

**LAWS AND RULES REVIEW COMMITTEE**  
REAL ESTATE COMMISSION  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii  
[www.hawaii.gov/hirec](http://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, March 12, 2014

Time: 9:00 a.m.

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

Present: Scott Arakaki, Chair, Public/Honolulu Commissioner  
Rowena Cobb, Broker / Kauai Commissioner  
Bruce Faulkner, Broker/Maui Commissioner  
Frances Gendrano, Broker/Honolulu Commissioner  
Nikki Senter, Public/Honolulu Commissioner  
Scott Sherley, Broker/Hawaii Commissioner

Neil Fujitani, Supervising Executive Officer  
Miles Ino, Executive Officer  
Diane Choy Fujimura, Senior Real Estate Specialist  
Amy Endo, Real Estate Specialist  
David Grupen, Real Estate Specialist  
Cynthia Yee, Senior Condominium Specialist  
Benedyne Stone, Condominium Specialist  
Katherine Linster, Condominium Specialist  
Shari Wong, Deputy Attorney General  
Tammy Norton, Recording Secretary

Others: Brent Suyama, Department of Commerce and Consumer Affairs

Absent: Laurie Lee, Vice Chair, Broker/Honolulu Commissioner  
Aileen Wada, Broker/Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 9:00 a.m., at which time quorum was established.

Chair's Report: The Chair announced that the Commission may move into executive session to consider and evaluate personal information relating to individuals applying for licensure in accordance with Section 92-5(a)(1), HRS, and/or to consult with the Commission's attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities in accordance with Section 92-5(a)(4), HRS.

Commissioners Lee and Wada were excused from today's meeting. Prior notice of their non-attendance was received.

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

SEO Fujitani announced that due to an anticipated lack of quorum for the April 9, 2014 meetings, the meeting date will be changed to Monday, April 7, 2014. Commissioners to confirm their availability to staff by end of today.

**Minutes of Previous Meetings**

Upon a motion by Commissioner Gendrano, seconded by Commissioner Sherley, it was voted on and unanimously carried to accept the minutes of the February 12, 2014, Laws and Rules Review Committee meeting as circulated.

Program of Work: **Legislative and Government Participation Report**

Legislative Report No. 2 was distributed to the Commissioners for their information. SEO Fujitani reported on the status of the following bills:

House Bill No. 474, H.D. 1 – Relating to transient accommodations. Clarifies that an association's duty to report to the Dept. of Taxation is limited to the relevant information an association actually receives from a transient accommodation operator. Passed third reading as amended in H.D. 1.

House Bill No. 457 H.D. 1 – Relating to Act 326, SLH 2012, Reporting requirements. Requires any operator of a transient accommodation to furnish "relevant information" concerning the operator. Modifies the duties of non-government entities regarding "relevant information" pertaining to operators of transient accommodations. Re-referred to CPN/TSM.

House Bill No. 2401 – Relating to condominiums. Clarifies the REC's enforcement authority by authorizing the award of attorneys' fees and, in certain cases, authorizing the Commission discretionary power to decline to bring enforcement actions. Removes board's ability to close meetings and deny participation to association members. Hearing was held on March 11<sup>th</sup>. Senator Baker has requested a meeting with REC staff, RICO, and CAI Hawaii to work together to reach solutions to assist unit owners with problems they are incurring.

Commissioner Senter questioned whether the problems are a procedural issue or substantive issue.

Specialist Yee noted that much of the problems seem to be centered on managing agents not responding timely to owners' requests.

Commissioner Arakaki noted that the bulk of calls received deal with assessments and the owners not receiving timely response from either the board or the managing agent. Realistically, most associations don't have the money to seek legal action. A specified time frame should be provided for producing documents.

Specialist Stone commented that RICO has jurisdiction over providing documents; no jurisdiction over the underlying issues.

Commissioner Cobb stated that boards should be provided more education and commented that she has requested previously that education be offered on the island of Kauai.

Commissioner Senter commented that there seems to be a combination of issues to resolve: mediation, funding, education, and legislation to provide for a time frame to produce documents.

ARELLO, Other  
Organizations And  
Jurisdictions:

No report presented.

Special Issues:

None.

Budget and  
Finance Report:

Specialist Grupen reported to the committee on the budget; specifically to offer an explanation regarding year to date vs. fiscal year.

Upon a motion by Commissioner Sherley, seconded by Commissioner Faulkner, it was voted on and unanimously carried to accept the Real Estate Recovery Fund Financial Report for the period ending December 31, 2013.

Next Meeting:

Monday, April 7, 2014  
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 9:36 a.m.

Reviewed and approved by:

/s/ Neil K. Fujitani

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Neil K. Fujitani  
Supervising Executive Officer

March 14, 2014

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Date

Approved as is.  
 Approved with amendments. See minutes of \_\_\_\_\_ meeting.