

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: May 11, 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
Michele Sunahara Loudermilk, 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: Randy Prothero, Russ Goode Seminars
Aron Espinueva, Hawaii Association of REALTORS®
Bryan Andaya, Eddie Flores Real Estate Continuing Education
Ginger Kolonick, Abe Lee Seminars

Absent: Carol Mae Ball, Chair / Broker / Maui Commissioner
Trudy Nishihara, Broker / Honolulu Commissioner
Stanley Kuriyama, Broker / Honolulu Commissioner
Mark Suiso, Public / Honolulu Commissioner

Call to Order: The Vice Chair called the meeting to order at 9:25 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.

Commissioners Ball, Kuriyama, Nishihara, and Suiso were excused from the meeting. Prior notification of their non-attendance was received.

Real Estate
Specialist's Report:

Announcements, Introduction, Correspondence, and Additional Distribution

The following was distributed as additional distribution:

4. Continuing Education Administration, Curriculum, Courses, Providers, and Instructors
 - b. Applications
 - 2) Course – “The Principles of Real Estate Finance and Regulation Practicum 2011;” Author/Owner/Provider: Shari S. Motooka-Higa; Course Categories: Finance, Other – Consumer Protection; Clock Hours: 3 (Deferred from February 9, 2011 ERC meeting)

Minutes of Previous Meeting

Upon a motion by Commissioner Apisa, seconded by Commissioner Harvey, it was voted on and unanimously carried to accept the minutes of the April 13, 2011, Education Review Committee meeting.

Continuing Education: Applications

2011-2012 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Gendrano, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to ratify the following:

<u>Registration/Certification</u>	<u>Effective Date</u>
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Provider(s)

UH Maui College – OCET	04/06/11
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Course(s)

“Property Management and Managing Risk” (Dearborn/West Hawaii Association of Realtors)	04/26/11
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Course – “Representing Buyers of Residential Real Estate;” Author/Owner: Randy L. Prothero; Provider: Russ Goode Seminars; Course Categories: Contracts, Other- Fiduciary Duties; Clock Hours: 3

Mr. Prothero was present. He stated that this course focuses on residential real estate and taking the agent from beginning to end of a transaction with the buyer. Mr. Prothero stated that the course includes group discussions and interaction within the class.

Upon a motion by Commissioner Harvey, seconded by Commissioner Apisa, it was voted on and unanimously carried to approve “Representing Buyers of Residential Real Estate” as a three credit hour continuing education elective course, under the course categories Contracts and Other – Fiduciary Duties.

Course – “Representing Sellers of Residential Real Estate;” Author/Owner: Randy L. Prothero; Provider: Russ Goode Seminars; Course Categories: Contracts, Other – Fiduciary Duties; Clock Hours: 3

Mr. Prothero stated that this is similar to the previous course, but focuses on representing the seller and takes the licensee from the beginning of the transaction, focusing on fiduciary responsibilities to clients, and to the closing of escrow.

Upon a motion by Commissioner Harvey, seconded by Commissioner Apisa, it was voted on and unanimously carried to approve “Representing Sellers of Residential Real Estate” as a three credit hour continuing education elective course, under the course category Contracts and Other – Fiduciary Duties.

Course – “Property Management of Condominium and Community Associations;” Author/Owner: Ginger Allen Kolonick; Provider: Abe Lee Seminars; Course Category: Property Management; Clock Hours: 3

Ms. Kolonick was present. Ms. Kolonick stated that she has been licensed in Hawaii for approximately 20 years and a property manager. She stated that she has taken many property management classes and found that all types of property management get lumped together. Ms. Kolonick stated that association management is totally different.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve “Property Management of condominium and Community Associations” as a three credit hour continuing education elective course, under the course category Property Management.’

Course – “Real Estate Investment Analysis 2011-2012;” Author/Owner: Eddie Flores Jr. and Bryan P. Andaya; Provider: Eddie Flores Real Estate Continuing Education; Course Category: Investment; Clock Hours: 3

Mr. Andaya was present. Mr. Andaya stated that this course goes through the basic stages of real estate investing, such as due diligence, the different components of the analysis of the property, and includes student exercises and mathematical calculations.

The Commissioners raised many concerns on some of the terms and inferences made throughout the course. For example, the statement, “People invest in real estate because it is safe.” This statement is not necessarily true for all situations.

There were concerns that income and returns on investments should be made clearer, as one does not want to get into the trap of projecting based on the past. The pros and cons must be clearly stated.

Mr. Andaya stated that he understands the concerns raised. He noted that the course focuses only on basic analysis but it may not be clear in the course materials.

The Commissioners also recommended that there be more caveats encouraging the consultation of the appropriate expert—possibly after each section of the course materials.

Commissioner Gendrano moved to approve "Real Estate Investment Analysis 2011-2012" as a three credit hour continuing education course, under the course category Investment, subject to recommended changes. Commissioner Harvey seconded the motion. Commissioners Harvey, Gendrano and Sherley voted aye. Commissioners Apisa and Loudermilk voted nay. The motion died.

Commissioner Apisa moved to defer decision making on this application to allow the author to clarify various topics within the course materials, Commissioner Harvey seconded the motion. The motion was voted on and unanimously carried.

Course – "The Principles of Real Estate Finance and Regulation Practicum 2011;" Author/Owner/Provider: Shari S. Motooka-Higa; Course Categories: Finance, Other – Consumer Protection; Clock Hours: 3 (Deferred from February 9, 2011 ERC meeting)

Senior Specialist Fujimura reported that the materials have been reduced/paired down. She stated that Commissioner Ball previously had stylistic concerns and felt the topic was too broad. She stated that the course is more focused now.

Commissioner Gendrano moved to approve "The Principles of Real Estate Finance and Regulation Practicum 2011" as a three credit hour continuing education elective course, under the course categories Finance and Other – Consumer Protection. Commissioner Harvey seconded the motion. The motion was voted on and unanimously carried.

Course – "Pension Funds and Real Estate;" Author/Owner/Provider: Abraham Lee/Abe Lee Seminars; Course Category: Investment; Clock Hours: 3

Senior Specialist Fujimura reported that this course was previously denied. The current author re-worked the topic/materials and re-submitted it as a new course application.

The Commissioners felt that this topic may be better addressed by consulting the appropriate professional, such as a tax consultant. Concerns expressed included the licensee may become involved in analyzing real property and recommending using client's pension funds for purchasing real estate. This may be too risky for a real estate licensee and beyond the licensee's area of expertise.

Commissioner Gendrano commented that the previous course seemed to be more detailed.

Commissioner Apisa moved to deny "Pension Funds and Real Estate" as a continuing education elective course based on section 16-99-101(7), Hawaii Administrative Rules. Commissioner Harvey seconded the motion. The motion was voted on and unanimously carried.

Course – "CRS 205 Financing & Tax Advantages for Agents & Their Clients;" Author/Owner: Council of Residential Specialists; Provider: Hawaii Association of REALTORS®; Course Category: Finance; Clock Hours: 12

Commissioner Apisa stated that she is the Kauai director for CRS, but that would not affect her ability to make a decision on this matter.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve "CRS 205 Financing & Tax Advantages for Agents & Their Clients" as 12 credit hour continuing education elective course, under the course category Finance.

Course – "Contracts;" Author/Owner/Provider: Hawaii Association of REALTORS®; Course Categories: Contracts, Risk Management; Clock Hours: 6 (Previously certified for 3 hours)

It was reported that this course is part of the GRI series.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve "Contracts" as a 6 credit hour continuing education elective course, under the course categories Contracts and Risk Management.

Course – "GRI – Land Use & Development;" Author/Owner/Provider: Hawaii Association of REALTORS®; Course Category: Other – Land Use, Development, Home Inspection; Clock Hours: 6 (Previously certified for 3 hours)

Upon a motion by Commissioner Harvey, seconded by Commissioner Apisa, it was voted on and unanimously carried to approve "GRI – Land Use & Development" as a six credit hour continuing education elective course, under the course category Other – Land Use, Development, Home Inspection.

Course – "Legal, Privacy and Information Security Issues for the New Technology World of Business;" Author/Owner: Privacy Solutions Inc.; Provider: Hawaii Association of REALTORS®; Course Categories: Risk Management, Technology and the Licensee; Clock Hours: 3

Commissioner Gendrano commented that this course is new and different and there are not many courses of this type available locally.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve "Legal, Privacy and Information Security Issues for the New Technology World of Business" as a three credit hour continuing education course, under the course categories Risk Management and Technology and the Licensee.

Course – "Common Interest Developments: Managing Condominium Association Properties;" Author/Owner/Provider: Institute of Real Estate Management; Clock Hours: 12

Upon a motion by Commissioner Harvey, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve "Common Interest Developments: Managing condominium Association Properties" as a 12 credit hour continuing education elective course.

Course – "Marketing & Leasing: Multifamily Properties;" Author/Owner/Provider: Institute of Real Estate Management; Clock Hours: 12

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve "Marketing & Leasing: Multifamily Properties" as a 12 credit hour continuing education elective course.

**Course – “Human Resource Management for the Property Manager;”
Author/Owner/Provider: Institute of Real Estate Management; Clock Hours: 12**

The Commissioners opined that the content of the course does not appear to apply specifically to real estate licensees, and was more generic.

Commissioner Apisa moved to deny “Human Resource Management for the Property Manager” as a continuing education elective course based on section 16-99-101(7), Hawaii Administrative Rules. Commissioner Harvey seconded the motion. The motion was voted on and unanimously carried.

Course – “Certified HAFA Specialist: Home Affordable Foreclosure Alternatives (HAFA) Certification Program;” Author/Owner: Asset Plan USA; Provider: Hawaii Association of REALTORS®; Course Categories: Finance, Other – Government Programs, HAFA; Clock Hours: 5

Commissioner Harvey was concerned that HAFA issues are constantly in flux and that the course materials may not be current when the course is offered. He added that five credit hours may be too much for a topic that is changing so much and so often.

Commissioner Gendrano suggested requesting the instructor disclose throughout the class that HAFA is constantly changing.

Commissioner Harvey moved to deny “Certified HAFA Specialist: Home Affordable Foreclosure Alternatives (HAFA) Certification Program” as a continuing education course, based on section 16-99-101(7), Hawaii Administrative Rules. Commissioner Loudermilk seconded the motion. The motion was voted on and unanimously carried.

Continuing Education Core Course – Update

Senior Specialist Fujimura reported on the progress of the 2011-2012 core course Part A.

Senior Specialist Fujimura reported that the first draft was received on April 4, 2011, per contract, and the course was not in a presentable condition. In the past, the first draft submitted was in much better shape. However, in this case, this first draft is more like a rough draft in its infancy stage. Staff has spent an unusual amount of time reviewing and meeting with the vendor to elevate the quality of the product. She reported that it was not well organized, not clear and not accurate.

Senior Specialist Fujimura reported that the EETF will be meeting on May 19, 2011, to go over the third revision of the first draft and provide comments as required by the terms and conditions of the agreement.

Senior Specialist Fujimura reported that Staff has agreed to assist the vendor with formatting and references to laws and rules. However, Staff has not and will not re-write the course, but will provide the vendor, today, with a list of general comments on the whole course, along with examples illustrating the comments.

It was reported that the EETF reviewed the initial first draft with Digital Learning Center staff present. Suggestions were made to improve the first draft. However, when the revised first draft was received by Staff, these initial suggestions were not consistently incorporated in the materials, new information was added that was not in the original draft, which then increased the review time for the new information.

It was reported that deadlines have not been extended at this time and there are no requests to extend any deadlines.

Commissioner Loudermilk recommended reviewing the agreement to see what the performance requirements are and give the vendor a chance to perform, and see what the outcome is after the May 19th EETF meeting.

The Committee discussed the option of re-procuring for Part B or having both parts A and B presented in 2012.

Prelicense Education: Applications

2011-2012 Prelicense Schools and Instructors Ratification List

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to ratify the following:

<u>Registration/Certification</u>	<u>Effective Date</u>
School(s)	
UH Maui College – OCET	04/06/11

Evaluation and Education Program

Copies of evaluations of the independent study course from the following prelicense school was distributed to the Commissioners for their information:

- Abe Lee Seminars (5)

Administration of
Examinations:

PSI

Licensing Examination Statistics – April 2011

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

School Pass/Fail Rates – April 2011

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

School Summary by Test Category – April 2011

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

Test Development

Instructor participation in item writing

Specialist Endo reported that in approximately two weeks PSI will be rolling out their program in which prelicense instructors will be able to provide/construct prelicense examination questions. She reported that prior to that, PSI will conduct a webinar on the essentials of item writing for a defensible licensing examination.

Specialist Endo added that the instructors will not be allowed to use their submitted questions on their school's exams and they will be required to sign a security agreement to that effect.

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

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

Program of Work: Annual Report, Quarterly Bulletin, and School Files

Senior Specialist Fujimura reported that the May issue of the real estate *Bulletin* will be distributed shortly. An electronic version may be found at the Commission's website: www.hawaii.gov/hirec.

Staff and Commissioners Development

The SEO reported that the Council on Licensure, Enforcement and Regulation ("CLEAR") will be offering a Board Member Training webinar series. He noted that he has signed up Staff. He stated that if any Commissioner is interested in the series, to please let Staff know and arrangements will be made for them to access the webinars.

The SEO stated that ARELLO offers a Commissioner College which is a good program but only offered during the ARELLO conferences. He reported that ARELLO has discussed offering a webinar of the Commissioner College, but it may be costly.

The SEO added that there is an option of bringing a trainer here to offer a Commissioner College through ARELLO or a similar program with CLEAR, and he will speak to the Licensing Administrator about this option.

Education Evaluation Task Force

Next EETF meeting is scheduled for Thursday, May 19, 2011.

Next Meeting: Wednesday, June 8, 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
10:25 a.m.

Reviewed and approved by:

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

May 23, 2011
Date

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