

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: October 10, 2006

Time: 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, Chair / Broker / Maui Commissioner
Annette Aiona, Vice Chair / Broker / Hawaii Island Commissioner
Louis Abrams, Broker / Kauai Commissioner
Stanley Kuriyama, Broker / Honolulu Commissioner (early departure)
Trudy Nishihara, Broker / Honolulu Commissioner
Michele Sunahara Loudermilk, Public / Honolulu Commissioner

Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Lorene Kimura, Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Jay Paige, Deputy Attorney General
Karyn Takahashi, Recording Secretary

Absent: William S. Chee, Broker / Honolulu Commissioner
Frances T. Gendrano, Salesperson / Honolulu Commissioner
Mark Suiso, Public / Honolulu Commissioner

Call to Order: Chair Ball called the meeting to order at 9:30 a.m., at which time quorum was established.

Chair's Report: Chair Ball stated the Commission 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/or to consult with the Commission's attorney on question and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities in accordance with Section 92-5(a)(4), HRS.

Real Estate Specialist's Report: Additions to Agenda

The following was distributed as additional distribution:

8. Program of Work, FY07
s. Education Evaluation Task Force – Report, Meeting of 10/4/06

Minutes

Upon a motion by Commissioner Abrams, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the minutes of the September 13, 2006, Education Review Committee meeting as distributed.

Continuing Education: Administrative Issues

New Salesperson Licensees

A report on the number of new salesperson licensees for August 2006 was distributed to the Commissioners for their information. The total number of 150 new salesperson licensees in August 2006 reflects 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.

Number of Licensees Who Have Completed CE

Senior Specialist Fujimura reported that as of October 3, 2006, 5,048 licensees have completed their 10 hour continuing education requirement for this biennium.

Continuing Education Statistics – FY 2006

A copy of the FY 2006 CE statistics was distributed to the Commissioners for their information.

Prelicense Education: Administrative Issues

Prelicense Education and Equivalency Statistics – FY 2006

A copy of the FY 2005 prelicense education and equivalency statistics were distributed to the Commissioners for their information.

Applications

Prelicense Guest Lecturer – Rain S. Magyar, All Islands Real Estate School, Carol Egan, Principal

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval of Rain S. Magyar as a prelicense guest lecturer on the subject matter Hawaii Standard Forms, Listing Contracts, and Sales Contracts.

Prelicense Substitute Instructor – Jack D. Blanton, All Islands Real Estate School, Carol Egan, Principal

Upon a motion by Commissioner Aiona, seconded by Commissioner Kuriyama, it was voted on and unanimously carried to recommend approval of Jack D. Blanton as a prelicense substitute instructor for the salesperson curricula.

Senior Specialist Fujimura clarified that Mr. Blanton originally applied to become a prelicense instructor, but did not qualify and submitted a request to become a substitute prelicense instructor. A prelicense instructor cannot teach more than 50% of the prelicense course.

Evaluation and Education Program

**Abe Lee Seminars; Salesperson Independent Study On-Line (13)
Seiler School of Real Estate; Salesperson Independent Study On-Line (1)
Vitousek Real Estate School (3)**

Copies of evaluations of independent study courses from the following prelicense schools were distributed to the Commissioners for their information:

1. Abe Lee Seminars
2. Seiler School of Real Estate
3. Vitousek Real Estate School

Administration of
Examinations:

Promissor

Licensing Examination Statistics

Examination statistics for August 2006 were distributed to the Commissioners for their information.

School Summary Reports – August 2006

A copy of the August 2006 performance summary report, by school, was distributed to the Commissioners for their information. The report is derived from statistics for first time test takers.

Broker Exam Statistics

Information on the broker passing statistics from Promissor for the real estate broker candidates testing between April 1, 2006 and June 30, 2006, comparing those who have taken the 46 hour broker curriculum and the 80 hour curriculum were distributed to the Commissioners for their information.

Candidates that completed the 46-hour curriculum:
Pass – 33%
Fail – 67%

Candidates that completed the 80-hour curriculum:
Pass – 54%
Fail – 46%

School Pass/Fail Rates – August 2006

A copy of the August 2006 pass/fail rates, by school, was distributed to the Commissioners for their information.

Content Area Performance Summary – August 2006

A copy of the August 2006 content area performance summary was distributed to the Commissioners for their information.

Test Development

Specialist Kimura reported that test development has been scheduled for October 23 – 24, 2006, at the Hilton Hawaiian Village and Commissioners Aiona and Abrams have agreed to participate.

The meeting for prelicense schools and instructors meeting is scheduled for October 25, 2007, and invitations have been mailed. Commissioners Nishihara and Ball will be attending.

The Commissioners meeting is scheduled for October 27, 2006, and Commissioners Nishihara, Abrams, Ball and Kuriyama will be in attendance.

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 January 10, 2007 on Maui—place to be determined.

Executive Session: Upon a motion by Commissioner Loudermilk, seconded by Commissioner Nishihara, it was voted on and unanimously carried to move 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 Loudermilk, seconded by Commissioner Abrams, it was voted on and unanimously carried to move out of executive session.

Program of Work: Education Evaluation Task Force

Report, Meeting of 10/4/06

Chair Ball reported that at the EETF meeting of October 4, 2006, Commissioner Abrams and Mr. Tom Gill presented background regarding the pressing issue of agency and a recommendation was made to expand and include agency and various scenarios in the 2007-2008 core course.

After much discussion it was recommended that the core course be bifurcated so there would be an *annual* mandatory core course to be completed by all licensees. It was recommended that the odd year include two hours of agency and one hour of law update, and the even year include one hour of agency, one hour of law update and one hour of disclosure/miscellaneous, plus two elective courses to equal 12 hours of continuing education.

Commissioner Nishihara clarified that it would physically be 12 hours of class time, but the licensee will be given 10 hours of continuing education credit, which is not uncommon. For example, she teaches an Essentials course which is eight hours, but the attendee receives three credit hours.

Chair Ball inquired how the Committee would like to allocate the 10 hours of credit. Commissioner Nishihara stated that the EETF believed that agency is a very critical issue at this time and there was a need to expand the core course to include agency. The thought was to increase the four hour core course to six hours—three hours of agency, two hours of law update and 1 hour of miscellaneous. Two electives must still be completed. Each year would include

two hours of agency and one hour of law update—licensees would like current law to be taught, some question why teach law that is two years old.

Commissioner Nishihara added that there was also much discussion to make the core course seven hours, but can an individual sit for a seven hour course? It was discussed to break up the core course into two parts, rather than have licensees complete 10 hours in one year.

Commissioner Abrams stated that he would like to go with the EETF's suggestion, but is concerned about having the flexibility to increase the continuing education hours unchallenged—do we need an AG opinion?

SEO Kimura stated that Deputy AG Paige advised that any proposal cannot exceed the ten-hour continuing education requirement and the three hours for the elective courses. Of course, the licensee, by course selections, can exceed the ten-hour requirement or take an elective course that exceeds the three hours but only receive three credit hours. A required core course in the first year of the biennium has never occurred and will be of some concern to some licensees. The reality is that the overwhelming majority of licensees will complete their continuing education courses in the last six months of the second year of the biennium. Consequently, the licensee is receiving education on law and rule updates usually at least one year after the effective date, which could result in consumer harm. As with any issue on continuing education, enforcement is always an issue and law places responsibility on the principal broker which may be the more prudent route of enforcement. As with other new policies in real estate education, there are always challenges by licensees. Any new or amended policies in continuing education will need the unyielding support of HAR and the local boards.

Commissioner Abrams moved that the 2007-2008 continuing education requirement include the Commission mandatory core course of 3.5 hours in the odd-numbered year, 3.5 hours in the even-numbered year, and one elective continuing education course of three credit hours for a total of ten continuing education hours for the biennium. The core course would be two separate courses of 3.5 hours each. The odd-numbered year core course would only be offered in an on-line format during the even-numbered year. The content will include course work on agency, law update and disclosures/miscellaneous. Commissioner Abrams also moved that a Request for Proposals for the Commission's 2007-2008 core course be developed based on the recommended structure and topics, with specifics to be decided upon when the contractor is hired. Commissioner Aiona seconded the motion.

SEO Kimura stated that there is no guarantee that the providers will offer the core course in the second year—it is all a matter of supply and demand. Senior Specialist Fujimura stated that the first year core course may be offered in the second year, but only on-line.

The motion was voted on and unanimously carried.

Chair Ball reported that the EETF discussed joint prelicense broker and salesperson classes.

Upon a motion by Commissioner Abrams, seconded by Commissioner Kuriyama, it was voted on and unanimously carried to recommend revision of the broker's curriculum to reflect which topics should be taught separately and more in-depth to broker candidates. The Commission will determine which curriculum topics are to be taught jointly to both salesperson and broker candidates, and which

curriculum topics will be taught separately to broker candidate. The discussion on the topic separation will be forwarded to the EETF for review and recommendation.

Chair Ball reported that the EETF also discussed prelicense instructor requirements; specifically, the proposed rules for an "Associate Instructor", requirements for instructors to pass the instructor's exam every three years, and the IDW requirement.

Upon a motion by Commissioner Abrams, seconded by Commissioner Kuriyama, it was voted on and unanimously carried to recommend that the proposed rules for "Associate Prelicense Instructor" be included in the Real Estate Branch rule making process; that the instructors exam re-examination requirement every three years be eliminated—prelicense instructors will no longer be required to take the instructors exam every three years after initial certification is obtained; and that the Instructors Development Workshop requirement for instructors each biennium be retained—the IDW for teaching the core course is beneficial, and helps give structure and guidance to the instructors teaching the course, these recommendations to be included in the Real Estate Branch rule making process.

The next EETF meeting is scheduled for Thursday, November 30, 2006.

Open Forum: None.

Budget and Finance Report: Budget and Finance Report – Real Estate Education Fund

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Nishihara, it was voted on and unanimously carried to accept the Real Estate Education Fund report for fiscal year ending June 30, 2006.

Next Meeting: Wednesday, November 8, 2006
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 Ball adjourned the meeting at 10:50 a.m.

Reviewed and approved by:

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

November 8, 2006
Date

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