

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

MINUTES OF MEETING

Date: Friday, March 22, 1968

Place: Board of Directors Meeting Room, Oceanic Properties, Inc.
401 Kamakee Street, Honolulu, Hawaii

Present: Jack K. Palk (Oahu) Chairman Douglas R. Sodetani (Maui)
Irving A. Jenkins (Kauai) William H. C. Young (Oahu)
Harold J. Silva (Oahu)

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

By Invitation

Wesley F. Charlton, representing Real Estate Association of Hawaii

Absent: Yukio Kashiwa (Oahu) Vice Chairman - excused
Hiromu Yamanaka (Hawaii) - excused
Michael T. McCormack, representing Honolulu Board of Realtors

Call to Order: There being a quorum, Mr. Palk in the Chair, called the meeting to order at 10:15 a.m.

Mr. Sodetani suggested that the proceedings show the Commission's gratefulness to Mr. Palk and Oceanic Properties, Inc. for making the meeting facilities available to the Commission. It was so recorded.

Minutes: UPON MOTION, the Commission approved the proceedings of the Tuesday, February 20, 1968 meeting.

Motion carried unanimously.

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

Out of
Minutes:

Fingerprint Record Procedure

Executive Secretary will prepare a paper on the proposed and accepted procedures in accordance with the commissioners' statement of policy at the February 20, 1968 monthly meeting. It is recognized that details will have to be worked out with the Professional and Vocational Licensing Division and the Bureau of Crime Statistics and Identification of the Department of the Attorney General. The new requirements and procedural guidelines are to be ready for the Commission's review at the next meeting.

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>
Windward Villa Project No. II Reg. 132	10/24/65	None	4/18/66	Pending *	6/9/67
Kapiolani Hale	10/2/67	-	Pending +	-	-
Prospect Tower Apartments	10/20/67	-	Pending *	-	-
Maui Sands II	12/6/67	3/14/68	-	-	-
Diamond Head Lanai	1/12/68	Pending *	-	-	-
Seventeen Seventeen Ala Wai	1/23/68	-	2/23/68	-	-
Wilder Tower	1/23/68	Pending *	-	-	-
Coral Terrace Apts.	1/23/68	-	Pending *	-	-
The Palo Alto	2/1/68	Pending *	-	-	-
The Barclary	2/6/68	Pending +	-	-	-
Kapiolani Manor	1/11/66	3/31/66	9/30/66	3/7/68	-
The Greenway Reg. 173	7/14/67	8/29/67	3/7/68	-	-
Golflinks Apts. Reg. 164	3/29/67	-	5/31/67	-	-
Kamehameha Gardens Reg. 170	6/2/67	-	7/19/67	3/1/68*	-
Marine Surf Waikiki Reg. 100	8/25/65	-	10/25/67	Pending *	3/20/68
Sunset Towers Reg. 117	11/15/65	-	1/21/67	Pending *	3/11/68
Mokuleia Resorts- Ehenehene	2/27/68	Pending *	-	-	-

<u>Project</u>	<u>Registered</u>	<u>Preliminary</u>	<u>Final</u>	<u>Supplementary</u>	<u>Current</u>
Mokuleia Resorts-Hailono	2/27/68	Pending *	-	-	-
Mokuleia Resorts-Lowena	2/27/68	Pending *	-	-	-
Mokuleia Resorts-Olenalena	2/27/68	Pending *	-	-	-
Prince David Apts.	3/14/68	Pending *	-	-	-

Legend: * denotes waiting examination/report writing
 + denotes Developer's responsibility to meet requirements
 Current - date of Developer's most recent communication

Hale O Kona Reg. 125 Voluntary bankruptcy filed by Developer in U.S. District Court

Sunset Towers Reg. 117 Executive Secretary reported this project was being offered for sale in State of Washington. The matter of an incomplete disclosure in advertising had been called to the attention of NARELLO associates in that state. Corrective measures have been taken to assure accuracy in registration, public reporting, promotion, advertising and selling.

Discussing Mr. Jenkins' earlier observation on inconsistencies in condominium public reports on leasehold projects, the Commission instructed the Executive Secretary that the terms and conditions of the Master Lease, any Sandwich Lease, Construction Lease, and Apartment Lease should be recited in the report. The commissioners believe that the public should have knowledge of (1) how long a lease they are obligating themselves to, (2) when does it commence, (3) when does it terminate, (4) at what period is there a provision for re-negotiation, and (5) any other relevant information as to leases and subleases.

New
Business:

LICENSING

New Corporations, Partnerships, DBAs and Branch Offices

<u>Corporation</u>	<u>Principal Broker</u>
Philip W. Won & Associates, Inc.	Philip W. Won, RPB
Tyrrell & Schrader Management, Inc.	Ralph A. Schrader
Waimea Investment Corporation dba Mauna Kea Realty	Douglas Ackerman, RPB
Award Homes Hawaii, Inc.	Daniel K. Kanahele, RPB

DEAs

Beachside Properties
H. McKee Realty
(formerly Ocean View Realty)

John A. Eagle dba
Harry F. McKee dba

Partnership

(None)

Branch Office

Portrait of Homes, Inc.
2252 Kalakaua Ave., Honolulu

Bertrand A. Lang, BIC

The commissioners asked that a determination be made in the licensing of Philip W. Won, Principal Broker as noted above and Ralph A. Schrader, Principal Broker as to whether in each processing the brokers are serving in no more than a single broker role. The Commission reaffirms its position which prohibits "double-haffing" by brokers.

The question of whether Portrait of Homes, Inc. has been granted the authority to operate an executive-desk type of branch office on the ground floor of the Holiday Mart retail store should be resolved. Said operation is adjacent to a desk operation identified to Holiday Realty, a dba, at 801 Kaheka Street.

Investigation:

RE-237 WAIMALU TERRACE CONDOMINIUM

The commissioners' see their objective as bringing the disclosure to a current level, assembling information that is available and issuing a supplemental report. Contact will be made with the Developer to seek change information on such matters as (1) when did the Developer, or the selling broker, abandon the program of offering apartments for sale as condominium units, (2) when did the Developer enter into lease negotiations with the Navy Department, and (3) what are the terms and conditions of the existing agreement to make the entire project available as rental units for Navy dependents.

Executive Secretary will have Mr. Choi, Deputy Attorney General, review the enforceability of the inquiry in order to encourage responsiveness from the Developer.

RE-265 BEN E. AYSON

No further developments. The Executive Secretary is to continue efforts to discuss the complainant's position within the framework of certain information that the respondent gave the Commission, which were not incorporated in the investigation report.

RE-264 VIOLET C. KING dba VIOLET C. KING REALTY CO.

The Chairman, in suggesting strict compliance with the Commission's Rules of Practice and Procedure, directed that the respondent's right to file exceptions to the Hearing Officers' recommendation

is to be honored. When the exceptions are filed, pursuant to said rules, copies will be xeroxed for immediate delivery to all commissioners, plus the Deputy Attorney General.

The respondent's exceptions and/or any appeal for a review of the Hearing Officers' Findings of Fact, Conclusion and Recommendation shall be placed on the agenda of next meeting at which time the Commission will make its decision.

RE-287 MARK-CROSETTI, LTD.

Having studied the March 4, 1968 investigation report, the commissioners' position is that a breach of the contract of sale is obvious. The file is to be forwarded to the Attorney General seeking his advisement on how the refunding program can be initiated in light of one of the developers filing voluntary bankruptcy and what criminal penalties are to be considered for violations of law or regulations. The Executive Secretary will determine what refund conditions are expressed in the Contract of Sale, and what provisions have been written into the Escrow Agreement under which funds are held in trust.

As an aside, it was suggested that a check be made with Mr. William "Bill" Curlett of Oceanic Properties, Inc., to verify, with accuracy, whether that firm was interested in acquiring this project or if they have recently reconsidered a proposal that they participate in the financing of Hale O Kona project.

RE-281 LEA THROPP, LTD.

At next month's meeting, in order to assemble background information, the Commission will request Mrs. Thropp and Mrs. Crow to appear for the purpose of responding to questions where it is believed the investigation report is incomplete. Also the complainant, Mr. Cramer, and his agent, Mr. Alworth, will be asked to come forward for a similar discussion of the case. The appearances are to be arranged in such a manner that each party will have private audience with the commissioners. If the complainants and respondents want to have their attorneys present, this is acceptable. Through oral interview, discussion and questioning the commissioners hope to see more clearly a reason or cause for the matter to be set down for a hearing. It is to be understood that the two separate meetings are information gathering operations only.

RE-282 SAM CHROMAN

On the basis of the facts and information set forth in the investigation report, the Commission can find no grounds on which a violation of law or breach of rules and regulation can be supported. The complainant is to be advised accordingly.

- RE-284)
- RE-285) - Marine Surf Waikiki - Registration No. 100
- RE-295)

Having just received the three above investigation reports, the Commission decided to set the matters aside, thereby giving the

commissioners adequate time to carefully study this rather involved and complex series of acts as set forth in the three reports. A full discussion will be an agenda item for the April meeting.

Civil No. 19482, Court of the First Circuit

The Executive Secretary advised the Commission of his appearance as a witness, under subpoena, before Judge Fukushima in the case involving Harry Y. H. Kim, Continental Realty, Kam Fong Chun(s) and Robert E. K. D. Lee(s).

Attorney Edward Y. H. Kim has advised that on behalf of his clients he is filing a complaint against the licensees immediately above.

Miscellaneous:

1968 Budget Session, Fourth Legislature

J. P. Russell Proposed HPA Amendment

As this matter was not prepared for sponsorship as an Administration approved proposal, the Commission instructed the Executive Secretary to make this part of the 1969 Regular Session Legislative Program. All were in agreement that Mr. Russell's proposed amendment to Sec. 170A-39.2 should be prepared for introduction along with any other condominium law revisions.

H.B. 127, S.B. 75 Boards and Commission Membership

Chairman Palk noted that he had appeared before various committees of the House of Representatives and the Senate putting forward the Commission's position on changing the membership on regulatory bodies. He reaffirmed the position that representation on boards and commissions should be continued on a geographical basis in order to serve the best interests of our four island counties and the general public.

H.B. 136

Deputy Attorney General Choi briefed the commissioners on the background requirements for curing administrative and mechanical problems in areas of applications, examination and license issuances.

Douglas K. Sodemani - Appointment

The Commission acknowledged the report that Mr. Sodemani's appointment, by Governor's Message No. 99, had been acted on by the Legislature.

EDUCATION TASK FORCE

Mr. Sodemani, ETF Chairman, reported on the highlights of the February 21, 1968 meeting. Professor Bell, College of Business Administration, has the responsibility of preparing sampling type questions to be incorporated in the proposed characteristics/profile survey of licensees. Mr. James Trask, Honolulu Board of Realtors, is to study license examination content and procedures with the idea of transferring the examination of real estate broker applicants to the College of Business Administration. The Task Force is giving consideration to publishing, with cooperation of the organized industry, a manual or reference book.

Mr. Young believed that in order to get profiles on applicants entering the real estate field, the application procedures might be expanded to include a questionnaire that would disclose background of candidates, academic attainments and such other information as would illustrate what potential applicants had in mind when selecting real estate as a career. He suggested that in order to launch such a query, it could be a voluntary disclosure by applicants sitting for July and November 1968 tests.

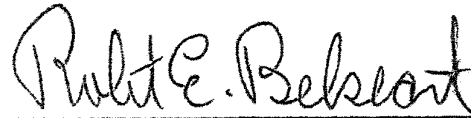
NARELLO Western District Conference

The Commission inquired of the progress being made in seeking the Administration's support to send two representatives to the West Yellowstone, Montana, June 26-29, 1968 regional meeting. It was agreed that Mr. Palk, as a NARELLO Director, should attend and Mr. Yamanaka, as a Western District member of the Real Estate Examination and Education Bank committee, should also be present. The record shows that Mr. Yamanaka attended an Association meeting at his own expense because of his interest in serving as a commissioner.

Date of Next Meeting: Tuesday, April 23, 1968 at 10:00 a.m., in the Conference Room, Department of Regulatory Agencies, 1010 Richards Street, Honolulu.

The Education Task Force will convene on Wednesday, April 24, at a facility to be selected.

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



ROBT E. BEKEART
Executive Secretary

REB:sw
4/23/68