

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 13, 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
Stanley Kuriyama, Broker/Honolulu Commissioner
Frances T. Gendrano, Broker / Honolulu 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
Benedyne Stone, Condominium Specialist
Shari Wong, Deputy Attorney General
Amy Fujioka, Recording Secretary

Others: Mark Howard, Hawaiian American Realty
Aron Espinueva, HAR
Marsha Shimizu, HAR
Thomas Douma, Hawaii Inspection Group
David Catanzaro, REMI School

Call to Order: The Chair called the meeting to order at 10:25 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: Minutes of Previous Meeting

Upon a motion by Commissioner Harvey, seconded by Commissioner Gendrano, it was voted on and unanimously carried to accept the minutes of the May 9, 2012 Education Review Committee meeting.

Continuing Education: Applications

New Salespersons Licensed in 2012

A report of new salespersons licensed in 2012 was distributed to the Commissioners for their information.

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>
"Seniors Real Estate Specialist (SRES) Designation Course" (ARELLO/The CE Shop, Inc.)	04/30/2012
"RPR: Real-Time Data, Market Knowledge, Informed Customers" (ARELLO/The CE Shop, Inc.)	04/30/2012
"e-PRO Certification Program: Day 1" (ARELLO/The CE Shop, Inc.)	04/30/2012
"e-PRO Certification Program: Day 2" (ARELLO/The CE Shop, Inc.)	04/30/2012
"Real Estate Marketing Reboot: Innovate>Relate>Differentiate" (ARELLO/The CE Shop, Inc.)	04/30/2012
"At Home With Diversity" (ARELLO/The CE Shop, Inc.)	04/30/2012
"BPOs: The Agent's Role in the Valuation Process" (ARELLO/The CE Shop, Inc.)	04/30/2012
"Ethics – Disclosure & Cooperation" (ARELLO/Coldwell Banker Pacific Properties Real Estate School)	05/03/2012
"Minimizing Risk with Effective Practices" (ARELLO/Coldwell Banker Pacific Properties Real Estate School)	05/03/2012
"Ethics – Pricing, Offers, and Advertising" (ARELLO/Coldwell Banker Pacific Properties Real Estate School)	05/03/2012
"Green Home Construction" (ARELLO/Career WebSchool)	05/25/2012
"Green Home Features" (ARELLO/Career WebSchool)	05/25/2012

Course – “Broker Price Opinions: Standards, Procedures and Practice”, previously submitted as “BPO Preparation and Presentation”; Author/Owner: REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Investment, Finance, Risk Management, Broker Management; Clock Hours: 3 (Denied ERC 5/9/12)

Mr. Catanzaro was present to provide further explanation of the course. He stated that he has experience as a REALTOR®, advanced education in finance, has taken courses in law, and written continuing education courses for several states. He stated that he has done many valuations of properties over the years and notes that lenders are more sophisticated in offering products, and that guidelines and standards are set by the industry.

Commissioner Harvey commented that he does not see changes from the previously submitted course, and that he was troubled by the course. He stated that lenders have their own guidelines, criteria, rating systems and requirements. Also, the course content does not make clear that it is not an appraisal course. With lack of clarity on the differences between an appraisal and a BPO, many licensees may construe the course to be an appraisal course.

Mr. Catanzaro responded that lenders supply information in an arcane language and that he is not trying to turn a person into an appraiser. He stated that he is teaching subjects that students are requesting, for example, he teaches a green course, a1031 exchange course, a settlement statement course, etc. He commented that he is trying to teach licensees to provide the consumer with a real property valuation so that they may make an informed decision when buying real estate.

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

Request for Reconsideration – Course Denial - “Condominium Principles and Disclosures”; Author/Owner: Thomas Douma; Provider: REALTORS Association of Maui, Inc.; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3

Mr. Thomas Douma was present. Mr. Douma apologized for not editing the course carefully and accepts responsibility for the errors in the previously submitted course revisions. He stated that he has the education and experience to teach the course. He has a BA in Economics, is a general contractor in several states, is a national faculty member for Community Associations Institute (CAI), has appeared as an expert witness for disclosure and reserve studies issues, and is the owner of Inspection Group in California, and Hawaii Inspection Group.

He explained further on how he presents the course. He starts with condo issues and definitions, explains how the condo industry works, reviews terminology and concepts, reviews the Hawaii Association of REALTORS®' disclosure forms, and focuses on primary risks and risk management.

Commissioner Loudermilk questioned the first portion of the course, which seems to be confusing and unclear regarding condominium ownership and governance. She stated that most condominium associations are unincorporated. It was not clear to her what “corporate codes” were being referenced or what they are.

Mr. Douma responded that most condominium associations are non-profit. He explains condominium ownership and governance in the course material. He stated that 1 in 10 owners read the declaration or covenants, conditions and restrictions and that it is important that declarations be documented and understood.

Commissioner Senter commented that there were inconsistencies in the outline, many commonly-used terms were not included in the outline and that the first part of the course was confusing.

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

Course – “Hawaii Legislative Update 2012 & Foreclosure Dispute Resolution Revisited”; Author/Owner: Scott A. Sherley; Provider: ERA School of Real Estate; Course Categories: Real Estate Law, Dispute Resolution, Property Ownership and Development; Clock Hours: 3

Chair Sherley recused himself from deliberations and voting on this matter.

Mr. Sherley commented that Act 48 SLH 2011 needed to be revisited and new changes to the law reviewed. There are a number of changes to Act 48 regarding foreclosures. He will also include discussion of the role of "neutrals".

Commissioner Ball questioned the timing of the delivery of this course.

Mr. Sherley responded that delivery will be at the end of June. The changes to Act 48 may be signed by the Governor or go into law without the Governor's signature.

Commissioner Harvey stated that it may be premature to approve this course as only four out of 17 legislative bills presented in the course have been signed to date.

Senior Real Estate Specialist Fujimura stated that the legislative updates for the 2011-2012 core course will be available in the August 2012 Real Estate Commission Bulletin.

Commissioner Harvey stated that a course should be finalized before being offered as a continuing education course.

Mr. Sherley suggested that the course could be offered after the Governor's July 10, 2012 veto deadline.

Commissioner Ball agreed that the course is valuable, but needs to be as accurate as possible.

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

Continuing Education Core Course – 1st and 2nd Drafts of 2012 Legislative Update.

Senior Real Estate Specialist Fujimura reported that to date, the 2nd draft of the 2012 Legislative Update has been received. The Ad Hoc Committee on Education will be meeting on June 19, 2012 to review the 2nd draft of the 2012 Legislative Update.

Prelicensure Education: Applications

Independent Study Course – Coldwell Banker Pacific Properties Real Estate School, Trudy Nishihara, Principal; Salesperson Curriculum

This course will be offered live and also as an independent studies course.

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve the independent study course - salesperson curriculum offered by Coldwell Banker Pacific Properties Real Estate School.

Independent Study Course Instructor – Trudy Nishihara, Coldwell Banker Pacific Properties Real Estate School

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Harvey, it was voted on and unanimously carried to approve Trudy Nishihara as an independent study course instructor for Coldwell Banker Pacific Properties Real Estate School.

Evaluation and Education Program

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

- Abe Lee Seminars

Administration of
Examinations:

PSI

Licensing Examination Statistics – May 2012

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

School Pass/Fail Rates – May 2012

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

School Summary by Test Category – May 2012

Copies of the May 2012 test category summary reports, by school, were distributed to the Commissioners for their information.

Maui Test Site Monitoring

A written report of the Maui test site monitoring was distributed to the Commissioners for their information.

Specialist Endo reported that everything went well at the test site monitoring. She noted that as no lockers are available, examination candidates were not placing their personal items and cell phones on the back table as required under PSI's security policy.

Specialist Endo stated that training of new proctors should be provided by PSI management.

Breach of exam security incident – Anthony Wu

A written report of the breach of exam security incident was distributed to the Commissioners for their information.

Specialist Endo reported that information was received from PSI indicating that on May 14, 2012, salesperson examination candidate Anthony Wu breached the PSI Security Agreement by having his cell phone in his pocket. Mr. Wu has provided a narrative of the incident. He stated that his wife was pregnant and not feeling well, and he was carrying his cell phone in his pocket in case she called. The proctor advised Mr. Wu that his examination would be stopped and he was asked to leave the site.

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

Educator's Forum:

Hawaii Association of REALTORS®

Ms. Marsha Shimizu reported that the Hawaii Association of REALTORS® (HAR) is submitting a proposal for a statewide seminar pursuant to a contract with the Commission. Ms. Shimizu stated that technology has changed the way real estate practitioners do business and their marketing strategies have changed to meet the buyer's own home search information gathering, which includes the use of websites, blogs and other social media. HAR recommends Mr. Nobu Hata's presentation, "When Geek Meets Greek: Online Ethics in the Social Media Age", as a real estate seminar.

Ms. Shimizu stated that the cost factors of the seminar are included in the proposal. She reported that the cost of the seminar will be \$6, but could go up to \$15 to include coffee service. HAR is trying to keep the cost down to entice as many licensees as possible because the topic is an important topic.

Commissioner Ball questioned if there would be more attendees if the seminar was to be offered for continuing education credit. Ms. Shimizu commented that many licensees may have completed their continuing education requirements and would not be interested in attending the seminar. Real Estate Specialist Grupen responded that only 15% of licensees have completed their continuing education to date, and that the majority usually wait until shortly before the renewal deadline to take their continuing education. Ms. Shimizu responded that the seminar could be offered for three hours of continuing education credit, but HAR would charge an additional \$10 for processing fee.

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

Public and Private Institutions of Higher Education – No discussion presented.

Program of Work:

Neighbor Island Outreach – Innovations Center – UH Hilo, September 12, 2012

The next Neighbor Island Outreach and Real Estate Specialists' Office for the Day is scheduled to be held in Hilo on September 12, 2012, at the Hawaii Innovation Center Conference Room, University of Hawaii at Hilo.

ARELLO, REEA and
Other Organizations: No report.

Budget and Finance
Report: Upon a motion by Commissioner Wada, seconded by Commissioner Cobb, it was voted on and unanimously carried to accept the Real Estate Education Fund report for the period ending March 31, 2012.

Executive Session: Upon a motion by Commissioner Kuriyama, seconded by Commissioner Harvey, 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.

Continuing Education: Applications

Course – "Broker Price Opinions: Standards, Procedures and Practice", previously submitted as "BPO Preparation and Presentation"; Author/Owner: REMI School of Real Estate; Provider: REMI School of Real Estate; Course Categories: Contracts, Investment, Finance, Risk Management, Broker Management; Clock Hours: 3 (Denied ERC 5/9/12)

The Commissioners commented that the course material presented does not support a clear understanding of BPOs and how they differ from appraisals. Some of the material is disjointed and other items appear to be space fillers. Also, some course materials do not deal with what lenders are asking for and require.

Commissioner Harvey moved to deny "Broker Price Opinions: Standards, Procedures and Practice" as a real estate continuing education elective course, based on Hawaii Administrative Rules §§ 16-99-100 and 16-99-101. Commissioner Cobb seconded the motion. The motion was voted on and unanimously carried.

Request for Reconsideration – Course Denial - "Condominium Principles and Disclosures"; Author/Owner: Thomas Douma; Provider: REALTORS Association of Maui, Inc.; Course Categories: Real Estate Law, Risk Management; Clock Hours: 3

The Commission stated the course still does not reflect a strong grasp of the creation and structure of condominiums. There appears to be inaccurate references in the course. The course outline is confusing. The Commission suggested that the author direct the course to a subject matter that he seems more knowledgeable of, such as associations.

Commissioner Loudermilk moved to deny "Condominium Principles and Disclosures" as a real estate continuing education elective course, based on Hawaii Administrative Rules §§ 16-99-100 and 16-99-101. Commissioner Cobb seconded the motion. The motion was voted on and unanimously carried.

Course – “Hawaii Legislative Update 2012 & Foreclosure Dispute Resolution Revisited”; Author/Owner: Scott A. Sherley; Provider: ERA School of Real Estate; Course Categories: Real Estate Law, Dispute Resolution, Property Ownership and Development; Clock Hours: 3

The Commission recommended that the course be updated according to the final status of legislative bills after the Governor's veto deadline in July and additional course materials regarding "neutrals" and changes relating to foreclosure in Act 48.

Commissioner Loudermilk moved to approve the course subject to the course being updated after the Governor's July 10, 2012 veto deadline. The motion was seconded by Commissioner Gendrano, it was voted on and unanimously carried to approve "Hawaii Legislative Update 2012 & Foreclosure Dispute Resolution Revisited" as a three clock hour continuing education course, under the course category Real Estate Law.

Breach of exam security incident – Anthony Wu

Commissioner Wada moved to issue a Commission's Proposed Final Order barring examination candidate Anthony Wu from taking the real estate salesperson examination for a period of one year, beginning May 14, 2012. Commissioner Cobb seconded the motion. The motion was voted on and unanimously carried.

Next Meeting: Wednesday, July 11, 2012
Upon adjournment of the Condominium Review Committee Meeting, which is upon adjournment of the Laws and Rules Review Committee meeting, which convenes at 9:00 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 11:43 a.m.

Reviewed and approved by:

/s/ Diane Choy Fujimura

Diane Choy Fujimura
Senior Real Estate Specialist

June 21, 2012
Date

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