

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

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, September 10, 2003

Time: Upon adjournment of the Laws and Rules Review Committee meeting, which convenes at 9:30 a.m.

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

Present: Vern Yamanaka, Chair
Trudy Nishihara, Vice Chair
Louis Abrams, Member
Marshall Chinen, Member
Mitchell Imanaka, Member
Kathleen Kagawa, Member
John Ohama, Member
Iris Okawa, Member
Peter Rice, Member

Calvin Kimura, Supervising Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Shari Wong, Deputy Attorney General
Karyn Takahashi, Recording Secretary

Others: Jim O'Connor, Kauai Board of REALTORS®
Neil Zaslow, Kauai Board of REALTORS®
Donna Preitauer, Kauai Board of REALTORS®
Larry Hinkel, Realtor Associate
Karen Ono, Kauai Board of REALTORS®
Wayne "Richie" Richardson, RE3 LLC, Real Estate Services
Sandy Howatt, Kauai Board of REALTORS®
Michael Ching, Former Commissioner
Yoshiko "Dimples" Kano
Sheilah Miyake, Deputy Director, County of Kauai Planning Department
Marsha Shimizu, Hawaii Association of REALTORS®
Debbie Joy Floria
Karen Agudong
R. Cobb

Call to Order: Chair Yamanaka called the meeting to order at 10:21 a.m., at which time quorum was established.

Chair's Report: No report.

Sr. Real Estate
Specialist's Report: Minutes of Meeting

Upon a motion by Commissioner Okawa, seconded by Commissioner Imanaka, it was voted on and unanimously carried to accept the minutes of the August 13, 2003, Education Review Committee meeting as distributed.

Continuing Education: **Applications**

2003 – 2004 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Okawa, seconded by Commissioner Imanaka, it was voted on and unanimously carried to recommend approval of the following registration/certification:

<u>Registration/Certification</u>	<u>Effective Date</u>
"Comprehensive 1031 Exchange" (Eddie Flores, Jr./Eddie Flores Real Estate Continuing Education)	August 5, 2003

Course – "Disposition Strategies and Current Tax Laws." Author/Owner: Eugene Trowbridge, Provider: Hawaii CCIM Chapter, Course Categories: Investment, Property Ownership and Development, Other, Course Clock Hours: 3

Senior Specialist Fujimura reported that the author of this course, and the next course on the agenda, Eugene Trowbridge, is an attorney and is well versed in this topic area.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of "Disposition Strategies and Current Tax Laws" as a three clock hour continuing education elective course, under the course categories, Investment, Property Ownership and Development, and Other.

Course – "Group Ownership of Commercial and Investment Real Estate." Author/Owner: Eugene Trowbridge, Provider: Hawaii CCIM Chapter, Course Categories: Investment, Real Estate Law, Property Ownership and Development, Other, Course Clock Hours: 3

Upon a motion by Commissioner Imanaka, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval of "Group Ownership of Commercial and Investment Real Estate" as a three clock hour continuing education elective course, under the course categories Investment, Real Estate Law, Property Ownership and Development, and Other.

Core Course – “Fair Housing, Disclosure & Agency Laws.” Author/Owner: Eddie Flores, Jr., Provider: Eddie Flore Real Estate Continuing Education, Course Categories: Fair Housing, Agency and Disclosure, Course Clock Hours: 4

Upon a motion by Commissioner Imanaka, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of “Fair Housing, Disclosure & Agency Laws” as a four clock hour continuing education core course for the 2003 – 2004 biennium, under the course categories Fair Housing and Agency and Disclosure.

Course – “How to Invest in Real Estate.” Author/Owner: Eddie Flores, Jr., Provider: Eddie Flores Real Estate Continuing Education, Course Category: Investment, Course Clock Hours: 3

Senior Specialist Fujimura reported that a Continuing Education Review Panel member reviewed this course and Mr. Flores has adjusted its content.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend approval of “How to Invest in Real Estate” as a three clock hour continuing education elective course, under the course category Investment.

Course – “1031 Exchange & Other Tax Issues.” Author/Owner: Abe Lee, Provider: Abe Lee Seminars, Course Category: Investment, Course Clock Hours: 3

Senior Specialist Fujimura reported that this course was reviewed by a member of the Continuing Education Review Panel who provided extensive comments. She added that Mr. Lee forwarded these comments to counsel of OREXCO, and in response, OREXCO counsel provided feedback on the Continuing Education Review Panel member’s comments, and which did not agree with the comments from the Continuing Education Review Panel member.

Senior Specialist Fujimura stated that as it stands now the course is in limbo and it would be appropriate for Mr. Lee to amend the course and re-submit the course materials based on comments received.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Nishihara, it was voted on and unanimously carried to defer decision making on this application subject to amendment of the course content based on comments received from the Continuing Education Review Panel member and other comments received from counsel of Old Republic Exchange Facilitator Company (OREXCO).

Continuing Education Core Course – Update

Senior Specialist Fujimura reported that at the last Real Estate Commission meeting they accepted ProSchools, Inc.’s, proposal; however, they requested clarifications. She reported that ProSchools agreed to no quizzes and final exam, agreed that the Commission will be the owner of all materials, user fees

may be assessed at a reasonable charge, Hawaii-certified providers may receive all course materials free of charge if they will be teaching the core course.

Senior Specialist Fujimura stated that she is now working on drafting the contract and the review process may push back the time line of the core course development.

Education Evaluation Task Force - Update

Vice Chair Nishihara reported that the first meeting of the Education Evaluation Task Force will be on Thursday, September 18, 2003.

Prelicense Education: **Applications**

2003-2004 Prelicensing Education Providers and Courses Ratification List

Upon a motion by Commissioner Rice, seconded by Commissioner Imanaka, it was voted on and unanimously carried to recommend approval of the following registration/certification:

<u>Registration/Certification</u>	<u>Effective Date</u>
Kenneth D. H. Chong (Salesperson/Broker Curriculum)	August 14, 2003

Guest Lecturer – John R. Connelley, Subject Matter: Agency, Contracts, Code of Ethics, Property Management, Landlord Tenant Code, Appraisals, Foreclosures, Coldwell Banker Real Estate School, Barbara Dew – Principal

Senior Specialist noted that guest lecturers and substitute instructors can teach no more than 50% of the course; however, when a guest lecturer is teaching the registered instructor must be present.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend approval of John R. Connelley as a prelicense guest lecturer for the subject matters Agency, Contracts, Code of Ethics, Property Management, Landlord Tenant Code, Appraisals and Foreclosures.

Substitute Instructor – J. Robert Lightbourn, Hawaii Institute of Real Estate, John Stapleton – Principal

Upon a motion by Commissioner Nishihara, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval of J. Robert Lightbourn as a substitute prelicense instructor for the salesperson and broker curriculums.

Instructor – William J. Vanmanen, Premier Realty 2000, Susan Yoshioka – Principal

Upon a motion by Commissioner Nishihara, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of William J. Vanmanen as a prelicense instructor for the salesperson and broker curriculums.

Broker Curriculum and Resources – Update from RE3 LLC, Real Estate Services

Mr. Wayne “Richie” Richardson submitted an initial report on the broker’s curriculum revision and update project.

Mr. Richardson reported that the submittal is entitled “initial report” as they do not consider this a first draft because the Education Evaluation Task Force (EETF) is just now coming together and the first draft needs the input of the EETF. This initial report will be a better starting point for recommendations.

Mr. Richardson stated that they are incorporating explicitly the sales curriculum and where possible, new broker curriculum. He noted that they tried to reorganize the broker’s curriculum and put it in an order/flow that a school would follow—a more logical and cohesive format.

Mr. Richardson stated that presently the requirement for broker’s curricula is 46 hours—45 hours of the sales curricula plus 1 hour of broker curricula. He noted that schools are teaching the broker curricula in 46 hours, some in 60 hours.

Mr. Richardson reported that as it sits before the Commissioners today the broker curriculum would total 60-75 hours—1/3 exclusive to brokers and 2/3 overlapping the sales curriculum. This would equal to 500 pages of text without illustrations.

Mr. Richardson stated that to offer the broker’s curriculum using an alternate means of delivery would be equivalent to 200 plus hours of self study. He stated that the concept of individual self study is not new—it began in the early 1900’s and since then there is quite a discipline to remote teaching. He noted that there is the low tech method to self study involving books only; medium tech involving printed and recorded (tape, video, etc.) material; and high tech involving printed material, electronic environment with real time and intermittent feedback from instructors. Mr. Richardson stated that clearly this course can be taught low tech—the more sophisticated it gets, the more expensive.

Mr. Richardson stated that there are three types of live interaction—teacher/student interaction, instructor/class interaction as a group, and student/student interaction. The benefits of these interactions are lost with remote teaching. Also, with remote teaching feedback and security is difficult.

Commissioner Ohama thanked Mr. Richardson for the initial report and stated that he was very impressed with the progress. Commissioner Ohama suggested placing more emphasis on real estate brokerage but also asked if the topic of management of an office would be better covered in a continuing education course. Mr. Richardson responded that he agreed that the role of the principal

broker must be emphasized; however, this would mean an increase of hours and the question becomes how many hours will be accepted and will there be resistance by the schools and instructors.

Commissioner Nishihara inquired about what was being referenced in the market portion of the outline as information on the market would have to be updated regularly/annually. Mr. Richardson replied yes it would have to be updated. Senior Specialist Fujimura stated that instructors are required to teach updated and current material. Mr. Richardson added that it would be incumbent on the school to keep it updated.

SEO Kimura stated that the curriculum is a core/outline and it is the responsibility instructor to update it. The normal curriculum usually is sufficiently broad to allow for changes in law and does not require an amendment. The Commission will provide the schools and instructors with the latest information on law and rule changes, opinions, decisions, etc., via the *Bulletin*, *School Files*, etc.

SEO Kimura stated that there needs to be an evaluation and monitoring system—feedback from students. With that component we will find out if the information is being updated or not.

Commissioner Abrams stated that he does not see the practicality of teaching the salesperson curriculum over again. Mr. Richardson responded that not every salesperson that goes for a broker license has the expertise in all areas. Mr. Richardson added that the broker curriculum overlaps 2/3 sales curriculum and 1/3 broker curriculum taught independently—without this overlap the cost of the course will go up.

Chair Yamanaka stated that we will be taking this initial report to the Educational Evaluation Task Force for review and recommendations.

Mr. Richardson stated that the issue will become how many hours you can get accepted by the real estate schools, and will it be “worth” their time to teach a broker’s course that has been greatly expanded.

Commissioner Imanaka stated that if cost is an issue maybe there could be some sort of internal subsidy.

SEO Kimura stated that there have been several curriculum studies, but none was adopted and one of the major road blocks has been delivery of instruction as schools were not interested. There has been no recommendation to remove the salesperson curriculum from the broker curriculum. He also stated that Commissioner Ohama has consistently recommended more emphasis on knowledge of forms and interactive use of forms in class and the exam. Mr. Richardson responded that the curriculum has all the HAR forms.

SEO Kimura stated that the latest trend is post licensing education—studies reflect greater knowledge when working real estate and attending classes.

Commissioner Ohama stated why not charge \$1,000-\$2,000 per course if it is that important to the person—in that respect we raise the bar. He stated that

increased hours and fees does not bother him, including post licensing classes and continuing education to renew your broker license.

Commissioner Ohama stated that this initial report is a fantastic start and if we can get this broker curriculum off the ground the salesperson curriculum will follow suit. You may have schools revolt with the increased hours and fees, but that shouldn't be an impediment to developing the curriculum.

Mr. Richardson stated that he wanted the Committee to see the issues they may be facing.

Chair Yamanaka stated that the concern is getting a broker that can do the job.

Chair Yamanaka thanked Mr. Richardson.

Administration of
Examinations:

Promissor

Test site monitoring reports

Test site monitoring reports for the monitoring on August 8, 2003, were distributed to the Commissioners for their information.

New test format report

A report on the testing platform conversion was distributed to the Commissioners for their information.

Educator's Forum:

Hawaii Association of REALTORS® – 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:

Annual Report, Quarterly Bulletin, and School Files

Senior Specialist Fujimura reported that the August 2003 issue of the *Bulletin* has been completed and distributed and is also available on the Commission's website (www.hawaii.gov/hirec) for viewing.

Special Issues:

Dearborn Real Estate Education

A copy of a memorandum dated July 15, 2003 and brochure outlining Dearborn's newly enhanced electronic offerings were distributed to the Commissioners for their information.

ARELLO, REEA &
Other Organizations

ARELLO

SEO Kimura reported that the ARELLO annual meeting will be held at the end of October in Portland, Oregon.

Education Review Committee
Minutes of the September 10, 2003 Meeting
Page 8

Budget and Finance: No report.

Next Meeting: Wednesday, October 8, 2003
Upon adjournment of the Laws and Rules Review Committee Meeting, which convenes at 9:00 a.m.
Kapuaiwa Room
HRH Princess Victoria Kamamalu Building
1010 Richards Street, Second Floor
Honolulu, Hawaii

Adjournment: With no further business to discuss, Chair Yamanaka adjourned the meeting at 11:15 a.m.

Reviewed by:

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

October 8, 2003
Date

[X] Minutes approved as is.
[] Minutes approved with changes.