

LAWS AND RULES REVIEW COMMITTEE
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii
www.hawaii.gov/hirec

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawaii Revised Statutes.

Date: Wednesday, July 12, 2006

Time: 9:00 a.m.

Place: Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, First Floor
Honolulu, Hawaii

Present: Louis Abrams, Chair, Broker/Kauai Commissioner
Michele Sunahara Loudermilk, Vice Chair, Public/Honolulu Commissioner
Annette Aiona, Broker/Hawaii Commissioner
Carol Ball, Broker/Maui Commissioner
Frances Gendrano, Salesperson/Honolulu Commissioner
Stanley Kuriyama, Broker/Honolulu Commissioner (Early Departure)
Trudy Nishihara, Broker/Honolulu Commissioner
Mark Suiso, Public/Honolulu Commissioner (Late Arrival)

Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Kimura, Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Shari Wong, Deputy Attorney General (Early Departure)
Irene Kotaka, Secretary

Others: Myoung Oh, Hawaii Association of REALTORS
Alicia Maluafiti, Hawaii Association of REALTORS

Absent: William Chee, Broker/Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 9:01 a.m., at which time quorum was established.

Recess: The Chair recessed the meeting at 9:01 a.m.

Commissioner Suiso arrived.

Reconvene: The Chair reconvened the meeting at 11:00 a.m.

Chair's Report: No Chair's report was presented.

SEO's Report: **Announcements, Introduction, Correspondence, Additional Distribution**

The following materials were distributed prior to the meeting:

2. Chair's Report
 - a. Real Estate Commission
 - 1) Organization of the Real Estate Commission
 - 2) Travel Policy
4. Program of Work, FY07
5. ARELLO, Other Organizations and Jurisdictions
 - b. National Association of REALTORS and Other Boards of REALTORS

Chair's Report: **Real Estate Commission**

Upon a motion by Commissioner Nishihara, seconded by Commissioner Abrams, it was voted on and unanimously carried to accept the memorandum from the REC Chair, dated July 12, 2006, regarding the organization of the Real Estate Commission.

Upon a motion by Commissioner Nishihara, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the memorandum from the REC Chair, dated July 12, 2006, regarding the Commission's travel policy.

Minutes of Previous Meetings

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Kuriyama, it was voted on and unanimously carried to accept the minutes of the June 14, 2006 Laws and Rules Review Committee meeting.

Program of Work, FY07: **Neighbor Island Outreach**

The next neighbor island outreach is being scheduled for Fall 2006, in Maui. REB staff will work with Commissioner Ball on the arrangements.

Program of Work, FY07

The finalized Program of Work and Budget for FY07 was distributed to the Commissioners for their information.

Commissioner's Education Program

The following information was discussed and distributed to the Commissioners for their information and reference:

1. Office of Information Practices Request for Opinion, dated April 28, 2006;
2. Purpose of the Real Estate Commission;
3. "No \$50M tax credit for new racing park," The Honolulu Advertiser, April 12, 2006;
4. "Ethics Guide for Elected Officials, Employees, Members of Boards and Commissions," Hawaii State Ethics Commission;
5. Memorandum regarding Ex Parte Communications with a Commissioner of the Real Estate Commission, dated January 27, 2004;
6. Hawaii Administrative Rules § 16-201-25 "Ex parte communications";
7. Hawaii Revised Statutes, Chapter 84, Standards of Conduct;

8. Hawaii State Ethics Commission, Opinion No. 550; and
9. Sunshine Law Brochure, Office of Information Practices.

Commissioner Kuriyama was excused from the meeting.

Subcommittee on Agency and Other Related Issues

Subcommittee Chair Abrams reported that subsequent to the course taught by Lynn Madison, he and the SEO met with representatives from the Hawaii Association of REALTORS to review the feedback from the course. Licensees who attended the course were asked to take a test before and after the course to provide an idea of their understanding of agency issues. The answers to both tests can provide the Subcommittee with an idea on how to proceed in tackling the agency and consumer broker relationship concerns.

Ms. Maluafiti informed the Committee that HAR is looking to see how the information that they obtained from Ms. Madison's course can be shared with the Subcommittee and the Commission.

Subcommittee Chair Abrams reported that the next Consumer Broker Relationships Ad Hoc Committee meeting is scheduled for Friday, July 28, 2006, at 1 p.m.

Commissioner Nishihara commended HAR for bringing to the Commission's attention their concerns on agency and consumer broker relationships. These issues are in much need of attention in the rapidly changing real estate industry.

The following materials were distributed to the Commissioners for their information:

1. Inman Real Estate News, "NAR counsel lays down laws for real estate brokers," May 17, 2006;
2. Consumer Federation of America News Release, dated June 19, 2006, "New CFA Analysis of Real Estate Cartel Explains How It Can Set Prices";
3. Consumer Federation of America, "How the Real Estate Cartel Harms Consumers and How Consumers Can Protect Themselves," June 2006;
4. Consumer Federation of America, "Statement by Stephen Brobeck About the Real Estate Cartel at June 19, 2006 Press Conference"; and
5. Inman Real Estate News, "Consumer group slams real estate 'cartel'", June 19, 2006.

Chair Nishihara and the SEO had an opportunity to speak with Laurie Janick of NAR regarding the survey that was taken by buyers through the National Association of REALTORS' membership. It was discovered that the buyers could not recall signing the agency forms.

Chapter 436B, Hawaii Revised Statutes, Professional and Vocational Licensing Act

A copy of Chapter 436B, HRS, was distributed to the Commissioners for their information and reference.

ARELLO, Other
Organizations and
Jurisdictions:

ARELLO

National Association of REALTORS and Other Boards of REALTORS – Upon a motion by Commissioner Loudermilk, seconded by Commissioner Ball, it was voted on and unanimously carried to recommend approval of up to two Commissioners/staff to participate in and attend the National Association of REALTORS Conference, to be held on November 10 to 13, 2006, in New Orleans, Louisiana, subject to the Governor's fiscal policy and budgetary approval.

The Deputy Attorney General was excused from the meeting.

Open Forum: Ms. Maluafiti informed the Commissioners that on Friday, July 7, 2006, HAR's Executive Board approved the hiring of Anne Deschene as their Executive Vice President. She was formerly a director with the Better Business Bureau.

Special Issues: None.

Open Forum: None.

Budget and Finance
Report: None.

Next Meeting: Wednesday, August 9, 2006
9:00 a.m.
Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, First Floor
Honolulu, Hawaii

Adjournment: With no further business to discuss, the Chair adjourned the meeting at 12:02 p.m.

Reviewed and approved by:

/s/ Calvin Kimura
Calvin Kimura
Supervising Executive Officer

August 9, 2006
Date

[X] Approved as is.
[] Approved with amendments. See minutes of _____ meeting.