

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, February 11, 2004

Time: 9:00 a.m.

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

Present: Iris Okawa, Chair
Kathleen Kagawa, Ph.D., Member
Trudy Nishihara, Member
John Ohama, Member
Peter Rice, Member

Calvin Kimura, Supervising Executive Officer
Alan Taniguchi, Executive Officer
Cynthia Yee, Senior Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Kimura, Real Estate Specialist
Ryan Yamashiro, Real Estate Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Gordon Arakaki, Recodification Attorney
Shari Wong, Deputy Attorney General
Irene Kotaka, Secretary
Karyn Takahashi, Clerk-Stenographer

Others: Nicki Ann Thompson, Hawaii Association of REALTORS
Joanna Markle, Hawaii Association of REALTORS
Tom Gill, Hawaii Association of REALTORS

Excused: Louis Abrams, Vice Chair
Marshall Chinen, Member
Mitchell Imanaka, Member
Vern Yamanaka, Member

Call to Order: The Chair called the meeting to order at 9:05 a.m., at which time quorum was established.

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

SEO's Report: **Announcements, Introduction, Correspondence, and Additional Distributions**

Additional Distribution

The following materials were distributed prior to the meeting:

4. Program of Work, FY04
 - f. Legislative and Government Participation
 - Legislative Report No. 3
 - Testimony on House Bill No. 2417 and Questions and Answers
5. ARELLO, Other Organizations and Jurisdictions
 - b. NAR – Report on the National Association of REALTORS Conference, November 2003

Minutes of Previous Meetings

Upon a motion by Commissioner Rice, seconded by Commissioner Ohama, it was voted on and unanimously carried to accept the minutes of the January 6, 2004 Laws and Rules Review Committee meeting.

Program of Work, FY04:

Legislative and Government Participation

A copy of the Department's supplemental budget request for fiscal year 2004 – 2005 was distributed to the Commissioners for their information. The Department testified in support of the supplemental budget request in January 2004.

Legislative Report No. 3 was distributed to the Commissioners for their information. The SEO highlighted the bills impacting the Commission.

The SEO also reported that House Bill No. 2417, which is the Commission's bill on real estate licensing, was scheduled for a hearing before the House Consumer Protection and Commerce Committee this afternoon at 2 p.m. The SEO thanked the Hawaii Association of REALTORS and Mary Begier for their support. He also reported that the REC Chair and staff had met with the House CPC Chair on the proposed legislation.

The Senate Commerce and Consumer Protection Committee will be hearing Senate Bill Nos. 2210 and 2105 on Thursday, February 12, 2004 at 8:30 a.m.

Commissioner Rice commended those involved for the quality of the testimony that was submitted. Chair Okawa thanked those responsible for their input.

Commissioners' Education Program

Copies of the following were distributed to the Commissioners for their information:

- OpenLine, December 2003 Issue
- Memo on Ex Parte Communication

The Commissioners were reminded that they should not participate in ex parte communication.

ARELLO, Other
Organizations and
Jurisdictions:

ARELLO

Chair Okawa informed the Commissioners that the ARELLO Midyear meeting and the District IV (formerly known as the Western District) meetings will be held on April 22 to 24, 2004, in Omaha, Nebraska. The meetings will also be a continuation of the Special meetings and the Strategic Planning meetings that were held in January 2004. Chair Okawa attended the Special and Strategic Planning meetings in January 2004.

Chair Okawa reported that ARELLO's Law Committee is looking into adopting laws that would affect the various jurisdictions. These laws would be presented at the midyear meetings and then at the Annual meeting in Fall 2004. If passed, these will provide the jurisdictions with uniform language which they can present to their Legislature.

ARELLO President, Scott Taylor, is trying to return the decision making to the Board of Directors.

Chair Okawa stated that the State of Hawaii is fortunate because we have not been impacted by the large problems that other jurisdictions are facing. She informed the Commissioners that the state of law licensing in Hawaii is stable and regulation is at a good level.

The Hawaii Association of REALTORS has invited ARELLO's Executive Vice President, Craig Cheatham, to their Fall meeting.

Upon a motion by Commissioner Ohama, seconded by Commissioner Nishihara, it was voted on and unanimously carried to recommend approval to send one Commissioner and one staff member to the ARELLO Midyear Meeting and the District IV (fka Western District) meeting, to be held in Omaha, Nebraska, on April 22 to 24, 2004, subject to the Governor's fiscal policy and budgetary approval.

National Association of REALTORS ("NAR")

A copy of the SEO's report on the National Association of REALTORS' Conference that he attended was distributed to the Commissioners for their information. The SEO highlighted portions of the report that affects the Commission.

The SEO stated that he had volunteered to be involved in the NAR/ARELLO Liaison Panel.

He also reported that virtual office websites ("VOWs") were discussed at length. The materials that he brought back with him will be passed on to Commissioner Abrams, who is Chair of the Subcommittee on Internet Advertising/VOWs.

The SEO also reported that the other materials that he brought back with him will be added to the Commission's reference library.

REC Chair Ohama requested that the Commission consider sending one Commissioner to NAR's Midyear meetings, which will be held in Washington, D.C., on May 10 to 15, 2004.

Commissioner Kagawa moved to recommend approval to send one Commissioner to the National Association of REALTORS' 2004 Legislative Meeting and Expo, to be held in Washington, D.C., on May 10 to 15, 2004, subject to the Governor's fiscal policy and budgetary approval. Commissioner Nishihara seconded the motion.

Ms. Thompson agreed that it would be beneficial if the Commission could send one representative to the meeting.

Ms. Thompson was asked to send information on the meetings to REB staff. She was also asked to send a letter requesting the Commission's participation and attendance at the meetings.

The motion was voted on and unanimously carried.

Consumer Federal of American Annual Consumer Complaint Survey

A copy of the Consumer Federation of America's 12th Annual NACAA/CFA Consumer Complaint Survey Report, dated November 24, 2003, was distributed to the Commissioners for their information. It was noted that there were few real estate complaints and most of them involved landlord-tenant concerns.

Special Issues:

None.

Open Forum:

Ms. Thompson distributed copies of the Hawaii Association of REALTORS' 2004 Legislative Agenda to the Commissioners for their information.

Ms. Thompson also reported that she was able to attend the NAR's Public Policy meetings regarding the federal preemption issue. She informed the Commissioners that the States must support the home rule issue. The federal banks issue is scary because it might avoid any state issues. Ms. Thompson stated that it was very critical that NAR and ARELLO stay on top of the preemption issue.

Ms. Thompson also informed the Commissioners that she is not sure what direction the RESPA issues are going but they are moving forward very fast.

With regard to the NAR Ethics courses, Ms. Thompson stated that the Hawaii Association of REALTORS did not want to submit them for CE credit because they felt it would be more beneficial for their members to receive the extra education. Ms. Thompson reported that all of their local boards have been providing ethics training.

Ms. Thompson stated that the complaints report was good news. She also suggested that their professional standards program and the mediation/arbitration program might be preventing issues from coming forward. She informed the Commissioners that they are trying to compile

a database of information on the types of complaints. The Hawaii Association of REALTORS would love to see the Commission send a representative to the National Association of REALTORS meetings.

The Hawaii Association of REALTORS' Professional Standards Committee would like to know what kinds of issues are involved in the complaints that are filed so that they can provide more education to their members. If possible, REB staff will assist in trying to obtain information from RICO on the types of complaints filed and will forward the information to the Hawaii Association of REALTORS.

Budget and Finance Report: Upon a motion by Commissioner Rice, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend acceptance of the Real Estate Recovery Fund Report, dated December 31, 2003.

Next Meeting: Wednesday, March 10, 2004
9:00 a.m.
Queen Liliuokalani Conference Room
335 Merchant Street, First Floor
Honolulu, Hawaii

Adjournment: With no further business to discuss, the Chair adjourned the meeting at 9:42 a.m.

Reviewed and approved by:

/s/ Calvin Kimura
Calvin Kimura
Supervising Executive Officer

March 10, 2004
Date

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

CK/isk 1/15/04