

**EDUCATION REVIEW COMMITTEE**  
REAL ESTATE COMMISSION  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii  
[www.hawaii.gov/hirec](http://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: July 13, 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, Chair / Broker / Hawaii Island Commissioner  
Rowena B. Cobb, Vice Chair / Broker / Kauai Commissioner  
Carol Mae Ball, Broker / Maui Commissioner  
Frances T. Gendrano, Broker / Honolulu Commissioner  
Walter Harvey, Broker / Honolulu Commissioner  
Stanley Kuriyama, Broker / Honolulu Commissioner  
Michele Sunahara Loudermilk, Public / Honolulu Commissioner  
Aileen Wada, Broker / Honolulu Commissioner

Neil K. Fujitani, Supervising Executive Officer  
Diane Choy Fujimura, Senior Real Estate Specialist  
Cynthia Yee, Senior Condominium Specialist  
Amy Endo, Real Estate Specialist  
David J. Grupen, Real Estate Specialist  
Cheryl Leong, Condominium Specialist  
Benedyne Stone, Condominium Specialist  
Shari Wong, Deputy Attorney General  
Karyn Takahashi, Recording Secretary  
Amy Fujioka, Office Assistant  
Coleen Yamashita, Office Assistant

Others: David Catanzaro, REMI School of Real Estate  
Marsha Shimizu, Hawaii Association of REALTORS®  
Aron Espinueva, Hawaii Association of REALTORS®  
Myoung Oh, Hawaii Association of REALTORS®  
James M.K. Stone, Jr., Esq., Hawaii Institute of Real Estate

Call to Order: The Chair called the meeting to order at 9:37 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.

Real Estate Specialist's Report: Announcements, Introduction, Correspondence, and Additional Distribution  
Additional distribution was distributed to the Commissioners.

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 following:

<u>Registration/Certification</u>	<u>Effective Date</u>
<b>Course(s)</b>	
"Creating Wealth Through Residential Real Estate Investments (CRS 204)" (National Course/Hawaii Association of REALTORS®)	06/08/11
"Project Development Issues" (Kenneth D. H. Chong)	06/14/11
"Purchase Contract Issues" (Kenneth D. H. Chong)	06/14/11
"Wills, Trusts and Real Estate" (Abe Lee)	06/15/11
"Sales Comparison Approach" (ARELLO Course/Career WebSchool)	06/17/11
"Senior Real Estate Specialist Designation Course" (National Course/All Islands Real Estate School)	06/24/11
"e-PRO" (National Course/All Islands Real Estate School)	06/24/11

**Course – "Agency in Hawaii Real Estate;" Author/Owner: James M. K. Stone, Jr.; Provider: Hawaii Institute of Real Estate; Course Categories: Real Estate Law, Risk Management, Other – Agency; Clock Hours: 3**

James Stone was present.

Mr. Stone stated that the course is organized in a way that layers education and instruction. The course covers topics such as conflicts of dual agency, fiduciary duty and consequences of breaching fiduciary duty. Mr. Stone stated that the course helps the licensee understand agency and its importance.

Commissioner Harvey opined that the course seems excellent and is long overdue.

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

**Course – “Finance;” Author/Owner/Provider: Hawaii Association of REALTORS®; Course Category: Finance; Clock Hours: 6 (previously certified for 3)**

Ms. Marsha Shimizu was present.

Ms. Shimizu stated that this course is part of the GRI series and was previously certified for three credit hours. She added that the course has been updated to include information on different loans and programs.

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

**Course – “Disclosures in Residential Transactions;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law; Clock Hours: 3**

Mr. David Catanzaro was present.

Mr. Catanzaro stated that the course covers a gamut of disclosures—ethically and by contract and is a checklist of what to disclose and why.

Commissioner Ball stated that disclosure is very important and requires transparency.

It was pointed out that chapter 508D was paraphrased in the course materials and paraphrasing may not capture the essence of the law. Mr. Catanzaro replied that he expresses the importance of disclosure as it relates to the law and the chapter is attached by icon; however, he agreed that it may be worthy to augment the slide to bring up the language of the law.

It was noted that the due diligence requirement on the part of the licensee when reviewing the Seller’s Real Property Disclosure form should be emphasized. Mr. Catanzaro stated that it goes to the professionalism of the licensee, but is a good point to cover.

Mr. Catanzaro stated that this is a good course and very extensive in what it covers.

Mr. Catanzaro was asked where he got the information on slide 16 regarding absence of the seller from the property for 180 days or more from date of the purchase contract. Mr. Catanzaro replied that the information is wrong and will be removed.

Mr. Catanzaro was asked if he would consider separating the course into several courses. Mr. Catanzaro responded that he could expand the course to six hours and stated that his mission is to inform the licensee about the importance of disclosures and would not want to divide the course.

There was a concern brought up about the term “unwarranted facts” as used in the course and who decides what is warranted versus unwarranted—is it a legal term? Mr. Catanzaro stated that it is meant to say that discretion is critical. He stated that the slide is used as a tool to prompt discussion on the risks of dual agency. Mr. Catanzaro was asked to include examples for discussion purposes.

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

**Course – “Buyer Representation 2011-2012;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law; Clock Hours: 3**

Mr. David Catanzaro was present.

Mr. Catanzaro stated that this course covers single agency disclosure and the process.

It was noted that the Hawaii Association of REALTORS® (HAR) standard form is used in the course materials and Mr. Catanzaro was asked if he has received copyright approval from HAR. Mr. Aron Espinueva of HAR was present and stated that an email should be sent to HAR for use approval.

Mr. Catanzaro was asked about the reference made to the 1992 Edina, Minnesota class action suit. Mr. Catanzaro stated that it is used as an example to show the origin of single agency, the origin of disclosure, and brings attention to the importance of disclosing dual agency.

There was a concern about the “Buyer’s Walk-Through” slide, as the purpose of the walk-through is to see that the property is in the same condition as stated in the contract. Mr. Catanzaro stated that licensees use C-51 of the Purchase Contract and added that the slide can’t explain everything, but is a starting point of discussion.

It was suggested that Mr. Catanzaro go through and possibly incorporate the Purchase Contract as a checklist of duties and to see if all topics are covered in the course.

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

**Course – “The Settlement Process – HUD-1, RESPA, and the GFE;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law, Finance, Broker Management, Other – RESPA Consumer Protection; Clock Hours: 3**

Mr. David Catanzaro was present.

Mr. Catanzaro stated that he began writing this course last November and has collaborated with two escrow companies. He stated that the course covers HUD1—prorations, impounds, credits and debits and goes in to RESPA changes and how HUD has changed.

Mr. Catanzaro stated that HUD attempted to standardize the process for all 50 states and this course goes through the adaptations and gets the licensee up-to-date on GFE and RESPA changes.

The Commissioners questioned the accuracy of the list of prorated items and whether they were required or negotiable.

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

**Course – “Social Media Technology & Advertising Rules;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Real Estate Law, Technology and the Licensee; Clock Hours: 3**

Mr. David Catanzaro was present.

Mr. Catanzaro stated that this course takes social media and technology and explains is the different technologies available. There is a lot of information on social media and technology and the course ties it together with the rules of the industry.

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

**Course – “Avoiding Unethical Behavior – Real Life Applications of the Code of Ethics;” Author/Owner: Jacqueline Parkinson; Provider: Hawaii Island Board of REALTORS®; Course Categories: Real Estate Law, Risk Management, Other – Ethics; Clock Hours: 3**

Chair Sherley opined that this is a timely course.

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

Prelicense Education: 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 (11)

Administration of Examinations:

PSI

**Licensing Examination Statistics – June 2011**

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

**School Pass/Fail Rates – June 2011**

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

**School Summary by Test Category – June 2011**

Copies of the June 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

Senior Specialist Fujimura reported that the July issue of *School Files* will be distributed shortly and a copy will be made available on the Commission's website: [www.hawaii.gov/hirec](http://www.hawaii.gov/hirec).

Education Evaluation Task Force

The Committee discussed the history of the EETF and the tasks completed by the EETF. They discussed the future of education, dissolving the EETF and the possibility of creating a new task force in the future to address relevant issues that arise.

Upon a motion by Commissioner Ball, seconded by Commissioner Gendrano, it was voted on and unanimously carried to dissolve the Education Evaluation Task Force.

Executive Session: Upon a motion by Commissioner Ball, 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."

Commissioner Gendrano was excused.

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

Real Estate Specialist's Report: Minutes of Previous Meeting

Upon a motion by Commissioner Ball, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the minutes of the June 8, 2011, Education Review Committee meeting.

Continuing Education: Applications

**Course – "Agency in Hawaii Real Estate;" Author/Owner: James M.K. Stone Jr.; Provider: Hawaii Institute of Real Estate; Course Categories: Real Estate Law, Risk Management, Other - Agency; Clock Hours: 3**

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

**Course – "Finance;" Author/Owner/Provider: Hawaii Association of REALTORS®; Course Category: Finance; Clock Hours: 6 (previously certified for 3)**

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve "Finance" as six credit hour continuing education elective course, under the course category Finance.

**Course – “Disclosures in Residential Transactions;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law; Clock Hours: 3**

Upon a motion by Commissioner Ball, seconded by Commissioner Harvey, it was voted on and unanimously carried to defer decision making on this application with the following recommendations:

- 1) Include the complete statutory definition of “material facts” in the course materials.
- 2) Emphasize the due diligence requirement on the part of the licensee when handling the Seller’s Real Property Disclosure form.
- 3) Expand discussion on the topics to create a course of six hours.
- 4) On page 8, slide no. 16, delete the erroneous content.
- 5) Provide examples for class discussion on the difference between “unwarranted” and “warranted facts.”, and add more discussion on what items are negotiable and required.

**Course – “Buyer Representation 2011-2012;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law; Clock Hours: 3**

Upon a motion by Commissioner Ball, seconded by Commissioner Harvey, it was voted on and unanimously carried to defer decision making on this application with the following recommendations:

- 1) Submission of documentation verifying the Hawaii Association of REALTORS® authorization to duplicate their forms in the course materials.
- 2) Incorporate the Purchase Contract to use as a checklist of duties.
- 3) On page 14, slide 27, include a discussion of item C-51 of the Purchase Contract.
- 4) Review the content for accuracy and consistency.

**Course – “The Settlement Process – HUD-1, RESPA, and the GFE;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law, Finance, Broker Management, Other – RESPA Consumer Protection; Clock Hours: 3**

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to defer decision make on this application with the following recommendations:

- 1) Include the rationale behind the new requirements which are a result of widespread problems in the mortgage load industry.
- 2) Review and revise the list of items that are prorated, which items are required and which are negotiable.

**Course – “Social Media Technology & Advertising Rules;” Author/Owner: David Catanzaro/REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Real Estate Law, Technology and the Licensee; Clock Hours: 3**

Upon a motion by Commissioner Ball, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve “Social Media Technology & Advertising Rules” as a three credit hour continuing education elective course, under the course categories Real Estate Law and Technology and the Licensee.

**Course – “Avoiding Unethical Behavior – Real Life Applications of the Code of Ethics;” Author/Owner: Jacqueline Parkinson; Provider: Hawaii Island Board of REALTORS®; Course Categories: Real Estate Law, Risk Management, Other – Ethics; Clock Hours: 3**

Upon a motion by Commissioner Harvey, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to approve “Avoiding Unethical Behavior – Real Live Applications of the Code of Ethics” as a three credit hour continuing education elective course, under the course categories Real Estate Law, Risk Management, and Other – Ethics.

Continuing Education Core Course

The Committee discussed the 2011-2012 Mandatory Continuing Education Course.

The Staff recommended the following:

1. Issue a Request for Quotations for a 5-hour mandatory continuing education course (“mandatory CE course”) for the 2011-2012 biennium.
2. The specifications for the mandatory CE course to include:
  - a. 2011 legislative update based on SLH 2011
  - b. Property Management
    - i. Exceptions to licensing (HRS §467-2)
    - ii. Discussion of “manage or offers to manage” as provided in definitions of “real estate salesperson” and “real estate broker” (HRS § 467-1)
    - iii. Resident manager vs. property manager
    - iv. Hawaii Residential Landlord-Tenant Code (HRS § 521-43(f), 521-44(c), 521-44(d))
    - v. Client’s trust account (HAR § 16-99-4)
    - vi. Policies and Procedures Manual (personal transactions – emphasis on renting personal property)
    - vii. Advertising (HAR § 16-99-11)
  - c. Online version of mandatory CE course
  - d. The above topics in (b) to be developed in modules. The CE provider will have the option to offer the mandatory CE course in one 5-hour block, or in two (2) offerings of 2.5 hours each of the 5-hour course.
  - e. Develop the 2012 legislative update which will be presented in an issue of the real estate *Bulletin* in 2012, after the 2012 Hawaii legislative session is completed.
3. The deadline for the development of the mandatory CE course will be not later than January 1, 2012. The live, classroom version of the course will be offered through December 31, 2012. The online version only will be offered until May 31, 2013.
4. A reference list of 2011 legislative bills and acts will be provided to the developer to help determine specific legislation to include in the 2011 legislative update for the 2011-2012 mandatory CE course.

Commissioner Harvey moved to approve the recommendations in concept. Commissioner Ball seconded the motion. The motion was voted on and unanimously carried.



Budget and Finance      None.

Next Meeting:            Wednesday, August 10, 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 Sherley adjourned the meeting at  
10:58 a.m.

Reviewed and approved by:

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

July 20, 2011  
Date

[  ]      Minutes approved as is.  
[            ]      Minutes approved with changes, see minutes of \_\_\_\_\_