

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

MINUTES OF MEETING

Date: Tuesday, November 28, 1967

Place: Conference Room, 424 South Beretania Street, Honolulu, Hawaii

Present: Jack K. Palk (Oahu), Chairman Hiromu Yamanaka (Hawaii)
Yukio Kashiva (Oahu), Vice Chairman William H. C. Young (Oahu)
Douglas R. Sodehani (Maui)

James H. S. Choi, Deputy Attorney General
Robt E. Bekeart, Executive Secretary

By Invitation

H. Dickey Thacker, representing Honolulu Board of Realtors
Wesley F. Charlton, representing Real Estate Association of Hawaii

Absent: Harold J. Silva (Oahu)
There being no representative for the County of Kauai, the Chair noted this vacancy for the record.

Call to Order: There being a quorum, Chairman Palk called the meeting to order at 10:10 a.m.

Minutes: UPON MOTION, the Commission approved the minutes of Tuesday, October 24, 1967, as circulated.

Motion carried unanimously.

Business Out
of Minutes:

LICENSING (Sec. 170-1. through 170-24.)

Real Estate Recovery Fund - Mr. Okaji, Licensing Administrator, appeared and reported on discussions with Mr. Jensen H. L. Hee of the Department of Budget and Finance with reference to the program and policies that the Administration requires for the investing and re-investing of contributions by licensed brokers and salesmen to the Fund. It was acknowledged that the authority under which the Trustees of the Employees' Retirement System invest trust monies is set down in Chapter 6, Section 75 of the Revised Laws of Hawaii, and it is in the statute that one determines the different ways open to the Trustees to invest funds.

As the language of ACT 187 does not mandate clearly how the funds are to be invested, Mr. Okaji reported that Mr. Hee was of the opinion that the role of the Department of Budget and Finance may be different than the functions it performs for the Employees' Retirement System.

Chairman Palk believes that the criteria of the Commission's investment policy or program should include the condition that the trust funds shall not be invested in long-term mortgages and that the funds must be in a depository situation where they can be readily accessible for immediate liquidation.

It was agreed that it is incumbent on the Commission to establish a program of trust fund management and that said program will set forth the commissioners' objectives for sound investment planning. Within the language of Sec. 170, it appears that the Commission may assume the responsibility of (1) establishing a program; (2) actually seeing to the proper investing of trust funds; and (3) determining that the income from investment of funds can be made available to effectuate a real estate education program.

The Chairman proposed that the Commission draft a program for initial circulation to the membership for their observations, comments and suggestions. After the regulators have studied the proposal, it is to be readied and forwarded through appropriate Administration offices. Chairman Palk is to be originator and signer, thence it will be routed to the Director, Department of Regulatory Agencies and forwarded to the addressee Jensen H. L. Lee, Department of Budget and Finance, who the Commission identifies as its investment agent. Fracturing of the Commission's accepted and approved program must be avoided and the Chairman states that he will be available for conferences if it is apparent that the action resolved this day does not bring the responsiveness expected.

CONDOMINIUM (Sec. 170A-1. through 170A-46.)

The Executive Secretary presented the status table below on Horizontal Property Act registrations:

<u>Project</u>	<u>Registered</u>	<u>Preliminary</u>	<u>Final</u>	<u>Supplementary</u>	<u>Current</u>
The Palms Reg. 112	10/19/65	None	12/10/65	Pending/	9/7/67
Windward Villa No. II Reg. 132	10/24/65	None	4/18/66	Pending*	6/9/67
Koko Isle Reg. 174	6/30/67	9/5/67	11/17/67	-	-
Mokuleia Surf and Sand Parcel I	6/23/67	None	Pending*	-	11/3/67
Bali Hai Cottage Colony Reg. 180	9/5/67	11/7/67	-	-	-

(Cont'd.)

<u>Project</u>	<u>Registered</u>	<u>Preliminary</u>	<u>Final</u>	<u>Supplementary</u>	<u>Current</u>
American Savings & Loan Assn Bldg. Reg. 181	9/21/67	None	11/9/67	-	-
Punahou Manor Reg. 109	8/3/65	12/2/65	10/31/67	-	-
The Magellan Reg. 160	12/12/66	3/15/67	None	11/9/67	-
Maui Eldorado I Reg. 182	9/22/67	11/6/67	-	-	-
Kapiolani Hale	10/2/67	None	Pending /	-	-
Kalakaua Sands	9/21/67	Pending*	-	-	-
Prospect Tower Apartment	10/20/67	Pending/	-	-	-
Ala Uailani	10/20/67	Pending/	-	-	-
La Pietra	10/26/67	Pending*	-	-	-
Niihau Apartments	11/3/67	None	Pending*	-	-
Honokeana Cove Reg. 124	-	-	3/11/66	Pending*	11/22/67

LEGEND: * denotes waiting examination/write up of report
/ denotes Developer responsibility to meet requirements current-date of Developer's latest communication

New Business:LICENSINGNew Corporations, Partnerships, DBAs and Branch OfficesCorporation

E. H. Araujo, Inc.
Hawaii-Hilo Realty, Inc. (Authorized
10/25/67)

Principal Broker

Edward H. Araujo
Tadayoshi Ishizu

Partnership

(None)

DBAs

Builders Realty	Edward T. Yamaguchi, dba
Rudy Hirota Realty	Rudy T. Hirota, dba
A. A. Realty	Andrew K. Aiu, dba
K. C. Realty	Kam Cheong Pang, dba
Murphy's Realty	Patrick M. Murphy, dba
	(change of name from Gayland Realty)
Royal Realty (authorized 8/28/67)	Paul Schattauer, dba

UPON MOTION, the Commission ruled that the processings immediately above, as tentatively authorized by the Licensing Administrator, be approved and entered of record.

Motion carried unanimously.

Investigations:RE-226 KONA GARDEN ESTATES SUBDIVISION

The Executive Secretary has determined that the properties in the KONA GARDENS offering of 1960 and the current KONA GARDEN ESTATES SUBDIVISION lands are two separate and distinguishable holdings. The Commission acknowledges the staff report and ratifies the action wherein the registrant was given written notice that the registration, under ACT 154, is accepted as complete and the subdivider may proceed to market the property.

RE-237 WAIMALU TERRACE CONDOMINIUM

Having had an opportunity to read the October 25, 1967 report of Donald K. Iwai, attorney for Better-Built Hawaii, Ltd., and Y. Hata & Company, Limited, the commissioners concluded that if the Developer is going to continue to consider the project as a condominium and offer same for sale as such the Commission should be so advised and a Supplementary Public Report will issue. Further, if the Developer is discontinuing the Horizontal Property Regime concept, appropriate action should be taken to remove the project from the authority under Chapter 170A, RLH, and report this decision to the Commission.

The Attorney General will be requested to render the Commission a legal opinion on whether the regulatory body, in performance of its duties and responsibilities under the Horizontal Property Act, has the authority to withdraw and cancel the Final Public Report published on Waimalu Terrace - Registration No. 104, on the basis that the use of the project has been changed from a residential apartment project to a rental apartment arrangement available, by agreement with the Department of Defense, to personnel of the Armed Forces.

RE-242 KARL EMBREY and HAWAIIAN OCEAN VIEW ESTATES

In support of the earlier request for prosecution of this unlicensed activity charge, the Deputy Attorney General Choi is to be given copies of presentations made by the Commission before the 1967 Legislature when seeking further legislative improvements in the exceptions section of Chapter 170. The memoranda and statements of Chairman Palk and former Deputy Attorney General Peterson are also to be submitted to Mr. Choi.

RE-210 MORRIS MOCHE (aka HYMAN GALEA) and HAWAIIAN OCEAN VIEW ESTATES

The Commission's observations on this case, which is referred to the Attorney General for preparation for prosecution, are similar to the Karl Embrey matter above.

RE-264 VIOLET C. KING

Hearing Officer Sodetani authorized a continuance in the proceedings to Friday, December 15, 1967, in order for the respondent's witness to be present. As this was the Deputy Attorney General Choi's recommendation, Mr. Sodetani and Mr. Yamanaka, as Co-Hearing Officers were agreeable to the suggestion.

RE-265 BEN E. AYSON

The Executive Secretary will discuss with the broker the Commission's October 24, 1967 position on this matter and a determined effort can be expected in suggesting a refund be initiated.

RE-266 F.G.F. INVESTMENTS CORP.

The Commission is of the opinion that an investigation of the Honolulu headquarters of this company be conducted to determine if the corporate officers have offered land for sale, contravening the Opinion No. 66-6 of February 25, 1966 on owner exceptions.

To assist Deputy Attorney General Choi in his research of the owner exception problem and expand the scope of his study, the Commission requests the Attorney General to rule on the question of whether there is a violation when an individual, having bought a number of lots obviously for resale to the public, claims shelter under the owner exception section and proceeds to offer said holdings for sale without having qualified for a real estate license required by law.

RE-269 MARK-CROSETTI, INC.

A check is to be made with the complainant to see if he has received the \$1,500 refund of his deposit on a condominium. The Commission defers action on this matter pending any action the Developer of Hale O' Kona condominium project takes on or after December 31, 1967.

RE-270 ROBERT JOBES

On the basis of the information assembled and the facts set forth in the investigation report, the Commission can find no grounds to support the allegation that there has been a violation.

No action to be taken.

RE-271 LEO MANOL and DORIS RICHARDSON

The inattentiveness of the employed salesman is considered by the Commission to border on misconduct and not in keeping with

standards of competency that licensees are encouraged to live up to. The Principal Broker will be advised in writing of the regulators' displeasure in the manner in which this transaction was handled.

Miscellaneous:

39TH ANNUAL NARELLO CONFERENCE

The Commission's representative to the Albuquerque, New Mexico, meeting, Mr. Kashiwa, is preparing his written report.

1968 BUDGET SESSION, FOURTH LEGISLATURE

Convenes third Wednesday in February--the 21st.

The Executive Secretary spoke to the Department's interest in the Commission acceptance of the proposal to increase the reissuance fee from the present \$1.50 to \$3. The Chairman responded that before the membership could validly support such a measure the justification for such a fee increase would have to be supported with documentation. For the present, until the Commission builds a reservoir of experience in the management of the Real Estate Recovery Fund, it is suggested that real estate licensing and condominium fee schedules should not be changed.

REAL ESTATE EDUCATION FUND

The Chairman of the Education Task Force, Mr. Sodetani, is taking exploratory steps to set down in writing his suggestions of goals and objectives the Task Force should move towards. He expects to have a paper ready for circulation on a tentative program outline.

REVISED LAWS OF HAWAII 1965


The Executive Secretary reported on the project of the Revisor of Statutes who is presently involved in preparing changes or modifications to the arrangement of the Revised Laws of Hawaii. It is apparent that the real estate licensing law and the condominium law will be identified differently in the 1965 revised laws (which is supposed to be effective by January 1969).

Date of
Next Meeting:

Friday, January 5, 1967, at 10:00 a.m. in Honolulu.

Adjournment:

There being no further business to transact, the Chairman declared the meeting adjourned at 12:00 noon.



ROBT E. BEKEART, Executive Secretary

REB:va
1/11/68