

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: Wednesday, July 14, 2004

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

Place: King Kalakaua Building
Queen Liliuokalani Room
335 Merchant Street, First Floor
Honolulu, Hawaii

Present: Trudy Nishihara, Vice Chair
Louis Abrams, Member
Carol Ball, Member
Mitchell Imanaka, Member
Kathleen Kagawa, Member
Michele Sunahara Loudermilk, Member
John Ohama, Member
Iris Okawa, Member
Peter Rice, Member

Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene K. A. Kimura, Real Estate Specialist
Ryan Yamashiro, 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

Others: Wayne Richardson III, RE3, LLC, Real Estate Services
Janice Lind, RE3, LLC, Real Estate Services
Nicki Thompson, Hawaii Association of REALTORS

Absent: Vern Yamanaka, Chair

Call to Order: Vice Chair Nishihara called the meeting to order at 10:25 a.m., at which time quorum was established.

Chair's Report: Vice Chair Nishihara reported that the June 2004 Education Review Committee meeting was not called due to lack of quorum.

Sr. Real Estate
Specialist's Report: Minutes of Meeting

Upon a motion by Commissioner Ohama, seconded by Commissioner Imanaka, it was voted on and unanimously carried to accept the minutes of the May 11, 2004, Education Review Committee meeting as distributed.

Continuing Education: **Administrative Issues**

2003 – 2004 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to ratify the following registrations/certifications:

<u>Registration/Certification</u>	<u>Effective Date</u>
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Course

Small Project Real Estate Development (Author/Owner: Kenneth D. H. Chong)	05/19/04
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FY04 Continuing Education, Prelicense Education and Equivalency Statistics

Continuing education statistics for fiscal year 2004 was distributed to the Commissioners for their information.

Real Estate Commission Information Notice – New License Applicants, License Renewal and Continuing Education Requirement

A copy of an informational notice dated May 2004 that is being distributed via schools, providers and REB staff regarding new license applicants, license renewal and the continuing education requirement was distributed to the Commissioners for their information.

Memorandum to Prelicense School Principals and Continuing Education Provider Administrators

A copy of a memorandum dated May 21, 2004, to principals of prelicense schools and administrators of continuing education providers requesting their cooperation in distributing the May 2004 informational notice was distributed to the Commissioners for their information.

Application for Continuing Education Equivalency – Real Estate

A copy of the revised Application for Continuing Education Equivalency – Real Estate was distributed to the Commissioners for their information. Approval of the equivalency is subject to the real estate licensee completing the commission-designated core course.

Applications

Provider – Servpro Industries, Inc.; Administrator – Amanda Green

Upon a motion by Commissioner Imanaka, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend approval of Servpro

Industries, Inc. as a continuing education provider subject receipt of bond and certificate of good standing from the Business Registration Division/DCCA.

Course – “Understanding Mold in the Restoration Industry,” Author/Owner: Servpro Industries, Inc.; Provider: Servpro Industries, Inc. (subject to approval); Course Categories: Property Management, Other (Mold, Environmental Issues); Clock Hours: 3

Upon a motion by Commissioner Okawa, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval of “Understanding Mold in the Restoration Industry” as a three clock hour continuing education elective course, under the course categories Property Management and Other (Mold, Environmental Issues), subject to approval of Servpro Industries, Inc., as a continuing education provider.

Course – “Advanced Like Kind Real Estate Exchanges,” Author/Owner: Lorman Business Center, Inc.; Provider: Lorman Business Center, Inc.; Course Category: Real Estate Law; Clock Hours: 6.5

Upon a motion by Commissioner Imanaka, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval of “Advanced Like Kind Real Estate Exchanges” as a six clock hour continuing education elective course, under the course category Real Estate Law.

Continuing Education Core Course

Evaluations

Evaluations of the Commissions’ continuing education core course were available for the Commissioners’ review. Senior Specialist Fujimura reported that overall the marks are good, with an occasional dissatisfied student; on-line marks are good; and students have commented that the do not call registry update is most interesting. She stated that the core course materials are sufficient for the four hour live presentation, and any deviations appear to be a function of the instructor’s teaching style. There is a range of a low of 1.5 hours to a high of 7 hours for completion of the on-line core course.

Education Evaluation Task Force

Test development and item writing update

Vice Chair Nishihara stated that EETF has addressed test development and item writing via the upcoming August 25-27, 2004 test development sessions with Promissor. She noted that licensees take continuing education classes because it is a requirement, and they may not be actually learning anything substantive. At the next EETF meeting, it is recommended that members consider and make recommendations regarding continuing education testing, increasing continuing education hours, post licensing educational requirements for brokers and updating the salesperson curriculum.

At this time, Commissioner Ball inquired as to the history behind abandonment of continuing education testing. SEO Kimura replied that the Hawaii Real Estate Research and Education Center (HREREC) recommended having a pre and post quiz for each continuing education course as it may provide learning progression; however, the Commission faced criticism, in that students were focusing on the quiz rather than the overall curriculum and that instructors were focusing on the

quiz. Also, there were a number of licensees lobbying against the quiz and the continuing education requirement. In order for the initial bill to pass, the Commission had agree to a drop-dead date on the continuing education requirement and later, it took three legislative sessions to make continuing education a permanent requirement. It was a political battle to get continuing education a permanent requirement, and part of the compromise was to drop the quiz.

SEO Kimura added that the recommendation to increase the required hours of continuing education and reinstitute CE quiz has to come from an overwhelming grassroots effort of the industry and it needs to be a collaborative effort with government administration and cost kept to a minimum.

At this time, Commissioner Ohama moved to add Commissioner Ball as a member of the EETF. The motion was seconded by Commissioner Kagawa. The motion was voted and unanimously carried to recommend approval to add Commissioner Ball as a member of the Education Evaluation Task Force.

Prelicense Education: **Administrative Issues**

FY04 Continuing Education, Prelicense Education and Equivalency Statistics

Continuing education statistics for fiscal year 2004 were distributed to the Commissioners for their information.

Evaluation forms (18) – Seiler School of Real Estate

Copies of evaluations of Seiler School of Real Estate's independent study course were distributed to the Commissioners for their information.

Broker Curriculum and Resources

Final Acceptance/Implementation

Mr. Richardson stated that he learned a lot from creating the handouts for the updated broker curriculum. He noted that some of the handouts are quite extensive, such as the "Suggested Policy and Procedure Guideline" for principal brokers, and others are less extensive, such as the "Real Estate Advertising Guidelines", while some could be ongoing resources, such as the "Directory of Real Estate Resources."

Mr. Richardson reviewed the six handouts: "Land in Hawaii" is a history of Hawaiian real estate and was an outgrowth of requests from educators; "Suggested Policy and Procedure Guideline" is a suggested outline of a policy and procedure manual required of all principal brokers for their brokerages; "Directory of Real Estate Resources" is a list of web resources which will grow over time; "Real Estate Advertising Guidelines" is an interim handout which will be expanded; "Anatomy of a Closing Statement" is done with a balance entry type approach; and "Landlord Tenant Code Guideline Made Easy" is a summary of guidelines and a reiteration of the law.

At this time, Senior Specialist Fujimura stated that there will be a group of students who take the old curriculum and, depending upon when they take the license exam, will not have been taught the new material in the broker's curriculum. All exam candidates have a two year period to take the exam after passing the broker prelicense course. Senior Specialist Fujimura inquired as to

how this situation will be addressed—should the schools be responsible for disseminating the updates, should there be an alternative delivery method?

SEO Kimura added that there is a lot to consider as we will be adding 34 hours to the current 46 hour curriculum and amending the curriculum categories. Will the existing schools deliver the 80 hours and how? Will there be sufficient classes every year and on the neighbor islands? Will the schools develop an electronic means of delivery? What will be the cost of the new curriculum to students? What is the estimated time and date of implementation? Test items need to be reviewed. When will test items be effective? What will be the exam change-over date? Will the Commission, like the core course, contract with a vendor to develop an electronic delivery system? Will it be in a module format for schools to pick which parts will be classroom and which parts will be electronic delivery?

Commissioner Ohama questioned teaching the additional 34 hours as a separate module. SEO Kimura responded that previous developed broker curriculum by HREREC was not implemented because the schools balked at delivery. So the concept of modules should be a better fit.

Mr. Richardson added that you will get some schools willing to teach the additional hours; however, there will be fewer schools and there will be issues regarding cost. He stated that if there is a higher expectation from the Commission then you get more value. Mr. Richardson stated that you could put the burden on the student licensee informing them of the changes and they will have to decide what path they want to take.

SEO Kimura added that the prediction is \$1,200 for the cost of the expanded course, and he is concerned about the neighbor islanders getting access to the broker course.

At this time, Commissioner Imanaka moved to recommend approval of the final broker curriculum, including the six handouts—"Land in Hawaii," "Suggested Policy & Procedure Guideline," "Real Estate Advertising Guideline," "Landlord Tenant Code Guidelines Made Easy," "Anatomy of a Closing Statement," and "Directory of Real Estate Resources." The motion was seconded by Commissioner Abrams, voted on and unanimously carried.

Vice Chair Nishihara stated the Committee should come up with a timeline on the implementation of the curriculum. SEO Kimura stated that the curriculum could be made effective today giving the schools time to develop their delivery method.

Commissioner Ohama moved to make the new broker curriculum effective today. Commissioner Imanaka seconded the motion. Commissioner Abrams amended the motion to include a tentative implementation date of January 2005 or a date as close to January 2005 as workable. The motion was voted on and unanimously carried.

Commissioner Ohama moved to recommend approval to create a Request for Proposals for distance learning for the entire 80 hours of the new broker's curriculum, in modular format, and with the stipulation that the entire on-line course is the property of the Hawaii Real Estate Commission, that the contractor work with a Commission-approved consultant to address Hawaii-specific requirements, and that updates as needed are provided as agreed upon. The motion was seconded by Commissioner Abrams, voted on and unanimously carried.

Administration of
Examinations:

Promissor

Licensing Examination Statistics

Examination statistics for July 2003 – May 2004 were distributed to the Commissioners for their information.

Out of State Testing Now Available

Candidates are now able to take the Hawaii real estate exam at any Promissor test center in the continental United States at no additional charge. Promissor will be following Test Center procedures that have been developed for the Hawaii Real Estate Program. Candidates may locate a test center via the Promissor web site at www.promissor.com.

May 2004 School Summary Reports

A copy of the performance summary report, by school, was distributed to the Commissioners for their information. The report is derived from statistics for first time test takers

Test Development and Scenario Exam Items

August 25-27, 2004 test development meetings

Test development sessions have been confirmed for Wednesday, August 25 to Friday, August 27, 2004. This is the most critical session the Commission has experienced as the new broker curriculum will have to worked into the items and the development of interactive scenario type items. The success of the sessions and to make best utilization of the time, every participant has to be prepared and committed to the sessions from beginning to end of the sessions.

Good vs. Evil: Some Observations about Item Writing article

A copy of an article entitled *Good vs. Evil: Some Observations about Item Writing* from the Volume 16., No. 2 issue of the Real Estate Educators Association Journal was distributed to the Commissioners for their information.

Exam Monitoring - Evaluations

Copy of exam monitoring evaluations of the Maui and Kauai test centers 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:

Program of Work, FY05

At this time, SEO Kimura briefly went over the Commission's fiscal year 2005 program of work and budget, including lead Commissioners and lead Staff members.

Upon a motion by Commissioner Ohama, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval to create a Request for Proposals for the 2005 – 2006 core course.

11:25 a.m. Commissioner Okawa excused.

Annual Report, Quarterly Bulletin and School Files

The May 2004 *Schools Files* and the June 2004 *Bulletin* have been completed and distributed.

Neighbor Island Outreach

The next neighbor island outreach is scheduled for the island of Kauai. The Committee meetings will be held on Wednesday, September 8, 2004, in Conference Rooms A, B and C of the State Office Building, located at 3060 Eiwa Street, Lihue, Kauai.

Interactive Participation with Organizations

Hawaii REALTOR Journal guest author for 2004 issue – Mark Recktenwald, Director, DCCA

Mark Recktenwald, Director, Department of Commerce and Consumer Affairs, was a guest author for the June 2004 issue of the *Hawaii REALTOR Journal*.

Pacific Rim Real Estate Conference, September 16-17, 2004

A copy of the Pacific Rim Real Estate Conference flyer was distributed to the Commissioners for their information. As requested by Chair Ohama, the Commissioners will be holding a question and answer session on September 17.

Real Estate Seminars

HAR, Commission, and other agencies are co-sponsoring “Landlord Training Program: Keeping Illegal Activity out of Rental Property”

The “Landlord Training Program: Keeping Illegal Activity out of Rental Property” will be held from 8:30 a.m. – 5:00 p.m. on the following dates:

July 15, 2004	Maui (Renaissance Wailea Beach Hotel)
July 16, 2004	Kauai (Kauai Marriott)
July 19, 2004	Big Island (Outrigger Waikoloa)
July 20, 2004	O’ahu (Japanese Cultural Center)

Evaluation and Education System for CE and Prelicensing Instructors

Copies of evaluations of six continuing education courses were distributed to the Commissioners for their information.

Real Estate Specialists’ Office for the Day – Report

The copy of the report on the Specialists’ Office for the Day held on May 7, 2004, at the REALTORS’ Association of Maui and on May 21, 2004, at the Kauai Board of REALTORS was distributed to the Commissioners for their information.

The next Specialists' Office for the Day will be held on September 8, 2004, Lihue, Kauai, in conjunction with Commission committee meetings.

Division and Department Programs – New salesperson licensees 2004

A report on the number of new salesperson licensees for January - June 2004 was distributed to the Commissioners for their information. The total number of 1,097 new salesperson licensees reflect the number of licensees who are deemed as having completed the 10 hour continuing education requirement, pursuant to Section 16-99-89(c), Hawaii Administrative Rules.

ARELLO, REEA and
Other Organizations:

ARELLO

Distance Education Certification Program Newsletter June 2004

A copy of the ARELLO-IDECC Distance Education Certification Program Newsletter June 2004, which was distributed via e-mail, was distributed to the Commissioners for their information.

Education Recognition Awards

A copy of the categories and criteria for the ARELLO 2004 Education Awards submissions was distributed to the Commissioners for their information.

Communication Awards

A copy of the categories and criteria for the ARELLO 2004 Communication Awards submissions was distributed to the Commissioners for their information.

REEA – Report on 25th Annual Conference

A copy of the report on the Real Estate Educators Association 25th Annual Conference held on June 21-23, 2004, at San Antonio, Texas, was distributed to the Commissioners for their information. The mandatory report, required by the Department, will be transmitted to the Licensing Administrator and the Director for review. The report was compiled from notes by the attendees: Vern Yamanaka, Commissioner; Trudy Nishihara, Commissioner; and Diane Choy Fujimura, Senior Real Estate Specialist.

Vice Chair Nishihara added that the conference was an eye-opener and she learned that the Hawaii Real Estate Commission is not alone in our endeavors.

Budget and Finance
Report:

Upon a motion by Commissioner Imanaka, seconded by Commissioner Kagawa, it was voted on and unanimously carried to accept the Real Estate Education Fund report as of March 31, 2004.

Next Meeting:

Wednesday, August 11, 2004
Upon adjournment of the Laws and Rules Review Committee Meeting, which convenes at 9:00 a.m.
King Kalakaua Building
Queen Lili'uokalani Room
335 Merchant Street, First Floor
Honolulu, HI 96813

Adjournment: With no further business to discuss, Vice Chair Nishihara adjourned the meeting at 11:40 a.m.

Reviewed by:

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

August 11, 2004
Date

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