

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

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, July 9, 2003

Time: Upon adjournment of the Laws and Rules Review Committee meeting, which convenes at 9:00 a.m.

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

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

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

Excused: Kathleen Kagawa, Member

Others: Marsha Shimizu, Hawaii Association of REALTORS®

Call to Order: Chair Yamanaka called the meeting to order at 9:40 a.m., at which time quorum was established.

Chair's Report: Chair Yamanaka welcomed Commissioner Nishihara as the Committee's new vice chair.

Sr. Real Estate
Specialist's Report:

Announcements, Introduction, Correspondence, and Additional Distribution

Upon a motion by Commissioner Okawa, seconded by Commissioner Abrams, it was voted on and unanimously carried to add the following to the agenda:

4. Continuing Education Administration, Curriculum, Courses, Providers, and Instructors
 - a. Administrative Issues
 - 1) CE, Prelicense Education and Equivalency Statistics, FY03
 - 2) CE Policy on Reactivation of License
5. Prelicensing Education Administration, Curriculum, Schools, Instructors, and Equivalency
 - a. CE, Prelicense Education and Equivalency Statistics, FY03

The following was distributed as additional distribution:

4. Continuing Education Administration, Curriculum, Courses, Providers, and Instructors
 - c. Continuing Education Core Course – Sent copies of Request for Proposals – 2003-2004 Core Course to interested consultants on the mainland
 - h. Subcommittee to Evaluate Continuing Education – Deadline for submission of names of interested persons June 30, 2003
12. Budget and Finance Report

Minutes of Meeting

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

Continuing Education: **Administrative Issues**

E-mail comment received in response to Chair's Message, May 2003 Bulletin

A copy of John S. Rabi's e-mail commenting on the Chair's Message that appeared in the May 2003 issue of the *Bulletin* was distributed to the Commissioners for their information.

CE, Prelicense Education and Equivalency Statistics, FY03

Continuing education statistics for the last quarter of fiscal year 2003 were distributed to the Commissioners for their information.

CE Policy on Reactivation on License

At this time, Chair Yamanaka voiced his concern about the present policy allowing licensees to reactivate their license without completing the mandatory continuing education core course.

Senior Specialist Fujimura stated that §16-99-91 on activating an inactive license that has been inactive for one or more renewal periods, requires completion of 10 hours of CE courses (including mandatory core course) of the prior licensing biennium. As an equivalent, the inactive licensee may take and pass the applicable licensing exam. In addition, the Commission approved as policy that if the prior licensing biennium's mandatory core course is not available, as an equivalent to the rule requirement, the applicant may complete four continuing education elective courses, which total 12 hours.

Chair Yamanaka stated that the Committee puts so much effort into developing the core course and to allow a licensee to reactivate/reinstate their license without completing the requirement defeats the intent of continuing education.

SEO Kimura stated that the Commission's records reflect that the required CE courses, especially prior licensing biennium's mandatory core course, are normally not available for candidates for reactivation of inactive license, restoration of forfeited license, or reinstatement of suspended license. This is more acute for the neighbor islands. The ideal situation would be that the mandatory core courses for one licensing biennium is available the next licensing biennium. Former Commissioner Helen Lindemann had a similar concern about requirements for completion of CE courses, consistent requirements for reactivation, restoration, and reinstatement, and recommended requiring completion of a mandatory core course each year of the licensing biennium as licensees typically wait until the late months of the second year of the biennium to complete their continuing education requirements. She felt that it would also help with the availability of courses and the PB responsibility of ensuring that associating licensees are provided education on the latest amendments to laws/rules. In addition, these issues were also brought up during SWAT (Slice Waste and Tape) discussions and the compromise was to put more responsibility on principal brokers. The principal broker, who is contracting with the inactive licensee seeking to reactivate, can require and should require additional educational courses, including non CE approved courses, before the start date. This would be more critical if the inactive licensee has been inactive for awhile and does not have any real estate related education or experience during the inactive period. The PB could require retaking the prelicensing salesperson/broker course. We have to get the PB to have this mindset.

Chair Yamanaka stated that the HAR is currently developing a core course.

Commissioner Ohama suggested taking this matter into consideration when developing the next core course. He added that if an alternative means of delivery is offered this may solve the availability problem.

Commissioner Rice stated that the issue at this time is what education a licensee is required to complete to reactivate/reinstate their license—if we decide a core course needs to be completed, then we deal with the availability of courses.

Commissioner Ohama stated hopefully a core course can be developed that covers this problem.

SEO Kimura stated that the current RFP for the Commission developed mandatory core course does not require an alternate means of delivery.

Commissioner Ohama noted that if a licensee reactivates their license without completing the core course they are not up to date with laws and rules. Chair Yamanaka stated that the SWAT changes put the responsibility of continuing education of their agents on principal brokers; however, he believes that as a principal broker himself, principal brokers would not be in support of allowing licensees to take only elective courses and not the core course—he has always been a proponent of more education hours.

SEO Kimura stated that the issue was on the table at SWAT; for example, a 20 year inactive licensee can reactivate their license with completion of 10 hours of CE courses, a 20 year forfeited licensee can restore their license by passing the prelicensing exam. Although other licensing areas and other states set a time limit on years of inactive or forfeiture, the group could not reach consensus on what to do. For forfeited salespersons, normally they decide to start all over as a new licensee as it is an economic decision; however, brokers don't want to start over. At the time of SWAT, the goal was to reach consensus on across-the-board consistency for reactivation, restoration, and reinstatement.

Commissioner Ohama stated that currently the priority is to update the broker curriculum and create a core course and we should be looking at the education program globally—a program where each education program, salesperson curriculum, broker curriculum and continuing education, interacts with each other. Achieving this will resolve a lot of problems.

Chair Yamanaka inquired if this would cause an antitrust situation. SEO Kimura responded that if a licensee is required to take a core course and it is not available or in a situation where a neighbor island licensee may say it is not available on their island, this may cause an antitrust situation. Chair Yamanaka stated that the licensee has two years to complete their continuing education, if a core course is not available on their island, why can't they travel to take the course? Commissioner Rice stated that a course does not have to be available everyday and if we are talking about a small number of people, it's not reasonable to have a course everyday. SEO Kimura responded that in the past, a core course may not have been available for nine to ten months.

Commissioner Imanaka stated that he agreed with Commissioner Rice and inquired if the providers are aware of this issue. As there are a limited number of providers, if they are made aware of this issue they might be willing to look at how to make this happen. Specialist Arata responded that the providers are aware of the situation; however, due to low enrollment they don't make the course available and/or cancel scheduled courses. She added that there are a lot of calls from licensees complaining that courses are not available, especially from neighbor islanders, and that they are losing income and can not afford to fly over to Oahu to take courses. Commissioner Imanaka stated that under no circumstances would the provider make the course available. Specialist Arata responded not under no circumstances; however, if there is low or no interest they will not provide the course.

Commissioner Ohama reiterated that alternate means of course delivery should first be looked at to resolve this issue.

Commissioner Imanaka suggested that the providers get together with each other and take a month each to offer a course.

Senior Specialist Fujimura stated that the continuing education subcommittee can evaluate this issue.

SEO Kimura stated that you can require that the licensee take the HAR core course; however, will the licensee be credited for the last biennium or the current biennium? Will the decision force the licensee to take the same course twice?

Marsha Shimizu, HAR, stated that more core courses should be available because the Committee has reestablished the guidelines. If the new core course format is continued, she sees a greater availability of courses and possibly more providers.

SEO Kimura reiterated that fact that the policy takes effect only if the prior biennium's core course is not available—HAR's anticipated core course is for the current biennium.

Deputy AG Wong stated that this and similar policies should be incorporated into the rules.

It was concluded that this issue should be taken up by the continuing education subcommittee.

Applications – Core Course – “Current Hot Topics in Real Estate,” Author/Owner: Abe Lee, Provider: Abe Lee Seminars, Course Categories: Chapter 467/Chapter 99, Chapter 514A/Chapter 107, Ethics, Fair Housing, Agency and Disclosure, Clock Hours: 4

Senior Specialist Fujimura stated that this course encompasses all five core course categories and she has had many discussions via phone and e-mail with Mr. Lee regarding the content of this course. She stated that she has concerns that the course consists of only articles with no explanation on how he is going to conduct the course, objectives need to be clarified and possibly topics need to be narrowed down.

Upon a motion by Commissioner Imanaka, seconded by Commissioner Ohama, it was voted on and unanimously carried to defer decision making on this application subject to reworking the course materials, narrowing the subject matter/topics, and upgrading the content to “. . .exceed minimum entry level competency.” Additionally, clarify the topic/lesson objectives.

Continuing Education Core Course – Sent copies of Request for Proposals – 2003-2004 Core Course to interested consultants on the mainland

Senior Specialist Fujimura reported that she and SEO Kimura recently attended the REEA annual conference and made several contacts. Upon returning, she

e-mailed the RFP to interested consultants on the mainland and the RFP was also placed on REEALine. Copies of the e-mail responses have been distributed to the Commissioners.

Upon a motion by Commissioner Ohama, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend extending the deadline for responses to the Request for Proposals – 2003-2004 Core Course to August 15, 2003 and the Request for Proposals to be amended to include a provision of electronic and/or alternative delivery methods, and any other appropriate amendments.

Subcommittee to Evaluate Continuing Education – Deadline for submission of names of interested persons June 30, 2003

Senior Specialist Fujimura distributed a list of possible members for the continuing education evaluation subcommittee.

Chair Yamanaka requested to add Helene Tajiri, representing the Hawaii Island Board of REALTORS[®], to the list.

Prelicense Education: Administrative Issues – CE, Prelicense Education and Equivalency Statistics, FY03

Prelicense education and equivalency statistics for the last quarter of fiscal year 2003 was distributed to the Commissioners for their information.

Applications

Instructor – Colin W. Dunlop, Salesperson and Broker Curriculums, Hawaii Institute of Real Estate

Upon a motion by Commissioner Nishihara, seconded by Commissioner Rice, it was voted on and unanimously carried to recommend approval of Colin W. Dunlop as a prelicense instructor for the salesperson and broker curriculums.

Substitute Instructor – Beryl F. Ono, Salesperson and Broker Curriculums, Hawaii Institute of Real Estate

Upon a motion by Commissioner Imanaka, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of Beryl F. Ono as a substitute prelicense instructor for the salesperson and broker curriculums.

Administration of Examinations:

Promissor

Specialist Arata reported Promissor's migration to computer based testing has been scheduled for July 29, 2003. She reported that she has requested a demo viewing one week before migration and a month after migration. Specialist Arata stated that she will e-mail the Commissioners the demonstration dates and if they are interested in attending, they should let her know as a list of attending individuals needs to be provided to Promissor for security purposes.

Experior Report

A copy of an e-mail reporting Experior news for June 25, 2003, was 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: Neighbor Island Outreach

The next neighbor island outreach is scheduled for Wednesday, September 10, 2003, on the island of Kauai.

Executive Session: Upon a motion by Commissioner Rice, seconded by Commissioner Ohama, it was voted on and unanimously carried to enter into executive session 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 Rice, seconded by Commissioner Chinen, it was voted on and unanimously carried to move out of executive session.

ARELLO, REEA &
Other Organizations

ARELLO – Education Submission

A copy of the 2003 ARELLO Education Recognition Awards request for submissions was distributed to the Commissioners. It was reported that Commissioner Okawa is once again on the selection committee.

Budget and Finance: ACT 178, \$150,000

Copies of pages from ACT 178 outlining the transfer of \$150,000 from the Real Estate Education Fund to the State General Fund on July 1, 2003, was distributed to the Commissioners for their information.

Morgan Stanley Dean Witter

Deputy AG Wong reported on the progress on the contract with Morgan Stanley Dean Witter. She stated that the ball is currently in their court—they are aware of the State's concerns (some terms were not acceptable by the State) and they are currently working with their corporate headquarters.

Budget and Finance Report

Upon a motion by Commissioner Rice, seconded by Commissioner Ohama, it was voted on and unanimously carried to accept the Real Estate Education Fund report as of May 31, 2003.

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Next Meeting: Wednesday, August 13, 2003
 Upon adjournment of the Laws and Rules Review Committee Meeting, which
 convenes at 9:00 a.m.
 Kapuaiwa Room
 HRH Princess Victoria Kamamalu Building
 1010 Richards Street, Second Floor
 Honolulu, Hawaii

Adjournment: With no further business to discuss, Chair Yamanaka adjourned the meeting at
 10:50 a.m.

Reviewed by:

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

 August 13, 2003 _____
Date

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

DCF:kt
7/15/03