

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: December 9, 2009

Time: Upon adjournment of the Condominium Review Committee meeting, which is 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
Frances T. Gendrano, Broker / Honolulu Commissioner
Annette Aiona, Vice Chair / Broker / Hawaii Island Commissioner
Louis Abrams, Broker / Kauai Commissioner
Walter Harvey, Broker / Honolulu Commissioner
Trudy Nishihara, Broker / Honolulu Commissioner
Mark Suiso, Public / Honolulu Commissioner
Michele Sunahara Loudermilk, Public / Honolulu Commissioner

Neil K. Fujitani, Supervising Executive Officer
Jon Ellis M. Pangilinan, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Amy Endo, Real Estate Specialist
David J. Grupen, Real Estate Specialist
Cheryl Leong, Condominium Specialist
Benedyne Stone, Condominium Specialist
Shari Wong, Deputy Attorney General
Karyn Takahashi, Recording Secretary

Others: Wayne Thorburn, PSI
Russ Goode, HARES
Myoung Oh, Hawaii Association of REALTORS®
Aron Espinueva, Hawaii Association of REALTORS®
Marsha Shimizu, Hawaii Association of REALTORS®
David Catanzaro

Absent: Stanley Kuriyama, Broker / Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 9:46 a.m., at which time quorum was established.

Chair's Report: The Chair stated the Committee 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.

Commissioner Kuriyama was excused from the meeting. Prior notification of his non-attendance was received.

Real Estate Specialist's Report: The SEO reported that the Branch's Education Clerk, Toalua Lavatai, will be leaving effective December 18, 2009. He also reported that, due to the State's reduction in force process, the Branch will gain two employees effective December 16, 2009, but due to the Governor's mandate to freeze hiring, we are unable to hire someone to fill Toalua's position. Therefore, as we head in to the upcoming renewal year, we ask the public, as well as continuing education providers and licensees, to be patient with us.

Additional Distribution

The following was distributed as additional distributions:

4. Continuing Education Administration, Curriculum, Courses, Providers, and Instructors
 - b. Applications
 4. Course – "Applied Ethics in Practice: Case Studies;" Author/Owner/Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law, Dispute Resolution, Risk Management, Broker Management; Clock Hours: 3
 5. Course – "Dispute Resolution and Complaint Minimization by Understanding Personality Types;" Author/Owner: Jean Catanzaro, Ph.D.; Provider: REMI School of Real Estate; course Categories: Dispute Resolution, Broker Management; Clock Hours: 3
6. Administration of Examinations
 - a. PSI
 - 1) Licensing Examination Statistics
 - 2) School Pass/Fail Rates
 - 3) School Summary by Test Category
12. Budget and Finance Report

Minutes of Meeting

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Nishihara, it was voted on and unanimously carried to accept the minutes of the November 4, 2009, Education Review Committee meeting, as amended.

Continuing Education: Applications

Course – "Ethics: Pricing, Offers & Advertising;" Author/Owner/Provider: ProSchools, Inc.; Course Categories: Other – Business Ethics; Clock Hours: 3 (Deferred from 9/9/09 ERC meeting)

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Nishihara, it was voted and unanimously carried to approve "Ethics: Pricing, Offers & Advertising" as a three clock hour continuing education elective course.

**Course – “Understanding Hawaii’s Diverse Cultures and Differences;”
Author/Owner: Phillip Wilia; Provider: Dower School of Real Estate;
Course Category: Other – Real Estate Marketing and Social Awareness;
Clock Hours: 3**

The Commissioners felt the course dealt with generic business practices and not specifically real estate business practices. The content seems to be aimed more at people skills and could potentially open up concerns regarding fair housing issues when discussing racial issues.

Commissioner Loudermilk moved to deny “Understanding Hawaii’s Diverse Cultures and Differences” as a continuing education elective course, based on sections 16-99-100, 16-99-101(1), and (7), Hawaii Administrative Rules. Commissioner Nishihara seconded the motion. The motion was voted on and unanimously carried.

**Course – “Applied Real Estate Policy for Licensees;”
Author/Owner/Provider: REMI School of Real Estate; Course Categories:
Contracts, Investment, Real Estate Law, Dispute Resolution, Property
Management, Broker Management; Clock Hours: 3**

Mr. David Catanzaro was present.

Mr. Catanzaro stated that this course is an industry-advocated policy manual type course, which he wanted to relate to both the salespersons and brokers. The course is an inventory of policies, practices and standards, and very in-depth. Mr. Catanzaro felt this course would be a must for any broker and also very helpful to salespersons.

Upon a motion by Commissioner Abrams, seconded by Commissioner Aiona, it was voted on and unanimously carried to approve “Applied Real Estate Policy for Licensees” as a three clock hour continuing education elective course under the course categories Contracts, Investment, Real Estate Law, Dispute Resolution, Property Management, and Broker Management.

**Course – “Applied Ethics in Practice: Case Studies;”
Author/Owner/Provider: REMI School of Real Estate; Course Categories:
Contracts, Real Estate Law, Dispute Resolution, Risk Management, Broker
Management; Clock Hours: 3**

Mr. Catanzaro stated the case studies are from the NAR arbitration manual.

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Nishihara, it was voted on and unanimously carried to approve “Applied Ethics in Practice: Case Studies” as a three clock hour continuing education elective course under the course categories Contracts, Real Estate Law, Dispute Resolution, Risk Management, and Broker Management.

**Course – “Dispute Resolution and Complaint Minimization by
Understanding Personality Types;” Author/Owner: Jean Catanzaro, Ph.D.;
Provider: REMI School of Real Estate; Course Categories: Dispute
Resolution, Broker Management; Clock Hours: 3**

Mr. Catanzaro stated the design of this course is to provide tools to minimize complaints and noted that a large number of complaints are due to licensees not being able to communicate with their clients.

Mr. Catanzaro stated that in light of the comments directed at the previous denied continuing education course application (“Understanding Hawaii’s Diverse Cultures and Differences”), he will withdraw this application, revise the curriculum, and re-submit it for review.

**Course – “Understanding and Marketing Green Homes;”
Author/Owner/Provider: REMI School of Real Estate; Course Categories:
Property Ownership and Development, Technology and the Licensee, Other
– Addressing a new consumer trend/demand/need; Clock Hours: 3**

Mr. Catanzaro stated that this course covers new technologies and the green home process, including the savings involved, green benefits and terminology. He stated that the source of the information is a combination of information received directly from the construction industry, as well as literature from NAR.

Mr. Catanzaro stated that he did not receive the green designation from NAR; however, he also owns a construction company and has experience in building green homes. He added that the building of a green home is client-driven and starts with the architect.

Mr. Catanzaro was asked about code requirements for green homes. He replied that Hawaii has adopted the international building code and that is what is referenced in the course.

When asked if this course may be beyond the expertise of a real estate licensee, Mr. Catanzaro responded that the course relates to the NAR course—basic concepts, saving and protecting the environment. He stated that you do have to go into basic construction terminology, but he is trying to give the licensee an education so they have some foundation to speak about green homes. Mr. Catanzaro stated that this course should develop their knowledge so the licensee recognizes an issue exists, and can then refer the client to an expert. Lastly, Mr. Catanzaro added that there is a disclosure in the course regarding seeking the advice of an expert.

When asked about quoting the NAR course, Mr. Catanzaro responded that he quoted the NAR course to give the course credibility—the heart of the course is measuring the savings in building a green home. However, licensees need to understand how the house is constructed and be exposed to relevant terminology as it relates to marketing.

Mr. Catanzaro stated that he references websites and 800 telephone numbers as resources in the course, and clearly states that the course is not to give the impression the licensee will become an expert. The course will begin to familiarize the licensee with relevant and useful “green” terminology.

Upon a motion by Commissioner Abrams, seconded by Commissioner Suiso, it was voted on and unanimously carried to approve “Understanding and Marketing Green Homes” as a three clock hour continuing education elective course under the course categories Property Ownership and Development, Technology and the Licensee, and Other – Addressing a new consumer trend/demand/need.

Provider – The CE Shop, Inc.; Administrator: Michael McAllister

Upon a motion by Commissioner Loudermilk, seconded by Commissioner Abrams, it was voted on and unanimously carried to approve The CE Shop, Inc. as a continuing education provider.

Prelicense Education: Evaluation and Education Program

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

- Abe Lee Seminars; Independent Study On-Line (2)
- Seiler School of Real Estate, Independent Study On-Line (6)

Administration of
Examinations:

PSI

Licensing Examination Statistics – November 2009

Examination statistics for November 2009 were distributed to the Commissioners for their information.

School Pass/Fail Rates – November 2009

School pass/fail rate statistics for November 2009 were distributed to the Commissioners for their information.

School Summary by Test Category – November 2009

Copies of the November 2009 test category summary reports, by school, were distributed to the Commissioners for their information.

Test Development

SEO Fujitani introduced Mr. Wayne Thorburn and stated that Mr. Thorburn was with the Texas Real Estate Commission from 1997 – 2007, an ARELLO past president, a continuing education instructor in Texas and currently a consultant with PSI. He was present at the meeting to answer questions on the test development process and the services that PSI offers.

Mr. Thorburn stated that PSI is very pleased to have Hawaii as a client and they began offering exams for Hawaii in July. He stated that he wanted to cover two particular areas: one being the performance on exams by candidates, and the second area of concern being the state portion of the examination. There is no concern about the national portion of the exam as PSI has ARELLO certification for the national portion.

Mr. Thorburn stated that in July PSI began to work on new items for the state portion of the exam. He noted that being that these were new items, there were no statistics available to measure the difficulty level of the exam. Not having real life statistics, the Angoff method is used, where the subject matter expert (SME) reviews the question and determines what percentage of minimally qualified candidates would get the question correct. The combined SME ratings become the difficulty measure for each item.

The SMEs are considered experts in the real estate industry, based on their working experience in real estate for many years. A possible problem with item writing by SMEs is that their long-time, practical experience in the industry creates high expectations as to what level of knowledge a new licensee should have. PSI has de-activated a number of items that were not testing well, and there appears to have been an improvement recently.

Mr. Thorburn stated that PSI will be meeting with the SMEs that have written additional items, will be working on existing difficult items to clarify the items and reviewing and writing new items. Hopefully, in a short time, scores on the state portion will be in line with the national portion scores.

Mr. Thorburn also addressed issues with the Maui test site. He stated that the current site has three seats and, by contract, there should be ten seats; however, those three seats are available three times a week, so availability is not a critical issue. He stated that through December 6, 112 people have tested in Maui. Mr. Thorburn stated after the exam, before their score is revealed, the candidate completes a survey and there have been no concerns on scheduling. He added that they are still exploring alternate locations.

The Commissioners noted that there were concerns about noise, difficulty finding the test site and the security process that the candidate must go through. Mr. Thorburn assured the Committee that they are actively looking for a new Maui test site location.

Mr. Thorburn briefly explained the test development process. He stated that they begin with item writing, questions are then pre-tested, which results in statistics. The statistics are analyzed to see if it is an acceptable question and after analysis, the question either goes into the bank or is removed, or amended, as appropriate.

Mr. Thorburn stated that the current Hawaii pass rate is typical during a transition period.

Program of Work: **Annual Report, Quarterly Bulletin, and School Files**

The ERC recognized John Ramsey for 23 years of as the Real Estate Bulletin and Condominium Bulletin Consultant.

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.

Open Forum: At this time, Mr. Russ Goode stated that he has been told by students taking the exam that they are forced to take the state portion of the exam before the national; however, in the past, it was the other way around. He requested that the Commission mandate to have the national portion of the exam taken before the state portion. He stated that the national portion of the exam is "cleaner" and the candidate is placed in a better frame of mind before taking the state portion.

Mr. Goode stated that instructors never ask students what was on the exam, but students will go back to question them about what the instructor did not teach them. He stated that the exam needs to be looked at from the standpoint of the curriculum. Chair Ball assured Mr. Goode that the exam is based on the curriculum.

Also, Mr. Goode thanked the Commission for automating continuing education administration, and the issuance of course completion certificates. The instructors now handout instructions on how the licensee may print their own course completion certificates. Mr. Goode felt that it is a good medium, as it is important that the licensee know that the Commission communicates to them through the website.

Mr. Goode inquired about personal transactions and what to do about a licensee dealing in property out-of-state. Mr. Goode was advised by the Deputy AG to advise his students to consult with their own legal counsel.

Budget and Finance Report:

Budget and Finance Report – Real Estate Education Fund

Upon a motion by Commissioner Nishihara, seconded by Commissioner Loudermilk, it was voted on and unanimously carried to accept the Real Estate Education Fund report for the period ending September 30, 2009.

Next Meeting:

Wednesday, January 13, 2010

Upon adjournment of the Condominium Review Committee Meeting, which is 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 10:08 a.m.

Reviewed and approved by:

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

December 30, 2009
Date

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