

EDUCATION REVIEW COMMITTEE
REAL ESTATE COMMISSION
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 Lieutenant Governor's Office as required by Section 92-7(b), Hawaii Revised Statutes.

Date: February 9, 2011

Time: Upon adjournment of the Condominium Review Committee meeting, which is upon adjournment of the Laws and Rules Review Committee meeting, which convened at 9:00 a.m.

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

Present: Scott A. Sherley, Vice Chair / Broker / Hawaii Island Commissioner
Donna Apisa, Broker / Kauai Commissioner
Frances T. Gendrano, Broker / Honolulu Commissioner
Walter Harvey, Broker / Honolulu Commissioner
Stanley Kuriyama, Broker / Honolulu Commissioner
Trudy Nishihara, Broker / Honolulu Commissioner
Michele Sunahara Loudermilk, Public / Honolulu Commissioner
Mark Suiso, Public / Honolulu Commissioner

Neil K. Fujitani, Supervising Executive Officer
Jon Ellis M. Pangilinan, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Amy Endo, Real Estate Specialist
David Grupen, Real Estate Specialist
Cheryl Leong, Condominium Specialist
Benedyne Stone, Condominium Specialist
Shari Wong, Deputy Attorney General
Karyn Takahashi, Recording Secretary

Others: Marsha Shimizu, Hawaii Association of REALTORS®
Aron Espinueva, Hawaii Association of REALTORS®
James M. K. Stone, Jr., Esq., Coldwell Banker
John Connelley, Hawaii Institute of Real Estate
Dan Falardeau, Entrust Hawaii
Bill Humphrey, Entrust Hawaii
Philip Hale Wilia, Dower Realty

Absent: Carol Mae Ball, Chair / Broker / Maui Commissioner

Call to Order: The Vice Chair called the meeting to order at 10:40 a.m., at which time quorum was established.

Chair's Report: The Vice Chair stated the Committee 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 to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with section 92-5(a)(4), HRS.

Commissioner Ball was excused from the meeting. Prior notification of her non-attendance was received.

Real Estate
Specialist's Report:

Minutes of Previous Meeting

Upon a motion by Commissioner Nishihara, seconded by Commissioner Gendrano, it was voted on and unanimously carried to accept the minutes of the January 12, 2011, Education Review Committee meeting.

Continuing Education: Applications

2011-2012 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Gendrano, it was voted on and unanimously carried to ratify the attached list.

Course – "Introduction to Real Estate Purchases with IRAs and Qualified Plans"; Author/Owner: Dan Falardeau; Provider: Abe Lee Seminars; Course Categories: Investment, Property Ownership and Development, Other – Real Estate IRAs; Clock Hours: 3 (Deferred from 1/12/11 ERC)

Mr. Dan Falardeau and his partner Mr. Bill Humphrey were present.

Senior Specialist Fujimura reported that this application was deferred from the January 12, 2011 Education Review Committee meeting.

Mr. Falardeau stated that this course is designed to educate licensees on how IRAs are used to purchase/invest in real estate. He stated licensees should know how to do these transactions, the paperwork involved, know what is prohibited, and understand the IRS laws.

Commissioner Suiso stated that the course may be out of the area of expertise for real estate licensees. He noted that when purchasing real estate via an IRA the administrator of the IRA is the responsible party. It seems that the course is outside of the normal realm of what a real estate licensee should understand and seems to go beyond the licensee's area of expertise and responsibility.

Mr. Falardeau stated that there is interest in this topic area as he has presented this course previously.

Commissioner Gendrano stated that she took this course. She stated that she understood Commissioner Suiso's concerns; however, she did not feel as though she was getting information beyond a licensee's area of expertise. She added that the course did not go into securities issues.

Mr. Humphrey stated that their goal is to answer questions on how this type of real estate purchase works. He stated that the course will give the licensee more information that the licensee can use as a tool. He stated that currently, clients and licensees don't know that this type of purchase/investment can be done.

Mr. Humphrey stated that the real estate transaction is happening within the IRA and this course focuses on the purchase process and will help the licensee understand the big picture. It is his belief that the licensee needs to have access to as much information as possible and this course is education on this particular type of real estate investment.

The Commissioners brought up concerns about the use of Entrust Hawaii in a case analysis in the course materials. It was brought to their attention that the goal is to teach and not to market. Mr. Falardeau agreed and stated that this is an educational model and not meant to be promotional and was willing to change the slides to make the examples generic.

Commissioner Suiso stated that in this type of real estate transaction it is important that the administrator of the IRA is involved in the transaction. Mr. Humphrey replied titling is critical—it is not the individual purchasing the property; it is the IRA purchasing the property. Mr. Humphrey emphasized that the purchase is an investment.

Commissioner Gendrano commented that what she took from the course was that it was a tool. She received some background on this process, enabling her to point her client in the right direction and who her client would need to seek out for professional advice.

Commissioner Harvey was concerned that the real estate agent would open themselves up to problems as the client may look to the real estate agent for investment advice and real estate agents do not sell investments.

Commissioner Gendrano stated that this course is not for most real estate purchases but showed her the parameters of who this type of transaction is for, which may be a very small market.

Commissioner Nishihara was excused.

Upon a motion by Commissioner Kuriyama, seconded by Commissioner Suiso, it was voted on and unanimously carried to take this matter under advisement.

Course – “Short Sales and Foreclosures – An Overview”; Author/Owner: Philip Hale Wilia, Realtor; Provider – Dower School of Real Estate; Course Category: Other – Short Sales & Foreclosures; Clock Hours: 3

Mr. Philip Hale Wilia was present. Mr. Wilia stated that he has had many requests for development of this course because inexperienced agents do not know what to do when faced with a short sale.

Upon a motion by Commissioner Harvey, seconded by Commissioner Apisa, it was voted on and unanimously carried to approve “Short Sales and Foreclosures – An Overview” as a three credit hour continuing education elective course, under the course category Other – Short Sales and Foreclosures.

Course – “Residential Real Estate Disclosure in Hawaii;” Author/Owner: James M.K. Stone, Jr., Esq.; Provider: Hawaii Institute of Real Estate; Course Categories: Real Estate Law, Risk Management, Other – Residential Property Disclosure; Clock Hours: 3

James M.K. Stone, Jr., Esq., was present. He stated that he teaches his course using the Socratic method as it is the best method for information retention. He stated that lecturing has a low retention rate and PowerPoint presentations have an even lower retention rate than lecturing.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to approve “Residential Real Estate Disclosure in Hawaii” as a three credit hour continuing education elective course under the course categories Real Estate Law, Risk Management, and Other – Residential Property Disclosure.

Course – “Residential Tax Rules 1031 Exchange, and Foreign Investors”; Author/Owner/Provider: Hawaii Association of REALTORS®; Course Categories: Investment, Other – Residential Tax Rules; Clock Hours: 6 (previously certified for 3

Ms. Marsha Shimizu was present. Ms. Shimizu stated that this course is part of the GRI series.

Commissioner Nishihara returns.

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve “Residential Tax Rules 1031 Exchange, and Foreign Investors” as a six credit hour continuing education elective course under the course categories Investment and Other – Residential Tax Rules.

Course – “Whole New Business”; Author/Owner: Eugene Trowbridge; Provider: Hawaii CCIM Chapter; Course Categories: Investment, Real Estate Law, Property Ownership and Development; Clock Hours: 6 (Deferred from 1/12/11 ERC)

Senior Specialist Fujimura reported that Mr. Trowbridge has a textbook that he follows for this course.

Commissioner Harvey stated that he has taken courses taught by Mr. Trowbridge and felt that Mr. Trowbridge is able to walk the line between real estate issues and securities issues and noted that he has been teaching for many years. Commissioner Harvey felt that this is a good course.

A telephone call was placed to Mr. Trowbridge. Mr. Trowbridge was unavailable and a message was left inquiring if this course incorporates Hawaii law.

Course – “Complex Title Matters – Identifying and Resolving”;
Author/Owner: Suzette Nasser; Provider: West Hawaii Association of REALTORS®; Course Category: Property Ownership and Development; Clock Hours: 3

Upon a motion by Commissioner Harvey, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve “Complex Title Matters – Identifying and Resolving” as a three credit hour continuing education elective course under the course category Property Ownership and Development.

Course – “Introduction to Real Estate Purchases with IRAs and Qualified Plans”; **Author/Owner: Dan Falardeau; Provider: Abe Lee Seminars; Course Categories: Investment, Property Ownership and Development, Other – Real Estate IRAs; Clock Hours: 3 (Deferred from 1/12/11 ERC)**

Commissioner Suiso stated that he is concerned with telling licensees how to purchase/sell within an IRA and would be more comfortable if the course focused on what it is like to own property titled within an IRA.

Commissioner Nishihara stated that she has concerns approving a course that is self-promoting. She noted that this deals with people’s life savings and did not want to give the idea that the Commission has sanctioned this approach to investment of one’s retirement savings.

Commissioner Apisa stated she felt that the motive of the course was to provide awareness but at the same time generate business for Entrust Hawaii.

Commissioner Suiso was concerned if the Commission approves the course for continuing education credit, will the licensees become over-zealous in pushing this type of investment.

Commissioner Gendrano stated that another point she took from this course was that this has been around for a long time, but not laid out as an option.

Commissioner Suiso noted that problems occur when the IRA starts to run out of money.

Commissioner Gendrano felt that it was not a very sophisticated investment once you learn how it works.

Commissioner Harvey stated that if the real estate agent does not do their due diligence in a real estate investment they will run into problems.

Commissioner Nishihara moved to deny approval of “Introduction to Real Estate Purchases with IRA’s and Qualified Plans” based on Hawaii Administrative Rules section 16-99-101(7). Commissioner Harvey seconded the motion. Commissioners Apisa, Harvey, Nishihara, Loudermilk, Sherley, and Suiso voted aye. Commissioners Gendrano and Kuriyama abstained. The motion carried.

The Commissioners added that they would be interested in an amended course that describes the process of and what it is like owning real estate in an IRA.

Commissioner Nishihara was excused.

Evaluation and Education Program

Evaluations (2) “Hawaii Land Use Law”

Staff evaluations of the “Hawaii Land Use Law” continuing education course were distributed to the Commissioners for their information.

Prelicense Education: Applications

2011-2012 Prelicense Schools and Instructors Ratification List

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to ratify the attached list.

Administration of
Examinations:

PSI

Licensing Examination Statistics – January 2011

Examination statistics for January 2011 were distributed to the Commissioners for their information.

School Pass/Fail Rates – January 2011

School pass/fail rate statistics for January 2011 were distributed to the Commissioners for their information.

School Summary by Test Category – January 2011

Copies of the January 2011 test category summary reports, by school, were distributed to the Commissioners for their information.

Educator’s Forum: **Hawaii Association of REALTORS®** – No discussion presented.

Public and Private Institutions of Higher Education – No discussion presented.

Program of Work: Education Evaluation Task Force

1/20/11 Meeting Report

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Gendrano, it was voted on and unanimously carried to accept the EETF’s recommendation of “Other Statutes” as the topic for the 2011 – 2012 Core Course Part A.

The next EETF meeting is scheduled for Thursday, February 17, 2011.

Budget and
Education Finance
Report:

Real Estate Education Fund

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the Real Estate Education Fund report for month ending December 31, 2010.

Continuing Education: **Course – “Whole New Business”; Author/Owner: Eugene Trowbridge; Provider: Hawaii CCIM Chapter; Course Categories: Investment, Real Estate Law, Property Ownership and Development; Clock Hours: 6 (Deferred from 1/12/11 ERC)**

Mr. Trowbridge did not return the Committee’s call.

Commissioner Kuriyama moved to approve “Whole New Business” as a six credit hour continuing education course, subject to receiving clarification regarding the inclusion of Hawaii laws/rules in the course material. Commissioner Harvey seconded the motion. The motion was voted and unanimously carried.

Next Meeting: March 9, 2011
Upon adjournment of the Condominium Review Committee Meeting, which is upon adjournment of the Laws and Rules Review Committee meeting, which convenes at 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, Vice Chair Sherley adjourned the meeting at 11:30 a.m.

Reviewed and approved by:

/s/ Diane Choy Fujimura
Diane Choy Fujimura
Senior Real Estate Specialist

February 15, 2011
Date

[X] Minutes approved as is.
[] Minutes approved with changes, see minutes of _____

**2011-2012 CONTINUING EDUCATION PROVIDERS AND COURSES
RATIFICATION LIST**

EDUCATION REVIEW COMMITTEE

February 9, 2011

<u>Registration/Certification</u>	<u>Effective Date</u>
Provider(s)	
Richard Daggett School of Real Estate	1/1/11
Abe Lee Seminars	1/1/11
Dower School of Real Estate	1/1/11
Course(s)	
"Environmental Issues in Your Real Estate Practice" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Introduction to Commercial Real Estate Sales" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Property Management and Managing Risk" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Real Estate Finance Today" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Red Flags Property Inspection Guide" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Real Estate Finance and Tax Issues" (ARELLO Certified Course/Dearborn/Abe Lee Seminars)	1/1/11
"Green and EPA" (Abraham W. H. Lee/Abe Lee Seminars)	1/1/11
"Green Buildings" (Abraham W. H. Lee/Abe Lee Seminars)	1/1/11
"Introduction to Green Movement" (Abraham W. H. Lee/Abe Lee Seminars)	1/1/11
"Land Use and Permit Requirements (Residential Applications C & C Honolulu) Part Two" (Philip Hale Wilia)	1/1/11
"Property Management and Fair Housing Discrimination – A Preventive Measures Guideline" (Philip Hale Wilia)	1/1/11

"Property Management in Hawaii" (Philip Hale Wilia)	1/1/11
"The Ins and Outs of Contracts, Including the Purchase Contract" (Scott Alan Bly, Esq.)	1/1/11
"Anti-Discrimination Laws" (ProSchools/Kauai Board of REALTORS®)	1/4/11
"Ethics: Pricing, Offers and Advertising" (ProSchools/Kauai Board of REALTORS®)	1/4/11
"Professional Property Management" (ProSchools/Kauai Board of REALTORS®)	1/4/11
"Buyer Representatin in Real Estate" (Dearborn/Hawaii Institute of Real Estate)	1/10/11
"Ethics in Today's Real Estate World" (Dearborn/Hawaii Institute of Real Estate)	1/10/11
"Bad Loans - Predatory and Fraud" (ARELLO Certified Course/360training.com)	1/12/11
"Client Focused Communications" (ARELLO Certified Course/360training.com)	1/12/11
"Contracts" (ARELLO Certified Course/360training.com)	1/12/11
"Qualifying Buyer and Property" (ARELLO Certified Course/360training.com)	1/12/11
"Environmental Basics" (ARELLO Certified Course/360training.com)	1/12/11
"Home Inspection" (ARELLO Certified Course/360training.com)	1/12/11
"The Loan – An Overview" (ARELLO Certified Course/360training.com)	1/12/11
"Work Smarter, Not Harder" (ARELLO Certified Course/360training.com)	1/12/11
"Ninja Selling" (Abraham W. H. Lee/Abe Lee Seminars)	1/12/11
"Ninja Selling – Life Planning" (Abraham W. H. Lee/Abe Lee Seminars)	1/12/11

**2011-2012 PRELICENSE SCHOOLS AND INSTRUCTORS
RATIFICATION LIST**

EDUCATION REVIEW COMMITTEE

February 9, 2011

<u>Registration/Certification</u>	<u>Effective Date</u>
School(s)	
Hawaii Institute of Real Estate	1/1/11
Akahi Real Estate Network LLC	1/1/11
Abe Lee Seminars	1/1/11
Dower School of Real Estate	1/1/11
Instructor(s)	
John R. Connelley (Salesperson and Broker curriculum)	1/1/11
Abraham W. H. Lee (Salesperson curriculum)	1/1/11