

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: June 8, 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: Carol Mae Ball, Chair / Broker / Maui Commissioner
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
Trudy Nishihara, Broker / 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
Cheryl Leong, Condominium Specialist
Benedyne Stone, Condominium Specialist
Shari Wong, Deputy Attorney General
Karyn Takahashi, Recording Secretary
Amy Fujioka, Office Assistant

Others: David Catanzaro, Digital Learning Centers
Jean Catanzaro, Digital Learning Centers
Chris Catanzaro, Digital Learning Centers
Lissa Andrews, Esq., Case Lombardi Pettit
Marsha Shimizu, Hawaii Association of REALTORS®
Suzanne King, Honolulu Board of REALTORS®
Bryan Andaya, Eddie Flores Real Estate Continuing Education
Russ Goode, Instructor, Russ Goode Seminars
Tony Dias, VA Home Loan Benefit
Joleen Dias, Island Style Realty

Absent: Stanley Kuriyama, Broker / Honolulu Commissioner
Mark Suiso, Public / Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 10:00 a.m., at which time quorum was established.

Chair's Report: The 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 Kuriyama 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
 - 3) Course – "Professional Property Management in Hawaii;"
Author/Owner: Bryan P. Andaya; Provider: Eddie Flores
Real Estate Continuing Education; Course Category:
Property Management; Clock Hours: 3
 - 4) Course – "Understanding Foreclosures in Hawaii;"
Author/Owner: Bryan P. Andaya; Provider: Eddie Flores
Real Estate Continuing Education; Course Category: Real
Estate Law; Clock Hours: 3
 - c. Continuing Education Core Course – Update
6. Administration of Examinations
 - a. PSI
 - 1) Licensing Examination Statistics – May 2011
 - 2) School Pass/Fail Rates – May 2011
 - 3) School Summary by Test Category – May 2011

Minutes of Previous Meeting

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to accept the minutes of the May 11, 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>
Course(s)	
"Know the Code: Real Estate Ethics" (ARELLO Certified/Dearborn)	04/28/11
"Insurance for Consumer Protection: What Every Agent Should Know" (ARELLO Certified/Dearborn)	05/12/11

"Cost Approach Overview" (ARELLO Certified/Career WebSchool)	05/26/11
"Income Capitalization Overview" (ARELLO Certified/Career WebSchool)	05/26/11
"RESPA Reform" (ARELLO Certified/Career WebSchool)	05/26/11

Course – "Managing Legal and Business Issues;" Author/Owner: Rollie Litteral; Provider: West Hawaii Association of REALTORS®; Course Category: Broker Management; Clock Hours: 3

The Commissioners commented that the course was generic and does not directly relate to real estate licensees and appears to be more of a human resource course for large companies, rather than the more common, smaller brokerages in Hawaii.

The Commissioners also felt that the course content would be more relevant if it was focused on independent contractors.

Commissioner Apisa moved to deny "Managing Legal and Business Issues" as a continuing education elective course based on Hawaii Administrative Rules section 16-99-101(7). Commissioner Loudermilk seconded the motion. The motion was voted on and unanimously carried.

Course – "Professional Property Management in Hawaii;" Author/Owner: Bryan P. Andaya; Provider: Eddie Flores Real Estate Continuing Education; Course Category: Property Management; Clock Hours: 3

Mr. Bryan Andaya was present.

Mr. Andaya stated this course covers major aspects of property management such as understanding how property management works, common lease provisions, the property manager's relationship with tenants, etc.

He added that the course discusses various common lease provisions—not for the licensee to advise clients or interpret, but so the licensee can intelligently understand common lease provisions.

The Committee felt that this course content is important to licensees and the information needs to be made available; however, there were concerns that the course does not dedicate enough time to each section to go over the details. If this is the licensee's entry into property management, they need more guidance. Mr. Andaya responded that this course assumes the licensee has the basic knowledge covered in the prelicense course.

The Chair stated that very little time is given to property management in the prelicense course and many new licensees go into property management not knowing the magnitude of the responsibilities.

Commissioner Apisa opined that Lesson 2 should be removed from the course as it does not fall within the definition of continuing education. She also suggested splitting the course into two separate courses—one course on residential property management and a second course on commercial property management.

Commissioner Apisa moved to defer decision making on this application. Commissioner Sherley seconded the motion. The motion was voted on and unanimously carried.

Course – “Understanding Foreclosures in Hawaii;” Author/Owner: Bryan P. Andaya; Provider: Eddie Flores Real Estate Continuing Education; Course Category: Real Estate Law; Clock Hours: 3

Mr. Bryan Andaya was present.

Mr. Andaya stated that this is a much needed course as we are seeing more distressed/foreclosed properties in the current market. He stated that licensees should have a rudimentary understanding of the foreclosure process. He added that he clearly states throughout the course that the licensee should seek the advice of an expert and should not give legal advice to clients.

Mr. Andaya stated that the licensee will gain important and relevant knowledge as the course covers both judicial and non-judicial foreclosures.

The Commissioners agreed that this is a much needed, informative course, but also wanted to see Act 48 from the 2011 legislative session integrated into the course.

Commissioner Sherley moved to approve “Understanding Foreclosures in Hawaii” as a three clock hour continuing education elective course, under the course category Real Estate Law, subject to the integration of Act 48 into the course materials. Commissioner Harvey seconded the motion. The motion was voted on and unanimously carried.

Course – “GRI - Property Management & Landlord/Tenant;” Author/Owner/Provider: Hawaii Association of REALTORS®; Course Category: Property Management; Clock Hours: 6

Ms. Marsha Shimizu was present.

Ms. Shimizu stated that this course was previously approved for three credit hours and they are now seeking approval for six credit hours. She added that the course was revamped a few years ago and focuses on fiduciary duties, laws, landlord/tenant and standard forms.

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve “GRI – Property Management & Landlord/Tenant” as a six 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 (Deferred from 5/11/11 ERC)

Mr. Bryan Andaya was present.

Mr. Andaya stated that the course has been revised and includes the appropriate disclosures throughout the course materials. He stated that the goal of the course is not to advise on investments, but to have the licensee be able to communicate with their clients intelligently. The licensee needs to have a basic understanding of real estate investments.

There was a concern regarding the use of certain words in the course materials, for example the word “potential”, “prestige”, and the statement, “The more money you borrow the greater are your financial risks.”

Commissioner Harvey stated that he senses that Mr. Andaya covered the concerns the Committee previously had with the course and has even gone above and beyond what was requested and did a good job amending the original course. He further stated that words such as “potential”, etc. need to be used in this context and gives the licensee new tools in their vocabulary. Commissioner Sherley stated whenever money is borrowed it creates a financial risk.

Commissioner Gendrano agreed that the course has been improved.

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve “Real Estate Investment Analysis 2011-2012” as a three clock hour continuing education elective course, under the course category Investment.

Course – “Timeshares: What You Need to Know;” Author/Owner: Bryan P. Andaya; Provider: Eddie Flores Real Estate Continuing Education; Course Categories: Real Estate Law, Other – Timeshare; Clock Hours: 3

Mr. Bryan Andaya was present.

Mr. Andaya stated that this course covers a specialized area of real estate. Many licensees have been asking for new courses. The subject of time share is not often covered because it is so specialized with very specific requirements. Mr. Andaya added that they do have a lot of timeshare agents that take courses from them.

Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve “Timeshares: What You Need to Know” as a three credit hour continuing education elective course, under the course categories Real Estate Law and Other – Timeshare.

Course – “The VA Home Loan Benefit 2011-2012 for Real Estate Licensees;” Author/Owner: Tony Dias; Provider: Russ Goode Seminars; Course Category: Finance; Clock Hours: 3

Mr. Tony Dias was present.

Mr. Dias stated that this course was approved last year; however, due to the many changes in the lending community he has updated the course and applied for new course certification.

Mr. Dias was reminded that he should be very careful with language used when teaching this course—he should not speak as though promoting and advocating for his company. Mr. Dias understood.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to approve “The VA Home Loan Benefit 2011-2012 for Real Estate Licensees” as a three credit hour continuing education course, under the course category Finance.

Continuing Education Core Course

The final draft of Core A, 2011-2012 mandatory core course, was distributed to the Commissioners for their review.

Mr. David Catanzaro, Digital Learning Centers (DLC), was present with his attorney, Ms. Lissa Andrews.

In summary, Mr. Catanzaro reported that as requested, DLC provided a first draft of the core course covering the two proposed sections of the core course, the 2011 legislative update and other statutes and rules that real estate licensees should know. DLC delivered the first draft on April 4, 2011, and the comments for the first draft mostly regarded proofreading.

Mr. Catanzaro stated that DLC's process is to first collect research materials on the specified topics. He described DLC's process of review using several attorneys and an editor, and hours of research, and now seeks the Commission's approval of the final version.

The Commission noted that the purpose of the legislative update portion of the course is to bring awareness to licensees of what laws have passed rather than giving opinions on the new laws. The legislative update should cover those laws that impact real estate licensees. Stating why a law was passed may be too subjective and may not necessarily reflect the opinion of the Commission.

The Commission commented on content inaccuracies and, upon request, provided various examples. Mr. Catanzaro and Ms. Andrews stated that DLC has addressed the comments it received from the Commission on May 11, 2011, and has satisfied the terms of the contract.

Chair Ball responded that the EETF provided additional comments to DLC at their meeting on May 19, 2011. While she and the Commission appreciate DLC's time and efforts, and respects Mr. Catanzaro's abilities and background, she remains concerned with the current state of the final draft.

Mr. Andrews stated that DLC would like to receive comments and make the requested changes. She stated that DLC believes it is a good product and they value the opportunity to do this work.

Commissioner Loudermilk commented that, perhaps if a product is filled with typos and grammatical errors, the people reviewing the product may be distracted by these mistakes and may not be able to fully focus on the substance of the product.

Commissioner Loudermilk moved to take this matter under advisement. Commissioner Gendrano seconded the motion. The motion was voted on and unanimously carried.

Executive Session: Upon a motion by Commissioner Apisa, seconded by Commissioner Gendrano, it was voted on and unanimously carried to enter into executive session pursuant to Section 92-5(a)(1), HRS, "To consider and evaluate personal information, relating to individuals applying for professional or vocational licenses cited in section 26-9 or both;" and pursuant to Section 92-5(a)(4), HRS, "To consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities."

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Gendrano, it was voted on and unanimously carried to move out of executive session.

CE Elective Courses

At its November 10, 2010, meeting the Committee approved the following delegation:

"Delegate to staff to continue to process to approval nationally or ARELLO-certified continuing education elective courses for up to six hours. Any new nationally or ARELLO-certified continuing education elective courses wishing to have more than six hours of continuing education credit shall be reviewed and approved, if appropriate, by the Committee.

Providers/authors/owners wishing to have the number of credit hours increased when recertifying their courses are required to submit a new application, including all course materials, content outline, time frames of topics, and learning objectives, for the extended amount of course instruction and the appropriate fee."

However, at its March 24, 2000, meeting the Committee approved the following delegation:

"Delegate to staff to process to approval continuing education course applications where the course shall be offered by a provider approved by the Commission and is a national course delivered by an instructor certified by either the National Association of REALTORS or its affiliates; the Building Owners and Managers Association; the Community Associations Institute; or any other national organization approved by the Commission."

The delegation was based on Hawaii Revised Statutes, section 467-4.5(d)(1)(A), (B), and (C).

Staff is requesting an amendment to the March 24, 2000, delegation to include Hawaii Revised Statutes, section 467-4.5(d)(1)(D) and that the delegation to staff remain in place as its authority is statutory.

Delegation to Staff: Upon a motion by Commissioner Harvey, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to negate the November 10, 2010, delegation to staff and to amend the March 24, 2000, delegation as follows:

Delegate to staff to process to approval continuing education course applications where the course shall be offered by a provider approved by the Commission and is a national course delivered by an instructor certified by either the National Association of REALTORS or its affiliates; the Building Owners and Managers Association; the Community Associations Institute; or any other national

organization approved by the Commission; or certified by the Association of Real Estate License Law Officials.

Providers/authors/owners wishing to have the number of credit hours increased when recertifying their courses are required to submit a new application, including all course materials, content outline, time frames of topics, and learning objectives, for the extended amount of course instruction and the appropriate fee.

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	
Hudson Real Estate School	04/29/11
Instructor/Independent Study instructor	
Jon Hudson	04/29/11

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 (3)

Administration of Examinations:

PSI

Licensing Examination Statistics – May 2011

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

School Pass/Fail Rates – May 2011

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

School Summary by Test Category – May 2011

Copies of the May 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: Annual Report, Quarterly Bulletin, and School Files

May 2011 Bulletin

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

Requests for Quotation – Printing of Real Estate Commission *Bulletin*

Senior Specialist Fujimura reported that a Request for Quotation for the printing of eight issues of the real estate *Bulletin* was sent out via the HePS on May 12, 2011, with a closing date of May 24, 2011, 4:30 p.m. She reported that five quotes were received by the deadline.

Upon a motion by Commissioner Gendrano, seconded by Commissioner Apisa, it was voted on and unanimously carried to approve the proposal from Valenti Print Group, the lowest bidder, for the printing of the next eight issues of the real estate *Bulletin*.

ARELLO, REEA and Other Organizations: ARELLO Mid-Year Meeting Report

The report of the 2011 ARELLO Mid-Year meeting was distributed to the Commissioners for their information.

NAR Mid-Year Conference Report

The report of the 2011 NAR Mid-Year conference was distributed to the Commissioners for their information.

Budget and Finance Report: Real Estate Education Fund

Upon a motion by Commissioner Sherley, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the Real Estate Education Fund report for the period ending March 31, 2011.

Next Meeting: Wednesday, July 13, 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, Chair Ball adjourned the meeting at
12:08 p.m.

Reviewed and approved by:

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

June 24, 2011
Date

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