

**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: July 13, 2005

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

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

Present: Vern Yamanaka, Chair / Hawaii Commissioner  
Trudy Nishihara, Vice Chair / Honolulu Commissioner  
Louis Abrams, Broker / Kauai Commissioner  
Carol Ball, Broker/ Maui Commissioner  
Kathleen Kagawa, Broker / Honolulu Commissioner  
Stanley Kuriyama, Broker / Honolulu Commissioner  
Michele Sunahara Loudermilk, Public / Honolulu Commissioner  
Iris Okawa, Public / Honolulu Commissioner

Calvin Kimura, Supervising Executive Officer  
Neil Fujitani, Executive Officer  
Diane Choy Fujimura, Senior Real Estate Specialist  
Lorene Kimura, Real Estate Specialist  
Ryan Yamashiro, Real Estate Specialist  
Cynthia Yee Bronson, Senior Condominium Specialist  
Cheryl Leong, Condominium Specialist  
David Grupen, Condominium Specialist  
Shari Wong, Deputy Attorney General  
Irene Kotaka, Secretary

Others: Todd Hirai  
Janice Lind, HARE  
John Sherman, All Professional Hawaii Realty  
Carl Watanabe  
Randy Brooks  
Lorrin Hirano  
Myoung Oh, Hawaii Association of REALTORS  
John Connelley, Coldwell Banker Pacific Properties

Absent: None

Call to Order: Chair Yamanaka called the meeting order at 9:44 a.m., at which time quorum was established.

Chair's Report: No report was presented.

Sr. Real Estate  
Specialist's Report:

Additional Distribution

The following items were distributed prior to the start of the meeting:

4. Continuing Education Administration, Courses, Providers, and Instructors
  - b. Applications
    - 5) Course – “Converting Technology into CASH!”;  
Author/Owner: Verl Workman; Provider: Pending;  
Course Category: Other (Sales); Clock Hours: 3
  - c. Continuing Education Core Course – Final
6. Administration of Examinations
  - a. Promissor
    - 3) Uniform Exam

Minutes

Upon a motion by Commissioner Nishihara, seconded by Commissioner Abrams, it was voted on and unanimously carried to accept the minutes of the June 14, 2005 Education Review Committee meeting as distributed.

Continuing  
Education:

**Administrative Issues – FY 2005 CE, Prelicense Education and Equivalency Statistics**

A copy of the FY 2005 CE statistics was distributed to the Commissioners for their information.

Prelicensing:

**Administrative Issues – Evaluations**

FY 2005 CE, Prelicense Education and Equivalency Statistics – A copy of the FY 2005 prelicense education and equivalency statistics was distributed to the Commissioners for their information.

Continuing  
Education:

**Applications**

2005-2006 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Okawa, seconded by Commissioner Kagawa, it was voted on and unanimously carried to approve the ratification of the following:

<u>Registration/Certification</u>	<u>Effective Date</u>
<b>Provider(s)</b> ERA School of Real Estate (Administrator: Scott A. Sherley)	June 9, 2005
<b>Course(s)</b> “IRS 1031 Tax Deferred Exchanges in Today’s Market” (Author/Owner: Marion Aaron/Old Republic Exchange Company)	June 3, 2005
“American With Disabilities Act & Effect on Real Estate Q & A” (Author/Owner: Scott A. Sherley/ERA School of Real Estate)	June 9, 2005
“Federal Fair Housing, Rentals” (Author/Owner: Scott A. Sherley/ERA School of Real Estate)	June 9, 2005
“Ethics and Real Estate” (Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)	June 8, 2005

"Property Management and Managing Risk" June 8, 2005  
(Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)

"Real Estate and Taxes, What Every Agent Should Know" June 8, 2005  
(Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)

"Real Estate Finance Today" June 8, 2005  
(Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)

"Red Flags Property Inspection Guide" June 8, 2005  
(Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)

"Risk Management" June 8, 2005  
(Author/Owner: Dearborn Real Estate Education/Kona Board of Realtors)

Course – "Working with TICs (Tenant in Common Ownership Interests);"  
Author/Owner: Eugene Trowbridge, J.D., CCIM; Provider: Hawaii CCIM  
Chapter; Course Categories: Investment and Other (real estate securities, IRS  
1031 Exchanges); Clock Hours: 3

Upon a motion by Commissioner Abrams seconded by Commissioner Nishihara, it was voted on and unanimously carried to recommend approval of "Working with TICs (Tenant in Common Ownership Interests)" as a three clock hour continuing education course under the course category Investment and Other.

Course – "The Art of Real Estate Negotiation/Working Towards a Win-Win Agreement;"  
Author/Owner: Philip Hale Wilia; Provider: Dower School of Real Estate;  
Course Category: Dispute Resolution; Clock Hours: 3

Upon a motion by Commissioner Okawa, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of "The Art of Real Estate Negotiation/Working Towards a Win-Win Agreement" as a three clock hour continuing education course under the course category Dispute Resolution.

Course – "Establishing and Operating Homeowners' Associations: Understanding the Legal Issues;"  
Author/Owner: Lorman Business Center, Inc.;  
Provider: Lorman Business Center, Inc.; Course Categories: Contracts and Real Estate Law;  
Clock Hours: 6

Upon a motion by Commissioner Abrams, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval of "Establishing and Operating Homeowners' Associations; Understanding the Legal Issues" as a six clock hour continuing education course under the course category Contracts; Real Estate Law.

Course – "Converting Technology into CASH!;"  
Author/Owner: Verl Workman;  
Provider: Pending; Course Category: Other (Sales); Clock Hours: 3

Senior Specialist Fujimura reported that at the REEA Conference, the opening speaker, Richard Mendenhall, said in his speech that you cannot ignore technology. Real estate licensees must be educated in all aspects of technology

and they need to be taught how to use it. The subject course is timely and appropriate.

The Commission may want to consider broadening the criteria for approving and certifying continuing education courses to include courses such as these.

Upon a motion by Commissioner Nishihara, seconded by Commissioner Okawa, it was voted on and unanimously carried to recommend approval of "Converting Technology in CASH!" as a three clock hour continuing education course under the course category Other (Sales).

Course – "Working with TICs (Tenant in Common Ownership Interests);"  
Author/Owner: Eugene Trowbridge, J.D., CCIM; Provider: Hawaii CCIM  
Chapter; Course Categories: Investment and Other (real estate securities, IRS 1031 Exchanges); Clock Hours: 3

Commissioner Okawa noted that the issue of TICs was raised at ARELLO. She was glad to have a course presented that discusses that issue. There is a gray area involving real estate and securities and the ERC needs to stay on top of it.

Chair Yamanaka stated that the Commission needs to emphasize the importance of promoting technology to the licensees.

### **Continuing Education Core Course**

The final draft of the 2005-2006 mandatory core course and the first draft of the Instructor's Manual were distributed to the Commissioners.

Instructor's Development Workshops – Train the Trainer; will be held on Tuesday, August 2, 2005 at the REALTORS' Association of Maui, Inc. (RAM) and on Thursday, August 4, 2005, in the Queen Liliuokalani Conference Room of the King Kalakaua Building, from 9 a.m. to 4 p.m. The Train the Trainer sessions will be conducted by Pro Schools and Kenneth Chong. A small section on 1031 Exchanges will be included in the training. Mr. Chong felt that it was important to get the issue out there to the licensees so that they will know when to consult an attorney when in this situation.

RAM has requested permission to record the IDW. The rules allow instructors to receive credit for viewing a tape of a Commission-sponsored IDW.

Upon a motion by Commissioner Kagawa, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of the final draft of the 2005-2006 mandatory core course, "Real Estate Law Review and Update/2005-2006," and the first draft of the Instructor's Manual, "Instructor's Development Workshops – Train the Trainer;" that RAM record the IDW session and provide copies of the recording to the boards of REALTORS; and instructors who are unable to attend the scheduled IDW sessions may view the recording of the IDW, receive IDW credit and may teach the live version of the course.

### **Education Evaluation Task Force**

EETF Chair Nishihara reported on the June 30, 2005 meeting. Agency and consumer relationships were discussed at the meeting. Since this is a current issue, the EETF felt that this should be included in the core course. The EETF also suggested developing definitions for "flat fee" and "fee-for-service brokerage." It was also suggested that more brochures be developed for consumers and that the Commission take the initiative in educating the

consumers. The EETF also recommended that the Commission consider increasing the continuing education hours. Hawaii is on the low end of the totem pole across the nation in the number of CE hours required. The national average is 16 hours.

With regard to post-licensing education, the EETF felt that as the licensing standards are raised; the post licensing requirements should be raised also in order to maintain a level of service that the consumers deserve. By the time the real estate candidate takes the test, they will have learned the academics of real estate. It was suggested that 18 hours of post licensing would show the newly-licensed real estate salesperson or broker the practical application of what they had learned.

The EETF is also considering a core course that is geared towards real estate brokers.

EETF Chair Nishihara informed the Commissioners that the EETF will be completing a white paper by the end of August, 2005, explaining why the real estate education standards should be increased. They hope to have the white paper published in the Real Estate Bulletin, the Commission's website and disseminated through the local boards in September 2005, and receive feedback.

EETF Chair Nishihara was commended for her efforts in leading the EETF.

Prelicensing:

### **Administrative Issues – Evaluations**

#### Evaluations – Independent Study

Copies of the evaluations of Seiler School of Real Estate, Vitousek Real Estate School and Abe Lee Seminars were distributed to the Commissioners for their information.

#### Salesperson's Curriculum

The final draft of the real estate salesperson's curriculum was distributed to the Commissioners.

The number of course hours was increased from 45 to a minimum of 60 hours. If approved, the next step would be test development. Six handouts will be developed to go along with the course.

Ms. Lind distributed a copy of one of the six handouts, The Directory of Real Estate Designations, to show what further opportunities are available to licensees once they receive their license. She said that it could be deleted from the handouts if the Commission felt that it was not an appropriate handout. She also added that the first twelve months since licensure are very important for training.

Commissioner Ball asked if counteroffers would be included in the DROA materials. Ms. Lind answered that it would not. Commissioner Ball felt that it should be included as it is an integral part of the transaction. Ms. Lind stated that it could be included in the settlement sections.

Commissioner Abrams also requested that conveyance taxes be included. Ms. Lind said that they could replace one of the handouts or it could be included with another topic.

Chair Yamanaka felt that prelicense students and real estate licensees should be made aware that Hawaii is a statutory state. Ms. Lind stated that there is a place in the curriculum that discusses different types of laws and will address this concern.

Upon a motion by Commissioner Nishihara, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of the final draft of the 2005-2006 mandatory core course, "Real Estate Law Review and Update/ 2005-2006"; the first draft of the Instructor's Manual, the Instructor's Development Workshops – Train the Trainer, to be held on Tuesday, August 2, 2005, at the REALTORS' Association of Maui, Inc. (RAM), and on Thursday, August 4, 2005, in the Queen Liliuokalani Conference Room, King Kalakaua Building, 335 Merchant Street, First Floor, from 9 a.m. to 4 p.m.; RAM will record the IDW session and provide copies of the recording to the boards of REALTORS. Instructors unable to attend the scheduled IDW sessions may view the recording of the IDW, receive IDW credit, and may teach the live version of the course.

An announcement will be made that the Commission has approved the salesperson's curriculum. Staff will also work with the testing company to determine if modifications need to be made to the test. The real estate broker's curriculum was approved in July 2004 and test development took place during late summer. The testing company was able to integrate the new questions by the end of the year. The new test was implemented in February 2005. The steps for the new real estate salesperson's curriculum and testing will follow the same procedure.

Administration of  
Examinations:

**Promissor**

Licensing Examination Statistics

Examination statistics for May 2005 was distributed to the Commissioners for their information.

May 2005 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.

Uniform Exam

A copy of a letter from Promissor, dated June 23, 2005, on the national real estate license examinations was distributed to the Commissioners for their information.

Specialist Kimura reported that the uniform section of the exam will be changed. Hawaii is in the second group of states to implement the new uniform exam. The changes will take effect on September 3, 2005. The passing scores remain the same, real estate salespersons – 70 and real estate brokers – 75 for the uniform section of the examination.

Test Development – National Real Estate Job Analysis

The Commissioners were informed that staff has a copy of the National Real Estate Job Analysis report and were welcomed to view it. Commissioner Nishihara is listed in the report.

Applied Measurement Professionals, Inc. (AMP)

Information on the services offered by AMP was distributed to the Commissioners for their information. Commissioner Nishihara reported that AMP offers assimilation exercises as part of its testing. Scenarios are developed which requires the test candidate to think about the problem, rather than answering the questions academically. This program will not be debuted until early 2006.

Program of Work,  
FY06:

Annual Report, Quarterly Bulletin, and School Files

Senior Specialist Fujimura reported that the July issue of *School Files* will be distributed by the end of the month.

Instructor's Development Workshop

Upon a motion by Commissioner Nishihara, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval for the Commission to sponsor an IDW in conjunction with the unveiling of the Commission's mandatory core course, "Real Estate Law Review and Update 2005-2006".

ARELLO, REEA,  
and Other  
Organizations:

ARELLO – 2005 ARELLO Education Recognition Awards

Staff has completed two submissions for the ARELLO Education Awards. The first submission was for the electronic delivery of the Commission's 2003-2004 mandatory continuing education core course. The second submission was for the Commission's real estate broker's prelicensing curriculum.

REEA

A copy of the report on the REEA 26<sup>th</sup> Annual Conference, held on June 19 to 22, 2005, in Myrtle Beach, South Carolina, was distributed to the Commissioners for their information.

National Association of REALTORS® Conference

Information on the upcoming National Association of REALTORS® Conference, which will be held on October 28 to 31, 2005, in San Francisco, California, was distributed to the Commissioners for their information.

Chair Yamanaka stated that participation in NAR events is very important, especially in the area of education. He also said that the networking that occurs at the conferences cannot be underestimated.

Upon a motion by Commissioner Okawa, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval to send a minimum of two, but not more than four Commissioners/staff to the conference, subject to the Governor's fiscal policy and budgetary approval.

Open Forum:

No one participated.

Next Meeting: Wednesday, August 10, 2005  
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 Yamanaka adjourned the meeting at  
10:26 a.m.

Reviewed by:

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

August 10, 2005  
Date

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

DCF:isk 7/27/05