

REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Treasury & Regulation
State of Hawaii

MINUTES OF MEETING

Date: Tuesday, February 19, 1963

Place: Conference Room No. 1, 313 So. Beretania Street, Honolulu 13, Hawaii

Present: Theodore R. James Jack K. Palk
Dorothy S. Ahrens Robt E. Bekeart, Executive Secretary
William A. Beard Roy Takeyama, Deputy Attorney General
Yukio Kashiwa

By invitation - Mr. Mason Hironaka, 1st Vice President, HONOLULU
BOARD OF REALTORS

Absent: Erling P. Wick, Excused
Hirotooshi Yamamoto

Call to Order: The meeting was called to order by the Chairman, Mr. James, at 9:45 a.m.

Minutes: The minutes of the previous meeting were corrected as follows:

The Chairman recognized Mr. Ron Burla, appearing before the Commission by invitation, and authorized him to speak on his recent inspection of HORIZON LAND CORPORATION subdivisions in the southwestern section of the country. Mr. Burla spoke of his conferences and discussions with the principal officers of this firm and also noted that he made an on-site inspection of the RIO GRANDE ESTATES SUBDIVISION in New Mexico and the ARIZONA SUN SITES SUBDIVISION in Arizona. He also noted that he witnessed land developments of this firm in the area immediate to El Paso, Texas. In conclusion, Mr. Burla noted further that at the time of his appearance before the Commission he was only considering a possible employment situation with the firm under a letter of agreement relationship.

The Chairman noted that this meeting of January 29th had the agenda item of hotel lobby operations for discussion. The Executive Secretary was again reminded of the Commission's decision that a letter should be sent to the HAWAII HOTEL ASSOCIATION soliciting their cooperation in bringing these "card table" operators' land selling schemes to a halt.

The Chairman directed that the minutes be corrected to show that it was the consensus of the commissioners that a letter be forwarded to the Governor pointing up the need to have a member appointed from Oahu to fill the vacancy caused by Mr. Yamamoto's resignation

tendered before the Honolulu NALLO Conference, but set aside by the executive pending the adjournment of the Association's annual meeting.

UPON MOTION the Commission approved the corrected minutes of the January 29, 1963 meeting.

Hearing: Edward F. Peine, Complainant vs. Patrick M. Murphy, Broker

This matter came under discussion with Mr. Takeyama, representing the DEPARTMENT OF THE ATTORNEY GENERAL. As there was information to the effect that both parties were endeavoring to settle the civil court side of this problem, it was agreed that this hearing would be continued to a future date.

Financial Report: Commission reviewed the Financial Report for the month ending January 31, 1963. The members, UPON MOTION, noted the report as received.

Motion passed unanimously.

Appearances: By invitation Mr. John Ewin Duff, identified as a General Partner, NANAWALE ESTATES SUBDIVISION and Mr. Richard S. K. Tsui, Broker, appeared to outline the progress of this Pahoehoe, Puna, County of Hawaii project. Posting a UNIT 1 (SOLD) and a UNIT 2 colored brochure, Mr. Duff told the commissioners of the developer's plans to offer for sale a tract development in which there was something more to merchandise than just promises. The members heard Mr. Duff through, asked questions on present status of the development and immediate plans for constructing streets, homes, community recreational areas and the bringing in of utilities. Before the discussion ended the subdivision promoter asked if it would be possible to get some record of approval of the project or acknowledgment that he had appeared before the Commission. Chairman James made it quite clear that neither of these requests could be granted and the subdivider was further cautioned not to use this appearance as a means of furthering the promotion and advertising of his project. It was agreed that the proceedings of the Commission being public, Mr. Duff could review the minutes of the meeting and satisfy himself that the members had acted within the purview of the statute in permitting him to come before the regulatory board and discuss a real estate subdivision that was on the market prior to the enactment and effective date of the Subdivision Registration Law.

Mr. Buzzy Okazaki, Chairman, Legislative Committee, HONOLULU BOARD OF REALTORS and Mr. Phil Dooley, of WOODRUM ASSOCIATES, Public Relations advisers to the BOARD, appeared to discuss two proposals that industry was backing before the Legislature.

- a. Amending Section 170-12 (n) of Chapter 170 to permit a division or splitting of a commission with one not licensed in this jurisdiction. The proposal:

"(n) Splitting fees with or otherwise compensating others not licensed hereunder for referring business; provided, however, that a licensed broker may pay a commission to a licensed broker of another state if such broker does not conduct in this State any of the negotiations for which a commission is paid."

Mr. Palk expressed concern on the matter of where the negotiations were initiated, he believed that care should be exercised in accepting amendments to the licensing statute where the full intent of the industry is not pinned down. The members unanimously recognized the desire of the HONOLULU BOARD OF REALTORS to permit a splitting of commissions with out-of-state brokers in areas of trades, exchanges and referrals. Admittedly the commissioners felt there was a grey area in the language as proposed, but the Commission expressed itself as agreeing in principle to the suggested amendment. Mr. Okazaki suggested that the BOARD's attorney, Mr. Ralph Yamaguchi, be given additional time to review the proposal and the possible loopholes can be re-worked along the lines of today's discussion.

- b. Amending Section 170-7 of Chapter 170 to require that a person must take a pre-licensing course at the University of Hawaii or at any other educational institution:

"(h) To any person unless he shall have successfully completed a pre-licensing course in real estate, approved by the commission and conducted at the University of Hawaii or at any other educational institution."

The discussion hinged on the point that perhaps there was law enough in the licensing statute to require applicants to take such a pre-licensing course. The consensus was that there could be a commission approved course at the University but that it should not be mandatory to getting a license. The question arose should the pre-licensing course be a requirement for every licensee. The commissioners reviewed the problem of delegating the authority to test or examine potential licensees to another agency. Mr. Okazaki noted that this matter would be referred back to their counsel for his further research and re-working of the basic proposal.

HONOMALINO AGRICULTURAL CO., INC.

Mr. W. C. Jennings, President and Mr. A. W. Morriss, Secretary-Treasurer, appeared by invitation to present their South Kona development program. The Executive Secretary noted that on February 16th, at the invitation of the developer, he made an all-day inspection of the site in the Papa section of the South Kona District. Mr. Jennings briefly traced the past history of agricultural projects along the coast of West Hawaii and attempted to show the members how this development was programmed along somewhat different lines. Such questions as the commissioners had on the undertaking were answered by either Mr. Jennings or Mr. Morriss to the satisfaction of all. The question of whether the Commission had

jurisdiction over this long-range project was discussed, with the Executive Secretary stating that he believed this could be properly identified as a subdivision of twenty or more lots and as such fell with the jurisdiction of the Commission.

CONDOMINIUMS (Sections 170A through 170A-33)

- a. REGISTRATION NO. 4 - 100 WELLS-KANOA BUILDING (Maui) is expected to be completed and Final Report issued on this first business building condominium project.
- b. REGISTRATION NO. 9 - THE KAUAIAN. A Final Public Report on this Koloa, County of Kauai project has been issued. A sampling showed that the members had not received a report of this latest filing. Commissioners Ahrens, Palk, Kashiwa and Beard noting that they had not received a copy.
- c. REGISTRATION NO. 7 - KALAKEI VALLEY - UNIT NO. 1-D. The Executive Secretary reported that KAISER HAWAII KAI DEVELOPMENT officials had stated that they were coming on the market with another type of condominium under this seventh registration. Planning and design technicians were working on changes to basic ideas and shortly these newer styled units would be on the market.
- d. REGISTRATION NO. 12 - OCEANSIDE MANOR. The Executive Secretary reported that on February 13th the Chairman signed the Final Public Report on this proposed condominium project which is next to REGISTRATION NO. 1 at 3019 Kalakaua Avenue. He also noted that he was present at the initial meeting sponsored by the developer where all facets of the project were discussed by attorneys, financing agents, property management experts, advertising agency specialists and brokers. He believed that this project was extremely well-planned and certainly everyone participating in it appeared to understand the specific role that each had to play.
- e. FEDERAL HOUSING ADMINISTRATION. On January 29th, Mr. J. Stowell Wright, Director, had written the Commission on the present development in the community to improve the Horizontal Property Regimes Statute aligning part of it to the Model Condominium Statute prepared and issued by FHA's legal counsel in Washington. Mr. Wright expressed the hope to the Commission that this body might act as a central clearing house in coordinating various suggestions for amending our condominium act. Mr. Palk noted that it did not appear possible for the Commission to take on such additional responsibilities as the present staff workload was too heavy. It was agreed that the Commission could work on a level of exchanging ideas as to how the condominium law could be improved but that no assistance along the lines suggested by Mr. Wright could be offered.

MISCELLANEOUS

The Executive Secretary spoke to his Inter-Office memorandum of February 14th in which he recommended to the commissioners that Standard of Competency for Licensees, similar to suggested NALLO Standards, be adopted and promulgated under a Commission resolution. UPON MOTION, it was agreed to defer the question of establishing Standards of Competency for Licensees to the next meeting in March.

Motion passed unanimously.

LICENSING (Section 170-1 through 170-14)

New Corporations, Partnerships and DBA Licenses

UPON MOTION the Commission rules that those licenses tentatively authorized by the Executive Secretary for:

Herbert V. Thomas	dba THOM-MOSS REALTY
Richard S. K. Tsui	dba DICK TSUI REALTY
Clarence S. L. Tam,	Principal Broker - LIASION HAWAII, INC.

be issued.

Motion passed unanimously.

SUBDIVISIONS (Section 170-30 through 170-38)

- a. AINALOA SUBDIVISION: Harry Beddoe. The Executive Secretary reported receiving a letter from Mr. Beddoe in which he requested information on registering AINALOA with the Commission. He is negotiating with Golden State Hawaiian Corporation for the purchase of their corporation which includes said project.
- b. MEADOW VALLEY RANCHOS. The Executive Secretary reported that on February 4th, Paul Kettering, National Advertising Manager, HAWAII NEWSPAPER AGENCY, called to inquire on subject project located outside of Elko, Nevada. As this was a questionable advertisement the matter was brought to the attention of NALLO officials in Nevada and California. McBride telephoned his report on February 6th with a memorandum following. Chief Assistant Commissioner John E. Hampel, California Division of Real Estate under a February 11th letter reporting that they had issued a Desist and Refrain order against TWIN RIVER RANCHOS. In Mr. Kettering's initial inquiry he noted that this subdivision had placed orders with them before through the Los Angeles office and the subdivision was then called TWIN RIVER RANCHOS. The Executive Secretary noted that these two reports from the mainland were digested for Mr. Kettering's use and he elected not to accept copy on this subdivision.

- c. PINON RIDGE - UNIT I (Utah). Under the agreement of December 18th meeting it was Mr. Palk who volunteered to take the Duchesne County subdivision file, review it and make his comments to the Executive Secretary.
- d. ARIZONA RANCHERORS (Arizona). Mr. Kashiwa will take this file and review it and determine if the material submitted meets the requirements of our subdivision registration statute.
- e. DEPARTMENT OF THE ATTORNEY GENERAL. Mr. Palk suggested that the Executive Secretary request an opinion from the Attorney General on whether Section 170-6 of the licensing law applies to all advertisement made by licensees and owners, in this respect we would specify that we wanted a determination on the inclusion of subdividers or developers within the definition owners.

Mr. Palk felt the request could be expanded to include an opinion on whether the subdivision registration act is applicable to all subdivisions that were on the market or approved with a planning agency or body before ACT 154 became law.

ISLAND OF HAWAII.

Mr. Beard reported that the question of Branch Office policies and procedures had not been resolved by the Commission. He noted that the FIRST TRUST CO., OF HILO, LTD. had abided by the regulation and waited until they could get their nominee for Broker-in-Charge of their Kailua Office qualified as a broker before opening the satellite office.

The Executive Secretary noted that there had been no further communication from ATKINSON ASSOCIATES on the structuring of a Branch Office in the Banyan Court shopping center, Kailua. When Mr. Atkinson is in Honolulu, an attempt will be made to review this matter with him.

Mr. Beard introduced the problem of Mr. Peter Shayne who had advertised his services in the recent Progress Edition of the HILO TRIBUNE-HERALD. This matter was referred to the Executive Secretary for immediate investigation and report to the next meeting.

Date of
Next
Meeting:

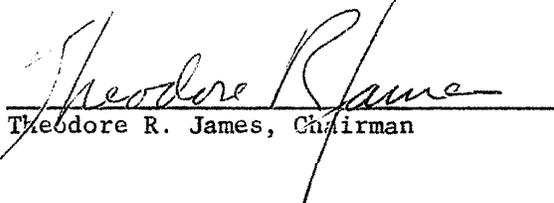
Tuesday, March 19, 1963 in Honolulu was set as the date and site of the next meeting.

UPON MOTION it was agreed that the meeting of April would be tentatively set for Friday, April 19, 1963 on the Island of Maui.

Motion passed unanimously.

Adjournment:

There being no further business to transact the Chairman declared the meeting adjourned at 1:00 p.m.


Theodore R. James, Chairman