

REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Regulatory Agencies
State of Hawaii

MINUTES OF MEETING

Date: Thursday, June 24, 1976

Place: Board Room, Department of Regulatory Agencies
1010 Richards Street, Honolulu, Hawaii

Present: Ah Kau Young, Chairman
Mary V. Savio, Vice Chairman
John D. Texeira, Member
Tadayoshi Ishizu, Member
John M. Urner, Member
Edwin H. Shiroma, Member

Clyde E. Sumida, Deputy Attorney General
Nelson Chang, Deputy Attorney General
Leo Young, Deputy Attorney General
Yukio Higuchi, Executive Secretary
Peggy Lau, Clerk-Stenographer

Earl Lee, Executive Vice President, Hawaii Association of Realtors
Rhoda Feinberg, Education Director, Hawaii Association of Realtors
John W. Reilly, Attorney at Law
Liz McLaughlin, Respondent in Case RE-617
Violet C. King and Witnesses, King's Application for Broker License
Marshall Goldman, President, Real Estate Schools Association
Ben Wood, Reporter from the Honolulu Star-Bulletin

Call to Order: There being a quorum, Chairman Ah Kau Young called the meeting to order at 9:00 a.m.

The Executive Secretary reported that today's agenda was filed on June 21, 1976 at the Lt. Governor's office in compliance with the Sunshine Law.

Minutes: Mary Savio moved and John Texeira seconded to approve the minutes of the May 27, 1976 meeting as circulated. Motion carried.

Committee Reports: Real Estate Educational Advisory Council

Hiring of Education Consultant

Mary Savio reported that official notice has been given by the Governor's office for final approval of the selection of John Reilly as the education consultant. The price has been settled at \$28,500.

The Commissioners congratulated John Reilly and proposed to have the contract executed next week.

Book Donations

Mary Savio moved and John Urner seconded that the Commission spend the \$700 budgeted for the donation of real estate books to the public and university libraries on Oahu and on the outer islands to purchase as many books as the \$700 will buy on, "The Language of Real Estate", by John Reilly, subject to administrative details being worked out and before the end of this fiscal year. Motion carried unanimously.

Establishment of Real Estate Chair

The Executive Secretary reported that the contract for the establishment of real estate chair is going through the process of final review.

Legislation Committee

Resolutions

S. R. No. 439

Mary Savio reported that she and the Executive Secretary met with the representatives of the Legislative Reference Bureau and the Office of Consumer Protection on this resolution, which requests a study of problems in the condominium developer-owner relationship and formulation of a proposed condominium code. As a result of that meeting, public hearings on Oahu and on the neighbor islands will be held in June.

Ah Kau Young will be present at the Oahu public hearing, and the neighbor island members will be present during the public hearings held on their island. Maui will have Ralph Yagi present at the public hearing since he should be sworn in tomorrow. The date, time and the location of each public hearing were given by the Executive Secretary.

Mary Savio will be traveling with the representatives of the Legislative Reference Bureau and the Office of Consumer Protection to the public hearings held on each island. The Executive Secretary was originally scheduled to attend the public hearings, but his travel request was later denied.

H. R. No. 474

Mary Savio reported that she has not done anything on this resolution as she was away. She is awaiting the appointment of John Reilly as the real estate education consultant. She did not want to chair this committee, which will make a study into the advisability of compulsory education for real estate licensees.

H. R. No. 475

Mary Savio will get in touch with the Director to notify him that she is ready to go into this matter and make a study into the establishment of a self-insured program for real estate errors and omissions insurance.

Earl Lee announced that he did the prelicensing work on the mechanics on this topic and will be getting the information back in about 3 or 4 weeks. He volunteered to forward the information to whomever will be in charge of this study.

H. R. No. 629

The Executive Secretary requested that Edwin Shiroma be directed to contact the Hawaii Association of Realtors and the president of IRM and initiate this study into the advisability of establishing a separate license for resident managers.

After apologizing for his late attendance, Edwin Shiroma informed the Commission that he was not ready to make a report. He did contact certain people to sit on his committee, but has not been given a response.

Legislation for 1977 Session

The Executive Secretary informed that he received instructions from Dick Okaji that the Director requests proposed legislations for 1977 submitted by Monday, June 21, so the Director can have advanced knowledge of the subject matters.

Decision was reached to have an indepth study to repeal the existing rules and regulations of Chapter 467 and the condominium rules and regulations due to the changes that have occurred during the years.

Ah Kau Young announced that he will still chair the Legislation Committee and appointed Edwin Shiroma to chair the Complaint Review Committee.

The Executive Secretary reported on Acts 214, 215, 216 and 239, which related to Horizontal Property Regimes and was enacted by the 1976 State Legislature. He also reported on H.B. No. 2984-76, which was vetoed by the Governor. Copies of the acts and veto message were circulated.

Real Estate Recovery Fund

The Executive Secretary stated that he had no report on the recovery fund, but for the education fund, a proposed budget for the 1976-1977 fiscal year was prepared.

Attorney General's Report

Deputy Attorney General Clyde Sumida suggested that a member of the Commission discuss with the Governor's office the matter of the blanket mortgages so the Commission's views can be expressed.

Clyde Sumida further reported that he has reviewed the drafts of the Executive Secretary's letters to Larry Smith and Hugh Menefee and has made some changes. The drafts were returned to the Executive Secretary for typing.

Business Out of Minutes:

Questionable Applications

Calvin W. Ontai, Applicant for Broker License

The Executive Secretary informed that he received the hearing officers report that was held a year ago on Ontai. Applicant has been given 15 days to file exceptions. Copies of the hearing officer's report were circulated.

Sheldon Soosman, Applicant for Broker License

Leo Young, Deputy Attorney General, appeared before the Commission to discuss his summary on the investigation of Sheldon Soosman, concerning the possibility of unethical conduct. Leo Young revealed that in addition to the Mini Cost Cars case, two other complaints were uncovered against Soosman.

After considerable discussion, Mary Savio moved and Edwin Shiroma seconded that Sheldon Soosman be called in for an informal conference due to two other complaints being uncovered against him, and to discuss the issuance of his broker license. Motion carried unanimously.

Questionable Advertisement by Larry R. Smith of P. S. Realty

Per Attorney General's Report, Larry Smith will be receiving the letter recommending that he comply with Rule 1.11(a) of the Commission's rules and regulations.

This matter was referred to the Deputy Attorney General for review; a draft of the hearing notice will also be submitted.

RE-643 Ehrensberger Realty

The Executive Secretary apprised the Commission that a draft of the hearing notice on Ehrensberger Realty was submitted to the Attorney General's office for review and assistance. Deputy Attorney General Nelson Chang was assigned to this case.

Nelson Chang was present to answer questions relating to his recommendation that this case be closed and complainants be advised to seek remedies through the courts. Chang's recommendation was refuted by the Commission; the alleged violations were pointed out.

Nelson Chang requested the case file back and informed the Commission that he would make an amended recommendation.

RE-645 Randy Solomon

This case was deferred pending confirmation from Douglas Hasegawa verifying that complainant is entitled to the deed.

RE-75-7 P. S. Realtors

Copies of Morton King's (attorney for Larry Smith) letter rebutting the Commission's directive that P. S. Realtors conduct their business from their registered place of business and not from their homes were circulated.

Mary Savio moved and Tadayoshi Ishizu seconded that the Commission accept Clyde Sumida's recommendation that P. S. Realtors be advised that the Commission reaffirms its earlier decision; noncompliance will result in this matter being brought to a hearing, and that the City Department of Land Utilization be apprised that P. S. Realtors is violating their ordinance. Motion carried unanimously.

RE-75-8 Hugh Menefee, Inc.

Per Attorney General's Report, changes to the letter drafted by the Executive Secretary to Hugh Menefee were made. This letter containing the Commission's recommendations will be typed soon.

RE-75-22 Lokelani Construction Co.

Following the review of this case, Mary Savio moved and John Teixeira seconded that this case be referred back to investigation to determine the following:

1. Did Lokelani include furniture and what was the value?
2. Did Lokelani have Haiman remove the furniture and put in new furniture?
3. Did Haiman actually put furniture in? What proof does he have of the true value of the furniture?

Also, to request a statement from Haiman concerning the facts surrounding this case (the record does not indicate that Haiman was interviewed. Motion carried unanimously.

RE-75-25 Tom Schmidt, Realtors

The Executive Secretary stated that he received a written request from Tom Schmidt's attorney for postponement of the informal conference as Schmidt was out of State.

RE-76-12 Ernest D. Kealoha

At the conclusion of the discussion, Mary Savio moved and Edwin Shiroma seconded that this case be dismissed, but Ernest Kealoha be called in for an informal conference as investigation revealed that he is a full-time employee of Hawaiian Electric Company and also the principal broker of Waiialae Realtors Corp. (The Commission questioned how Kealoha could supervise his sales staff properly if he is employed full time elsewhere. Motion carried unanimously.

RE-76-45 Iris Riber Realty

Following discussion, Edwin Shiroma moved and John Urner seconded that the Commission get a copy of the DROA and other documents pertaining to this case before a decision can be reached. Motion carried unanimously.

New Business:

Licensing

The Executive Secretary reminded the Commissioners that whatever action is taken on the applications listed below, staff will check back to ensure that all requirements are fulfilled.

CORPORATION

DarRob Enterprises Pacific Ltd. - 190 S. King St., Honolulu
Dean B. Spencer-pb
Holiday Homes of Hawaii Inc. - 1021B Bishop St., Honolulu
Axel K. Obara-pb
Makani Kai Sales Inc. - 810 Richards St., #602, Honolulu
Marcia J. Vallee-pb
Royal Kuhio Realty Inc. - 700 Bishop Street, #1000, Honolulu
Thomas C. Hajny-pb
Western Farms (USA) Inc. - 1600 Kalakaua Ave., #1323, Honolulu
John H. Midkiff, Jr.-pb
Sand/Sea Realty, Inc. - 126 Queen Street, Honolulu
Dolores W. Sandvold-pb

Edwin Shiroma moved and Tadayoshi Ishizu seconded for the acceptance of the above applications for corporate licenses. Motion carried unanimously.

BRANCH OFFICE

Hirota, Griffin & Associates, Inc., BR-2 - 841 Bishop, #1616, Hon.
David G. Cheng-bic
Moana/Kauai Corp., BR-2 - 3543 Honoapiilani Hwy., Lahaina, Maui
James Slaten-bic
Real Estate Centre Inc., BR-2 - 735 California Avenue, Wahiawa
Chow Keong Tom-bic
Servco Inc., dba Service Realty, BR-1 - 2850 Pukoloa, Honolulu
Clifford K. B. Oh-bic

Tadayoshi Ishizu moved and Edwin Shiroma seconded that the above applications for branch office licenses be approved. Motion carried unanimously.

TRADENAME

Anchor Realty - 810 Richards St., #509, Honolulu
Daniel Chadwick, dba
Jean Cooper - 2170 Kalakaua Avenue, #232, Honolulu
Elizabeth J. Cooper, dba
V. De La Cruz Realty - ?
Vicente Delacruz, dba
Gem Realty - 98-200 Kam Hwy., #404, Aiea
Violeta A. Miranda, dba
Greene & Associates - 309 Hahani Street, Kailua
Chester W. Greene, dba
Judson Investment Co. - 843 Fort St., #502, Honolulu
Judson G. Vannoy, dba
Service Realty - 91 S. King Street, Honolulu
Servco Pacific Inc.

Edwin Shiroma moved and Tadayoshi Ishizu seconded that except for Gem Realty, the tradename applications be approved. On condition that the name, "Gem Realty" is cleared with the Business Registration Division, it will also be approved. Motion carried unanimously.

CHANGE OF NAME

Grace Gunn Realty Inc. - 1015 Bishop St., Honolulu
Grace Gunn, pb (formerly: Gunn & Associates Realty Inc.)

John Urner moved and John Texeira seconded to approve the application for change of name. Motion carried.

RATIFY TRADENAME

Aina Makamao Realty - 1411 S. King St., #202, Honolulu
Francis A. Holmes, dba

Edwin Shiroma moved and John Texeira seconded for the ratification of the above tradename application. Motion carried unanimously.

Questionable Applications

Edmund F. Fitzsimmons, Applicant for Broker Examination

The Executive Secretary reported that Edmund Fitzsimmons was granted 17 2/3 months' experience waiver up to the date of the August examination (short 6 1/3 months). He has requested that the Commission consider his experience as a loan officer and other combinations of experience.

Mary Savio moved and John Urner seconded that Fitzsimmons be also credited with 1 1/2 years experience for his combination of work as a real estate loan officer, thereby qualifying him for the August examination. Motion carried.

Miscellaneous: E.T.S. Request for Meeting with Real Estate Commission and Real Estate Schools Association of Hawaii in August 1976 (Appoint Reviewing Officer)

The Executive Secretary apprised the Commissioners and Marshall Goldman of the Real Estate Schools Association of Hawaii that E.T.S. would like to meet with the Commissioners to review a new pool of licensing questions on August 7, 1976, and hold a seminar for real estate instructors on August 9, 1976. Goldman was requested to reserve a place and set the time for the seminar and apprise the Executive Secretary, who in turn will apprise E.T.S. for confirmation.

John Texeira moved and John Urner seconded to postpone the July meeting to August 9, 1976, in conjunction with the meeting with E.T.S. Motion carried unanimously.

Discussion on Time Sharing and Vacation License Sales Program

The Commission expressed concern over the regulation of time-sharing and vacation license sales programs and the people selling time sharing. The question was whether or not a real estate license was necessary to conduct the sale of time-sharing.

After considerable discussion, Clyde Sumida suggested that the only conclusion would be to seek legislation and the Commission develop the areas of time sharing and vacation licenses.

Edwin Shiroma moved and Mary Savio seconded to restudy time sharing and have John Urner, the Chairman of the Condominium Committee, and Ralph Yagi become co-chairman to make another report as to what they recommend to the Commission. Motion carried unanimously.

The Executive Secretary presented a letter from Westward Ho Realty informing that it was approached to sell Vacation-Reservation license for Royal Kuhio. Before making any commitments, they requested the Commission's opinion of what type of license was required, if any.

The Executive Secretary was directed to write Westward Ho that the Commission has not made any determination as to whether or not a license is required to sell vacation licenses, but is looking into the matter and strongly recommends they wait until a determination is made. However, if they do participate, all requirements that apply for any real estate transaction must be followed, including handling documents properly, moneys going through escrow and all sales going through brokers.

Verbal Report on 1976 NARELLO Western District Conference

Edwin Shiroma gave a brief outline of what transpired at the Conference, and Ah Kau Young reported on the formal part of the business meeting. They concurred that this was only a verbal report which will be finalized in writing.

Ah Kau Young announced that he received the Director's approval to hold the 1977 NARELLO Conference on Maui. Edwin Shiroma moved and John Urner seconded that the next NARELLO Conference be held on Maui and Ah Kau Young coordinate this and make hotel reservations. Motion carried.

Commission suggested that the Chair get clearance for Clyde Sumida to be placed on the agenda of the conference and also invite the Director.

Special Requests

Chair directed that the Executive Secretary solicit permission for the Commissioners to receive business cards and name plates at the expense of the State.

Date of

Next Meeting: August 9, 1976

Adjournment:

Edwin Shiroma moved and John Urner seconded that this meeting be adjourned. Motion carried unanimously. The time was 3:45 p.m.

Taken and recorded by:

Peggy Law
Peggy Law, Clerk-Stenographer

Approved by:

Yukio Higuchi
YUKIO HIGUCHI, Executive Secretary