

**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](http://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, February 12, 2003

Time: 10:00 a.m.

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

Present: Vern Yamanaka, Vice Chair  
Louis Abrams, Member  
Marshall Chinen, Member  
Mitchell Imanaka, Member  
John Ohama, Member  
Iris Okawa, Member

Calvin Kimura, Supervising Executive Officer  
Alan Taniguchi, Executive Officer  
Diane Choy Fujimura, Senior Real Estate Specialist  
Russell Wong, Real Estate Specialist  
Lorene Arata, Real Estate Specialist  
Cynthia Yee, Senior Condominium Specialist  
Cheryl Leong, Condominium Specialist  
David Grupen, Condominium Specialist  
Shari Wong, Deputy Attorney General  
Karyn Takahashi, Recording Secretary

Excused: Patricia Choi, Chair  
Kathleen Kagawa, Member  
Peter Rice, Member

Others: Suzanne King, Honolulu Board of REALTORS®  
Stephanie Ripple, Honolulu Board of REALTORS®  
Marsha Shimizu, Hawaii Association of REALTORS®

Call to Order: Chair Choi was unable to attend the meeting. Vice Chair Yamanaka chaired the meeting in her place. Vice Chair Yamanaka called the meeting to order at 10:00 a.m., at which time quorum was established.

Vice Chair's Report: None.

Sr. 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
  - c. Continuing Education Core Course
    - 2) Proposed new format for core course – topics with CE credits
8. Program of Work, FY03
  - c. Annual Report, Quarterly Bulletin, and School Files
  - d. Interactive Participation with Organizations
  - i. Evaluation and Education System for CE and Prelicensing Instructors

Minutes of Meetings

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to accept the minutes of the January 10, 2003, Education Review Committee meeting as distributed.

Continuing Education: Administrative Issues

**CE, Prelicense Education and Equivalency Statistics, FY03**

Continuing education statistics for the first half of fiscal year 2003 was distributed to the Commissioners for their information.

**Roster Program: Excel v. Access**

Specialist Wong reported that comments were received by a continuing education provider regarding the use of the continuing education roster program and providing information in an Excel format versus the current Access format.

In response to the comments, Specialist Wong reported the following: The Commission maintains a database of licensees, courses, providers, and courses taken by licensees. It is not possible to use Excel for this purpose. If a provider wanted to submit information in Excel format, staff would have to convert the Excel file (assuming the file conforms to the field structure of the database) to a format readable by Access before it could be used.

Specialist Wong added that providers are now able to submit their rosters via email. To enable use of email for transferring records, which contain confidential information, security measures were instituted. The roster program automates the process of encrypting and password protecting the file.

Specialist Wong noted that providers who wish to maintain an Excel spreadsheet of their registration information can easily open the archive file in Excel using an export feature.

Specialist Wong stated that a separate file for each course provides the staff a way to verify the information submitted and to track whether information was provided for each course. Staff does not believe this requires more work on the part of the provider as the provider only has to enter the course code once for each course. If the providers want to change to multiple courses for each file, the program would have to be modified to accept such files. However, the provider would be required to enter the course code for each record, as opposed to once per course. This would be additional work for providers, especially those with large classes.

Commissioner Abrams inquired if many providers were having problems utilizing the program. Specialist Wong responded that they have not been having problems and a test with a couple of providers was conducted prior to issuing the program to all providers. Specialist Wong stated that minor problems have occurred and were remedied via phone conversations and only one provider has this major concern.

#### Applications

#### **2003-2004 Continuing Education Providers and Courses Ratification List**

Upon a motion by Commissioner Okawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval of the following registrations/certifications:

<u>Registration/Certification</u>	<u>Effective Date</u>
<b>Provider (s)</b>	
Hawaii Association of REALTORS® (Administrator: Marsha Shimizu)	January 1, 2003
Realty Network Corp, Russ Goode Seminars (Administrator: Sherrill L. Goode)	January 1, 2003
Real Estate Continuing Education (Administrator: John Reilly)	January 1, 2003
Continuing-Ed-Online.org (Administrator: Steven Myers)	January 1, 2003
Thomas J. Douma (Administrator: Thomas J. Douma)	January 27, 2003
<b>Course(s)</b>	
"Diversity and Doing Business" "Fair Housing" "Introduction to Commercial Real Estate" "Property Management and Managing Risk" "Risk Management" (Dearborn Real Estate Education/Fahrni School of Real Estate)	January 1, 2003

"Risk Reduction: Baker's Dozen" January 1, 2003  
(Oliver E. Frasca/Honolulu Board of REALTORS®)

"Accredited Buyer Representative" January 1, 2003  
(Nationally Certified Course/Honolulu Board of REALTORS®)

"Buyer Representation in Real Estate" January 1, 2003  
"Ethics and Real Estate"  
"Fair Housing"  
"Risk Management"  
"Investment Property Practice & Management"  
"Real Estate Finance and Tax Issues"  
(ARELLO Certified Course/Continuing-Ed-Online.org)

"Essentials of Finance" January 1, 2003  
"Essentials of Listing"  
"Essentials of the DROA"  
(Hawaii Association of REALTORS®)

"Analysis of Investment Real Estate" January 6, 2003  
"Contracts"  
"Disclosure"  
"Finance"  
"Residential Tax Rules, Section 1031 Exchange, & Foreign Investors"  
"Agency, Practical Ethics, and Fair Housing"  
(Hawaii Association of REALTORS®)

"Ethics and Real Estate" January 30, 2003  
(Dearborn Real Estate Education/Dower School of Real Estate)

**Course – "Mortgages, FNMA, FICO, ETC.", Author/Owner: Abe lee, Provider Abe Lee Seminars, Course Category: Finance, Clock Hours: 3**

Senior Specialist Fujimura reported that after speaking with Mr. Lee it was agreed that this course falls under the beginning level of difficulty.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval of "Mortgages, FNMA, FICO, ETC." as a three clock hour continuing education elective course, under the course category Finance.

**Course – "NAR Code of Ethics Made Easy", Author/Owner: Honolulu Board of REALTORS®, Provider: Honolulu Board of REALTORS®, Course Category: Dispute Resolution and Risk Management, Clock Hours: 3**

Ms. Suzanne King was present to entertain any questions regarding this application.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of "NAR Code of Ethics Made Easy" as a three clock hour continuing education elective course, under the course categories Dispute Resolution and Risk Management.

Continuing Education Core Course

**Montana 2003 Core Course Topics**

SEO Kimura stated that per discussion at the last meeting, a list of mandatory and elective continuing education topics from the Montana Board of Realty Regulation was received and has been distributed to the Commissioners.

**Proposed new format for core course – topics with CE credits**

Senior Specialist Fujimura reported that there have been lengthy discussions to come up with an outline/criteria for the 2003-2004 core course and feedback is needed.

Vice Chair Yamanaka recommended the following criteria for the 2003-2004 core course:

- 1) The Commission shall require that a licensee complete at least 7 core hours of a Commission-approved mandatory core course plus 6 hours of Commission-approved elective courses to meet CE requirements.
- 2) The Commission will not have a Commission-developed mandatory core course for this biennium
- 3) The Commission will approve CE provider-developed mandatory core courses of 4 hours in the following topic areas as a pilot project:
  - \* Chapter 467, HRS and Chapter 99, HAR, and any updates, if any (updates apply to real estate related statutes or bills)
  - \* Ethics
  - \* Fair Housing
  - \* Agency and Disclosure

A CE provider may submit for Commission approval, a 4 hour mandatory core course on any of the above topics or any combination of topics. The mandatory core course may be delivered in two 2-hour sessions subject to the same procedures the Commission okayed for the Brian Thomas core course request.

- 4) The procedures/policies currently in place for the CE course roster program and course completion certificates to remain unchanged.

Commissioner Imanaka inquired if it would be okay to have a core course that consists of 2 hours of fair housing and 2 hours of ethics. Vice Chair Yamanaka replied yes. SEO Kimura stated that the Commission previously approved, at the December meeting, a pilot project of a 4 hour core course that is delivered in two 2-hour sessions subject to numerous conditions.

Commissioner Imanaka inquired if you could combine topics. Senior Specialist Fujimura replied yes. SEO Kimura stated that last biennium's core course consisted of numerous topics as the final hour's topic was determined by different topic modules subject to the 4 classroom hours and a licensee receiving one completion certificate.

At this time, Commissioner Imanaka stated that he would be remiss as the Condominium Review Committee chair to not consider condominium law as a possible topic for the core course. He noted that 25% of Hawaii housing stock is in condominiums.

SEO Kimura inquired if Commissioner Imanaka was speaking specifically of Chapter 514A, HRS and its rules. Commissioner Imanaka replied yes, but would not want to disallow the teaching of case law; however, the general focus would be Chapter 514A, HRS and its adopted rules.

Commissioner Ohama stated that it would be easier to include the topic of "condominium law". SEO Kimura replied that topic would be too general and could be interpreted in many ways.

Commissioner Abrams inquired if the continuing education statute only stated 10 hours or does it say a mandatory course is part of the 10 hours. SEO Kimura responded that the law provides the Commission with discretionary authority on deciding on the mandatory core course for each licensing biennium. Senior Specialist Fujimura added it states 10 hours of which a mandatory course may be included if specified by the Commission.

At this time, Ms. Suzanne King, Honolulu Board of REALTORS®, inquired if the additional staff time for administration is tied to the certificates, because with the current electronic submission system it seems easier. Ms. King added that providers may be looking for the flexibility to teach 2 hour courses.

SEO Kimura responded that the current rule states that a course must be a minimum of 3 hours in length, which was changed from 3 1/3 hours due to a recommendation from the HAR, including the Honolulu Board of REALTORS® and a consensus from other interested parties.

At this time, Commissioner Ohama reiterated his suggestion to add Chapter 514A, HRS and Chapter 107, HAR, as a core course topic.

SEO Kimura stated that there would be major concerns with the proposal to increase the mandatory core course hours from 4 hours to 7 hours. In addition, the present law would have to be amended to increase the 10 hours to 13 hours. To make such a dramatic change without lengthy discussions and study with all the players and building consensus will be problematic and waste resources. To provide some background, notwithstanding the support of the Realtors, the original continuing education bill in the 1980's was long, arduous, and utilized a tremendous amount of resources. This resulted in legislation with a repeal date of 1995. Then it took three legislative sessions and a scathing Legislative Auditor's report on continuing education, and again a tremendous amount of resources to make continuing education permanent in 1995 with specific consensus developed amendments to continuing education.

The legislative auditor reviewed and studied mandatory continuing education for real estate licensees and concluded that it was unwarranted and there was insufficient evidence that it provided better consumer protection. In addition, government should not use its regulatory powers to require continuing education simply to make sure that licensees keep up-to-date on applicable laws. Do we have the quantitative evidence to support the increase in hours? Have we considered the administration of such an increase on REB and Licensing Branch and whether it can be implemented in the time frame? What about the providers? What about the consensus support building with the Realtor organizations and the average licensee?

Commissioner Ohama asked how do we ensure that an update of current laws and rules and ethics are covered in the core course. SEO Kimura responded that in 1998/1999, a consensus agreement was reached by a group made up of the Commissioners, HAR representatives, PVL representatives, and staff regarding issues relating to continuing education. In addition, the agreement dramatically affected a HAR sponsored bill on continuing education that would have required 5 hours per year. The consensus-developed amendments passed as Act 47 (SLH 1999). It organized the CE requirements, provided increased flexibility, defined principal brokers duties and responsibilities including education and training of licensees and staff, resulting in §467-1.6 and 4.5, HRS. The agreement was to place more education and training responsibility with the principal brokers, including the principal broker ensuring that associating licensees are provided information and training on the latest amendments to real estate licensing laws and rules, as well as other related laws and rules. The principal broker would be required to ensure that associating licensees were provided information/training every year on any amendments to laws/rules and not only in the second year of the licensing biennium, when most licensees complete continuing education.

The Act also called for HAR to conduct a work study group on continuing education and its administration with consensus recommendations on proposed legislation to the 2000 legislative session. The consensus agreement was that any proposal on continuing education to increase hours or requirements has to be introduced and pushed by the Realtors (HAR and local boards) and they would have to reach a consensus agreement with all the players, which would

include the Commission, REB, PVL, DCCA, and providers. HAR reported to the 2000 legislature that they had no recommendations on continuing education legislation.

Commissioner Ohama stated that the Commission does not want to be in the course drafting business, but in the last two bienniums the Commission created a core course so that every licensee would have exposure to the laws and rules updates. How do we accomplish this task without writing a course? SEO Kimura replied that his recommendation is to start working with licensees, the industry, HAR, local boards, providers, and PVL on the overall continuing education program and issues.

Vice Chair Yamanaka stated that in light of the SEO's comments he would continue with the 4 hour requirement and work with the industry to increase hours for the next biennium.

SEO Kimura stated that as part of the program of work, we may want to conduct a continuing education survey. Also the Commission has not provided guidance/decisions/education as to principal brokers' responsibilities under the law.

Commissioner Imanaka stated that we should consider a way to measure the effectiveness of continuing education. Are there a lower number of complaints? He noted that a survey is a good idea. SEO Kimura responded that statistics on the effectiveness of continuing education have always been a problem and are also a problem with other States.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval of the following decisions for the 2003-2004 Core Courses:

- 1) The Commission shall continue to require that a licensee complete at least 4 hours of a Commission-approved mandatory core course plus at least 6 hours of Commission-approved elective courses to meet the 10 hours CE requirements.
- 2) The Commission will not have a Commission-developed mandatory core course for this biennium.
- 3) The Commission will approve CE provider-developed mandatory core courses of 4 hours in the following core topic areas as a pilot project:
  - \* Chapter 467, Hawaii Revised Statutes, Chapter 99, Hawaii Administrative Rules, and updates as of the date of instruction, if any. Updates may include any 2003 and 2004 Legislative Acts applicable to real estate licensees.
  - \* Chapter 514A, HRS, Chapter 107, HAR, and updates as of the date of instruction.
  - \* Ethics
  - \* Fair Housing
  - \* Agency and Disclosure



- 4) A CE provider may submit for Commission approval, a 4 hour mandatory core course on any of the core topics or any combination of the core topics. The mandatory core course may be delivered in two 2-hour sessions subject to the same procedures the Commission previously approved on December 13, 2002 as a pilot project. Specifically, this includes:
  - a) Provider shall provide written disclosure to each student that they have to complete both 2 hour sessions to receive credit for completing a Commission approved mandatory core course and to receive a continuing education completion certificate, that failure to complete either session means an incomplete and no credit or certificate will be issued, and that the provider, not REB, will handle all inquiries/problems concerning completion of both sessions. This written disclosure shall be provided to each student before the start of the initial session.
  - b) The written disclosure is to be signed by student, provider keeps original and student receives a copy. Should there be a problem, upon request, the provider shall provide original to REB.
  - c) It is solely the responsibility of the provider to keep records on students and completion of each session. The provider shall not provide any roster record or any other type of record to REB until a student completes the second session. REB will not keep any records of students completing the initial session.
  - d) The provider shall not issue any CE completion certificate or include in any roster record submitted to REB any student that has not completed the required two 2-hour sessions.
  - e) Provider may want to consider presenting both sessions during the second year of the licensing biennium.
  - f) This split format is a pilot project subject to student evaluations handled confidentially and Commission evaluation program monitoring.
- 5) Shall be subject to the Commission approved evaluation program.

Commissioner Ohama moved to form a sub-committee, whose Chair and members to be designated by the ERC Chair, to evaluate continuing education for real estate licensees, including a survey of licensees, continuing education providers and instructors, clarify principal broker's responsibilities to set ". . . a

policy on continuing education requirements for all associated real estate licensees in compliance with the statutory requirement;" (§467-136(6), HRS) . . .and "Ensuring that all associated real estate licensees are provided information and training on the latest amendments to real estate licensing laws and rules as well as other related laws and rules." (§467-1.6(9), HRS). Questions and issues to be considered may include:

- \* Are 10 hours CE requirement sufficient?
- \* Are 4 hours mandatory core course hours sufficient?
- \* Increasing mandatory hours to 8
- \* Increasing overall required CE hours
- \* PBs and BICs evaluation of CE effectiveness
- \* Review Roster Access program in light of possible changed or increased requirements
- \* National trend
- \* Administration and resource issues
- \* PVL and DCCA concerns

The motion was seconded by Commissioner Imanaka. The motion was voted on and unanimously carried to recommend approval.

Privatizing Continuing Education of Real Estate Brokers and Salespersons in Hawaii, Legislative Reference Bureau, 1997

SEO Kimura reported that in 1997, to give non-profit and for-profit groups the opportunity to take over the administration of continuing education, the Legislative Reference Bureau conducted a study on the privatization of continuing education per Act 289, Session Laws of Hawaii 1997. A copy of the findings and recommendations was distributed to the Commissioners for their review and comment.

SEO Kimura stated that in light of government's efforts towards privatization of certain government services, he wanted the current Commission members to be aware of this 1997 study, its findings, and recommendations.

Prelicense Education: Administrative Issues

**CE, Prelicense Education and Equivalency Statistics, FY03**

Prelicense education and equivalency statistics for the first and second quarter of fiscal year 2003 were distributed to the Commissioners for their information.

Applications

**Prelicense Guest Lecturer – Catherine M. Fujisaki, Prelicense School:  
Dower School of Real Estate, Elizabeth Dower, Principal**

Upon a motion by Commissioner Imanaka, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of Catherine M. Fujisaki as a prelicense guest lecturer on the subject matters of math and land description.

Administration of  
Examinations:

Promissor – Association of Test Publishers Conference, February 24-26, 2003

Information regarding the Association of Test Publishers upcoming conference from Promissor was distributed to the Commissioners for their information.

SEO Kimura stated that although we will not be participating in this conference, it is good to know that such an association exists.

Test Development and Scenario Exam Items

Specialist Arata reported that the test development session with Promissor has been scheduled for March 13 – 14, 2003, 8:30 a.m. – 5:00 p.m., at the Ala Moana Hotel and a list of participants has been distributed to the Commissioners.

Commissioner Ohama suggested expanding the list of participants. Specialist Arata stated that she has been having a hard time lining up participants. SEO Kimura added that a number of individuals have been contacted; however, there have been a lot of scheduling conflicts and participation for both days is crucial.

SEO Kimura added that suggestions for participants are welcome. Commissioners who have concerns or recommendations about the exam or exam items should participate as this is the session where you can make a difference.

Specialist Arata added that those on the committee should have received an email from Promissor.

Upon a motion by Commissioner Abrams, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval of following committee members to participate in the test development session:

Vern Yamanaka  
Louis Abrams  
Peter Yanagawa  
Suzette Nasser  
Leonard Kacher  
Michael Ching  
Trudy Nishihara  
Helen Tajiri

Additional participants may be included.

Exam Monitoring – Promissor test site monitoring report – January 11, 2003

Specialist Arata conducted a test site monitoring on Saturday, January 11, 2003, at the Maui Promissor test site and the report was distributed to the Commissioners for their information.

Licensing Examination Statistics FY03

Licensing examination statistics for the first half of fiscal year 2003 were 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 February 2003 issue of *School Files* has just been mailed. She added that the *Bulletin* is at the printer and will be mailed shortly.

Interactive Participation with Organizations

Senior Specialist Fujimura sincerely thanked the Commissioners for their effort in writing articles for the *Hawaii Realtor Journal*. She gave special thanks to Commissioners Okawa and Imanaka who produced two articles each.

A schedule of the issues, deadlines for article submission and the Commissioner responsible for the article, for the next thirteen issues, was distributed to the Commissioners.

Evaluation and Education System for CE and Prelicensing Instructors

Senior Specialist Fujimura reported that as a part of the 1997-98 program of work, the Commission directed the Hawaii Real Estate Research and Education Center to develop and administer an evaluation program for prelicensing and continuing education instructors on behalf of the Commission. A guide and a confidential student evaluation system was administered. The program was suspended when the center's contract was terminated. She stated that due to comments received, staff would like to resurrect an evaluation system.

SEO Kimura added that the intent of the program was to improve instruction through educational means. The results of the evaluations and comments were shared with instructors and the center would provide additional information and training to improve topic areas, factual information and/or instructional expertise.

After the suspension of the program, the Commission tried to resurrect the program under a peer review concept working with a group of real estate brokers who would monitor the classes, submit a completed evaluation along with collected student evaluations, receive continuing education credit, and assigned Commissioners and staff would prepare evaluations and provide a summary back to the instructor with recommendations.

Real Estate Specialists' Office for the Day Report – January 10, 2003

A report on the Real Estate Specialists' Office for the Day held on January 10, 2003, on Maui, was distributed to the Commissioners for their information.

Budget and Finance  
Report:

Budget and Finance Report – November 30, 2002

Upon a motion by Commissioner Okawa, seconded by Commissioner Imanaka, it was voted on and unanimously carried to recommend acceptance of the November 2002 Real Estate Education Fund report. EO reported that the contract proposal with Morgan Stanley Dean Witter is under review at the AG's office.

Next Meeting:

Wednesday, March 12, 2003  
10:00 a.m.  
Kapuaiwa Room  
HRH Princess Victoria Kamamalu Building  
1010 Richards Street, Second Floor  
Honolulu, Hawaii

Adjournment:

With no further business to discuss, Vice Chair Yamanaka adjourned the meeting at 11:05 a.m.

Respectfully submitted by:

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

March 12, 2003

Date

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