – The Commission will monitor, review, research, and make recommendations on rule amendments for fees through coordination with the DCCA and the Licensing Administrator.

Condominium Property Regime Project Workshop and Meetings – Staff will conduct sessions and forums this FY for condominium consultants for the purposes of orientation and information, including a review of any issues presented in project development review. All forums will be conducted on videoconferencing services during the pandemic and be aimed at developers, attorneys, condominium consultants, and condominium managing agents regarding the ongoing implementation of HRS chapter 514B.

Condominium Specialists’ Office for the Day – The condominium specialists will maintain their contact with neighbor island condominium owners through CRC meetings conducted on a web platform. The Commission and staff will use this time to respond to neighbor island RICO staff concerns as well. In addition, any condominium

unit owners will have access to a condominium specialist at any time through the telephone and email communication.

Condominium Speakership Program – The Commission honors requests to provide a speaker or resource person or to participate in a function related to condominium education on either condominium governance or project registration. As public health requirements dictate, Commission staff are available to groups to address issues or answer questions about condominium laws. With the condominium education specialist to assist the Commission, the Commission can reach more condominium community members and groups in fulfillment of its educational mandate.

Technology and Website – The Commission will maintain its website for public interaction and education. It will support the electronic storage of materials and provide the public with online access to developer's public reports, condominium association registration data, and current educational information.

The Commission will post and make the developer's public report form and other related forms electronically fillable and downloadable. The forms will be evaluated and amended throughout this FY to meet the implementation challenges that may arise. The Commission will assess its long-range goal of providing all public condominium information online and the feasibility of providing associations with a central depository for all governing documents on the Commission's website, including minutes of association meetings.

The Commission will continue to post all completed association registrations to its website for public viewing and provide quarterly condominium updates through its

online email subscription service in maintaining the educational focus of its website.

Condominium Speakership Program – The Commission honors requests to provide a speaker or resource person or to participate in a function related to condominium education, HRS chapter 514B, condominium governance issues, or condominium project registration. Commission staff are available to condominium associations and property management firms to answer questions about condominium law. With the addition of a condominium education specialist position to assist the Commission, the Commission expects to reach more condominium community members and groups in fulfillment of its educational mandate.

Case Law Review Program – The Commission will monitor relevant state and federal case law and administrative decisions, policies, and procedures, including relevant governance and project development case law. It will evaluate all cases for inclusion in the Hawaii Condominium Bulletin.

Start-up Kit for New Association of Unit Owners and New Condominium Managing Agents – Staff will distribute start-up kits to newly registered Association of Unit Owners and condominium managing agents, including unofficial copies of HRS chapter 514B, administrative rules, and guides pertaining to budgets and reserves, board of directors, and condominium owners.

Records Management – Staff will evaluate, plan, reorganize, and implement a centralized, consistent, user-friendly, and computerized glossary of existing and future educational materials, records, developer's public reports, and project files. It will scan and store meeting minutes and developer's public reports.

Cooperative Education, Research, and

Administrative Program – The Commission will actively participate and sponsor cooperative education, research, and administrative programs for the DCCA and the Department of the Attorney General, all of which provide direct and indirect services to the Commission, its CETF, or condominium project registration and responsibilities.

Division and Department Program – The Commission will coordinate activities and programs of mutual concern within the DCCA for the PVL, RICO, and the Director's Office. It will coordinate positions on HRS chapters 436B, 467, and 514B and monitor the interaction and effect of other regulatory laws and rules on HRS chapter 514B.

Staff and Commissioners Development – Training for staff and commissioners will be conducted, as funds, and health and safety delivery guidelines allow, to maintain the efficient provision of services to the condominium community in the areas of condominium governance and project

development. Staff and commissioners will take advantage of remote training and educational opportunities provided by the Real Estate Educators Association, ARELLO, CAI Hawaii, HCCA, the Council on Licensure, Enforcement, and Regulation, and other organizations.

Condominium Reference Library – Staff will maintain and update the Commission's website catalog of all public reference materials. If allowed during the pandemic, it will provide materials to the Hawaii State Public Library System when materials are available (especially in highly concentrated condominium property regime areas), at mediation provider offices, and at the Real Estate Branch office. Where feasible, the Commission will provide information in conjunction with condominium law educational programs. Staff will research and study the cost of updating and maintaining all condominium library reference materials. Staff will also consider including these updates as part of any five-year strategic educational plan for condominium education.

Real Estate Education Fund

Fund Balance As of June 30, 2020 (Unaudited)

ASSETS

Cash	
In State Treasury	\$1,201,101
 Total Assets	 1,201,101

LIABILITIES AND FUND BALANCE

Liabilities	
Payables	(77,395)
Fund Balance	
Reserve for Encumbrances	77,983
Unreserved	1,200,513
Balance	1,278,496

Total Liabilities and Fund Balance	\$1,201,101
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Revenues and Expenditures For the Year Ending June 30, 2020 (Unaudited)

Revenues	
Fees	\$132,375
Interest Income	65,328
Total Revenues	197,703
 Expenditures	 518,686
Excess (deficiency) of revenues over expenditures	(320,983)
Fund Balance	
Beginning of Year	1,599,479
End of Year	\$1,278,496

FY 2020 Expenditures and Encumbrances

I. Operations

Personnel	\$447,804
Supplies	3,629
Equipment Rentals and Maintenance	6,320
Dues and Subscriptions	2,758
Total Operations	\$460,511

II. Direct Licensee Education

Neighbor Islands Outreach	1,935
Annual Report/Quarterly Bulletin	30,840
Programs	82,253
Total Direct Licensee Education	115,028

III. Indirect Licensee Education

License Renewals	0
Interactive Participation w/Org	21,130
Total Indirect Licensee Education	21,130

Total Expenditures and Encumbrances	\$596,669
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NOTE: Temporary differences may exist due to the timing delay between registration/renewal and funds deposited due to fiscal and Department of Accounting and General Services releasing the funds and will be accounted for in the following fiscal period.

Real Estate Recovery Fund

Fund Balance As of June 30, 2020 (Unaudited)

FY 2020 Recovery Fund Payments

ASSETS		Case No.	Licensee(s)	Amount
Cash		None		
In State Treasury	\$882,673			
Total Assets	<u>\$882,673</u>			
LIABILITIES AND FUND BALANCE				
Liabilities				
Payables	(\$14,927)			
Total Liabilities	(14,927)			
Fund Balance				
Reserve for encumbrance	3,484			
Unreserved	894,116			
Fund Balance	<u>897,600</u>			
Total Liabilities and Fund Balance	<u>\$882,673</u>			

Revenues and Expenditures For the Year Ending June 30, 2020 (Unaudited)

Revenues	
Fees	\$68,087
Expenditures	
Operations	53,132
Legal Services	26,467
Claims	
Total Expenditures	<u>79,599</u>
Excess (deficiency) of revenues over expenditures	(11,512)
Fund Balance	
Beginning of Year	909,112
End of Year	<u>\$897,600</u>

NOTE: Temporary differences may exist due to the timing delay between registration/renewal and funds deposited due to fiscal and Department of Accounting and General Services releasing the funds and will be accounted for in the following fiscal period.

Condominium Education Trust Fund

Fund Balance As of June 30, 2020 (Unaudited)

ASSETS	
Cash	
In State Treasury	\$1,695,210
Short term cash investments	<u>0</u>
Total Assets	<u>\$1,695,210</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Payables	(\$77,024)
Fund Balance	
Reserve for Encumbrances	\$19,951
Unreserved	<u>\$1,752,282</u>
Fund Balance	<u>\$1,772,233</u>
Total Liabilities and Fund Balance	<u>\$1,695,210</u>

Revenues and Expenditures For the Year Ending June 30, 2020 (Unaudited)

Revenues	
Fees - Evaluative Mediation	\$37,646
Fees - AOUE Registration	\$107,207
Interest income	<u>\$61,113</u>
Total Revenues	\$205,966
Expenditures	<u>\$663,276</u>
Excess (deficiency) of revenues over expenditures	(457,310)
Fund Balance	
Beginning of Year	<u>2,185,277</u>
End of Year	<u>\$1,727,967</u>

FY 2020 Expenditures and Encumbrances (Unaudited)

Personnel	542,523
Supplies	2,791
Postage	0
Equipment Rentals/Maintenance	6,136
Education and Research	59,986
Equipment for Office	0
Staff/Commissioner Development	5,763
Resource Materials	0
Dues & Subscriptions	1,229
Mediation	64,684
Miscellaneous	<u>115</u>
Total Expenditures and Encumbrances	<u>\$683,227</u>

CONDOMINIUM EDUCATION FUND FY 2021 Budget (proposed)

REVENUES	
Application and Renewal Fees	\$800,000
Interest	<u>\$12,000</u>
Total Revenues	\$812,000
EXPENDITURES	
Personnel	\$605,322
	Subtotal \$605,322
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Administrative Expenses	\$10,450
Condominium Program of Work	\$397,061
	Subtotal \$407,511
Total Expenditures and Budget Ceiling	\$1,012,833

NOTE: Temporary differences may exist due to the timing delay between registration/renewal and funds deposited due to fiscal and Department of Accounting and General Services releasing the funds and will be accounted for in the following fiscal period.