

REAL ESTATE COMMISSION
Professional & Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES OF MEETING

Date: Friday, February 22, 1985

Place: Board Room, 1010 Richards St.
Kamamalu Building, Honolulu, HI

Present: G. A. "Red" Morris, Chairman
Toru Kawakami, Vice Chairman
Joseph F. Blanco, Member
Gloria J. Damron, Member
Constance B. Smales, Member
Douglas R. Sodetani, Member
Yukio Takeya, Member
Gregg T. Yamanaka, Member
Peter N. Yanagawa, Member

Cynthia M. L. Yee, Acting Executive Secretary
Saeko Whang, Secretary

Virginia Lea Crandall, Hearings Officer
Rodney A. Maile, Hearings Officer
Marcus Nishikawa, HAR Representative
Nicholas Palazzo, Applicant for License
Violet King, Observer

Call to Order: There being a quorum present, the meeting was called to order at 9:15 a.m., by Chairman G. A. "Red" Morris.

Notice of Meeting: The notice of meeting was filed in the Office of the Lt. Governor on February 15, 1985.

Minutes: Upon motion by Commissioner Takeya, seconded by Commissioner Sodetani, the Commission unanimously approved the minutes of January 25, 1985, as circulated.

Hearings Officers' Report: Hearings Officers, Virginia Crandall and Rodney Maile summarized the following cases which were previously heard:

RE-83-244 Betsy J. Christian (Settlement Agreement)

Upon motion by Commissioner Blanco, seconded by Commissioner Damron, the Commission unanimously approved to accept Hearings Officer's recommended settlement agreement to revoke Betsy Christian's real estate broker-salesman license.

Reinstatement of Suspended License

The Commission discussed changing the rules to indicate the revocation of any credit, both education and experience, when a license has been revoked.

Upon motion by Commissioner Sodetani, seconded by Commissioner Smales, the Commission unanimously referred this matter to the Laws and Rules Review Committee. The staff will prepare a proposed draft to the rules to reflect this concern.

RE-82-130 Helen DeAngelo, Thomas Atwill and Professional Rental Management Corp.
(Amended Settlement Agreement
Re: Helen DeAngelo)

Upon motion by Commissioner Blanco, seconded by Commissioner Sodetani, the Commission unanimously accepted Hearings Officer's recommended settlement agreement to order Respondent DeAngelo to pay a fine of \$500 within 30 days from the Commission's final order and that she be required to take the RECCAL course within 6 months of the final order.

Raising Fee for Violations

The Commission discussed the possibility of raising the fine from \$500 to a higher amount per violation.

Upon motion by Commissioner Blanco, seconded by Commissioner Damron, the Commission unanimously requested the Laws and Rules Review Committee to do an analysis on this matter.

Personal Appearance:

Nicholas Palazzo (Reinstatement of License)

Nicholas Palazzo appeared on his own behalf to discuss the matter of reinstatement of his suspended real estate salesman license.

Palazzo had chosen to take the 1 year suspension pursuant to Commission's order instead of paying restitution to Complainant in the amount of \$379.80.

During the question and answer period, Palazzo voluntarily agreed to pay the Complainant.

Commissioner Smales moved and Commissioner Sodetani seconded to reinstate Palazzo's license after considering Palazzo's representations that he will make restitution to Complainant and also take the

RECCAL course prior to reinstatement. Motion carried unanimously.

Committee Reports: Education Committee

Education Officer's monthly report and the minutes of February 11, 1985 meeting were circulated earlier.

Education Committee Chairman Blanco reported as follows:

Correction to minutes of February 11 - under Old Business ETS Review Session, page 1, items that were labelled "poor" were poor statistical responses which the item writers who reviewed it said that they were just difficult questions - it should read "poor statistical analysis".

Mandatory Post Licensing

A lengthy discussion was held on mandatory post licensing for licensees. The general consensus of the Commissioners is that it is not premature to be working towards mandatory post licensing. Education Chairman Blanco stated that this matter is on the program of work.

Peter Petris

Peter Petris, ETS coordinator, requested the Commission to grant him authorization to allow candidates, whose name for some reason did not appear on the list for a valid reason, be allowed to take the exam.

Upon motion by Commissioner Blanco, seconded by Commissioner Damron, the Commission unanimously approved to grant Peter Petris the authorization to allow candidates to sit for the exam if they have met the requirements and can show satisfactory evidence of meeting the requirements even though their names were not on the list.

Annual Symposium

The Annual Budget and Planning Symposium has been scheduled for May 9 and 10, 1985 to be held at the Hawaiian Regent Hotel.

Upon motion by Commissioner Blanco, seconded by Commissioner Takeya, the Commission unanimously accepted the Education Committee minutes of February 11, 1985 as corrected.

Laws and Rules Review Committee

Laws and Rules Review Committee Chairman Takeya reported as follows:

Agency/Sub-Agency

Discussion on amendments to the rules will be held at the next Laws and Rules Review Committee meeting to indicate when and how the agency relationship should be declared and that a representative of HAR be invited to participate in the discussion.

Chairman Morris requested that Commissioners attend the legislative hearings on Agency/Sub-Agency and Reallocation of Fees. Staff will contact Commissioners as to the date and time of the hearings.

Fidelity Bond and Managing Agent

Commissioners discussed the ramifications of a surety bond and fidelity bond for managing agents and decided that neither serves the purpose. Chairman Morris suggested that managing agents be licensed as brokers and salesmen and to increase the recovery fund to cover this type of activity. Commissioner Blanco stated that it would be an adverse effect on the recovery fund. A vote was taken whether or not the Commissioners were in favor of having the managing agents covered by the real estate recovery fund. Eight Commissioners were not in favor; one was in favor. Staff is to prepare legislative testimony relating to this issue along the lines of being more informative; discussing the findings of the Commission and that there is no simple solutions to this issue.

Condo Review Committee Report

Exemption from Performance Bond Requirement

Committee Chairman Yamanaka reported that the Committee recommended that developers of Ohana projects be exempt from Commission policy requiring a 100% performance bond from a surety company provided that the executive secretary and/or consultant are satisfied that there are sufficient protection of purchasers' funds conditioned with one or more of the following:

1. A 100% performance/material house bond from a reputable and responsible bond/insurance company
2. Escrow of construction funds
3. Minor refurbishing
4. Owner is developer and will occupy project
5. Bonding company will provide evidence of financial responsibility, i.e., financial statement
6. Developer describes number of units to be constructed, type of construction, sales price of units
7. Construction loan lender issue commitment letter
8. Disclosure on HPR of the above information (This should be a requirement regardless)

Commission decided to adopt this matter subject to further clarification. It will be referred back to the Laws and Rules Review Committee.

S.B. No. 1305, H.B. No. 806

The Commission discussed S.B. No. 1305 and feels this would be over-regulation. Commission has taken its own steps for disclosure requirements, therefore, this bill is unnecessary.

Motion was made by Commissioner Yamanaka, seconded by Commissioner Smales and unanimously carried. Staff to prepare legislative testimony along this line of thought.

Report to the Governor

Commissioner Blanco commended Chairperson of Research and Education Center, Commissioner Damron, for all her hard efforts and sending the revised report to the Governor's Office.

Commissioner Takeya moved and Commissioner Sodeyani seconded to accept the minutes of January 24, 1985, as amended, as well as the report of February 21, 1985 and the Condo Review Committee Report. Motion carried unanimously.

New Business:

LICENSING

Corporation

Hawaii Loa Realty, Inc. - 841 Bishop St., #2102
James P. Ohlman, pb Hon.

Mitch & Company, Inc. - 770 Kapiolani Blvd. #602
Maeleen Y. Oishi, pb Hon.

Pinnacle, Inc. - 2600 So. King St., #207, Hon.
Pat J. Moore, pb

Realty West, Ltd. - 154 Papalaua St., 2nd Flr
Grace M. West, pb Lahaina

Schuman Land Company, Inc. - 733 Bishop St.,
Michael E. Schuman, pb Ste 1770, Hon.

Thurlow & Associates Realty, Inc. - 74-124
Hualalai Rd., Kailua-Kona
Gregory D. Costa, pb

Branch Office

CPA Realty, Inc. - 60 No. Beretania St. G-1
Eugene T. Hamilton, bic Hon.

JDS Realty, Inc. - 413 Seaside Ave. #2, Hon.
Dorothy M. Simmons, bic

Tradenames

James F. Boe & Assoc. - James F. Boe, dba
75-5995 Q. Kuakini Hwy, Kailua-Kona

Bob Lloyd - Robert W. Lloyd, dba
5470 Koloa Rd., Koloa

Sullivan and Conlen - Kapalua Properties, Inc.
930 Wainee St., Ste 10, Lahaina dba

Al Zmolek Realty - Allen R. Zmolek, dba
1164 Bishop St., #12, Hon.

The Commissioners reviewed the list of new corporations, branch offices and tradenames for the month of February.

Restorations

Aileen Carlos
Cheryl H. Carter
William T. Henderson
Glenda S. Lashier
Patricia S. Y. Won
Robert C. Nichols

*Richard J. Farias (a deferred case)

Upon motion by Commissioner Blanco, seconded by Commissioner Takeya, the Commission unanimously approved restoration to the above individuals subject to their taking and passing the licensing examination.

*Maria Miller (a deferred case)

Upon motion by Commissioner Takeya, seconded by Commissioner Sodeani, the Commission unanimously approved to require the above individual to take the RECCAL course prior to the granting restoration of license.

Roy C. Smith

Acting Executive Secretary informed the Commission that Roy Smith has not submitted affidavit that he was in the military; will contact him one more time to fulfill this obligation.

*The applications for Richard Farias and Maria Miller had been referred to RICO for possible unlicensed activity during their forfeiture status. RICO declined to take any action based on the fact that there were no complaints filed against the licensees; and that unlicensed information was derived through questionable applications.

Unlicensed Activity

Commission had requested RICO to send letters of warning to principal brokers about unlicensed activity but RICO sent it back for Commission to follow thru on this. Should violations reoccur, letters of reprimand will be sent to the corporations by certified mail, return receipt requested. Should repeated violations reoccur, RICO to be notified for possible investigations.

Miscellaneous:

1985 Western District Conference

Commissioners Takeya, Yanagawa and Morris will represent Hawaii at the 1985 Western District Conference at Jackson Hole, Wyoming, on July 11-12, 1985.

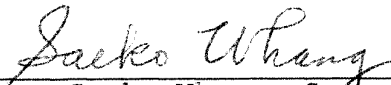
Next Meeting:

March 29, 1985, 9:00 a.m.
Board Room

Adjournment:


There being no other business, the meeting was adjourned at 12:10 p.m.

Taken and recorded by:



Saeko Whang, Secretary

APPROVED:



CYNTHIA M. L. YEE
Acting Executive Secretary