

State of Hawaii Real Estate Commission Bulletin

August 2014



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My PVL - <https://pvl.ehawaii.gov/mypvl>

The "MyPVL" site is up and running. "MyPVL" will allow professional and vocational licensees access to all information regarding their license(s), including continuing education information and status, and to ultimately renew a license. To access "MyPVL", users will have to first create their own eHawaii.gov account. If you have not already created your individual MyPVL account, go to the URL above and do this NOW! You must set up a MyPVL account or you will not receive renewal information and other relevant and pertinent information regarding your license.

If you are a current licensee, you must then proceed to "link" your license to access your continuing education status. To link your license, select the license type (salesperson or broker), enter your license number and the last 4 digits of your Social Security Number. Click "Link License" and you're done! Then, click your license number, and click on the "MyCE" icon at the bottom left side. Your current, available continuing education information will be displayed.

ONLY PRINCIPAL BROKERS / BROKERS-IN-CHARGE AND BROKERAGES (ENTITIES) MAY LINK TO OTHER LICENSES. For example, only the Principal Broker/Broker-in-Charge may link the entity's license if authorized by the entity to do so.

Individual licensees SHOULD NOT LINK to other individual licensees. The following are examples of licenses that SHOULD NOT BE LINKED:

STEP 1.

New User Sign Up

- Select Sign Up



- 1) Salesperson/Broker Salespersons SHOULD NOT BE LINKED to other SALESPERSONS/BROKER SALESPERSONS.
- 2) Salespersons/Broker Salespersons SHOULD NOT BE LINKED to the associating brokerage.
- 3) Principal Brokers and entities SHOULD NOT BE LINKED to associating salesperson/broker salespersons.

If any other types of real estate licenses are linked, these links will be administratively BROKEN and will not be permitted to remain.

The following screen shots show how to create "MyPVL" account.

The Chair's Message



Aloha!

With condominiums dominating Hawaii's landscape more and more, real estate licensees may find themselves involved with a buyer client purchasing a condominium unit. Along with the increase in new condominiums, is an increase in condominium conversions.

"Condominium conversions" are just that...it's basically the

conversion of an existing improved property into multiple ownership interests through condominiumization. The purpose for condominium conversions vary. For instance, condominium conversions are commonly used where parents own a lot with multiple homes and want to convey a house to each of their children as separate fee simple interests. On a much larger scale, developers have converted existing hotels in Waikiki into condominiums, giving them flexibility in their development strategy. Once converted, the developer can convey the units in fee simple to individual buyers and continue hotel operations at the property through owner participation in a rental program. In either case, it can be an efficient development strategy for a landowner or a developer in the disposition of their property.

A developer of a condominium conversion, whether it be individuals [the parents] or a commercial [the large] developer, will generally need to give a third party buyer an issued and effective Developer's Public Report. The Developer's Public Report is similar in format to a report for a new-build condominium project; however, it contains additional requirements, such as a statement by the developer describing the condition of structural, mechanical and electrical components and stating the expected useful life of such components, and a disclosure of any outstanding notices of uncured violations of code or other regulations with an estimated cost of bringing the property into compliance. In addition, the public report for a conversion generally must include a letter from the pertinent county planning department that the existing structures are in compliance with all applicable zoning and building ordinances and codes at the time it was built.

Beyond understanding what condominium conversions are and the disclosures that the buyer should expect to receive when purchasing a unit in one, agents and their buyers should be aware of the following in purchasing a unit in a condominium conversion.

- **Uncured violations and "grandfathered" structures.** The developer is required to fix any nonconformities or violations, but may use purchasers' deposits to cure such violations if they meet certain

requirements. As such, agents and buyers should be aware that even if the developer is not renovating or constructing any improvements in the project, it can use purchaser's funds to address any violations. This could impact the buyer's ability to obtain a loan. For a single-family unit conversion project, agents and buyers should also be aware that extensive renovations to any grandfathered structures can cause the property to lose its legal nonconforming status.

- **Reserves.** A structure in a conversion may easily be 20-30+ years old. As such, you will want to be sure that for the older structures, no capital improvements are immediately required or if they are, the buyer is aware there could be a large increase in maintenance fees or a special assessment. Although the developer is required to disclose the condition and useful life of the component parts, the developer is not required to fund any reserves to address any components that may already be at the end of its useful life. Unlike in a resale scenario, in an existing older condominium, the association in a conversion will be newly created and reserve studies would not be required since under the condominium law, new associations need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. Some developers may supplement the budget for items that they anticipate have short useful lives or may replace any components with already short useful lives to prevent a substantial increase in maintenance fees for new owners.

- **Expected useful life of components.** Although most developers will disclose the useful life of the mechanical, electrical and structural component parts based on a report prepared by a Hawaii-licensed architect or engineer, the condominium law gives the developer the option to state that no representations are made as to useful life. In such case, the agent should ask the developer for a copy of the report.

- **Existing tenants.** According to the Residential Landlord-Tenant Code, when a property is converted to a condominium and there are existing tenants, the landlord must provide notice to the tenant at least 120 days in advance of the termination of the rental agreement. Some landlords may not be aware of this requirement and may enter into sales and conveyance agreements with a third person buyer without considering the required tenant notice period. If you notice a tenant on the property, find out when the tenant notice was given and obtain a copy for your records. Also, if it is a residential unit and an owner-occupant designated unit, the agent and buyer should be aware that the unit must first be offered for sale to any tenant occupying the unit immediately prior to the conversion and who submits an owner-occupant affidavit and an earnest money deposit in a reasonable amount designated by the developer.

- **Issues with neighboring properties.** Unlike a new condominium for sale, the converted property has a history and possibly a negative history with neighboring properties. Although any red flags

The Chair's Message (cont. from page 2)

should be disclosed in the Developer's Public Report, there may have been or may still be disputes over off-street parking, access or boundary disputes.

As most agents are aware, resales of conversions do not require the delivery of a Developer's Public Report to buyers and the only disclosure the buyer is required to have is the Seller's Disclosure (HRS 508D), which is not nearly as comprehensive as the Developer's Public Report. As a practical tip, agents should request a copy of the Developer's Public Report and/or obtain a copy of the report on the Real Estate Branch's website as part of his/her diligence on the property. Although the report may be dated, it still can be very helpful in providing background information and history on the project and

will allow agents to follow up on red flag or outstanding disclosure items in the report to determine if they are still relevant. In fact, reviewing the Developer's Public Report and the condominium declaration, condominium map, bylaws and house rules, should be standard practice in performing due diligence on any condominium project, new, conversion or resale.

Nikki J. Senter

(s) Nikki T. Senter

My PVL - <https://pvl.ehawaii.gov/mypvl> (cont. from page 1)

- Create an Account
 - o Name
 - o Email
 - o Password
 - o Secret Question

Create an Account
Return to [MyPVL](#) without creating an account.
All fields are **required** unless otherwise noted. [Collapse/Expand All](#)

Name

First Name: Middle: OPTIONAL Last Name: Suffix: OPTIONAL

Email & Password

Email: Password [Strong]: Retype Password:

Nice And Strong! Passwords match!

Secret Question: Secret Answer:

- o Address (including country, city, state, and zip code)
- o Phone Number(s)
- o Subscriber Account Username and Password (if applicable)
- o Terms of Use and email selection (NOTE: select "Email me about important dates pertaining to services I use to receive notification about upcoming renewals).
- o Selected Create Account

Contact Information

Provide the following information so we may contact you if necessary. This information is used for official State business only, and it will **never be transferred to any 3rd party**.

Address: Address Line 2: OPTIONAL

Country: City: State: Zip:

Work Phone: Ext: Home Phone: OPTIONAL

Mobile Phone (USA only): OPTIONAL Mobile Phone Provider:

Subscriber Account

OPTIONAL: **Link to Subscriber Account** - To link this new account, enter your Subscriber Account credentials:
Username: Password:

☒ I agree to the [Terms of Use](#).
☒ Email me about important dates pertaining to services I use.
☒ Email me about new eHawaii.gov services as they become available.

My PVL - <https://pvl.ehawaii.gov/mypvl> (cont. from page 3)

STEP 2.

Log In using email and password used in creating your account

STEP 3.

Link License(s)

- Select Link License

- Choose License Type
- Input License Number
- Input Last 4 of SSN or file number
NOTE: File number applies to entities.
To obtain the entities file number, please contact the Professional and Vocation Licensing Division at (808) 586-3000.
- Select Link

STEP 4.

My Linked Licenses - Individual

- License ID – click to view license information
 - o License Details
 - o Renewal History
 - o Employees – applicable to entities
 - o Employers – applicable to individual licensee, (not entities)
 - o License Class – not applicable to real estate licensees
 - o Insurance Bond – not applicable to real estate licensees
 - o MyCE

My PVL - <https://pvl.ehawaii.gov/mypvl> (cont. from page 4)

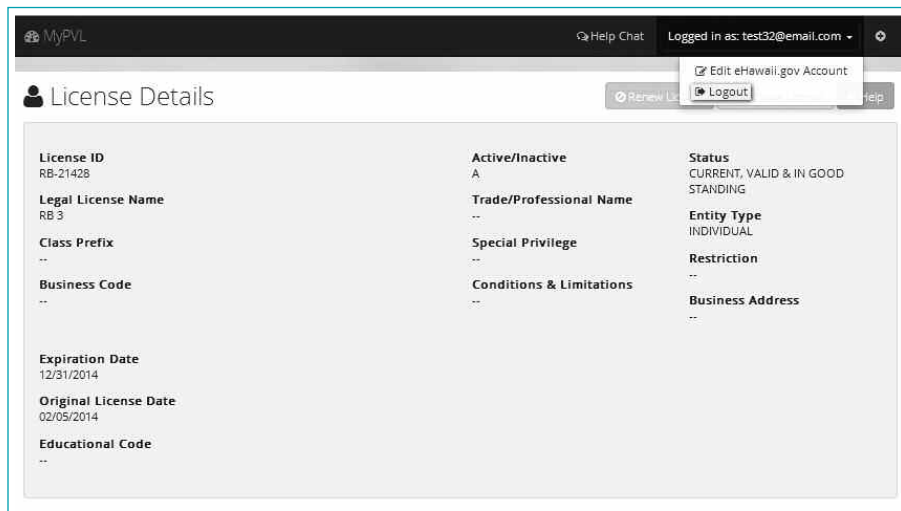
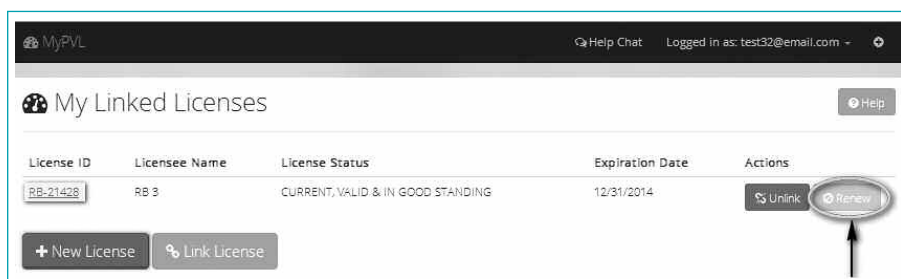
- Actions
 - Unlink – remove a license from your eHawaii Account
 - Renew – active link only available during license renewal
- + New License – not applicable

STEP 5

My Linked Licenses – Entity (see number 3 above)

NOTE: Linking to additional real estate licenses should be limited to the following:

- Principal Broker (PB)/Broker in Charge (BIC) linking the Entities license if authorized by the entity to do so.
- Individual licensees should not link to other individual licensees. The following are examples of licenses that should not be linked:
 - Salespersons/Broker Salespersons should not be linked to other salespersons/broker salespersons.
 - Salespersons/Broker Salespersons should not be linked to associating brokerage.
 - PBs should not be linked to associating salespersons/broker salespersons.



STEP 6

Log Out

New Commissioner – Michael Pang, Broker, O‘ahu

The Real Estate Commission welcomes Michael Pang as the newest commissioner as of July 1, 2014. Mr. Pang is a licensed real estate broker since 1979, and the owner and principal broker of Monarch Properties, Inc. since 1986. He served on numerous committees and assumed leadership roles for the Honolulu Board of REALTORS® and the Hawaii Association of REALTORS®, including serving on the Professional Standards and Arbitration Committees.

Mr. Pang’s real estate experience includes general brokerage, property management,

serving as an expert witness in litigation and arbitration proceedings involving standards of practice in real estate and disclosure issues in real estate transactions. In 1993, Mr. Pang was actively involved in the lease-to-fee conversion issues that were emerging. He currently specializes in lease-to-fee conversions, lease rent renegotiations and lease extensions representing leasehold condominium and co-operative projects, and several lessors, statewide.

In his spare time, Mr. Pang enjoys family time, traveling and fine dining.



Renew by November 30

Remember, the renewal deadline for all real estate licensees is **NOVEMBER 30, 2014**. All real estate licenses, course certifications, prelicense schools, instructors, and guest lecturer certifications and registrations, as well as continuing education provider registrations must be renewed by the renewal deadline to be assured that there is no break in the validity of your license or certification or registration.

ON-LINE RENEWAL is scheduled to go **LIVE** October 20, 2014. Information will be posted on the Commission's website, which you may access through your MyPVL account.

It is highly recommended that the licenses/registrations of the brokerage firm, PB, BICs, and RBOs be simultaneously renewed during early November and prior to renewals of all associating licensees to ensure sufficient time to correct any problems and to ensure successful renewals of associating licensees. If an associating licensee's renewal application is submitted prior to the PB's, BIC's, and brokerage firm's renewal applications, the associating licensee's renewal application will be held in suspense until the PB, BIC(s), and brokerage firm have successfully renewed all licenses.

PBs and BICs should complete all CE requirements immediately as successful renewal includes completion of CE requirements prior to submission of a renewal application.

To re-register a branch office, a BIC's license must also be successfully renewed in addition to the PB's license and the brokerage firm's license. If the PB's, BIC's, and/or the brokerage firm's license are not successfully renewed prior to the associating licensees, the license renewal applications of all associating licensees will be placed on "suspense" and renewed on inactive status come January 1, 2015.

Whether license renewals are handled by the individual licensee or the brokerage firm, the PB is responsible for the associating licensee's current and active status. It is recommended that PBs ensure all associating licensees are current and active by requiring all licensees to submit a photocopy of their 2015-2016 pocket license prior to December 31, 2014. **REMEMBER**, by January 1, 2015, licenses which are not renewed are converted to a forfeited status. If this conversion takes place, disciplinary action may occur and the consumer may recover all commissions and/or compensations paid.

RENEWING ON ACTIVE STATUS: Individual licensees who wish to renew their license on active status need to complete 20 hours of approved continuing education (CE) courses. Licensees are required to take the 2013-2014 mandatory core course, which consists of Part A and Part B. The CE completion certificates do not have to be submitted with the renewal application unless otherwise instructed. All CE courses should be completed in advance of the date of submission of the renewal application or the license may be renewed on an inactive status. Any individual licensee who has renewed but failed to complete the CE requirement will be renewed on an inactive status without further notice.

CE RECORDS: Upon completion of a CE core or elective course(s), the course completion information will be downloaded to the Commission's Online Real Estate Continuing Education database by the CE Provider who offered the course. Course certificates may be printed by the licensee, if necessary.

<http://pvl.hawaii.gov/rece> A principal broker or licensee may verify if a licensee has completed the 20 hours CE requirement, the specific courses completed, the number of CE hours required, the number of CE hours earned, and the number of CE hours remaining to complete the CE requirement.

RENEWING ON INACTIVE STATUS: Individual licensees who renew their license on an inactive status do not have to complete the CE requirement but must submit the renewal application and fees by November 30, 2014. An inactive licensee desiring to change to active status shall submit the CE certificates with a completed Change Form and a reactivation fee of \$25.00.

NEW SALESPERSON in 2014: If you were issued a new salesperson license in calendar year 2014 and renew your license by the renewal application deadline of November 30, 2014, you will be deemed to have completed equivalent to the CE requirement and will not have to complete the CE requirement for this license renewal only. (Note: This does not apply to new brokers who received their broker's license in 2014.)

CANDIDATES FOR LICENSURE: Subject to compliance with the license application deadline, a candidate for licensure may want to consider being licensed as of January 1, 2015 rather than the remaining months of 2014 and be subject to renewal requirements. Please call the Real Estate Branch (808-586-2643) for additional information.

Update on Act 326 Submitted by the Department of Taxation

With the passage of Act 326, Session Laws of Hawaii 2012, the Department of Taxation (DoTax) was tasked with collecting information from operators of transient accommodations, including information of a local contact who resides on the same island as the transient accommodation. Due to the volume of information to be collected, DoTax engaged Hawaii Information Consortium (HIC) with development of a website to facilitate the collection of data for this law, due to their ongoing work with both DoTax and the Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs. Although there were a few delays with the implementation, DoTax is pleased to report that the technical glitches have been resolved and most associations of apartment/unit owners ("Associations") have reported their information by the July 1, 2014 deadline.

For clarification, Associations are only required to submit the information maintained in their records and will not be penalized for failing to provide information that was never provided to them by the transient accommodations operators. For purposes of complying with Act 326, it will be deemed sufficient if an Association sends out a request to provide updated local contact information to the Association's owners (whether by mail, email, telephone or other reasonable form of communication) on an annual basis.

Local Contact

In the November 2013 issue of the Real Estate Commission Bulletin, an article entitled "OFF-Island 'Agent' – Licensee or Non-licensee?" stated, "The 'Local Contact' individual is an on-island individual who must register with the Department of Taxation to assist in the collection of taxes regarding the rental property." The above information is clarified as follows:

The "local contact" as defined in Act 326 pertains to HRS Chapter 237D, Transient Accommodations Tax Law. The operator of transient accommodations is required to:

- 1) Designate a local contact who resides on the same island as the transient accommodation. The local contact may be an individual or an entity with a principal place of business on that same island. The local contact does not necessarily have to be a licensed real estate broker or salesperson.
- 2) Provide the local contact's information to an Association of Unit Owners or any entity with covenants, bylaws or administrative provisions which apply to the property where the transient accommodation is.

Associations do not have an affirmative duty to gather information that operators fail to provide to them in response to any such communication. However, this does not excuse a willful failure to remit the information to DoTax if the owner or operator provides the information to the Association.

At this time, the website is designed to allow reporting by Associations, but not planned community associations. Until electronic reporting is provided, planned community associations should maintain their own records of the relevant information. The Department will release a Tax Announcement when the website is able to accept information from planned community associations.

The deadline for submitting 2014 information is January 1, 2015, or sixty days from any change, whichever is later (i.e., before the end of the year or within sixty days of a change for any changes made on or after November 2, 2014).

The website to submit information in compliance with Act 326, SLH 2012, can be found at: <https://dotax.hawaii.gov/resreport>. The website contains instructions and an FAQ page, but if you have trouble reporting or otherwise accessing the site, please email: Tax.Act326.Reporting@hawaii.gov.

3) Include the local contact's name and phone number in any contract or written agreement.

4) Provide and/or display in all advertisements/solicitations the Transient Accommodations Tax tax license number (TAT).

It is the "local contact" who is identified by the operator of the transient accommodation. The "local contact", because they are on the same island as the transient accommodation, may be able to assist with issues which may arise relevant to the transient accommodation.

The local contact may be a non-licensee or a real estate licensee. Again, depending what the non-licensee, local contact DOES will determine if local contact requires a real estate license.

In the Past 2 Years...

In this year's license renewal application, the three questions that must be answered will again refer to "in the past 2 years" instead of "in the past 3 years". The three questions are:

- 1) In the past 2 years, has your license in this state or any other jurisdiction been formally disciplined by way of fine, suspension, restriction, or revocation?
- 2) Are there any disciplinary actions pending against you in this state or any other jurisdiction?
- 3) In the past 2 years, have you been convicted of a crime in which the conviction has not been annulled or expunged?

During the past two renewal cycles these questions referred to "in the past 3 years". With the 2-year renewal cycle for real estate licensees, the 3-year time frame was confusing.

If you must answer "yes" to any of the above questions, you may NOT renew your license online, and must contact the Licensing Branch for a hardcopy renewal application. (telephone 586-3000)

Continuing Education Equivalency... If you have a current out-of-state license

AND you plan to renew your Hawaii real estate license on ACTIVE status for the 2015-2016 biennium, and you want an equivalency of the ELECTIVE COURSE HOURS of Hawaii's continuing education requirement, you may submit the Continuing Education Equivalency ("CEE") application. The equivalency is based on the successful completion of the continuing education requirements of the other state/jurisdiction prior to the submission of the renewal application.

The approval of the CEE is subject to the real estate licensee completing the commission-designated core course.

The CEE application must be submitted by the November 30, 2014 renewal deadline. Applications will not be accepted after December 31, 2014. There is a \$25.00 non-refundable application fee. Go to www.hawaii.gov/hirec to access the CEE application.

Hilo Committee Meetings for the Commission Wednesday, August 13, 2014

The Real Estate Commission's Real Estate and Condominium Specialists will offer Specialists' Offices for the Day at the Hawaii Island REALTORS® office on Wednesday, August 13, 2014, to discuss real estate licensing and condominium concerns with interested parties.

The Specialists are prepared to discuss questions about licensing laws and rules, license applications, broker experience certificate applications, examination administration, continuing education, new legislation, Commission procedures, educational programs, and related topics.

Other questions that may come up at the sessions concern boards, associations, meetings, managing agents, condominium association

registration, condominium hotel operators, fidelity bonding, the condominium property regime statute, public reports, project registration, the condominium dispute resolution program, new legislation, reserves, and other condominium-related topics.

If you have any questions, you may contact a Real Estate Specialist or a Condominium Specialist at (808) 586-2643. You may also write to: Real Estate Commission, 335 Merchant Street, Room 333, Honolulu, HI 96813, or you may email staff at hirec@dcca.hawaii.gov.

The Specialists' Office for the Day program is funded by the Condominium Education Fund and the Real Estate Education Fund.

Administrative Actions

April 2014

Roger Cundall

Salesperson-RS 62959

Case No: REC 2012-236-L

Dated 4/25/14

Uncontested Facts: Between approximately 5/4/09 and 4/27/12, Respondent was associated with the late Bradley R. Skinner, dba Exit Realty & Associates (RB 19759). Respondent's real estate license expired on or about 12/31/10 and was restored on or about 4/27/12. Respondent mistakenly believed his license was current and restored his license as soon as he learned otherwise. Respondent engaged in the practice of real estate while his license was not active. Respondent's former real estate broker, Bradley R. Skinner, passed away on or about 7/9/12. Respondent has been associated with Fidelibus Properties, LLC dba Surf and Sea Realty since approximately 7/1/13.

Sanction: Pay a \$2,500.00 fine

Violations: HRS §467-7

Carol J. Elias

Salesperson-RS 47151

Case No: REC 2013-300-L

Dated 4/25/14

Allegations: On or about 3/13/08 and again on or around 7/13/11, Respondent pled no contest in the District Court of the First Circuit, State of Hawaii, to the crime of driving under the influence. (hereafter "Convictions"). The Respondent does not admit to the allegations but disclosed the most recent conviction in writing to the Commission and fulfilled all Court-imposed terms and conditions of the Convictions.

Sanction: Pay a \$500.00 administrative fine

Violations: HRS §§436B-19(12), (14) and (17)

Allen S. Fahrni

Jerome A. Edayan

Scott A. Langford

Broker-RB 17033

Salesperson-RS 66753

Salesperson-RS 60157

Case No's:

REC 2013-30-L

REC 2013-54-L

Dated 4/25/14

Uncontested Facts: FAHRNI was at all relevant times herein the principal broker of Fahrni Realty, Inc. The real estate license of EDAYAN expired on or about 12/31/10 and was restored on or about 12/3/12. EDAYAN mistakenly believed his license was current and restored his license as soon as he learned otherwise. The real estate license of LANGFORD expired on or about 12/31/10 and was restored on or about 12/4/12. LANGFORD mistakenly believed his license was current and restored his license as soon as he heard otherwise. EDAYAN and LANGFORD engaged in the practice of real estate while their licenses were not active. Respondent FAHRNI failed to ensure Respondents EDAYAN and LANGFORD'S licenses were timely renewed.

Sanction: FAHRNI-\$1,000.00 fine;
EDAYAN-\$1,000.00 fine; LANGFORD-\$2,000.00 fine

Violations: HRS §467-7 and HRS §467-1.6(b)(7)

Dale C.W. Ho dba Dale Ho & Associates

Broker-RB 8422

Case No: REC 2011-141-L

Dated 4/25/14

Uncontested Facts: Respondent's real estate broker's license expired on or about 12/31/10 and was restored on or about 2/3/11. The licenses of two salespersons affiliated with Respondent were placed on involuntary inactive status pursuant to Hawaii Administrative Rules §16-99-5.1 upon the expiration of Respondent's real estate broker's license on or about 12/31/10. The two affiliated salespersons completed restoration applications upon learning that their licenses were placed on inactive status, that Respondent represented to the two salespersons that Respondent would transmit the two restoration applications to the Real Estate Commission, and that Respondent failed to transmit the two restora-

tion applications. Upon learning that the restoration applications had not been filed with the Real Estate Commission, the two affiliated salespersons personally filed restoration applications with the Real Estate Commission. The affiliated salespersons are the subject of separate RICO cases.

Sanction: Pay a \$1,000.00 fine

Violations: HRS §467-7 and HRS §467-1.6(b)(7)

(cont. page 10)

Administrative Actions (cont. from page 9)

April 2014 (cont.)

Marnie Meuser

Salesperson-RS 66443
Case No: REC 2014-7-L
Dated 4/25/14

Allegations: On or about 11/13/12, Respondent pled no contest in the District Court of the Second Circuit, State of Hawaii, to the crime of driving under the influence. (hereafter "Conviction"). Although the Respondent does not admit to the allegations, the Respondent disclosed the Conviction in writing to the Commission and fulfilled all Court-imposed terms and conditions of the Conviction.

Sanction: Pay a \$500.00 administrative fine

Violations: HRS §§436B-19(12), (14) and (17)

**Ronald S. Stebbins, II dba
Ron Stebbins II
Broker-RB 21184
Case No: REC 2013-170-L
Dated 4/25/14**

Allegations: On or about 7/22/09, Respondent pled no contest in the District Court of the Second Circuit, State of Hawaii, to the crime of driving under the influence. (hereafter "Conviction"). Although the Respondent does not admit to the allegations, the Respondent disclosed the Conviction in writing to the Commission and fulfilled all Court-imposed terms and conditions of the Conviction.

Sanction: Pay a \$500.00 administrative fine

Violations: HRS §§436B-19(12), (14) and (17)

Adam J. Lee

Salesperson – RS 62518
Abe Lee Realty, LLC
Broker – RB 18793
Abe W.H. Lee
aka Abraham W.H. Lee
Broker – RB 11309
Case No's:
REC 2009-237-L
REC 2009-322-L
REC 2009-333-L
REC 2009-377-L
(Consolidated Cases) and
REC 2013-342-L

Dated 4/25/14

Uncontested Facts: On or about 12/1/11, RICO commenced these administrative actions by filing, with the Office of Administrative Hearings, four Petitions for Disciplinary Action Against Real Estate Licenses; Demand for Disclosure to Respondents (hereafter "Petitions"). The Petitions, which are incorporated herein by reference, assert factual allegations concerning the Respondents' conduct while licensed that if proven by a preponderance of the evidence at a hearing may constitute violations of at least these laws as set forth in the Petitions: Hawaii Revised Statutes (hereafter "HRS") §467-1.6(a) (The principal broker shall have direct management and supervision of the brokerage firm and its real estate licensees); HRS §467-1.6(b)(2) (The principal broker shall be responsible for...the brokerage firm's records, contracts, and documents); HRS §467-1.6(b)(3) (The principal broker shall be responsible for ...all real estate contracts of the firm and its handling by the associated real estate salesperson); HRS §467-14(1) (Making any misrepresentation concerning any real estate transaction); HRS §467-14(2) (Making any false promises concerning any real estate transaction of a character likely to mislead another); HRS §467-14(3) (Pursuing a continued and flagrant course of misrepresentation, or making of false promises through advertising or otherwise); HRS §467-14(8) (Any other conduct constituting fraudulent or dishonest dealings); HRS §467-14(13) (Violating this chapter...or the rules adopted pursuant thereto); HRS §467-14(18) (Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts[.]); HRS §467-14(20)

(Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing); HRS §436B-19(2) (Engaging in false, fraudulent or deceptive advertising, or making untruthful or improbable statements); HRS §436B-19(6) (Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license); HRS §436B-19(7) (Professional misconduct, incompetence, gross negligence, or manifest incapacity in the practice of the licensed profession or vocation); HRS §436B-19(12) (Failure to comply, observe or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license); HRS §436B-19(16) (Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws where licensure is required); and Hawaii Administrative Rules (hereafter "HAR") §16-99-3(b) (The licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field. The licensee shall endeavor to eliminate any practices in the community which could be damaging to the public or the dignity and integrity of the real estate profession). On or around 8/12/13 Respondent Adam Lee filed a Chapter 7 Bankruptcy Petition in the US District Court for the District of Hawaii. Several of the complainants, and Respondent

Administrative Actions (cont. from page 10)

Abe Lee, were identified in the debtor's schedules as creditors holding unsecured nonpriority claims in Adam Lee's bankruptcy action. The bankruptcy action is pending. Several persons, including some of the complainants, filed a civil suit against the Respondents in 2010 and then in 2013 before the US Bankruptcy Court as against only Adam Lee. The civil suit is pending still in the Circuit Court of the First Circuit, State of Hawaii. The proceedings before the US Bankruptcy Court commenced by complainants are also pending. On or about 10/10/13 the Petitioner received a fifth complaint against the Respondents-case REC 2013-342-L. Similar to the owners in the four Petitions, the complainant in the case purchased or tried to purchase apartments that were offered for sale at the Property. The complainant filed a civil suit also against the Respondents in 2012. The civil suit is pending still in the Circuit Court of the First Circuit, State of Hawaii. The complainant is identified also as a creditor holding unsecured nonpriority claims in Adam Lee's bankruptcy action. The parties acknowledge the claims are being disputed, including those raised in REC 2013-342-L.

Representations by Respondents

Respondents are represented by legal counsel. Respondents are each aware of their right to have a hearing to adjudicate the issues in these cases. Pursuant to HRS §91-9(d) and for the purpose of this Settlement Agreement, Respondents freely, knowingly and voluntarily waive their respective rights to a hearing and they agree to dispose of these cases in accordance with the terms and conditions of this Settlement Agreement. Respondents, being at all times relevant herein licensed by the Commission, acknowledge that Respondents may be subject to penalties that may be more or less than the sanctions agreed upon in this Settlement Agreement including but not limited to revocation, suspension or limitation of the licenses and administrative fines, if the allegations set forth in the Petitions and case REC 2013-342-L are proven at a hearing. Respondents deny any and all RICO allegations set forth in the Petitions and case REC 2013-342-L, and, Respondents deny having violated any licensing law or rule. Respondents enter into this Settlement Agreement as a compromise of the claims alleged only, and, to conserve on the expense of proceeding with the hearings. Respondents assert that: A) This controversy arises from the sales of condominium units in a twenty (20) unit building at 1402 Piikoi Street, Honolulu, Hawaii renovated and sold by 1402 Piikoi Street, LLC. B) Respondent Adam Lee is the sole Manager and owner of 1402 Piikoi Street, LLC. C) Respondent Adam Lee was simultaneously a real estate salesperson affiliated with Respondent Abe Lee Realty, LLC during the alleged times that sales were made. D) Respondent Abe Lee Realty, LLC was hired as the "Project Broker" by 1402 Piikoi Street, LLC for the sales of units of 1402 Piikoi Street, Honolulu, HI. E) Respondent Abraham W.H. Lee was the "principal bro-

ker" for Respondent Abe Lee Realty, LLC during the period of sales. F) Respondents Abraham W.H. Lee and Abe Lee Realty, LLC had no role in the marketing of units at 1402 Piikoi Street. All marketing was developed and made by the developer, 1402 Piikoi Street, LLC. G) At no time were Respondents Abraham W.H. Lee or Abe Lee Realty, LLC, ever an owner, partner, joint venture with or in any way involved with the ownership, development or renovation of 1402 Piikoi Street by 1402 Piikoi Street, LLC. H) Several of complainant's complaints involve the disclosures made and not made in the Developer's Public Report required of the developer of 1402 Piikoi Street, LLC by Haw. Rev. Stat. § 514B-56. I) Respondents Abraham W.H. Lee and Abe Lee Realty, LLC deny any knowledge of or involvement with the alleged disclosures made or omitted in that report or by other Respondents. Respondents and Petitioner agree that this Settlement Agreement resolves cases REC 2009-237-L; REC 2009-322-L; REC 2009-333-L; REC 2009-377-L, and REC 2013-342-L. Respondents understand and acknowledge that this Settlement Agreement is public record pursuant to HRS Chapter 92F.

Sanction:

- Voluntary Revocation of Adam Lee's license
- Administrative Fine:
 - o \$10,000 Adam Lee
 - o \$10,000 Abe Lee Realty
 - o \$5,000 Abe Lee

Violations: HRS §§467-1.6(a), 1.6(b)(2), 1.6(b)(3); HRS §§467-14(1), (2), (3), (8), (13), (18), (20); HRS §§436B-19(2), (6), (7), (12), (16); HAR §16-99-3(b)

Administrative Actions (cont. from page 11)

May 2014

Shigeo Minamoto
HITEX International Inc.
nka Minamoto
International, Inc.
 Broker-RB 16230
 Broker-RB 15503
 Case No's:
 REC 2010-114-L
 REC 2010-115-L
 REC 2010-116-L
 REC 2010-117-L
 REC 2010-118-L
 REC 2010-129-L
 REC 2010-130-L
 REC 2010-132-L
 REC 2010-160-L
 REC 2010-161-L
 Dated 5/30/14

Factual Findings: On 10/10/13, the DCCA through its Regulated Industries Complaints Office ("Petitioner") filed ten petitions for disciplinary action against the real estate broker's licenses of Shigeo Minamoto ("Respondent Minamoto"), and Hitex International, Inc., nka Minamoto International, Inc. ("Respondent Hitex/Minamoto"). Petitioner also filed an Ex Parte Motion to Consolidate these cases which was granted on 10/10/13. The matters were set for hearing pursuant to Hawaii Revised Statutes ("HRS") Chapters 91, 92, 436B and 467, and the Notice of Hearing and Pre-Hearing Conference ("Notice") was transmitted to the parties. Respondents received the Notice and Petition on 1/8/14 by certified mail and were also served by publication of the Notice in the Honolulu Star-Advertiser on 1/9/14 and 1/16/14 for a hearing on 2/4/14. On 2/4/14, a hearing was conducted by the Hearings Officer and Respondents failed to enter an appearance. Since proper service was made, the hearing proceeded as scheduled. Aloha 7, Inc. was licensed as a real estate broker on 6/30/08, RB 19955. Aloha 7, Inc.'s license expired on 12/31/12 and was forfeited on 12/31/13. Under an Asset Purchase Agreement effective 6/10/08, Respondent HiTex/Minamoto agreed to sell to Aloha 7, Inc. its property management business. Respondent Minamoto was the principal broker of Aloha 7, Inc. from 6/30/08 to 12/28/09. Articles of Dissolution were filed for Minamoto International, Inc. on 3/12/09.

Owner A entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08, for their property in the Waikiki Banyan located at 201 Ohua Avenue, #3702-1, Honolulu, HI 96815. They have not been paid rental income of \$1,380.28 for 2009. (REC 2010-114-L). Owner B entered into a rental property management agreement with Aloha 7, Inc. starting 6/10/08 for their property in the Waikiki Banyan #1111-2. They have not been paid rental income of \$6,784.79 for 2009 and 2010. (REC 2010-115-L). Owner C entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08 for their property in the Waikiki Banyan #3610-2. They have not been paid rental income of \$1,855.20 for 2009. (REC 2010-116-L). Owner D entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08 for its property in the Waikiki Banyan #2005-2. They have not been paid rental income of \$5,412.63 for 2009 and 2010. (REC 2010-117-L). Owner E entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08 for its property in the Waikiki Banyan #3011-2. They have not been paid rental income of \$3,840.39 for 2009 and 2010. (REC 2010-118-L). Owner F entered into a rental property management agreement with Respondent HiTex/Minamoto starting on 9/2/05 for their property

in the Waikiki Banyan #3505-1. The same Owner F and another owner entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08 for their properties in the Waikiki Banyan #3505-1 & 2502-1. They have not been paid rental income of \$911.16 for 2007 (#2502-1) and \$6,219.86 for 2009 and 2010. (REC 2010-129-L). Owner G entered into a rental property management agreement with Aloha 7, Inc. for their property at the Waikiki Banyan #3601-1. They have not been paid rental income of \$3,402.24 for a booking from 1/13/10 to 2/17/10 and \$920.52 for 2009. (REC 2010-130-L). Owner H entered into a rental property management agreement with Aloha 7, Inc. starting on 6/10/08 for their property at the Waikiki Banyan #1214-2. They have not been paid \$1,810.90 for 2009 and \$2,841.92 for a 2010 booking. (REC 2010-132-L). Owner I entered into a rental property agreement with Aloha 7, Inc. starting on 6/20/08 for their property in the Waikiki Banyan #802-1. They have not been paid \$20,837.58 for 2009. (REC 2010-160-L). Owner J entered into a rental property agreement with Aloha 7, Inc. starting 6/10/08 for their property in the Island Colony at 445 Seaside Avenue, #1006, Honolulu, HI 96815. They have not been paid \$763.03 for 2009. (REC 2010-161-L). On 6/9/10, Aloha 7, Inc. filed a Complaint in the Circuit Court of the First Circuit, State of Hawaii against Respondents, Civil No. 10-1-1268-06. On 6/15/10, Matthew C. Shannon Esq. acknowledged receipt of the Complaint on behalf of Respondents. On 1/25/12, an Order Granting Oral Motion for Entry of Default against Respondent was filed. On 4/12/12, the Court's Findings of Fact, Conclusions of Law and Order Granting Aloha 7, Inc.'s Motion for Default Judgment as to certain counts of the Complaint was filed. On 4/19/12, a Final Judgment was filed in which the Court entered a final judgment in favor of Aloha 7, Inc. against Respondents jointly and severally in the principal amount of \$679,320.56 plus punitive damages in the amount of \$1,500,000.00. As of 1/17/14, the Commission has not received written notification from Respondents that a judgment was entered against them on 4/19/12. On 7/6/12, Respondent Minamoto filed for

Administrative Actions (cont. from page 12)

Chapter 7 bankruptcy in U.S. Bankruptcy Court, District of Hawaii, #12-01410. Aloha 7, Inc. and the clients identified in Findings of Fact numbers 5 through 14 are identified as creditors. Aloha 7, Inc. is identified as a co-debtor to the clients listed in Findings of Fact number 5 through 14. HiTex/Minamoto is identified as co-debtor to creditor Aloha 7, Inc.

Order: License Revocation

Violations: HRS §§467-14(7), (8), (13), (20); HRS §436B-16(a); HRS §436B-19(7); HAR §16-99-3(b)

**Richard D. Sterman, dba
Sterman Realty**
Broker-RB 11935
Case No: REC 2013-148-L
Dated 5/30/14

Uncontested Facts: RICO alleges that the real estate licenses of five individuals associated with Respondent expired on or about 12/31/12 and were restored on or about 4/29/13. The associated licensees engaged in the practice of real estate while their licenses were not active. RICO has separately investigated the conduct of Respondent's associated licensees and intends to resolve any claims brought in those cases in separate proceedings. Respondent has provided Petitioner with information regarding any compensation earned by Respondent and the aforementioned associated licensees while their licenses were inactive and/or forfeited.

Sanction: Pay a \$2,000.00 administrative fine

Violation: HRS §467-1.6(b)(7)

**Leinaala S.P. Isa and Lynn
A. Elisala**
Broker-RB 16350
Salesperson-RS 58357
Case No: REC 2013-24-L
Dated 5/30/14

Uncontested Facts: The real estate license of ELISALA expired on or about 12/31/08 and was restored on or about 11/21/12. ELISALA mistakenly believed her license was current and restored her license as soon as she learned otherwise. ELISALA engaged in the practice of real estate while her license was not active. Respondent ISA failed to ensure that ELISALA'S license was timely renewed.

Sanction: Pay a \$1,000.00 administrative fine (ISA)

Pay a \$1,500.00 administrative fine (ELISALA)

Violations: HRS §467-7 (ELISALA)
HRS §467-1.6(b)(7) (ISA)

**Juliana Simone and
Sunset Homes, LLC.**
Broker-RB 15582
Broker-RB 17682
Case No: REC 2013-33-L
Dated 5/30/14

Uncontested Facts: On or about 12/31/10, the license of a real estate salesperson then associated with Respondents expired and/or was forfeited. The associated real estate salesperson has not restored his real estate salesperson's license or sought a new license at any time since 12/31/10. This salesperson ended his association with Respondents shortly after Respondents discovered that his license had not been renewed prior to 12/31/10 and will be the subject of a separate RICO proceeding. The associated salesperson is alleged to have undertaken activities requiring a license between approximately 1/1/11 and 12/31/12. Respondents SIMONE and SUNSET are alleged to have failed to ensure that the associated real estate salesperson's license was timely renewed.

Sanction: Pay a \$1,000.00 administrative fine

Violation: HRS §467-1.6(b)(7)

Statutory/Rule Violations

Settlement Agreement (Allegations/Sanction): The Respondent does not admit to the allegations set forth by the Regulated Industries Complaints Office (RICO) and denies having violated any licensing law or rule. The respondent enters in a Settlement Agreement as a compromise of the claims and to conserve on the expense of proceeding with a hearing on the matter.

Disciplinary Action (Factual Findings/Order): The respondent is found to have violated the specific laws and rules cited, and the Commission approves the recommended order of the Hearings Officer.

HRS §467-1.6(a)	The principal broker shall have direct management and supervision of the brokerage firm and its real estate licensees.
HRS §467-1.6(b)(2)	The principal broker shall be responsible the brokerage firm's records, contracts, and documents.
HRS §467-1.6(b)(3)	The principal broker shall be responsible for all real estate contracts of the brokerage firm and its handling by the associated real estate salesperson
HRS §467-1.6(b)(7)	The principal broker shall be responsible ensuring that the licenses of all associated real estate licensees and the brokerage firm license are current and active.
HRS §467-7	Licenses required to act as real estate broker or salesperson.
HRS §467-14(1)	Making any misrepresentation concerning any real estate transaction.
HRS §467-14(2)	Making any false promises concerning any real estate transaction of a character likely to mislead another.
HRS §467-14(3)	Pursuing a continued and flagrant course of misrepresentation, or making of false promises through advertising or otherwise;
HRS §467-14(8)	Conduct constituting fraudulent or dishonest dealings.
HRS §467-14(13)	Violating this chapter, chapters 484, 514A, 514B, 514E, or 515, or section §516-71, or the rules adopted pursuant thereto.
HRS §467-14(18)	Failing to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency, so that the licensee may fulfill the licensee's obligation to avoid error, misrepresentation, or concealment of material facts; provided that for the purposes of this paragraph, the fact that an occupant has AIDS or AIDS Related Complex (ARC) or has been tested for HIV (human immunodeficiency virus) infection shall not be considered a material fact.
HRS §467-14(20)	Failure to maintain a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing.
HRS §436B-19(2)	Engaging in false, fraudulent, or deceptive advertising, or making untruthful or improbable statements.
HRS §436B-19(6)	Aiding and abetting an unlicensed person to directly or indirectly perform activities requiring a license.
HRS §436B-19(7)	Professional misconduct, incompetence, gross negligence, or mani-fest incapacity in the practice of the licensed profession or vocation.
HRS §436B-19(12)	Failure to comply, observe, or adhere to any law in a manner such that the licensing authority deems the applicant or holder to be an unfit or improper person to hold a license.
HRS §436B-19 (14)	Criminal conviction.
HRS §436B-19 (16)	Employing, utilizing, or attempting to employ or utilize at any time any person not licensed under the licensing laws where licensure is required.
HRS §436B-19(17)	Violating this chapter, the applicable licensing laws, or any rule or order of the licensing authority.
HAR §16-99-3(b)	The licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field. The licensee shall endeavor to eliminate any practices in the community which could be damaging to the public or to the dignity and integrity of the real estate profession. The licensee shall assist the commission in its efforts to regulate the practices of brokers and salespersons in this State.

Prelicensure Schools

Abe Lee Seminars	808-942-4472
Akahi Real Estate Network LLC	808-331-2008
Carol Ball School of Real Estate	808-871-8807
Coldwell Banker Pacific Properties Real Estate School	808-597-5550
Continuing Ed Express LLC	866-415-8521
Dower School of Real Estate	808-735-8838
Fahrni School of Real Estate	808-486-4166
Hawaii Institute of Real Estate, LLC	808-589-0550
Inet Realty	808-955-7653
Property Merchants, Inc. dba All Islands Real Estate School	808-564-5170
ProSchools, Inc.	800-452-4879
Ralph Foulger's School of Real Estate	808-239-8881
REMI School of Real Estate	808-230-8200
Seiler School of Real Estate	808-874-3100
University of Hawaii Maui College - OCET Real Estate School	808-984-3231
Vitousek Real Estate Schools, Inc.	808-946-0505



State of Hawaii Real Estate Commission

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This material can be made available to individuals with special needs. Please call the Senior Real Estate Specialist at 586-2643 to submit your request.

Continuing Education Providers

Abe Lee Seminars	808-942-4472	Key Realty School LLC	800-472-3893
Akahi Real Estate Network LLC	808-331-2008	Lorman Business Center, Inc. dba Lorman Education Services	715-833-3940
American School of Real Estate Express, LLC	866-739-7277	McKissock, LP	800-328-2008
Carol Ball School of Real Estate	808-871-8807	OnCourse Learning Corporation dba Career WebSchool	800-532-7649
Carol M. Egan, Attorney at Law	808-222-9725	Pacific Real Estate Institute	808-524-1505
Charfen Institute dba Distressed Properties Institute, LLC	800-482-0335	Property Merchants, Inc. dba All Islands Real Estate School	808-564-5170
Coldwell Banker Pacific Properties Real Estate School	808-597-5550	ProSchools, Inc.	800-299-2207
Continuing Ed Express LLC	866-415-8521	Ralph Foulger's School of Real Estate	808-239-8881
Dower School of Real Estate	808-735-8838	Real Class, Inc.	808-981-0711
Eddie Flores Real Estate Continuing Education	808-951-9888	Realtors Association of Maui, Inc.	808-873-8585
Green Building LLC	808-873-2040	REMI School of Real Estate	808-230-8200
Hawaii Association of Realtors	808-733-7060	Russ Goode Seminars	808-597-1111
Hawaii Business Training	808-250-2384	Shari S. Motooka-Higa	808-457-0156
Hawaii CCIM Chapter	808-528-2246	The CE Shop, Inc.	888-827-0777
Hawaii Institute of Real Estate, LLC	808-589-0550	The Seminar Group	206-463-4400
Hawaii Island Realtors	808-935-0827	TM Education Services	808-268-7473
Honolulu Board of Realtors	808-732-3000	University of Hawaii Maui College - OCET Real Estate School	808-984-3231
Institute of Real Estate Management – Hawaii Chapter No. 34	808-536-4736	Vitousek Real Estate Schools, Inc.	808-946-0505
Institute of Real Estate Management – National	312-329-6058	West Hawaii Association of Realtors	808-329-4874
Investment Property Exchange Services, Inc.	808-387-4140		
Kauai Board of Realtors	808-245-4049		

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2014 Real Estate Commission Meeting Schedule

Laws & Rules Review Committee – 9:00 a.m.
Condominium Review Committee –
Upon adjournment of the Laws & Rules Review
Committee Meeting
Education Review Committee – Upon adjournment of the
Condominium Review Committee Meeting

Wednesday, August 13, 2014*
Wednesday, September 10, 2014
Wednesday, October 8, 2014
Wednesday, November 12, 2014
Wednesday, December 10, 2014

Real Estate Commission – 9:00 a.m.

Friday, August 29, 2014
Friday, September 26, 2014
Friday, October 24, 2014
Wednesday, November 26, 2014
Friday, December 19, 2014

*The August 13, 2014 meetings will be held at Hawaii Island Realtors, 1321 Kinoole Street, Hilo, Hawaii

All meetings will be held in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor.

Meeting dates, locations and times are subject to change without notice. Please visit the Commission's website at www.hawaii.gov/hirec or call the Real Estate Commission Office at (808) 586-2643 to confirm the dates, times and locations of the meetings. This material can be made available to individuals with special needs. Please contact the Executive Officer at (808) 586-2643 to submit your request.