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DEPUTY DIRECTOR

November 30, 2022

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Enclosed is a copy of the 2022 Annual Report of the Real Estate Commission, as required by section 467-4(5), Hawaii Revised Statutes (HRS). This report includes fund information pertaining to the Condominium Education Trust Fund, as required by section 514B-73(d), HRS.

In accordance with section 93-16(a), HRS, a copy of this report will be transmitted to the Legislative Reference Bureau Library and viewable electronically at cca.hawaii.gov/reb/reports/. Copies will also be transmitted to the State Publications Distribution Center and the University of Hawaii pursuant to section 93-3, HRS.

Sincerely,

CATHERINE P. AWAKUNI COLÓN
Director

Enclosure

- c: Legislative Reference Bureau Library (1 hard copy)
State Publications Distribution Center (2 hard copies, 1 electronic copy)
University of Hawaii (1 hard copy)



2022 Annual Report

Real Estate Commission

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

The 2022 Hawaii Real Estate Commission

Michael E. Pang
Chair
Honolulu, Real Estate Broker

Nikki Senter
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

Derrick Yamane
Chair, Education Review Committee
Oahu, Real Estate Broker

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

John Love
Chair, Condominium Review Committee
Public Member

P. Denise La Costa
Vice Chair, Condominium Review Committee
Maui, Real Estate Broker

Audrey Abe
Honolulu, Real Estate Broker

Jennifer Andrews
Honolulu, Real Estate Broker

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 Ige, Governor, State of Hawaii, Members of the Thirty-Second 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 during fiscal year (FY)2022. Branch staff was on a rotating schedule of in office and working from home. The monthly in-person Real Estate Commission (Commission) and standing committee meetings were combined and virtually resumed in July 2021. The usual Real Estate Branch activities and responsibilities have continued. Real estate licenses continue 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.

In-person license testing resumed in every location and is now being offered virtually via a new remote proctoring program with the Commission's examination vendor. Live, online, and web-based continuing education classes and prelicense classes have been offered during the pandemic. Access by the public to DCCA and the Real Estate Branch is back to pre-pandemic scheduling: Monday-Friday, 7:45 a.m. - 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 2022. The Commission currently oversees 19,904 licensees statewide, of which 15,188 hold active licenses. This is a 3.8% increase in total licensees from a year ago. The Commission also oversees approximately 1,454 registered condominium associations and 30 condominium hotel operators (CHOs). There were 235 new and conversion project filings as compared to 244 filings in FY 2021.

The Commission is a nine-member, Governor-appointed body currently comprised of seven industry members and two public members, all of whom 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 prelicense education schools and instructors and is responsible for developing the prelicensing 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, condominium hotel operations (CHO), 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 2022. 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 or 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 towards accomplishing the program of work in those described areas. 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 Nikki Senter, 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 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 continues on the national radar.

The Education Review Committee, under the leadership of Derrick Yamane, Oahu Commissioner and Vice Chair Russell Kyono, Kauai Commissioner, worked with the Ad Hoc Committee on Education, made up of industry volunteers, to produce the Commission's 2021-2022 mandatory core course, Part B, – "Ditch the 'Mis' in Misrepresentation." Condominium Review Committee, John Love, Honolulu Public Commissioner and Vice Chair, Commissioner P Denise La Costa, Maui Commissioner oversaw the activities of Commission staff relating to condominium project development, condominium governance, and condominium education.

Under the guidance of Chair Love and Vice Chair La Costa, 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 made available at the Real Estate Branch website. The Commission looks forward to participating in many community events in the future when circumstances allow. The Commission also continues to operate its hotline.

While COVID-19 pandemic health and safety protocols remained in place through the year, Commission staff were still able to fulfill their educational mandate by participating in remote online events. Commission staff engaged with property management companies, and real estate and condominium industry groups to discuss a wide range of topics including condominium project development and governance issues, such as dispute resolution, mediation, accessing documents, and the timely topic of coping with COVID in condominium associations.

The Commission is a hardworking and committed group, seeking to meet the challenges of changing economic times and a constantly evolving real estate industry, as well as embracing current changes that impact today's real estate licensees and consumers. 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 Ahlani K. Quiogue, 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 written in a cursive, flowing style.

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
Ahlani K. Quiogue, Licensing Administrator

Real Estate Branch:

Neil K. Fujitani, Supervising Executive Officer
Miles Ino, Executive Officer
Kristen Kekoa-Nakasone, Secretary
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
Nohelani Jackson, Real Estate Specialist
Lessie-Mae De Ramos, Office Assistant
Carleen Weisbarth-Jose, Office Assistant
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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

Due to the ongoing COVID-19 pandemic, for FY 2022, the Laws and Rules Review Committee, led by Chair Nikki Senter and Vice Chair Sean Ginoza, had a less active year with legislation, reactive issues, licensing programs, and recovery fund administration compared to previous years.

LEGISLATIVE

Act 087 – Requires cesspools in the State to be upgraded or converted to a wastewater system approved by the Director of Health before 1/1/2050.

Act 154 – Defines "assistance animal" in the context of Hawaii law prohibiting discrimination in real property transactions. Codifies the administrative process in verifying that a person requesting a reasonable accommodation that includes the use of an assistance animal has a disability and the assistance animal is needed to alleviate one or more symptoms of the person's disability. Specifies that possession of a vest or other distinguishing animal garment, tag, or registration document commonly purchased online and purporting to identify an animal as a service animal or assistance animal does not constitute valid verification. Effective 11/1/2022.

Act 165 – Requires state legislators and employees to complete mandatory live or online ethics training courses every four years, subject to certain requirements. Effective 1/1/2023.

Act 264 – Defines "board business" and "informal gatherings." Allows a board to prepare and circulate amongst members a statement on a position previously adopted for purposes of submission to the legislature, under certain circumstances. Outlines when board packets must be available to interested persons.

Act 153 – Establishes a cesspool compliance pilot grant project to assist low- and moderate-income property owners, including lessees on Hawaiian homelands, with the costs of upgrading, converting, or connecting certain cesspools. Appropriates funds. Sunsets on 6/30/2028.

LICENSING

For FY 2022, the total number of licensees was 19,904 compared to 19,163 in FY 2021. This represents an increase of 3.8% from 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 22 years of 13,033 licensees in 1999.

FY 2022 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 2022, the Commission did not receive any notification for claims on the fund (see Chart 1) nor was there any payments out of the recovery fund for FY 2022. Since its inception in 1967, the RERF has paid out over two million dollars (see Chart 2).

CHART 1. RECOVERY FUND NOTICES

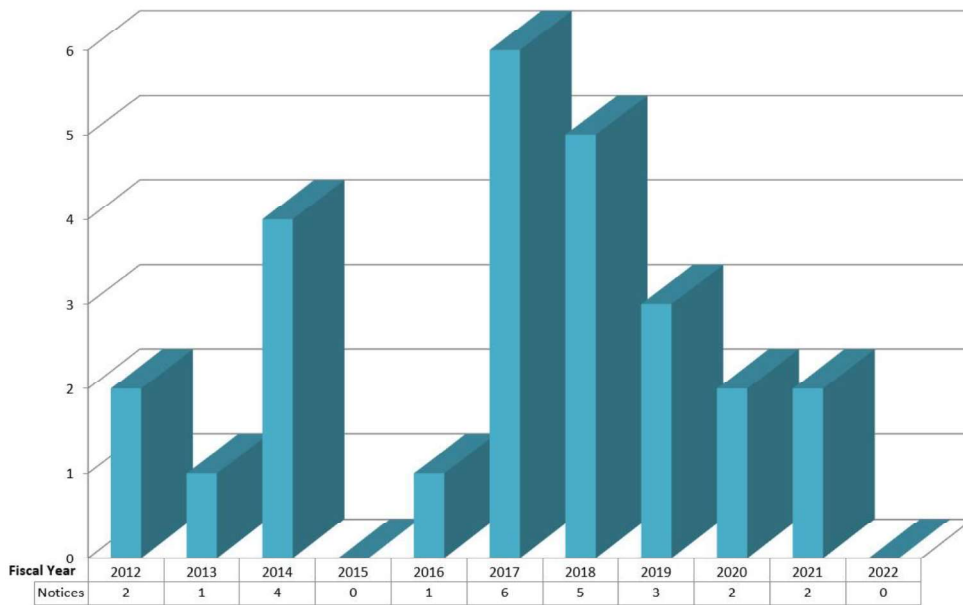
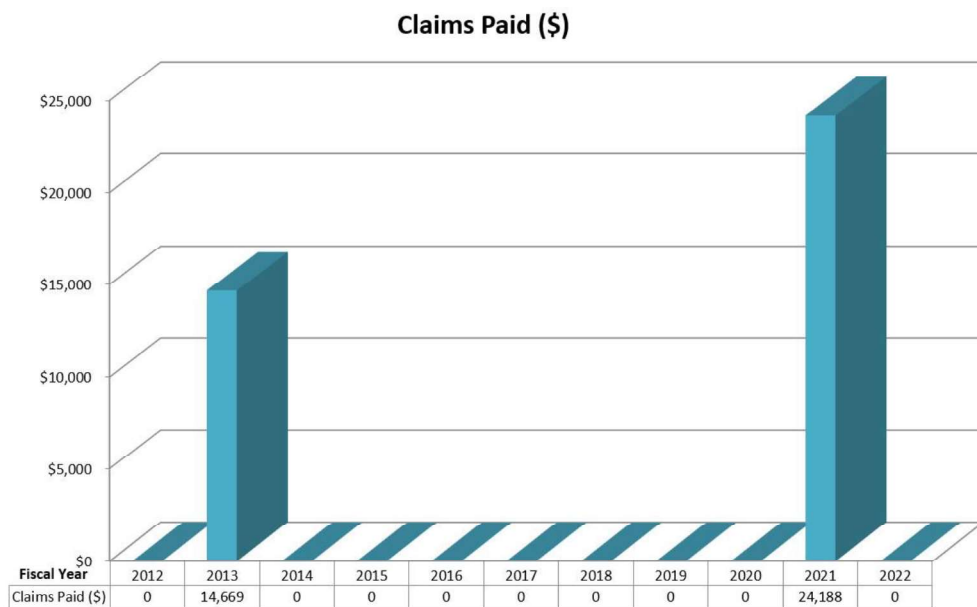


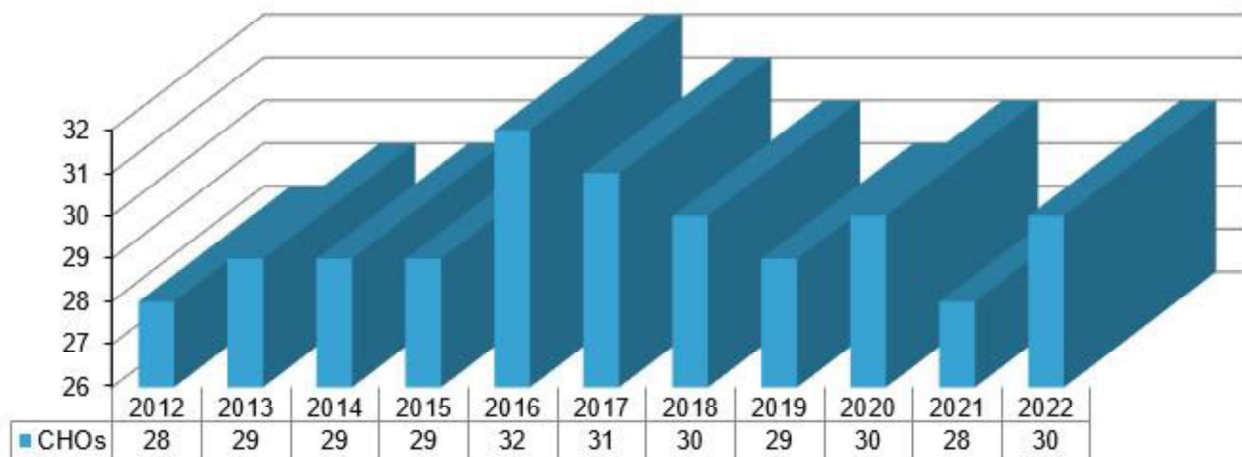
CHART 2. RECOVERY FUND- CLAIMS PAID



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

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. This FY, the Commission registered 30 CHOs (see Chart 3).

CHART 3. CHO REGISTRATION



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 rule-making process. The Commission is 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 – The Commission, with support from staff, administered monthly committee meetings, as well as subcommittee and ad hoc committee meetings virtually.

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 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.

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 – Unfortunately, due to the COVID-19 pandemic and the associated travel related complications, in-person meetings to the neighbor islands were canceled. Neighbor island interested parties were afforded the opportunity to attend and participate in the virtual meetings held in conjunction with the Commission 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, and organization. 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.

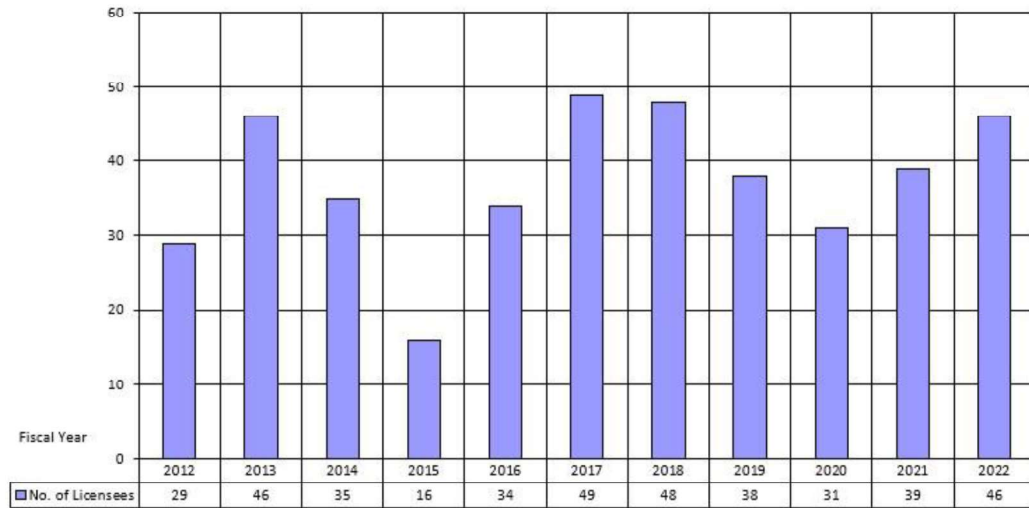
Commissioners Education Program – Staff researched and provided reference materials to commissioners and conducted periodic workshops for all commissioners.

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 46 licensees from July 2021 to June 2022. This is a 21.1% increase over the 38 licensees disciplined in FY 2021. Chart 4 provides historical information on the number of licensees disciplined by the Commission.

CHART 4. DISCIPLINARY ACTIONS

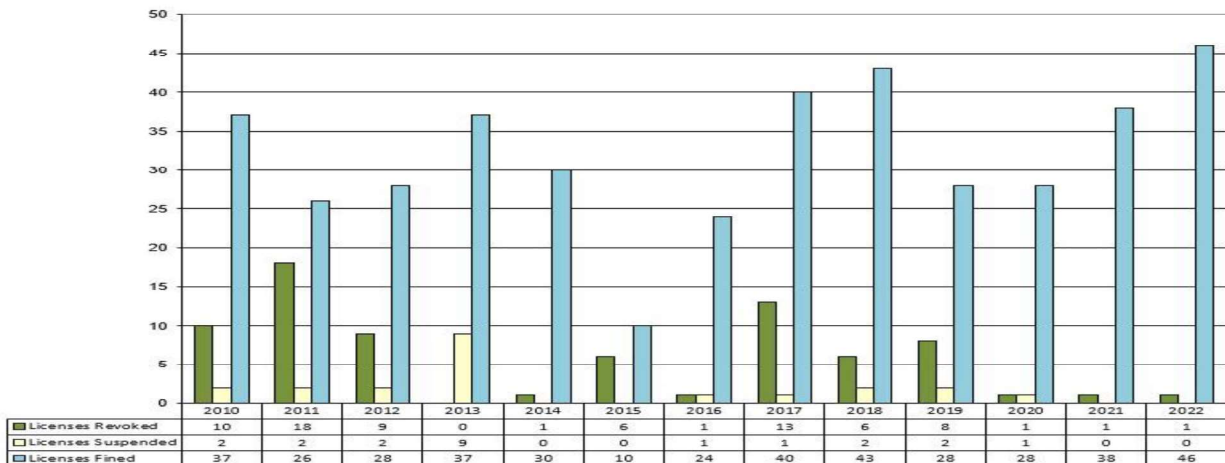


Fines totaling \$89,750 were assessed against 46 licensees. There was one revocation this FY. (See Table 1 and Chart 5)

Table 1 - Administrative Actions - FY 2022

No. of Licensees Disciplined	46
Licenses Revoked	1
Licenses Suspended	0
Licenses Fined	46
Total fines	\$89,750

CHART 5. ADMINISTRATIVE ACTIONS- SANCTIONS



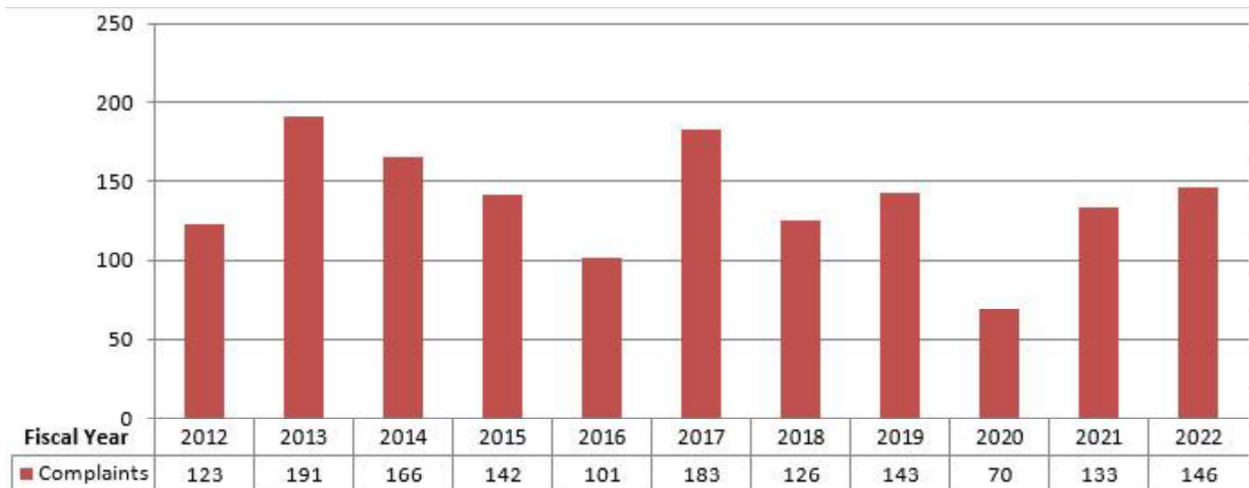
REGULATED INDUSTRIES COMPLAINTS OFFICE (RICO)

RICO receives, investigates, and prosecutes complaints against real estate licensees for violations of laws and rules. Complaints have fluctuated over the past 10 years with a 9.8% increase in FY 2022. RICO received 146 real estate complaints in FY 2022, compared to 133 in FY 2021 (see Chart 6).

Forty complaints are pending, and one-hundred six complaints were closed as follows:

- 19 Warning Letters
- 14 Retained for Records Only
- 29 Insufficient Evidence
- 9 No Violations
- 11 Legal Action
- 5 Education Contact
- 16 Resolved
- 3 Withdrawn

CHART 6. RICO COMPLAINTS (REAL ESTATE)



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

1. §467-14(13)- Violating chapter 467; chapters 484, 514B, 514E, or 515; §516-71; or the rules adopted pursuant thereto.
2. §467-1.6(a)- The principal broker shall have direct management and supervision of the brokerage firm and its real estate licensees.
3. §467-14(4)- Without first having obtained the written consent to do so of both parties involved in any real estate transaction, acting for both the parties in connection with the transaction, or collecting or attempting to collect commissions or other compensation for the licensee's services from both of the parties.
4. §467-14(1)- Making any misrepresentation concerning any real estate transaction.
5. §467- 14(8)- Any other conduct constituting fraudulent or dishonest dealings.

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

1. §16-99-3(f)- The licensee, for the protection of all parties with whom the licensee deals, shall see that financial obligations and commitments regarding real estate transactions, including real property rental management agreements, are in writing, express the exact agreements of the parties, and set forth essential terms and conditions, and that copies of those agreements, at the time they are executed, are placed in the hands of all parties involved
2. §16-99-3(a)- Licensee shall fully protect the general public in its real estate transactions.
3. §16-99-3(b)- Licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field.
4. §16-99-3(o)- Prior to the time the principal broker or the broker-in-charge is absent from the principal place of business for more than thirty calendar days, and no other broker-in-charge is registered for the principal place of business, the principal broker shall submit to the commission a signed, written notification of the absence designating a temporary principal broker or temporary broker-in-charge, who shall acknowledge the temporary designation by signing the notification.
5. §16-99-3(j)- A 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 2023 PROGRAM OF WORK

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

EDUCATION REVIEW COMMITTEE REPORT

The Education Review Committee, for FY 2022, under the leadership of Chair Derrick Yamane and Vice Chair Russell Kyono continued to address important and varied education issues.

FY 2022 PROGRAM OF WORK

Continuing Education (CE) Core Course – The Commission researched and developed its core course on legislative updates and Core B – “Ditch the ‘Mis’ in Misrepresentation” for the second year of the licensing biennium. Due to the COVID-19 pandemic, licensees have the option to take the core course in a “remote/live” format, which means the instructor is teaching the course in real time via webinar-type platforms. This is in addition to the traditional live and online course offerings.

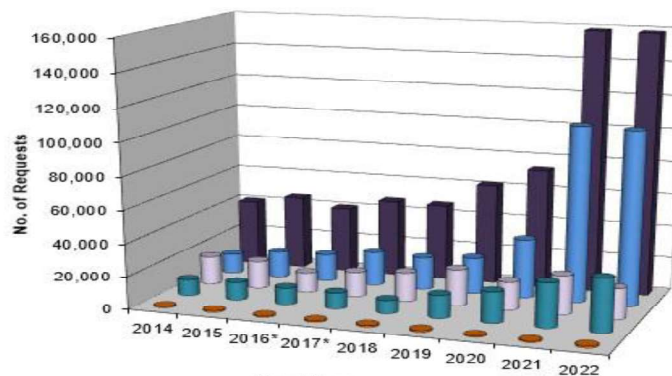
Salesperson Curriculum and Resources – The newly updated curriculum which went into effective January 1, 2021, continued to be offered in both the live classroom and independent study/online format.

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 1,016 walk-in inquiries; 32,560 applications and written inquiries/requests; 18,918 telephone inquiries; and 105,961 emails (see Chart 7).

CHART 7. INQUIRES AND APPLICATION



	2014	2015	2016*	2017*	2018	2019	2020	2021	2022
Walk-ins	852	1,031	727	784	941	984	720	818	1,016
Applications / written requests	10,007	11,073	10,209	9,953	8,171	14,166	18,968	27,138	32,560
Telephone calls	17,486	17,067	12,410	15,463	17,701	22,329	17,249	23,999	18,918
E-mail	12,233	16,225	17,060	21,074	20,053	22,332	36,319	106,652	105,961
Total (*Corrected Total)	40,578	45,396	40,406	47,274	46,866	61,830	73,256	158,607	158,455

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. Since the launch of the new Education System in March 2021, challenges regarding the new database continued this FY. However, those issues are being tweaked to address all education issues that impact real estate licensees and real estate candidates, as well as the Pre-license Schools and Continuing Education Providers. The 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 and reports and kept abreast of daily exams.

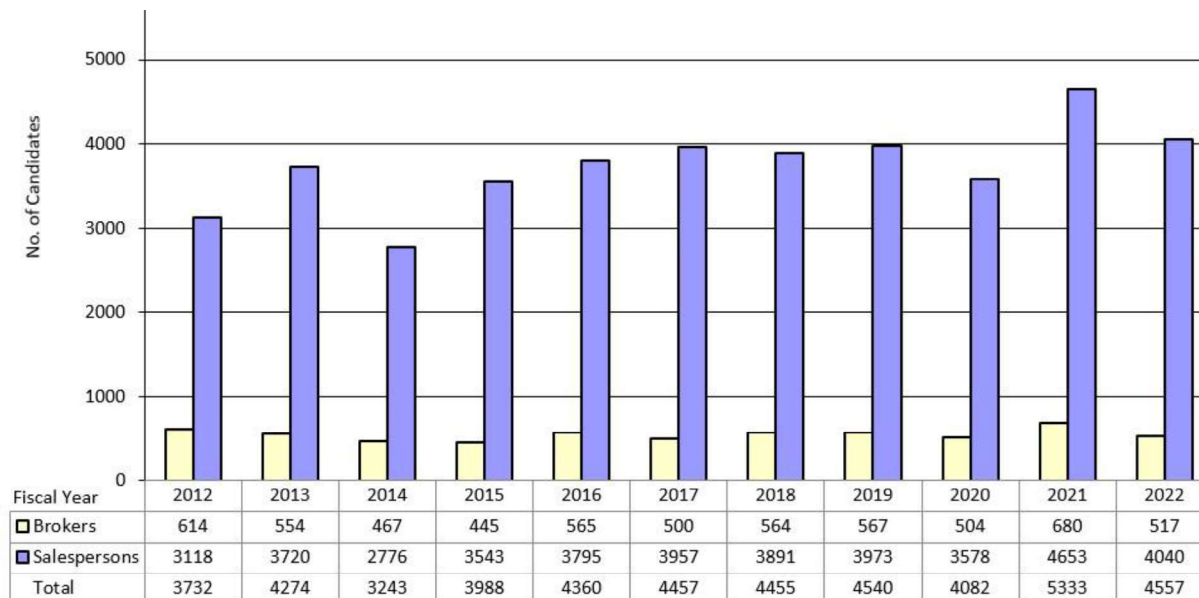
The annual PSI Industry Day took place virtually on July 30, 2021.

The Commission approved remote proctoring or remote testing and it successfully launched on January 21, 2021. Although the State COVID restrictions have eased, remote proctoring has continued. The availability of remote proctoring was beneficial for license candidates, as testing could be accomplished in the candidates’ own home, assuming the technology available was compatible with the PSI testing requirements. Despite the availability of remote proctoring, we saw a decrease of about 14.6% of candidates who took the examination from last fiscal year as shown in Table 2 and Chart 8 (see page 16).

TABLE 2. REAL ESTATE LICENSING EXAMINATIONS

	FY 2021	FY 2022	% Change
Brokers Tested*	680	517	-24.0%
Salespersons Tested*	4653	4040	-13.2%
Total Tested	5333	4557	-14.6%
Brokers Passed**	447	309	-30.9%
Salespersons Passed**	2948	2155	-26.9%
Total Passed	3395	2464	-27.5%
% Brokers Pass*	65.7%	59.8%	
% Salespersons Pass*	63.4%	53.3%	
*First time and Retakers			
**National and/or State Portion			

CHART 8. LICENSING EXAMINATION CANDIDATES



Staff periodically monitors the examination administration on each island to assure facilities and procedures comply with PSI and Commission policies.

Three hundred thirteen 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 21.3% increase from last FY's total of 258 approvals.

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. 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, many previously approved classroom CE courses switched to a live webinar-based platform which was welcomed with much success. In addition, as restrictions eased up this fiscal year, CE Providers were able to resume with in-person classroom offerings of CE courses.

The Commission provided administrative information to elective course providers and licensees, assisted providers in submissions, reviewed submitted applications, reviewed submitted curriculum, made recommendations, and assisted with records management. The new Education 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. However, as stated above, the Education System continues to deal with issues in delivery of information. Real estate licensees are also able to access and reprint their own course completion certificates for the current and previous biennium.

Additionally, real estate principal brokers and brokers-in-charge can monitor and view current CE hours, CE history, and the license status of all licensees associated with the brokerage. This system is updated daily and allows principal brokers to stay accountable for their associated licensees.

During FY 22, there was a total of 456 CE course offerings and a total of 15,721 participants.

Ad Hoc Committee on Education (ACE) – The Commission’s ACE reviewed, recommended, assisted in developing, updating, and administering education-related projects and CE. There were two ACE meetings during the fiscal year: February 2, 2022, and April 18, 2022. ACE assisted in developing the topic for the Commission’s 2021-2022 Core Course, Part B, “Ditch the ‘Mis’ in Misrepresentation.” Meetings were held via Zoom due to the COVID-19 pandemic.

Meetings and Symposium – Due to the COVID-19 pandemic, the Education Review Committee (ERC) did not meet as a separate standing committee from April 2020 through the end of the fiscal year. Instead, ERC matters are included as an agenda item at monthly Commission meetings, and will continue that way until in-person meetings resume.

Annual Report and Quarterly Bulletin – Staff researched, developed, and distributed the Commission’s Annual Report and 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 cca.hawaii.gov/reb/. In contrast to the Real Estate Commission Bulletin, the Commission’s Annual Report is primarily an electronic publication. A limited number of printed copies were distributed to the Legislature and to the Governor. Interested licensees and members of the public can 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 – Due to the COVID-19 pandemic, the Commission did not meet on the Neighbor Islands in FY 2022. It is uncertain when and if these meetings will resume.

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 Commissioner La Costa to attend the ARELLO annual mid-year conference, which was held from April 6 – April 8, 2022, in Savannah, Georgia.

Instructors Development Workshops – The Commission contracted with the Hawaii Association of REALTORS® to provide Instructors Development Workshops (IDWs). The IDWs took place this fiscal year on May 12 and 19, 2022.

Legislative Participation, Research, and Report – The Commission researched, participated, and reported on requests by the Legislature, including resolutions, agreements, and issues of mutual concern.

Evaluation and Education System for CE and Pre-licensing Instructors, Courses, Providers, and Schools – Currently, course and instructor evaluations are the responsibility of each CE Provider and Prelicense School. Record-keeping is required by each CE Provider and Prelicense School. As the new licensing education system continues to be developed, the hope is that the new system will allow for the evaluations to be electronically submitted.

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 Specialists' Office for the Day was not held on any Neighbor Island due to the COVID-19 pandemic.

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 maintains the design and content of the Hawaii Real Estate Branch's website (cca.hawaii.gov/reb/). The website is updated frequently to provide both licensees and the public the most current real estate information. The Commission's website, cca.hawaii.gov/reb/, 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, and generic permission copying of brochures, reports, and videotapes.

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.

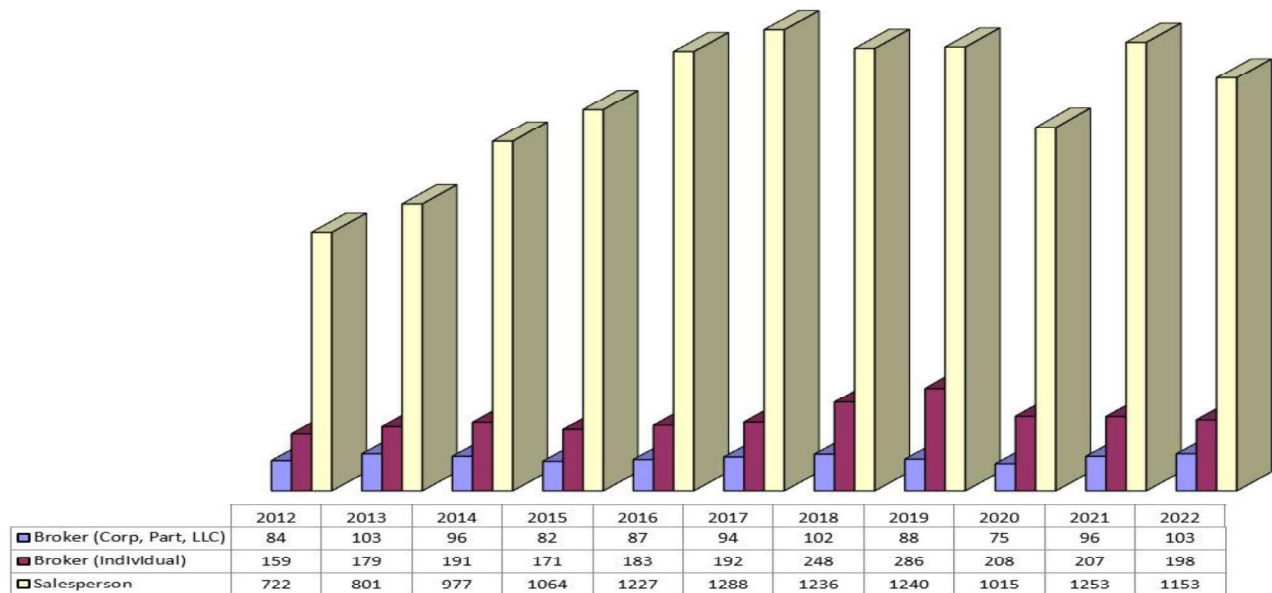
Staff and Commissioners Development – Staff developed and trained staff and commissioners for better administration of the real estate programs. Commissioners and staff participated in training and educational opportunities provided by the REEA, ARELLO, Condominium Associations Institute, Council on 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 2022, 1,454 new licenses were issued, representing a decrease of 6.6% over the prior FY. New individual broker licenses decreased by 4.3%, new salesperson licenses decreased by 8%, and new entity licenses increased by 7.3% (see Chart 9).

CHART 9. NEW REAL ESTATE LICENSES



Current Licenses – The overall number of current real estate licenses increased 3.6% by the end of FY 2022. In FY 2022, active licenses increased by 1.7%, and inactive

licenses increased by 10.1% in comparison to last FY. (See Chart 10, Table 3, and Chart 11)

CHART 10. TOTAL REAL ESTATE LICENSEES

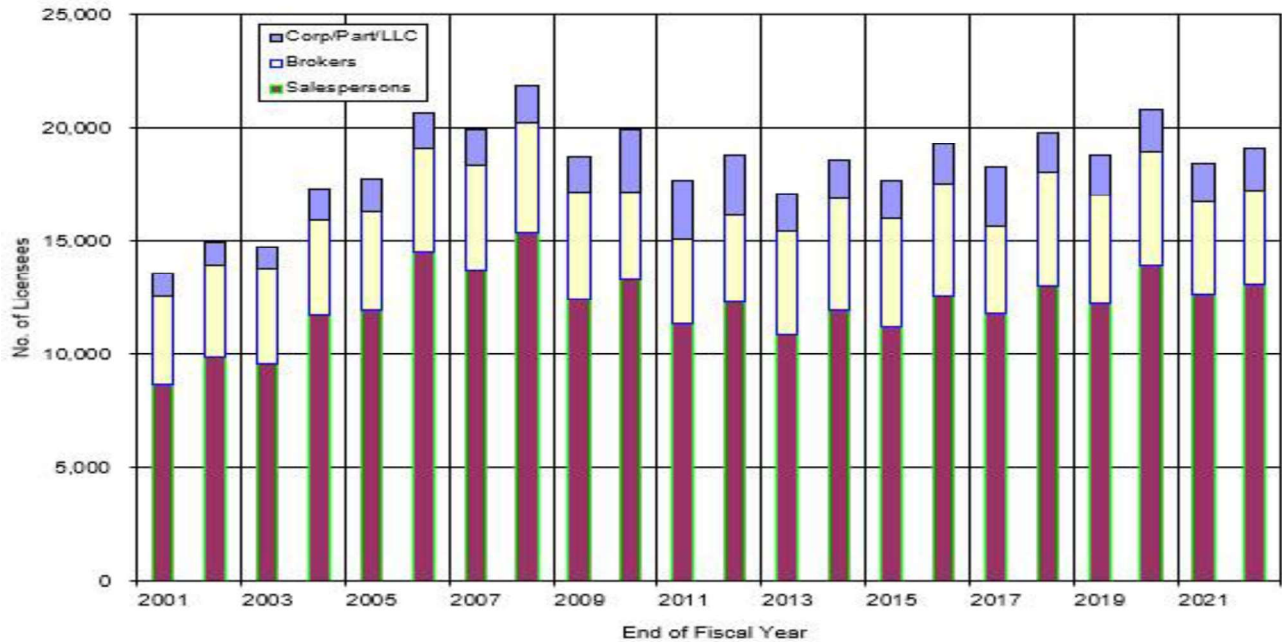
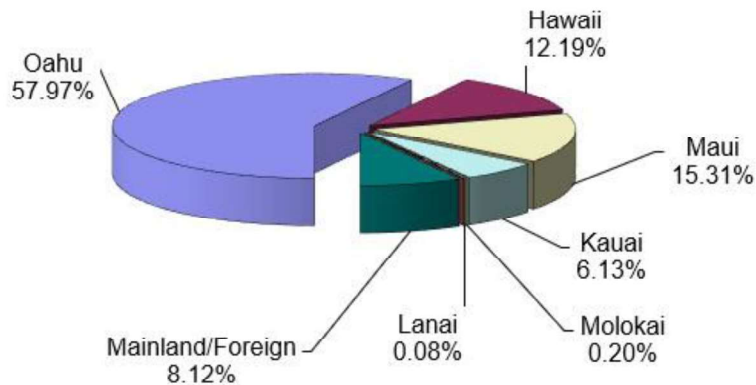


TABLE 3. CURRENT REAL ESTATE LICENSEES BY TYPE AND ISLAND

	Oahu	Hawaii	Maui	Kauai	Molokai	Lanai	Other	Total
Active								
Broker	2,082	505	529	207	8	2	226	3,559
Salesperson	5,459	1,148	1,596	531	15	9	380	9,138
Sole Proprietor	466	104	75	56	5	0	69	775
Corporation, Partnership, LLC	1,103	230	264	113	5	1	0	1,716
Total Active	9,110	1,987	2,464	907	33	12	675	15,188
Inactive								
Broker	236	42	41	32	1	0	264	616
Salesperson	2,095	380	528	272	5	3	649	3,932
Sole Proprietor	4	1	0	0	0	0	3	8
Corporation, Partnership, LLC	59	9	6	5	0	1	21	101
Total Inactive	2,394	432	575	309	6	4	937	4,657
Active and Inactive								
Broker	2,318	547	570	239	9	2	490	4,175
Salesperson	7,554	1,528	2,124	803	20	12	1,029	13,070
Sole Proprietor	470	105	75	56	5	0	72	783
Corporation, Partnership, LLC	1,162	239	270	118	5	2	21	1,817
Total	11,504	2,419	3,039	1,216	39	16	1,612	19,845

CHART 11. REAL ESTATE LICENSEES BY ISLAND



FY 23 PROGRAM OF WORK

Education Review Committee

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

CONDOMINIUM REVIEW COMMITTEE REPORT

Under the leadership of Chair John Love and Vice Chair P. Denise La Costa, the Condominium Review Committee (CRC) oversaw the jurisdiction of condominiums governed by HRS Chapter 514B and the administration of condominium-related Programs of Work in a continuing pandemic environment.

The 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 affecting all aspects of condominium living. During the pandemic, the CRC meeting has been held jointly with the monthly Commission meeting, and all condominium issues are considered at that time. 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, condominium association registration, the mandated self-governing philosophy of condominium associations, and the ongoing education of owners.

The Commission is required to submit to the Legislature annually: (1) a summary of the programs funded during the prior fiscal year with monies from the Condominium Education Trust Fund (CETF) and the amount of money in the CETF, including a statement of which programs were directed specifically at the education of condominium owners; and (2) a copy of the budget for the current fiscal year, including summary information on programs that were funded or will be funded and the target audience for each program and a line item reflecting the total amount collected from condominium associations.

Pursuant to HRS §514B-71, monies may be expended 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. Expedient 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-162.5

FY 2022 PROGRAM OF WORK

Condominium Laws and Education – The Commission continued the statewide promotion and delivery of Commission-subsidized and procured seminars remotely due to the continuing pandemic environment. The Commission updated its existing educational materials for consistency with all applicable laws. The Commission created new materials to keep current with new laws and policies, and made improvements to instruction, curriculum, and other materials related to all aspects of condominiums.

The Commission's newest offerings are short educational videos on a variety of topics important to condominium unit owners and prospective condominium purchasers. There are now 15 YouTube videos on the Commission website. In the current real estate sales market, and with increased sales of condominiums, it's important that prospective purchasers understand what communal condominium living means. The videos are available on the Real Estate Branch website, and each takes under 5 minutes of viewing time.

The Commission created, 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 website.

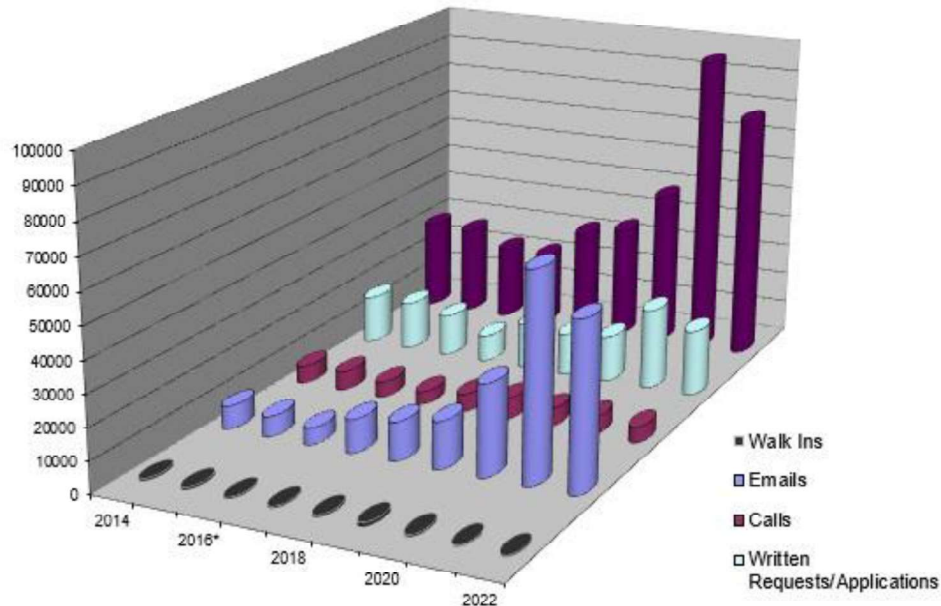
In the implementation of HRS Chapter 514B, the CRC appreciates the continuing support of the condominium governance and development communities, practicing condominium attorneys, the Hawaii State Bar Association - Real Property Section, and members of the real estate industry. To these committed organizations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

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 for condo owners on the fundamentals of creating a condominium property regime, homeowners' insurance, and mediating and arbitrating condominium disputes via electronic platforms such as Zoom and Teams, in addition to current reporting from the CRC chair, legislative updates, a calendar of upcoming meetings, and a quarterly summary of condominium mediations and arbitrations conducted.

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

Condominium specialists respond to thousands of requests for information, advice, and referral every year. Chart No. 12 shows the number of requests to be 78,730 for assistance from condominium owners and interested persons handled by the condominium specialists in FY 2022.

CHART 12. CONDOMINIUM ADVICE, EDUCATION, AND REFERRAL



	2014	2015*	2016*	2017*	2018	2019	2020	2021	2022
Walk Ins	754	792	563	597	749	1276	676	464	492
Emails	7292	6431	5293	10545	12259	14951	28914	64830	52472
Calls	5603	6023	4897	4094	5621	6550	5406	5379	4909
Written Requests/Applications	15347	15357	13200	8341	14664	13371	14686	25717	20857
Total	28996	28603	23953	23577	33293	36148	49682	96390	78730

Condominium Project and Developer’s Public Reports – Staff implemented and administered the condominium project registration program pursuant to HRS Chapter 514B. 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. Commission 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 2022, the condominium consultants reviewed 235 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 public sales of condominium units (see Charts 13 through 15 and Table 4).

CHART 13. DEVELOPER’S PUBLIC REPORTS EFFECTIVE DATES ISSUED

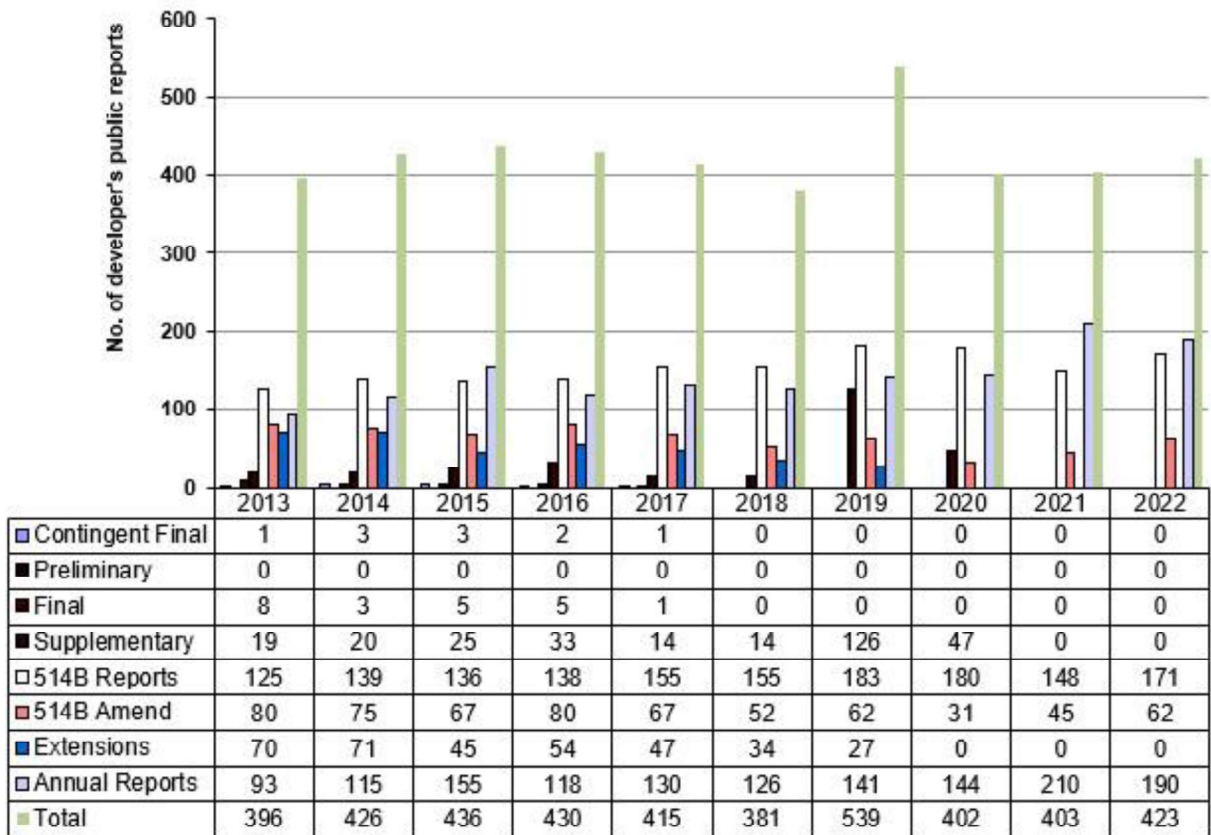


CHART 14. NEW AND CONVERSION PROJECT FILINGS OF DEVELOPER

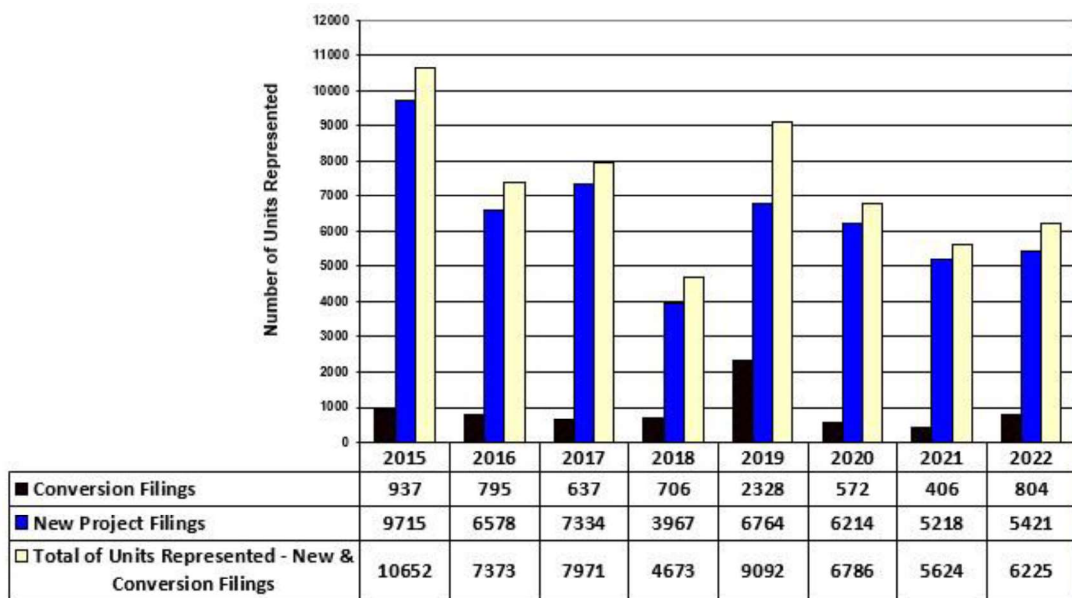


CHART 15. NEW RESIDENTIAL PROJECT BY SIZE

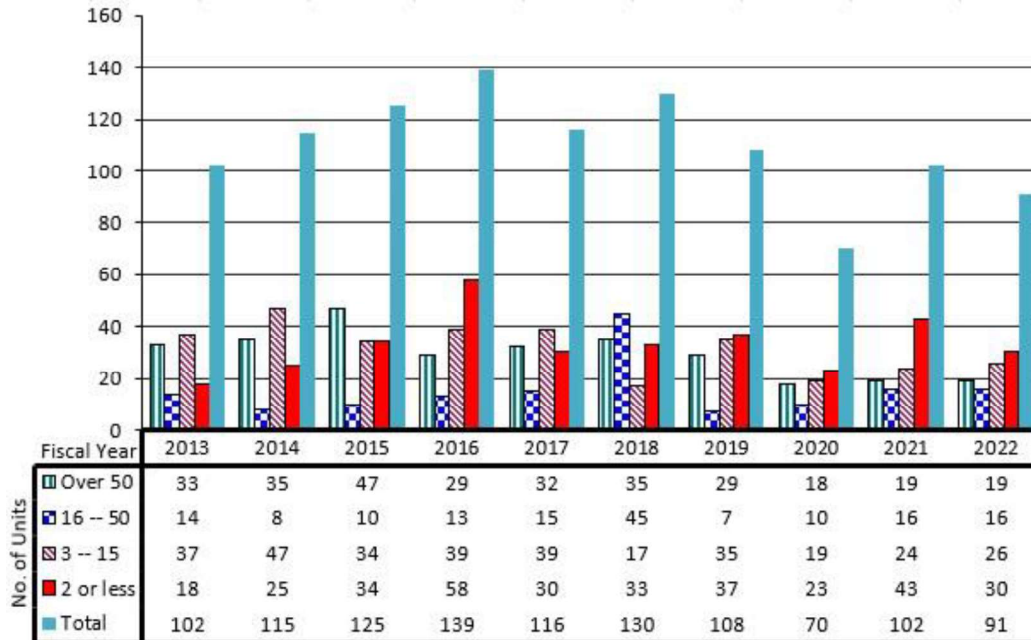


TABLE 4. CONDOMINIUM PROJECT FILINGS

New Projects	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential No. of Units Represented	121 4,933	125 8,175	139** 5,374	116 6,978	110 3,583	108 5,629	74 5,417	102 4,885	92 4,547
Commercial and Other No. of Units Represented	9 881	9 1,485	4 1,030	4 145	4 232	9 833	7 674	4 148	8 506
Agricultural No. of Units Represented	23 85	26 55	20 123	19 211	27 152	58 302	44 123	27 185	38 368
Total New Projects Total No. of Units Represented	153 5,899	160 9,715	163 6,527	139 7,334	141 3,967	175 6,764	125 6,214	133 5,218	138 5,421
Conversions									
Residential No. of Units Represented	75 633	71 596	76 365	62 332	91 481	110 1,532	75 386	59 331	68 456
Commercial and Other No. of Units Represented	4 88	3 264	4 320	4 247	4 192	4 570	2 48	1 2	3 284
Agricultural No. of Units Represented	29 95	19 77	34 110	27 58	15 33	70 226	53 138	31 73	26 64
Total Conversion Projects Total No. of Units Represented	108 816	93 937	114 795	93 637	110 706	184 2,328	130 572	91 406	97 804
Combined New & Converted Proj Combined No. of Units Represented	261 6,715	253 10,652	277 7,322	232 7,971	251 4,673	359 9,092	255 6,786	244 5,624	235 6,225

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

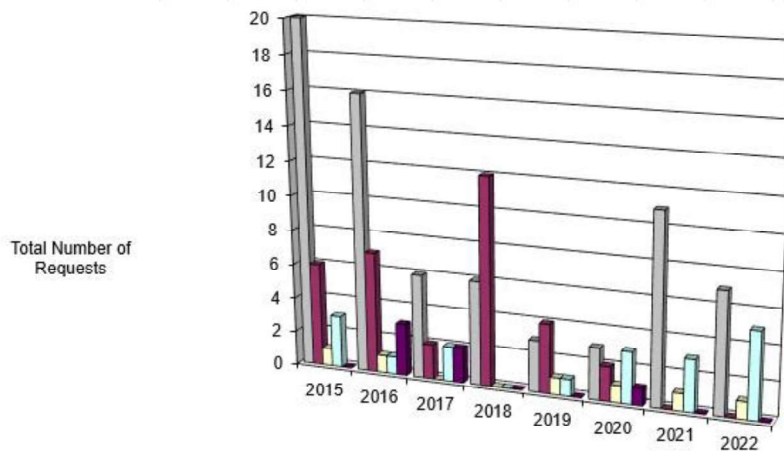
** Correction to the 2016 Annual Report

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.

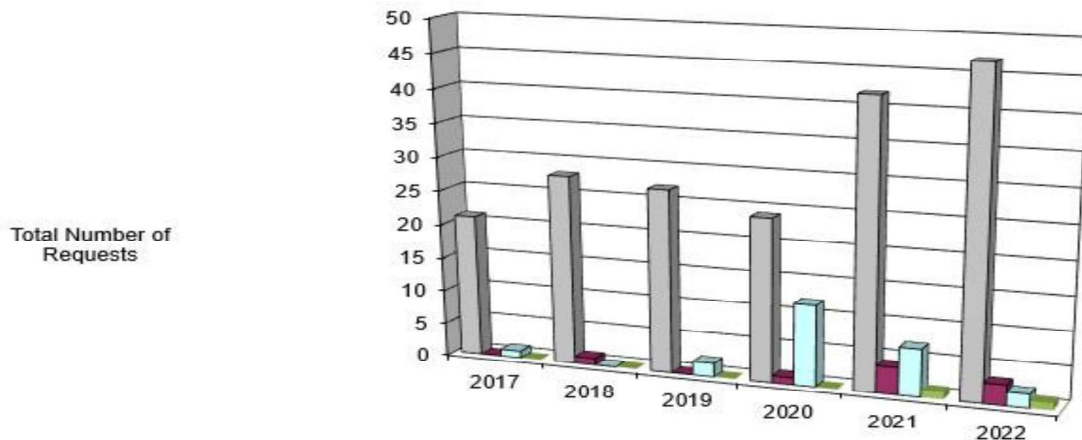
Condominium Mediation and Arbitration Program – Through the CETF, the Commission subsidizes mediation and voluntary binding arbitration programs on all islands for registered condominium associations and works with the various mediation and arbitration providers to provide information on alternative 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 and arbitration and provider contact information are available on the Commission website. Every mediation or arbitration conducted provides disputing parties with a neutral perspective on the issues in dispute that the parties do not get in the adversarial process of litigation.

CHART 16. FACILITATIVE MEDIATIONS



	2015	2016	2017	2018	2019	2020	2021	2022
Mediation Center of the Pacific Inc.	20	16	6	6	3	3	11	7
Mediation Services of Maui Inc.	6	7	2	12	4	2	0	0
Kauai Economic Opportunity Inc.	1	1	0	0	1	1	1	1
Big Island Mediation Inc. dba West Hawaii Mediation Services	3	1	2	0	1	3	3	5
Ku'ikahi Mediation Center	0	3	2	0	0	1	0	0

CHART 17. EVALUATIVE MEDIATIONS



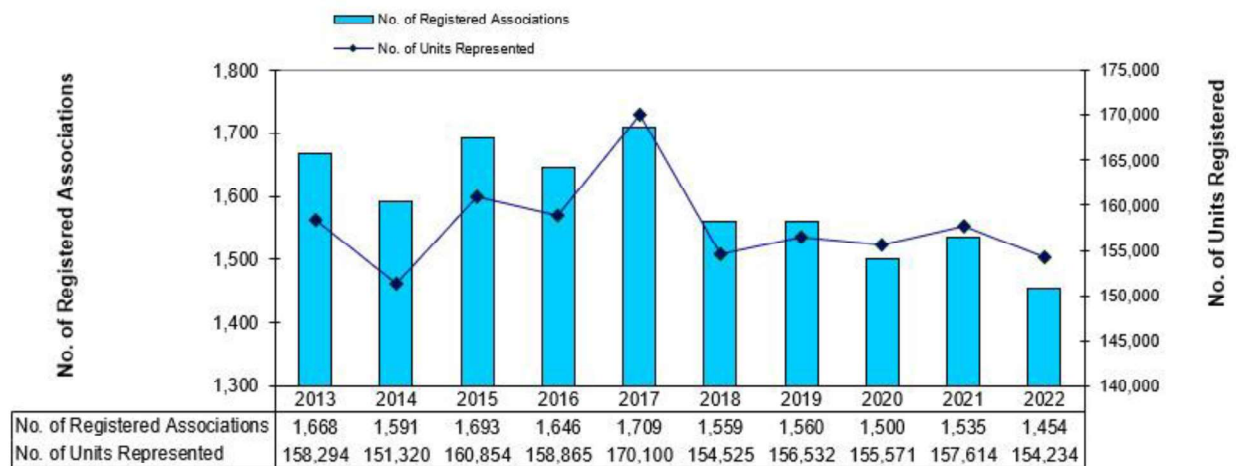
	2017	2018	2019	2020	2021	2022
Dispute Prevention and Resolution	21	28	27	24	42	47
Lou Chang, A Law Corporation	0	1	0	1	4	3
Mediation Center Of The Pacific, Inc	1	0	2	12	7	2
Charles Crumpton, Crumpton Collaborative Solutions LLC	0	0	0	0	1	1

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. Registration requirements apply to condominium associations with six or more units. The Commission also considered appeals, subpoenas, and requests for records and copies of association registrations under HRS Chapter 92F, and the Office of Information Practices’ (OIP) rules and procedures.

FY 2022 saw Real Estate Branch staff cure association registration deficiencies and make contact those condominium associations that remained unregistered to assist in completing the registration process.

Chart 18, representing more than 167,000 condominium units and their owners, shows the total number of current registered associations and the number of units represented. In addition, the Commission maintained its online-only association registration process and made a list of all public contact information for registered associations available on the Commission website. The Commission responded to requests for registration lists and neighbor island and zip code-specified condominium associations from various government agencies, industry groups and private companies. The Commission provides targeted lists to the Department of Health for its tobacco education program.

CHART 18. CONDOMINIUM ASSOCIATION REGISTRATION



Condominium Seminars and Symposiums – The Commission subsidized 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 FY 2022:

- September 2021 – Condo Wars – Mediation, Arbitration and Litigation
- October 2021 – The Foreclosure Roller Coaster Ride – When and Where Will it End?
- October 2021 – Fundamentals of Running an Association

- January 2022 – Out With the Old, In With the New – Changes in the Way Association and Board Meetings are Held
- February 2022 – Meet the Experts
- March 2022 – Disaster Preparedness – Issues that Boards Need to Plan for When Disasters Occur
- May 2022 – R&R – Rules and Regulations: How to Create and Enforce Them
- June 2022 – Board Leadership Development Workshop

In April 2022, Condorama VIII was held remotely for all interested owners in registered condominium associations. Approximately 342 persons registered and attended this free educational event; an additional number of viewers watched the video of the event after it was posted online. The featured topics at Condorama VIII were the rise of Hawai'i D&O claims, the most common complaints to the Hawai'i Civil Rights Commission and what boards can do to prevent them, flood insurance, and dealing with difficult owners during the pandemic. The videos and handouts for these topics remain on the Commission website for handy review or printing.

Condorama presenters are recognized in the condominium community for their expertise in condominium law, property management, dispute resolution, parliamentary procedure and insurance. YouTube videos of all Condoramas 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 of recognized condominium professionals that reviews, recommends, and assists in the development, update, review, and administration of condominium consumer education-related projects on an as-needed basis.

Condominium Managing Agent Registration – Staff implemented policies and procedures for condominium managing agent registration pursuant to HRS §514B-132

Rulemaking, HAR Chapters 107 and 119 -The Commission welcomed input from Commissioners, stakeholder groups and interested parties on proposed revised and new rules and has prepared drafts that are in the review process.

Meetings – The Commission plans, coordinates, and conducts CRC meetings as a part of its monthly Commission meetings. All meetings and agendas are posted at the Commission's website. The meetings are open to remote public participation and are a forum for condominium consumers to bring issues before the Commission as well as 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 where appropriate providing testimony on proposed condominium legislation. 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 this session, Commission staff monitored and tracked all condominium-related bills for report to the Commission.

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 enactment of relevant new laws impacts the CRC's Advice, Education, and Referral Program of Work. This legislative session saw Act 62, become law to provide several amendments to Chapter 514B. Act 62 takes effect January 1, 2023. The purpose of Act 62 includes:

1. Specifying that a condominium declaration may be amended at any time by the vote or written consent of unit owners representing at least 67% of the common interest;
2. Requiring the developer's public report to include annual reserve contributions based on a reserve study as part of the breakdown of the annual maintenance fees;
3. Clarification of the time and date requirements for petitions to amend bylaws and calls for special meetings; time frame for approval of minutes; and board meeting participation;
4. Clarification of the conditions regarding the use of electronic voting devices;
5. Specifying that the use of electronic meetings and electronic, machine, or mail voting are to be at the sole discretion of the board and expands the circumstances under which such use is authorized;
6. Requiring that the reserve study be performed by an independent, certified reserve study preparer not affiliated with the managing agent of the association and require that the reserve study be prepared or updated at least every three years; and
7. Specifying that an association's cash flow plan be based on a 30-year projection.

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

Interactive Participation with Organizations – The Commission participated in education and research efforts with local and national organizations and government agencies through joint training and participation at meetings with groups including CAI Hawaii, CAI National, the Hawaii Council of Community Associations, property management companies, and the Hawaii State Bar Association. Participation with agencies and organizations had the goal of educating consumers on HRS chapter 514B.

Neighbor Island Outreach – The switch to remote training events due to the pandemic allowed every interested neighbor islander the opportunity to participate in all meetings and educational offerings sponsored by the Commission and outside condominium groups.

CETF – The Commission administered the CETF for educational purposes this fiscal year, pursuant to HRS §514B-71. The Commission prepared, maintained, and

reviewed quarterly and annual financial statements, budget and finance reports 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. By way of providing education to these persons, the Commission has posted the following materials on its website: informational videos, the quarterly Hawaii Condominium Bulletin, subject-specific brochures, owner and board member handbooks, a quarterly newsletter emailed to subscribers, and a frequently asked questions link.

The Commission's staff participated in remote outreach events in the community in this FY. These events included remote participation before employees of property management firms, condominium industry groups, and the Hawai'i State Bar Association. Appearances included panel and solo presentations on topics such as board training, managing owner disputes, condo governance in the ongoing pandemic, and legislative updates.

The Commission's statutory mandate emphasizes educating consumers on condominium self-governance issues, the basis of the Hawai'i condominium law. The Commission accomplishes this by procuring presenters for Commission-sponsored seminars, creating educational materials such as short, informative videos, quick-read brochures for online and hardcopy availability, and producing no-fee educational seminars. Additionally, the Commission responds to telephone, email, and written inquiries from the public as well as from members of the Legislature responding to issues presented by their constituents.

The Commission adapted its outreach efforts during the ongoing pandemic to continue providing quality 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 –Through individual meetings with Commission staff and other consultants, memoranda, and individual conferences, condominium consultants keep current with the laws and existing Commission policies. The consultants share and discuss with each other and Commission 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 at which time developer sales to the public may begin.

Condominium Specialists' Office for the Day - Consistent with travel restrictions imposed by the State, Condominium Specialists made themselves available for discussions with owners and owners' groups through remote appearances or via telephone and email.

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 in compliance with all health and safety protocols in place during the pandemic. This fiscal year, Real Estate Branch staff made remote appearances at various condominium forums to discuss HRS chapter 514B-related topics.

Technology and Website – The Commission operated its website for public interaction and education which proved especially important in this pandemic as a safe space for people to obtain information. 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, and currently has over 1,300 subscribers. Each quarter, the subscription provides consumers with current information on the condominium law, legislative news, links to educational materials, events in the community, and news 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 forms and makes them available on its website for condominium developers, association registration, condominium hotel operator and condominium managing agent registration. These forms are available in an electronically fillable and downloadable format. The forms are evaluated and amended to meet current statutory requirements.

The Commission continues to move towards 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. Staff reports on to the Commission on governance and project development issues affecting the condominium community.

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 rights and obligations 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 PVL, RICO, and the Director's Office.

Staff and Commissioners Development – Materials were developed for training staff and commissioners to administer the ongoing 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 fiscal year, 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 Symposiums

FY 2023 PROGRAM OF WORK

Condominium Laws and Education – The Commission will update the condominium community on relevant changes to the condominium law through its educational materials 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 ongoing pandemic environment has required a re-thinking of the Commission’s method of delivery of its educational programs. The Commission will continue offering educational programs statewide with the help of stakeholder organizations, procured providers, and volunteers on all islands on platforms that allow remote participation, to keep all participants and providers safe in the pandemic.

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’s focus will be on its remote events where persons on all islands interested in learning 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 educational videos and materials on the Commission’s website. Through procured providers delivering education remotely, the Commission will continue educating condominium consumers. With these ongoing efforts, the Commission will maintain its educational emphasis on the condominium law and the law’s guiding philosophy of self-governance and majority rule by the owners.

Condominium Project and Developer’s Public Reports – The Commission will assist developers and the condominium development community to process documents for the issuance of effective dates for public reports under HRS chapter 514B so that units may be legally sold to the public. 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 the review of documents and information submitted to the Commission in conjunction with condominium project registration requirements. Staff will conduct information and orientation sessions for all new consultants, in addition to conducting yearly informational meetings for all consultants. The Commission will monitor the consultants’ performance under their contracts.

Staff will make the developer’s public reports available for public viewing and copying to disc via the Commission’s website. Commission staff will compile information and Commission decisions related to developer’s public reports and condominium project development issues, and 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 the 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 its 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. The Commission will promote mediation and voluntary binding arbitration as a primary means of dispute resolution.

Condominium Association Registration – Staff will administer the online registration of condominium associations, including reviewing and updating registration policies, procedures, forms, and appeals in preparation for the 2023-2024 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 all completed condominium association registration materials online for public access.

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 presentation on electronic 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 consult with its 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 – The Commission will continue to administer this group 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 draft rules will 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 lastly, by the Governor.

Meetings – With support from staff, the Commission will plan, coordinate, and conduct remote monthly meetings. This will allow all interested persons, including Neighbor Island residents to participate at their choosing. 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 as necessary 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 monitor and track all relevant bills.

Legislative Acts and Resolutions – The Commission will review, report, and develop summaries on all relevant legislation proposed in the 2023 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 and national organizations and government agencies in exchanging information and concerns and share education and research efforts including joint projects of mutual concern. The Commission and staff will participate in meetings with groups including the CAI Hawaii, HCCA, property management companies, other state agencies and the Hawaii State Bar Association. Remote participation with national groups such as ARELLO and CAI National is also possible in the coming year as funding allows.

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 on remotely as the Commission conducts its business mindful of 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 of the educational funds, and administers fund investment.

Consumer Education – In addition to its existing focus on condominium governance issues, the Commission will work to strengthen a consumer education program about initial project sales and resales targeting prospective purchasers of new and resale condominium units. The Commission will maintain the existing educational materials and brochures online at its website with a focus on consumer education and will offer

seminars remotely as appropriate 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 issues presented in project file reviews. All forums will be conducted remotely during the pandemic and will address issues raised by developers, attorneys, and condominium consultants regarding the ongoing implementation of HRS chapter 514B as it relates to the issuance of developer's public reports.

Condominium Specialists' Office for the Day – The Condominium Specialists will maintain their contact with Neighbor Island condominium owners through remote Commission meetings open to all, no matter what island a unit owner resides. The Commission and staff will use this time to respond to neighbor island RICO staff concerns as well.

In addition, all 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 HRS chapter 514B. As public health requirements dictate, Commission staff are available to groups to address issues or answer questions about the condominium law. Through the Condominium Education Specialist position the Commission has the ability to 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 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 at its site for public viewing and provide quarterly condominium updates through its online email subscription service in maintaining the educational focus of its website.

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

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 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 responsibilities

Division and Department Program – The Commission will coordinate activities and programs of mutual concern within DCCA for the PVL RICO, and the Director’s Office. It will coordinate positions on HRS Chapter 436B, 467, and 514B and monitor the interaction an 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 protocols allow to maintain the efficient provision of services to the condominium community. Staff and commissioners will take advantage of remote training and educational opportunities provided by the Real Estate Educators Association, ARELLO, CAI Hawaii, HCCA, and Council of Licensure, Enforcement, and Regulation, and other organizations. Where feasible, the Commission will provide information in conjunction with condominium law and 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.

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 relevant materials to the State 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, 2022 (Estimated)

ASSETS	
Cash	
In State Treasury	\$1,705,366
Short term cash investments	
Total Assets	\$1,705,366
LIABILITIES AND FUND BALANCE	
Liabilities	
Payables	
Fund Balance	
Reserve for Encumbrances	\$81,190
Unreserved	\$1,624,176
Fund Balance	\$1,705,366
Total Liabilities and Fund Balance	\$1,705,366

REAL ESTATE EDUCATION FUND

Revenues and Expenditures For the Month Ending June 30, 2022 (Estimated)

Revenues	
Fees	\$151,794
Interest	\$7,675
Total Revenues	\$159,469
Expenditures	\$546,297
Excess (Deficit) of revenues over expenditures	-\$386,828
Fund Balance	
Beginning of Year	\$2,092,194
Year to Date	<u>\$1,705,366</u>

REAL ESTATE RECOVERY FUND

Fund Balance As of June 30, 2022 (Estimated)

ASSETS	
Cash	
In State Treasury	963,784
Short term cash investments	

Total Assets	\$963,784

LIABILITIES AND FUND BALANCE	
Liabilities	
Payables	
Investment income due to Real Estate Education Fund	0

Total Liabilities	0
Fund Balance	
Reserve for encumbrances	0
Unreserved	963,784

Total Fund Balance	963,784
Total Liabilities and Fund Balance	\$963,784

REAL ESTATE RECOVERY FUND

Revenues and Expenditures For the month ending 6/30/2022 (Estimated)

Revenues	
Fees	\$123,453
Expenditures	
Operations	54,554
Legal Services	23,703
Claims	0

Total Expenditures	78,257
Excess (deficiency) of revenues over expenditures	45,196
Fund Balance	
Beginning of year	918,589

Year to Date	\$963,784

Condominium Education Trust Fund

**Fund Balance
As of June 30, 2022
(Unaudited)**

**FY 2022 Expenditures and Encumbrances
(Unaudited)**

ASSETS	
Cash	
In State Treasury	\$1,160,803
Short term cash investments	<u>0</u>
Total Assets	\$1,160,803
LIABILITIES AND FUND BALANCE	
Liabilities	
Payables	\$19,704
Fund Balance	
Reserve for Encumbrances	\$1,141,100
Unreserved	
Fund Balance	<u>\$1,160,803</u>
Total Liabilities and Fund Balance	\$1,160,803

Personnel	527,645
Supplies	2,861
Equipment Rentals/ Maintenance	6,448
Education and Research	203,283
Dues & Subscriptions	1,290
Mediation	35,915
Miscellaneous	500

	Total Expenditures and Encumbrances	\$777,942
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**Revenues and Expenditures
For the Year Ending June 30, 2022
(Unaudited)**

Revenues	
Total Revenues	\$768,468
Expenditures	\$719,281
Excess (deficiency) of revenues over expenditures	<u>49,187</u>
Fund Balance	
Beginning of Year	<u>1,724,206</u>
End of Year	<u>\$1,773,393</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.