

SUMMARY OF PROCEEDINGS
REAL ESTATE LICENSE COMMISSION
STATE OF HAWAII
205 Empire Bldg., Honolulu, Hawaii
APRIL 19, 1960

The CHAIRMAN, Mr. AARON M. CHANEY, called the meeting to order at 9:00 a.m.

Present were: Aaron M. Chaney, Chairman
 Dorothy S. Ahrens, Member
 James C. Ching, Member
 Charles C. Cross, Member
 Yukio Kashiwa, Member
 Erling P. Wick, Member
 Hirotoshi Yamamoto, Member
 Robt E. Bekeart, Executive Secretary
 Hannah Furuta, Recording Secretary

ORDER OF BUSINESS

MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings of MARCH 24, 1960, MARCH 29, 1960 and the REPORT of the meeting with the State Attorney General on APRIL 5, 1960 were approved as circulated.

FISCAL REPORT

The financial report for the month of March 1960 was accepted.

LICENSEE STATISTICAL REPORT

The EXECUTIVE SECRETARY emphasized that the reason for submitting this monthly report is to keep the Commission informed of the total licensee population.

REVISION OF APPLICATION FORMS

In view of the limited supply of forms and the recent change of policy which requires applicants to furnish a set of fingerprints as part of the application process, the staff was authorized to revise all application forms. The Commission strongly urges that a proper set of forms be constructed and directed that the Department of the Attorney General is to be consulted if changes to the licensing act are found necessary.

The EXECUTIVE SECRETARY reported on the action taken by the Board of Directors, HONOLULU REALTY BOARD, in endorsing the Commission's change in policy to require fingerprints as part of the prescribed information applicants must submit.

A discussion was also heard on putting the sponsoring broker in a more responsible position in vouching for a prospective salesman. A more detailed certificate of recommendation or a follow-up questionnaire to the broker, as used in British Columbia, could be considered.

BROKER EXAMINATION RESULTS

It was moved, seconded and carried that successful candidates from 1st to 27th as recommended for passing by Staff and applicants No. 91 and 24 who came within .50 of passing point be approved for qualifying in the broker examination of March 19, 1960.

EDUCATIONAL ASSISTANCE TO APPLICANTS

EXECUTIVE SECRETARY announced the Saturday, April 30, 1960, post-examination critique at Washington Intermediate School Cafetorium is open to all candidates who failed to qualify in the March 12 salesman and March 19 broker examination. The Commission fully supports the Staff proposal of structuring this meeting where interested candidates can review their performance in the written tests. The EXECUTIVE SECRETARY stated that it would be a real problem administratively to handle the many hundreds who did not not write a successful examination but it was felt that by assembling everyone in a common hall, adhering to prescribed printed instructions and not attempting to answer questions on a candidate's performance the project may go off reasonably well. It was admitted that there were certain built-in headaches to an undertaking such as this but if it permits the applicant to see and appreciate his errors he will prepare himself more seriously for future examinations.

In discussing the selection process of testing, Mr. Cross expressed the opinion that the Commission should give applicants as much assistance as possible. The preparation of sets of sample examination questions was considered. Mr. Cross further stated that if an applicant had access to the entire library of Commission-approved questions and came to the testing site prepared to answer every question we would ultimately have a better trained licensee entering the industry. The need to assist applicants on the neighboring islands is apparent as they do not all have the opportunity to undertake recommended formal classroom type of training.

After scanning the REFERENCE BOOK of California's Division of Real Estate, the Commission voted to furnish additional copies of the study tool to the several County libraries throughout the state. The Staff was directed to procure 50 REFERENCE BOOKS which are to be distributed as follows:

12	for	Library of Hawaii	Oahu
10	for	Hilo Library	Hawaii
4	for	Kona Library	"
7	for	Maui Library	Maui
6	for	Kauai Library	Kauai
7	one	for each member of Commission	

ENFORCEMENT:

COMPLAINT Jean & Raque Borges, Complainants, vs Clement K. Gondo, Broker-Respondent. The EXECUTIVE SECRETARY reported on the progress of this complaint. The complaint involved property in Makaha Valley bought in August 1959 and paid for in full but the deed was not recorded and no copy of contract given to buyer.

Complainants were satisfied a week after contacting Staff when deed was recorded and copy of contract delivered to buyers. The respondent broker Gondo assured Commission that this would not happen again and has gone to the record stating that this was his first occurrence.

COOPERATIVE APARTMENT AND COOPERATIVE APARTMENT-HOTELS

The CHAIRMAN directed the members' attention to the "Chance of a Lifetime" type of advertisement which depicts certain advantages to a purchaser of THE COLONY HOUSE prospectus at 2752 Kalakaua Avenue. In referring to this four-column display advertisement in the April 13, 1960 HONOLULU ADVERTISER as well as the full page announcement in the March 30, 1960 HONOLULU STAR BULLETIN, the CHAIRMAN stated that he felt the developer, through advertising, was going too far when he announces or advertises a 20-40% income can be expected on investment in this prospectus.

Mr. CROSS suggested that such a statement in advertising cooperatives is probably based on statistics and reports prepared by experts in economics and tourist destination area studies. He further stated that government, too, has supported these forecasts regarding the future economic growth of Hawaii. Mr. CROSS admits that while these statistics are nebulous we can not prove that they might become an actuality--very little can be done about such projections. The weak spot is that people are now investing in what appears to be a developer's cooperative project--either cooperative apartment or cooperative apartment operated as a hotel. He cites the danger of such an operation is when the builder-developer cannot perform on the master mortgage and the investor/purchasers are left holding the bag.

The EXECUTIVE SECRETARY reported when the Deputy Commissioner Strauch of CALIFORNIA REAL ESTATE DIVISION was here on inspections last year he stated rather strongly that the Commissioner would not permit Hawaii's cooperative apartments to be offered for sale in California. He stated that California's statute affords the purchaser some protection in requiring a release clause in subdivision mortgage or trust deed operations. He believed that Hawaii should strengthen its laws to provide our purchasers with like protection.

Mrs. AHRENS believed that the Commission should seek amendatory legislation which would require the developer of cooperatives to meet the same requirement as was earlier discussed in a normal subdivision, escrowing of funds entrusted to agent would then be a basic requirement.

Although the Commission will need a great deal of legal assistance in preparing such changes to Hawaii laws, the CHAIRMAN thought it important to our development and stated that something should be done about it soon.

In summarizing his position on the subject, Mr. CROSS stated that many people do not understand what they are offering to purchase nor do they take the time or trouble to carefully study the deal until some time after they have signed the offer to purchase agreement.

It was the consensus of opinion that the matter should be monitored by the Commission and the Staff was to take such measures as was necessary to study areas where laws, either under Section 170 or other departments of the State of Hawaii, may be strengthened or improved.

FORMAL HEARING ON REAL ESTATE LICENSE COMMISSION vs VIOLET C. KING

The meeting was interrupted at this point to allow the formal hearing scheduled for 10:00 o'clock to proceed. Transcript of the proceedings of this hearing is made a part of the minutes hereof.

Meeting was resumed at 5:15 p.m. upon recess of the formal hearing.

SUCCESSFUL APPLICANTS WITH DEROGATORY BACKGROUND REPORTS

The Staff's recommendation that applicants with minor derogatory criminal reports and credit records be brought before the EXECUTIVE SECRETARY for interview and satisfaction that applicant is basically of good character and reputation before license is issued was accepted by Commission. Criminal abstract reports of World War II are to be stricken from the records.

Broker applicants with many and/or sizeable collection claims and/or police reports will be studied by Staff and recommendation made to Commission.

ORCHID ISLAND REAL ESTATE, INC.

Application for brokerage license was submitted by the above entity with BENJAMIN F. KONG as principal broker and offices to be located in Hilo, Hawaii. Mr. KONG has also expressed desire to retain his independent broker's status at 435 Damon Building, Honolulu.

It was moved by Mr. Wick, seconded and carried that a license under the above arrangement be denied. The decision was based on discussion of:

"No man can serve two masters"

A broker may serve two principals if such principals are located under the same roof or adjacent locale.

HOUSE CONCURRENT RESOLUTION 51

EXECUTIVE SECRETARY reported on the above resolution relating to Real Estate Training Program at the University of Hawaii. The measure has been adopted by the lower house and is presently before the Senate Education Committee of which Senator J. Ward Russell is Chairman. He solicited the aid of the members of the Commission to speak to legislators of their acquaintance to seek adoption of this resolution.

DATE OF NEXT MEETING

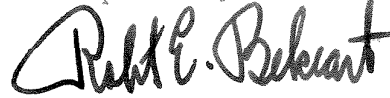
The week of May 16 - 20, 1960 was suggested, but no definite date was scheduled.

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ADJOURNMENT

There being no further business the meeting was adjourned at 5:35 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Robert E. Beckett". The signature is written in black ink and is positioned above the typed name.

Executive Secretary