

**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: April 11, 2012

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, Broker / Maui Commissioner  
Scott A. Sherley, Chair / Broker / Hawaii Island Commissioner  
Rowena B. Cobb, Vice Chair / Broker / Kauai Commissioner  
Aileen Wada, Broker/Honolulu Commissioner  
Walter Harvey, Broker / Honolulu Commissioner  
Nikki T. Senter, Public / Honolulu Commissioner  
Michele Sunahara Loudermilk, Public / Honolulu Commissioner

Miles Ino, 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  
Amy Fujioka, Recording Secretary

Others: Aron Espinueva, Hawaii Association of REALTORS®  
Marsha Shimizu, Hawaii Association of REALTORS®  
Scott Arakaki, Esq., Eddie Flores Real Estate Continuing Education  
Ralph Foulger, Ralph Foulger School of Real Estate  
Abe Lee, Abe Lee Seminars

Absent: Stanley Kuriyama, Broker/Honolulu Commissioner  
Frances T. Gendrano, Broker / Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 9:26 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 Gendrano were excused from the meeting. Prior notification of their non-attendance was received.

Real Estate  
Specialist's Report: Minutes of Previous Meeting

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to accept the minutes of the March 7, 2012 Education Review Committee meeting.

Continuing Education: Applications

**2011-2012 Continuing Education Providers and Courses 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>
"Generation Buy" (National Association of REALTORS/Honolulu Board of REALTORS®)	02/28/2012
"BPOs: The Agent's Role in the Valuation Process" (National Association of REALTORS/Honolulu Board of REALTORS®)	02/28/2012
"Misrepresentations and Case Studies" (ARELLO/McKissock, LP)	02/28/2012
"Computers, Internet and the Licensee" (CE Elective Course/Abe Lee Seminars)	03/12/2012
"BPOs: The Agent's Role in the Valuation Process" (National Association of REALTORS/West Hawaii Association of REALTORS)	03/16/2012

**Course – "Condominium Principles and Disclosure"; Author/Owner: Thomas Douma; Provider: REALTORS' Association of Maui, Inc.; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3 (Denied ERC 2-8-12, Deferred ERC 3-7-12)**

Senior Specialist Fujimura reported that the original course certification application for this course was denied at the February 8, 2012 ERC meeting. A new course certification application was submitted and deferred at the March 9, 2012 ERC meeting. The applicant is now submitting an amended course outline for review.

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

**Course – "Avoiding Real Estate Fraud;" Author/Owner: Scott C. Arakaki, Esq., Bryan Andaya, Esq.; Provider: Eddie Flores Real Estate Continuing Education; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3**

Mr. Arakaki was present to answer questions from the Commission. He stated, as a lawyer, he has handled fraud cases for both plaintiffs and defendants. Many licensees are not aware of the red flags of fraud and have been taken advantage of.

He has not seen this kind of course available for continuing education and believes these issues are important and should be addressed.

Commissioner Ball questioned the language used on page 1, "Why be concerned about real estate fraud?" She was hesitant about licensees being characterized as "innocent" or "unknowingly a victim or facilitator." Licensees should not be able to make excuses that they "didn't know" when it comes to fraud.

Mr. Arakaki stated that the intent of the course is to alert licensee to possible signs of real estate fraud, and hopefully, recognize, avoid, and prevent it.

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

**Course – "Revised Contracts Part I;" Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

**Course – "Revised Contracts Part II;" Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

**Course – "Revised Contracts Part III;" Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

Mr. Lee was present to answer questions on his courses. He stated that he previously wrote three courses, which were certified by the Commission, "Understanding Contracts, Parts 1, 2 and 3." He is now submitting "Revised Contracts, Parts 1, 2, and 3 because of the 57 changes made in the Purchase Contract. He noted that he used "The Hawaii DROA Workbook II" by Joy Jeffus and Greg Antonsen, as a resource, to write the course.

Commissioner Ball stated that the new Purchase Contract will go into effect on May 1, 2012, and questioned whether it is necessary to teach the new purchase contract as a continuing education course.

Mr. Lee responded that most students do not remember what they learned in the prelicensing courses and that they also need to learn about the new paragraphs in the new contracts.

Commissioner Wada agreed that there are a lot of challenges in the new contracts.

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

**Provider – Carol M. Egan dba Carol M. Egan, Attorney at Law; Administrator: same**

Senior Real Estate Specialist Fujimura reported that the applicant has been associated with real estate education as a prelicense instructor for many years.

Commissioner Ball questioned what the applicant can offer if approved.

Senior Specialist Fujimura stated that if approved, the applicant may offer Hawaii-certified continuing education courses including the core course, as Ms. Egan attended the Train-the-Trainer for the 2011-2012 core course.

Upon a motion by Commissioner Harvey, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to approve Carol M. Egan dba Carol M. Egan, Attorney at Law, as a real estate continuing education provider.

**Course – “Purchasing Coastal Real Estate in Hawaii” Author/Owner: UH Sea Grant College Program; Provider: Ralph Foulger’s School of Real Estate; Course Categories: Contracts, Real Estate Law, Property Management, Property Ownership and Development; Risk Management, Other – Disclosures; Clock Hours: 3**

Mr. Foulger was present to answer questions from the Commission. He stated that he just received approval from University of Hawaii to offer the course.

Commissioner Ball questioned Mr. Foulger on the contents of the curriculum and the learning objectives of the course.

Mr. Foulger responded that the course is to further the licensee's knowledge of coastal hazards such as the potential risks of salt spray and salt mist on coastal real estate.

Commissioner Harvey questioned the contents of the course beyond the information presented in the brochure. There are no specific course topics, learning objectives, and time frames for the course.

Mr. Foulger responded that the course consists of mostly discussion and will vary according to the licensees in attendance.

Commissioner Ball stated that learning objectives are needed since discussions need to be guided.

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

**Course – “Exploring Hawaii’s Lands and Maps;” Author/Owner: Suzette Nasser; Provider: West Hawaii Association of REALTORS®; Course Category: Property Ownership and Development, Other – Hawaii Land History and Origins; Clock Hours: 3**

Senior Real Estate Specialist Fujimura stated that the author had previously submitted similar courses which were certified by the Commission.

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

**Course – “Fundamentals of Listing: Establishing Market Value & Pricing Strategies”; Author/Owner: Hawaii Association of REALTORS®; Provider: Hawaii Association of REALTORS®; Course Category: Other – Listing process to help meet the objectives of the consumer; Clock Hours: 3**

Ms. Marsha Shimizu was present to answer questions. Ms. Shimizu stated that these courses were developed by breaking down the Essentials courses into three-hour modules. The ultimate goal is to have three finance courses, three listing process courses, and one purchase contract course.

Commissioner Ball was concerned that the course does not fulfill requirements of a course being beyond professional entry if the content is on the essentials of real

estate. Commissioner Cobb stated that the licensees should know the basics, but understands that in prelicense courses, the content is limited.

Ms. Shimizu explained that the course takes the concepts learned in the prelicense course and teaches the licensee how to apply what they learned and what to do with it. Ms. Shimizu stated that this course explains establishing market value, determining prices, and marketing angles. She commented on the many changes in the industry since the essentials courses were first developed. Ms. Shimizu also stated that seasoned licensees are also taking the classes to brush up on industry changes.

Commissioner Harvey questioned why this course is offered as a continuing education course when the content should be basic knowledge.

Ms. Shimizu commented that this is a course offered for the purpose of transitioning new licensees. She commented that the industry keeps changing and materials need to be updated.

Commissioner Sherley stated that new salesperson licensees are not required to take continuing education classes in the first year if they are licensed in the even-numbered year, but could catch the courses in their second year of licensure.

Commissioner Wada was concerned whether there would be a more negative impact if the course was not offered.

Commissioner Ball reiterated that the HRS states continuing education courses must be beyond entry level.

Upon a motion by Commissioner Harvey, seconded by Commissioner Cobb, it was voted on and unanimously carried to take the matter under advisement.

**Course – “Fundamentals of Finance: Basics”; Author/Owner: Hawaii Association of REALTORS®; Provider: Hawaii Association of REALTORS®; Course Category: Finance: Clock Hours: 3**

Ms. Marsha Shimizu was present to answer questions. Ms. Shimizu stated the object of this course is to teach the licensee how to qualify a buyer for a real estate purchase.

Commissioner Wada questioned if there would be loan officers present in the class.

Ms. Shimizu stated that there may be a loan officer present at times in a course offering, but the course is taught by an instructor who is not a loan officer.

Commissioner Ball stated that in prelicensing courses, this subject is covered extensively over four hours. How is this course offered beyond entry level?

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

Executive Session:

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

Continuing Education: Applications

**Course – “Condominium Principles and Disclosure”; Author/Owner: Thomas Douma; Provider: REALTORS’ Association of Maui, Inc.; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3 (Denied ERC 2-8-12, Deferred ERC 3-7-12)**

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

- 1) After further review of the changes made to the course, the ERC felt the course is still not suitable for continuing education.
- 2) The ERC noted the California case study included in the course outline is not binding in Hawaii. The ERC stated that an attorney be consulted to offer assistance in finding a more relevant case.
- 3) The ERC noted in the course outline, #1.b.v., the reference to "HRS § 508D-84" is incorrect and it is not clear how 508D relates to “different forms of condominiums”.
- 4) The ERC felt the course outline is not focused enough and appears confusing as the topics "jump around." There are still references to "AOAO" instead of "AOUO."
- 5) The ERC suggested building a course that makes use of they author's specific expertise as a licensed contractor and civil engineer. Perhaps a course organized around the idea of "making sense of condominium documents" would give a needed focus to the course.

**Course – “Avoiding Real Estate Fraud;” Author/Owner: Scott C. Arakaki, Esq., Bryan Andaya, Esq.; Provider: Eddie Flores Real Estate Continuing Education; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3**

Commissioner Wada moved to approve "Avoiding Real Estate Fraud" as a three credit hour continuing education elective course. Commissioner Loudermilk seconded the motion. Commissioners Sherley and Senter voted aye. Commissioners Ball, Harvey, and Cobb voted nay. The motion failed.

Upon a motion by Commissioner Cobb, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to defer decision making on this application with the following recommendations for the course author:

- 1) Elaborate on how to avoid different types of fraud by recognizing specific red flags that may arise. What does a real estate licensee do if they suspect fraud? To whom may they report their suspicions?
- 2) Review the language used on page 1, 3<sup>rd</sup> paragraph under "Why be concerned about real estate fraud?" The ERC noted that characterizing the real estate licensee as "innocent" and "unknowingly a victim or facilitator..." may not be completely apropos, as real estate licensees may not always rely on a defense of "I didn't know."

**Course – “Revised Contracts Part I;” Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

**Course – “Revised Contracts Part II;” Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

**Course – “Revised Contracts Part III;” Author/Owner: Abe Lee; Provider: Abe Lee Seminars; Course Categories: Contracts; Clock Hours: 3**

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Cobb, it was voted on and unanimously carried to approve the courses "Revised Contracts, Parts I, II, and III" as three credit hour continuing education elective courses each, under the course category of Contracts.

**Course – “Purchasing Coastal Real Estate in Hawaii” Author/Owner: UH Sea Grant College Program; Provider: Ralph Foulger’s School of Real Estate; Course Categories: Contracts, Real Estate Law, Property Management, Property Ownership and Development; Risk Management, Other – Disclosures; Clock Hours: 3**

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

- 1) The content presented appears to be from the owner or buyer's perspective. Amend the information to show how the material is applicable to the real estate licensee.
- 2) Ensure the material includes updated information, as the brochure is dated 2006.
- 3) Include the specific course topics and instructional learning objectives and time frames for the course.

**Course – “Exploring Hawaii’s Lands and Maps;” Author/Owner: Suzette Nasser; Provider: West Hawaii Association of REALTORS®; Course Category: Property Ownership and Development, Other – Hawaii Land History and Origins; Clock Hours: 3**

Upon a motion by Commissioner Ball, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to approve the course "Exploring Hawaii's Lands and Maps" as a three hour continuing education elective course, under the course categories of Property Ownership and Development, Other – Hawaii Land History and Origins.

**Course – “Fundamentals of Listing: Establishing Market Value & Pricing Strategies”; Author/Owner: Hawaii Association of REALTORS®; Provider: Hawaii Association of REALTORS®; Course Category: Other – Listing process to help meet the objectives of the consumer; Clock Hours: 3**

Commissioner Cobb moved to approve "Fundamentals of Listing: Establishing Market Value & Pricing Strategies" as a three credit hour continuing education elective course. Commissioner Loudermilk seconded the motion. Commissioners Cobb, Wada, Sherley and Senter voted aye. Commissioners Ball, Harvey, Loudermilk voted nay.

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

Provide a clear explanation as to why the course "exceeds minimal entry level in the subject matter..." (see Hawaii Revised Statutes § 467-4.5 (d)(2)).

**Course – “Fundamentals of Finance: Basics”; Author/Owner: Hawaii Association of REALTORS®; Provider: Hawaii Association of REALTORS®; Course Category: Finance: Clock Hours: 3**

Commissioner Cobb moved to approve "Fundamentals of Finance: Basics" as a three credit hour continuing education elective course. Commissioner Wada seconded the motion. Commissioners Cobb, Wada, Sherley and Senter voted aye. Commissioners Ball, Harvey, and Loudermilk voted nay.

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

Provide a clear explanation as to why the course "exceeds minimal entry level in the subject matter..." (see Hawaii Revised Statutes § 467-4.5 (d)(2)).

Prelicense Education: Evaluation and Education Program

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

- ProSchools, Inc.

Administration of Examinations:

PSI

**Licensing Examination Statistics – March 2012**

Examination statistics for March 2012 were distributed to the Commissioners for their information.

**School Pass/Fail Rates – March 2012**

School pass/fail rate statistics for March 2012 were distributed to the Commissioners for their information.

**School Summary by Test Category – March 2012**

Copies of the March 2012 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: Neighbor Island Outreach

The next Neighbor Island Outreach is scheduled to be held in Kauai on May 9, 2012, at the Lihue State Office Building, 3<sup>rd</sup> floor conference room.

Real Estate Specialists' Office for the Day

The next Real Estate Specialists' office for the Day is scheduled to be held in Kauai on May 9, 2012, at the Lihue State Office Building, 3<sup>rd</sup> floor conference room.

ARELLO, REEA and  
Other Organizations: No report.

Budget and Finance  
Report: No report.

Next Meeting: Wednesday, May 9, 2012  
Upon adjournment of the Condominium Review Committee Meeting, which is upon adjournment of the Laws and Rules Review Committee meeting, which convenes at 9:30 a.m.  
Lihue State Office Building  
3<sup>rd</sup> Floor Conference Room  
3060 Eiwa Street  
Lihue, Hawaii

Adjournment: With no further business to discuss, Chair Sherley adjourned the meeting at 10:45 a.m.

Reviewed and approved by:

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

April 18, 2012  
Date

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