

**EDUCATION REVIEW COMMITTEE**  
REAL ESTATE COMMISSION  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii  
[www.state.hi.us/hirec](http://www.state.hi.us/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: Wednesday, July 11, 2001

Time: 10:00 a.m.

Place: Kapuaiwa Room  
HRH Princess Victoria Kamamalu Building  
1010 Richards Street, Second Floor  
Honolulu, Hawaii

Present: Charles Aki, Chair  
Casey Choi, Member  
Alfredo Evangelista, Member  
Mitchell Imanaka, Member  
Iris Okawa, Member  
Peter Rice, Member

Calvin Kimura, Supervising Executive Officer  
Alan Taniguchi, Executive Officer  
Lorene K. Arata, Real Estate Specialist  
Cynthia Yee, Senior Condominium Specialist  
Gina Watumull, Condominium Specialist  
Cheryl Leong, Condominium Specialist  
Shari Wong, Deputy Attorney General  
Karyn Takahashi, Recording Secretary  
Marsha Shimizu, Hawaii Association of REALTORS®  
Carl E. Choy, Senior Vice President, Morgan Stanley Dean Witter  
Lynne R. Kinney, Associate Vice President, Morgan Stanley Dean Witter  
Jonathon Hudson, Prelicense Instructor  
Norman Dupont, HCAAO

Excused: Michael Ching, Member  
Patricia Choi, Member  
John Ohama, Member

Call to Order: Chair Aki called the meeting to order at 10:11 a.m., at which time quorum was established.

ERC Chair Report: No report.

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

SEO Kimura announced that Senior Real Estate Specialist Ikeda Catalani will be resigning from her position effective July 13, 2001.

Upon a motion by Commissioner Evangelista, seconded by Commissioner Rice, it was voted on and unanimously carried to add the following to the agenda:

4. Continuing Education Administration, Curriculum, Courses, Providers, and Instructors
  - b. Applications
    - 3) Provider – Kauai Board of REALTORS®
    - 4) Elective Course – “Understanding Contracts Part I,”  
Author/Owner: Abe Lee, Provider: Abe Lee Seminars,  
Course Category: Contracts, Credit Hours: 3
    - 5) 2001-2002 Continuing Education Providers and Courses  
Ratification List
5. Prelicensing Education Administration, Curriculum, Schools, Instructors, and Equivalency
  - a. Administrative Issues
    - 1) Policy for Independent Study Courses
    - 2) Real Estate Educators Association Generally Accepted  
Principles of Education
6. Administration of Examinations
  - a. ASI
    - 1) ASI – Status of Company Transition
8. Program of Work, FY01 – Distributed at LRRC meeting
  - f. Real Estate Seminars – Fair Housing Report
12. Budget and Finance Report (REEF)
  - a. March 2001 Report

The following was distributed as additional distribution:

6. Administration of Examinations
  - a) ASI – Deferred Item – RecruitSmart

**Minutes of Meetings**

Upon a motion by Commissioner Evangelista, seconded by Commissioner Imanaka it was voted on and unanimously carried to accept the minutes of the June 14, 2001, Education Review Committee meeting as circulated.

Budget and Finance: **Morgan Stanley Dean Witter Investment Report**

Mr. Carl Choy, Senior Vice President and Ms. Lynne Kinney, Associate Vice President, of Morgan Stanley Dean Witter were present to discuss their investment report of the Real Estate Recovery Fund and Real Estate Education Fund.

SEO Kimura stated that the Commission has been working with Morgan Stanley Dean Witter for many years. The Commission is authorized to invest funds in the same manner as the State Retirement System, and some of the new Commissioners have been asking questions regarding the funds and the direction the Commission should take in investing these funds.

Mr. Choy provided some background information. He stated that back in 1991/1992 the Commission went through a procurement process for an investment consulting firm and they were chosen. The Commission was presented with several options and the Commission chose a bond portfolio and continued to roll over the funds. As the real estate market changed, licensee numbers declined, recovery fund needs changed, etc., the Commission decided to stop rolling the funds and decided on term trust funds. Currently, there is a term trust maturing in 2002 and another in 2003.

Mr. Choy proposed a balanced approach in investing the funds between stocks and bonds. He stated that this is a good time to invest in stocks as interest rates are being cut and taxes are going down, ultimately making the market safer.

Mr. Choy stated that as there currently is no written policy, he would like a policy developed on how the funds should be invested, how much should be invested, etc. He would like to define an investment strategy and generate quarterly reports.

Commissioner Rice stated that we need to do a pro forma and look at our various options.

Commissioner Imanaka proposed forming an investment committee to make recommendations to the Commission.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend to delegate Commissioners Rice, Evangelista and Ohama and EO Taniguchi the responsibility and opportunity to investigate the Real Estate Education Fund and Real Estate Recovery Fund portfolios and make recommendations to the Commission.

Commissioner Evangelista inquired if the Commission is subject to the UIPA Act. Deputy AG Wong replied that she was not sure. Mr. Choy stated that their advice is to follow it even if you are not subject to the law.

At this time, Mr. Choy stated that for the record, Commissioner P. Choi is his cousin (Commissioner P. Choi is married to Mr. Choy's cousin) and mentioned this fact to avoid any conflict of interest.

The Commissioners thanked Mr. Choy and Ms. Kinney for attending today's meeting.

Continuing Education: Applications

**Elective Course – “Basic 1031 Tax Deferred Exchanges,”**  
**Author/Owner/Provider: Professional Exchange Accommodators;**  
**Instructors: Daniel E. McCabe, National Association of CLE’s and Gary R. Gorman, National Association of CPA’s; Course Categories: Real Estate Law and Real Estate Tax Law; Credit Hours: 3**

Specialist Arata reported that this course was previously approved at the April Education Review Committee meeting as a national course subject to it receiving certification from the National Association of REALTORS®; however, as of today, the course has not received certification.

Commissioner Imanaka inquired if it was a timing issue. Specialist Arata replied that they wanted to offer the course as soon as possible and were not sure when the certification would be forth coming.

Commissioner Imanaka inquired if Staff was familiar with the proposed instructors and if they were licensed attorneys. Specialist Arata replied she did not know; however, the Commission approved both instructors at the April Education Review Committee meeting.

Upon a motion by Commissioner Rice, seconded by Commissioner Evangelista, it was voted on and unanimously carried to recommend approval of "Basic 1031 Tax Deferred Exchanges" as a three credit hour continuing education elective course under the course categories Real Estate Law and Real Estate Tax Law.

**Elective Course – “Advanced 1031 Tax Deferred Exchanges,”**  
**Author/Owner/Provider: Professional Exchange Accommodators;**  
**Instructors: Daniel E. McCabe, National Association of CLE’s and Gary R. Gorman, National Association of CPA’s; Course Categories: Real Estate Law and Real Estate Tax Law; Credit Hours: 3**

Upon a motion by Commissioner Okawa, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of "Advanced 1031 Tax Deferred Exchanges" as a three credit hour continuing education elective course under the course categories Real Estate Law and Real Estate Tax Law.

**Provider – Kauai Board of REALTORS®**

Specialist Arata reported that the Kauai Board of REALTORS® is complete except for the evidence of surety bond coverage.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of the Kauai Board of REALTORS® as a continuing education provider subject to submission of proof of surety bond coverage.

**Elective Course – “Understanding Contracts Part I,” Author/Owner: Abe Lee, Provider: Abe Lee Seminars, Course Category: Contracts, Credit Hours: 3**

Commissioner Evangelista stated that Mr. Lee must be sure to use the most recent forms.

Commissioner Imanaka added that it would be advisable that Mr. Lee include a cautionary note to students that when referring to technical issues of the law it is always advisable to check with an attorney especially when drafting original language in contracts. Specialist Arata stated that he does include a disclaimer.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of "Understanding Contracts Part I" as a three credit hour continuing education course under the course category Contracts, subject to a cautionary note to the author/owner that instructor should inform students that when referring to technical issues of the law it is always advisable to check with an attorney especially when drafting original language in contracts.

**2001-2002 Continuing Education Providers and Courses Ratification List**

Upon a motion by Commissioner Evangelista, seconded by Commissioner Imanaka, it was voted on and unanimously carried to recommend ratification of the following recertifications/reregistrations:

<u>Course</u>	<u>Effective Date</u>
"Avoiding Pitfalls in the Closing Process for 2002 and Beyond" (fka "Avoiding Pitfalls in the Closing Process for 2000 and Beyond") (Owner/Author: Hawaii Association of REALTORS®)	07/09/01

Other Jurisdictions

**California**

Information regarding new California legislation was distributed to the Commissioners for their information.

**Ohio**

A letter dated June 21, 2001 from the State of Ohio requesting information regarding the use of distance education to fulfill the requirements of continuing education and possibly prelicense course work, with a copy of the response was distributed to the Commissioners for their information.

Prelicensure Education: Administrative Issues

### **Policy for Independent Study Courses**

Specialist Arata reported that with the rule changes effective May 21, 2001, independent study courses can now be offered. A policy was adopted at the June Education Review Committee meeting; however, a few more policies need to be created.

Specialist Arata questioned if a prelicense instructor also needs to be certified by the Commission before the prelicense school offers an approved independent study course.

SEO Kimura questioned does a prelicense instructor need to be examined on knowledge/background on the form of course delivery? Do we require a re-evaluation of the instructor's certification if they are already certified?

Commissioner Aki questioned how the instructor is evaluated on classroom deliver currently. Specialist Arata stated that instructors are certified based on command knowledge of the subject matter and they require one year teaching experience.

Commissioner Okawa stated that an internet based course requires additional skills on the part of the instructor and they also need to be accessible and available. She added that using the ARELLO certification guidelines as a base would be helpful.

Commissioner Evangelista stated that we should possibly have a supplemental instructor application and if Staff could draft the application and guidelines.

Upon a motion by Commissioner Evangelista, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend adoption of the submission of the following for the approval of prelicense independent study courses, in addition to the previously adopted policy/standards:

1. Completed application form from the prelicense school.
2. Total fees: \$150 (\$50 non-refundable application fee, \$100 additional course offering).

Also, Staff to draft a supplemental prelicense instructor application form for the offering of independent study courses and use ARELLO guidelines as a guide in creating this form.

### **Real Estate Educators Association Generally Accepted Principles of Education**

A copy of the Real Estate Educators Association Generally Accepted Principles of Education was distributed to the Commissioners for their information.

Commissioner Imanaka excused; 11:05 a.m.

Applications

**Instructor – Jonathon C. Hudson – Broker Curriculum; Substitute Instructor - Salesperson and Broker Curriculums**

Mr. Hudson was present to address any questions.

Commissioner Okawa stated to Mr. Hudson that he answered a question yes to the question on his application regarding prior complaints and was interested to know is that matter as addressed. Mr. Hudson replied that it was a minor complaint that has been taken care of. Specialist Arata reported that the Regulated Industries Complaints Office currently shows no complaints against Mr. Hudson.

Upon a motion by Commissioner Rice, seconded by Commissioner Evangelista, it was voted on and unanimously carried to recommend approval of Jonathon C. Hudson as a prelicense instructor for the broker curriculum and as a prelicense substitute instructor for the salesperson and broker curriculums.

**Independent Study Course – Salesperson; Author/Owner/School: Seiler School of Real Estate**

Specialist Arata reported that this course will be offered via the internet.

Chair Aki inquired will the student and instructor communicate via e-mail? Specialist Arata replied they will be able to communicate via e-mail and telephone.

Chair Aki inquired on the amount of interaction there would be. Specialist Arata state the interaction will occur only if the student has questions and/or problems with the program. Chair Aki added that in the past there was concern regarding the lack of interaction. Specialist Arata responded that the law requires the instructor be available.

The Commissioners aired concerns about the evaluation and effectiveness of the course. SEO Kimura stated that they could require students to submit evaluations directly to the Commission and that a report on the pass/fail exam ratio could be prepared.

Upon a motion by Commissioner Rice, seconded by Commissioner Evangelista, it was voted on and unanimously carried to recommend approval of the Independent Study Course for Salesperson offered through the Seiler School of Real Estate subject to the following:

1. Students must submit an evaluation form directly to the Commission upon completion of the course, until directed to cease.
2. When the supplemental instructor application form is available, the instructor must complete and submit the form to the Commission.

Also, Staff to prepare a report on the pass/fail exam ratio for students who complete this course.

Administration of  
Examinations:

ASI

**Deferred Item – RecruitSmart**

SEO Kimura reported that in a letter dated May 15, 2001, ASI requested that the Hawaii Real Estate Commission reconsider their decision to not allow new Hawaii real estate licensees to benefit from their RecruitSmart program. This program provides the names of passing candidates to potential employers. Subsequently, additional information regarding the program was received.

Commissioner Okawa stated that according to the information, the candidates are electing to share this information.

Commissioner Evangelista added that a mechanism for the candidate to opt out of the program should also be in place.

Upon a motion by Commissioner Okawa, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval to allow ASI to offer the RecruitSmart subscription service to Hawaii candidates only if the candidates affirmatively state that the candidate elects to participate in the service and that there is a built-in mechanism for candidates to opt out of the service.

**Status of Company Transition**

A letter dated June 29, 2001 from ASI reporting on the status of the company's transition was distributed to the Commissioners for their information.

Educator's Forum:

**Hawaii Association of REALTORS®** – no discussion presented

**Hawaii Chapter of Real Estate Educators Association** – no discussion presented.

**Hawaii Association of Real Estate Schools (HARES)** – no discussion presented.

**Public and Private Institutions of Higher Education** – no discussion presented.

Program of Work:

**Program of Work, FY02 – Real Estate Seminars**

Upon a motion by Commissioner Okawa, seconded by Commissioner Rice, it was voted on and unanimously carried to move decision making on this agenda item to the July 11, 2001, Condominium Review Committee meeting.

