

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 7, 2015

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: Rowena Cobb, Chair / Broker / Kauai Commissioner
Aileen Wada, Vice Chair, Broker / Honolulu Commissioner
Bruce Faulkner, Broker / Maui Commissioner
Scott Arakaki, Public Member / Honolulu Commissioner
Nikki Senter, Public Member / Honolulu Commissioner
Laurie A. Lee, Broker / Honolulu Commissioner
Scott Sherley, Broker / Hawaii Island Commissioner
Aleta Klein, Broker / Honolulu Commissioner

Neil K. Fujitani, Supervising Executive Officer
Miles Ino, Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Amy Endo, Real Estate Specialist
David J. Grupen, Real Estate Specialist
Cynthia Yee, Senior Condominium Specialist
Dathan Choy, Condominium Specialist
Shari Wong, Deputy Attorney General
Tammy Norton, Recording Secretary

Others: Marsha Shimizu, Hawaii Association of REALTORS®
John Dotten, Lowell D. Funk, Inc.
Harold Berman

Absent: Michael Pang, Broker / Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 11:05 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, and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with section 92-5(a)(4), HRS.

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

Real Estate
Specialist's Report:

Additional Distribution

The following was distributed as additional distribution:

6. Administration of Examinations
 - a. PSI
 - 1) Licensing Examination Statistics – September 2015
 - 2) School Pass/Fail Rates – September 2015
 - 3) School Summary by Test Category – September 2015

Minutes of Previous Meeting

Upon a motion by Commissioner Klein, seconded by Commissioner Lee, it was voted on and unanimously carried to accept the minutes of the September 4, 2015, Education Review Committee meeting.

Continuing Education: Administrative Issues

2015-2016 Continuing Education Providers and Courses Ratification List

Upon a motion by Commissioner Arakaki, seconded by Commissioner Wada, it was voted on and unanimously carried to ratify the following:

<u>Registration/Certification</u>	<u>Effective Date</u>
Course(s) Property Management in Hawaii (3 credits) (Philip Hale Wilia)	September 10, 2015
The Art of Real Estate Negotiations 'Working Towards a Win/Win Agreement' (3 credits) - (Philip Hale Wilia)	September 10, 2015
Listing Strategies for Residential Specialists (CRS 201) (6 credits) - (Hawaii Association of Realtors/National)	September 14, 2015
Technology, Relationships, and the Digital Consumer (3 credits) - (McKissock, LLC/ARELLO)	September 22, 2015
The New FHA Handbook for Real Estate Professionals (3 credits) - (McKissock, LLC/ARELLO)	September 22, 2015

Applications

Course – "Homeowner's Insurance Basics for Real Estate Professionals"; Author/Owner: John Dotten.; Provider: TBD; Course Category: Property Management, Finance, Property Ownership and Development, Risk Management; Clock Hours: 3 (Deferred from 7/8/15 ERC meeting)

Mr. Dotten was present to answer any questions the Committee may have.

Mr. Dotten informed the Committee that he has met with Professor Paul Deering of the University of Hawaii to clarify when, why, and how real estate agents should be involved with insurance issues.

Chair Cobb questioned if the attachments provided with the application were the handouts for the students.

Mr. Dotten responded in the affirmative and noted that the handouts are from the Insurance Institute. He also clarified that he is not trying to make real estate licensees insurance experts but to fundamentally familiarize them with insurance basics so they may adequately refer the client or consumer to an expert.

Chair Cobb stated that she is confused on the continuity of the information in the course. The organization of the instructor's course manual is confusing.

Upon a motion by Commissioner Arakaki, seconded by Commissioner Lee, it was voted on and unanimously carried to take the matter under advisement.

Course – "Red Flags to Look For in Condo Documents;" Author/Owner: John Dotten; Provider: TBD; Course Category: Contracts, Real Estate Law, Property Management, Property Ownership and Development, Risk Management; Clock Hours: 3

Mr. John Dotten was present to answer any questions the committee may have regarding the course application "Red Flags to Look For in Condo Documents."

Mr. Dotten noted that this course is a new submittal. The course is intended to give real estate licensees a better idea of what condo documents are to be provided to the prospective purchaser, to better understand the contractual issues in the documents, and to make licensees aware of their rights and responsibilities in regards to the association relative to their client.

Mr. Dotten noted that although the terms "apartment" and "unit" are interchangeable in the industry, he has corrected the usage of the term to "unit" in his course submittal. He also stated that the term Horizontal Property Regime, while no longer used, is still in existence and licensees should be aware of the term. He further noted that the term "red flag" is a term used in the administrative rules which is used to identify areas where there may be problems.

Mr. Dotten noted that he has worked with David Robiak, attorney at law, and Paul Deering, PhD, University of Hawaii, to correct the areas of concern previously noted by the Commission in an earlier submission of the course.

Commissioner Senter stated the course objectives need to be clarified. The course appears to be focused on resales and property management for the licensee. She noted page 3 states, "Condominiums in some respect effectively are small governments . . ." She suggested changing "small governments" to "condominium associations." Commissioner Senter also stated that page 7 should be corrected to state that "PCI" stands for "Percentage of Common Interest"; and page 10 under "HPR/CPR – State Registrations", the last sentence in the paragraph should be corrected by replacing "build" with "sell," so as to read, ". . . allowing the developer to sell condominiums."

"

Upon a motion by Commissioner Faulkner, seconded to Commissioner Lee, it was voted on and unanimously carried to take the matter under advisement.

Course – "Tax Issues for Real Estate;" Harold Berman, JD; Provider: Beth Holiday, Hawaii Business Training; Course Category: Other – Tax issues/law, Risk Management; Clock Hours: 3

Mr. Harold Berman was present to answer any questions the committee may have.

Commissioner Sherley disclosed that he has known Mr. Berman for 20 plus years and is able to vote fairly and objectively on Mr. Berman's course submission.

Commissioner Klein noted that the course is well written and articulates an important area of concern for licensees.

Mr. Berman informed the committee that he made the course personal to keep everyone's attention and to make the course interesting. He stated that knowledge is power.

Commissioner Senter questioned if Mr. Berman is licensed in Hawaii. She also noted that there are some spelling errors within the course documents, otherwise the course content is very good.

Mr. Berman responded that he is not licensed in Hawaii. He is licensed in California and has federal jurisdiction with the IRS.

Upon a motion by Commissioner Arakaki, seconded by Commissioner Klein, it was voted on and unanimously carried to take the matter under advisement.

Prelicense Education: Evaluation and Education Program

Copies of evaluations of the independent study course from the following prelicense school was distributed to the Commissioners for their information:

- Seiler School of Real Estate (7)
- Continuing Ed Express (1)

Administration of
Examinations:

PSI

Licensing Examination Statistics – September 2015

Examination statistics for September 2015 were distributed to the Commissioners for their information.

School Pass/Fail Rates – September 2015

School pass/fail rate statistics for September 2015 were distributed to the Commissioners for their information.

School Summary by Test Category – September 2015

Copies of the September 2015 test category summary reports, by school, were distributed to the Commissioners for their information.

Educator's Forum: **Hawaii Association of REALTORS®** – No discussion presented.

Public and Private Institutions of Higher Education – No discussion presented.

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

Senior Specialist Fujimura reported that the October 2015 issue of *School Files* has been distributed and made available on the Commission's website: www.hawaii.gov/hirec.

Neighbor Island Outreach & Specialists' Office for the Day

The January 13, 2016 Committee meetings and Specialists' Office for the day will be held on the island of Maui at the REALTORS Association of Maui offices in Kahului.

Special Issues: None reported.

Budget and Finance Report: Real Estate Education Fund

Upon a motion by Commissioner Sherley, seconded by Commissioner Faulkner, it was voted on and unanimously carried to accept the Real Estate Education Fund report for the fiscal year ending June 30, 2015.

Continuing Education: Applications

Executive Session: Upon a motion by Commissioner Sherley, seconded by Commissioner Lee, it was voted on and unanimously carried to enter into executive session pursuant to Section 92-5(a)(1), HRS, "To consider and evaluate personal information, relating to individuals applying for professional or vocational licenses cited in section 26-9 or both;" and 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 Klein, seconded by Commissioner Faulkner, it was voted on and unanimously carried to move out of executive session.

Course – "Homeowner's Insurance Basics for Real Estate Professionals"; Author/Owner: John Dotten.; Provider: TBD; Course Category: Property Management, Finance, Property Ownership and Development, Risk Management; Clock Hours: 3 (Deferred from 7/8/15 ERC meeting)

Course – "Red Flags to Look For in Condo Documents;" Author/Owner: John Dotten; Provider: TBD; Course Category: Contracts, Real Estate Law, Property Management, Property Ownership and Development, Risk Management; Clock Hours: 3

After a review of the information provided, Commissioner Wada moved to defer the continuing education elective course applications "Homeowner's Insurance Basics for Real Estate Professionals" and "Red Flags to Look For in Condo Documents" and that the courses be referred for review to the Commission's Ad Hoc Committee on

Education. Commissioner Sherley seconded the motion. The motion was voted on and unanimously carried.

Course – "Tax Issues for Real Estate;" Harold Berman, JD; Provider: Beth Holiday, Hawaii Business Training; Course Category: Other – Tax issues/law, Risk Management; Clock Hours: 3

Upon a motion by Commissioner Klein, seconded by Commissioner Faulkner, it was voted on and unanimously carried to approve "Tax Issues for Real Estate" as a 3 credit hour continuing education course, under the course categories: Other – Tax issues/law, Risk Management.

Next Meeting: Tuesday, November 10, 2015
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 Sherley adjourned the meeting at 11:10 a.m.

Reviewed and approved by:

/s/ Diane Choy Fujimura

Diane Choy Fujimura
Senior Real Estate Specialist

October 14, 2015

Date

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