

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: February 10, 2016

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
Michael Pang, Broker / Honolulu 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
Benedyne Stone, Condominium Specialist
Dathan Choy, Condominium Specialist
Shari Wong, Deputy Attorney General
Tammy Norton, Recording Secretary

Others: Suzanne Young, Honolulu Board of REALTORS®
Kamalani Rodrigues, Honolulu Board of REALTORS®
Nelson Higa, Honolulu Board of REALTORS®
Eric Watanabe, Watanabe International
Janice Watanabe, Watanabe International
Aron Espinueva, Hawaii Association of REALTORS®
James Stone
Celine Nelsen, Old Republic/Abe Lee
Nelsen Higa

Call to Order: The Chair called the meeting to order at 9:29 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.

Real Estate Specialist's Report: Minutes of Previous Meeting

Upon a motion by Commissioner Klein, seconded by Commissioner Faulkner, it was voted on and unanimously carried to accept the minutes of the January 13, 2016, Education Review Committee meeting.

Continuing Education: Administrative Issues

2015-2016 Continuing Education Providers and Courses Ratification List

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

<u>Registration/Certification</u>	<u>Effective Date</u>
Course(s)	
Using Retirement Assets to Purchase Real Estate (3 Credits) (ARELLO/McKissock LLC)	12/31/2015
The Property Management Primer (3 Credits) (ARELLO/McKissock LLC)	12/31/2015
Social Media Marketing: Reaching and Networking the Affluent (3 Credits) (ARELLO/McKissock LLC)	12/31/2015
Crowd Funding in Real Estate (3 Credits) (ARELLO/McKissock LLC)	12/31/2015
Millennials are Changing Real Estate: Are You Ready? (4 Credits) (ARELLO/McKissock LLC)	12/31/2015
Buying and Selling Income Properties CRS 204 (12 Credits) ARELLO/Hawaii Association of REALTORS	01/06/2016

Applications

The applications were taken out of order to accommodate those present.

Course – "'A' Is for Agency"; Author/Owner: James M.K. Stone, Jr.; Provider: Coldwell Banker Pacific Properties Real Estate School; Course Categories: Real Estate Law, Risk Management, Other – Agency; Clock Hours: 3

Mr. James Stone informed the Committee that this course is the first in a series he plans to write and submit for CE approval. He noted that the first chapter of the course is an overview of agency and the understanding and legal basis for agency. The meat of the course focuses on fiduciary duties and how to apply concrete concepts in practice. The course will also address dual agency, implied agency, and the consequences for a breach of agency duties.

The course will engage the students by using fact based examples, class discussions, industry standard forms and the Socratic teaching method to apply the course concepts to real life professional situations.

Upon a motion by Commissioner Lee, seconded by Commissioner Klein, it was voted on and unanimously carried to approve "'A' Is for Agency" as a three (3) credit hour continuing education course, under the course categories Real Estate Law, Risk Management, Other – Agency.

Course – "'R' Is For RICO"; Author/Owner: James M.K. Stone, Jr.; Provider: TBD; Course Categories: Real Estate Law, Risk Management, Other – License regulations; Clock Hours: 3

Mr. Stone stated that the course attempts to inform the licensee of the RICO complaint process, identifies key licensing issues, and contains a practical risk reduction method for licensees to effectively avoid license violation exposure. The course will also go over the statutory and regulatory framework of RICO violations, a risk management method for avoiding licensing violations, and the ABCs of Advertising. If and when the proposed rules are signed by the Governor, the course will be amended.

Upon a motion by Commissioner Sherley, seconded by Commissioner Lee, it was voted on and unanimously carried to approve "'R' Is for RICO" as a three (3) credit hour continuing education course, under the course categories Real Estate Law, Risk Management, Other – License regulations.

Course – "Client Protection Via Real Estate Best Practices"; Author/Owner: Celine P. Nelsen; Provider: Abe Lee Seminars; Clock Hours: 3 (Deferred from ERC mtgs 1/13/16 and 12/15)

Ms. Celine Nelson stated that she utilizes the quantum teaching method which is hands on. The goals of the course are leadership development and communication skills.

Ms. Nelsen stated that in response to the Committee's letter, specifically question #2, the overview of the social styles model and how it relates to licensee accountability, that the social styles model aims to improve communication to elevate accountability levels in individuals by sustaining a higher level of professional etiquette. She described the different types of social styles – analytic, driver, amiable, and expressive.

Ms. Nelsen also read to the committee two testimonies received by two licensees who recently sat through a training session offered by Ms. Nelsen.

Chair Cobb asked what handouts are provided to the students at class.

Ms. Nelsen responded that there is a general handout which follows the Power point presentation.

Chair Cobb noted that the content of what the course will encompass should be placed in an outline format and provided in writing.

Commissioner Senter commented that if the course is about styles of communication, a different title would be appropriate. She also questioned the "accountability" in the most current submission of "Real Estate Agent Accountability Best Practices."

Ms. Nelsen responded that the Committee had previously commented that the title of the course "Client Protection Via Real Estate Best Practices" did not reflect the course content therefore she made the change in title so that it would more appropriately fit the course content. The course empowers licensees to be more mindful.

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

Course – "Millionaire Marketing on a Shoestring Budget"; Author/Owner: Debra Jason; Provider: TBD; Course Category: Other – Marketing principles; Clock Hours: 3

Commissioners noted that the total clock minutes do not total 180 minutes. Staff to review the original documents to see if a page is missing.

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

Course – "Hawaii Real Estate Guide to Reverse Mortgages"; Author/Owner: Curtis Mangus, Provider - TBD; Course Category: Finance; Clock Hours: 3

After a review of the information provided, Commissioner Klein moved to approve "Hawaii Real Estate Guide to Reverse Mortgages" as a three (3) credit hour continuing education elective course, under the course category Finance. Commissioner Pang seconded the motion. The motion was voted on and unanimously carried.

Course – "You Can't Get There From Here: A Close Look at Easements"; Author/Owner: Suzette Nasser; Provider: TBD; Course Categories: Real Estate Law, Other – Title reports and title insurance; Clock Hours: 3

After a review of the information provided, Commissioner Pang moved to approve "You Can't Get There From Here: A Close Look at Easements" as a three (3) credit hour continuing education elective course, under the course categories: Real Estate Law, Other – Title reports and title insurance. Commissioner Lee seconded the motion. The motion was voted on and unanimously carried.

**Course – "Advanced Issues and Strategies for IRC Section 1031";
Author/Owner: Old Republic Exchange Company; Provider: Abe Lee
Seminars; Course Category: Other- capital gain tax deferral; Clock Hours:
3**

After a review of the information provided, Commissioner Sherley moved to approve "Advanced Issues and Strategies for IRC Section 1031" as a three (3) credit hour continuing education elective course, under the course category: Other- capital gain tax deferral. Commissioner Pang seconded the motion. The motion was voted on and unanimously carried.

**Course – "Writing a Business Plan – for Real Estate Professionals";
Author/Owner: Eddie Flores; Provider: Eddie Flores Real Estate Continuing
Education; Course Categories: Finance, Technology and the Licensee, Other –
Business Planning; Clock Hours: 3**

Commissioners Arakaki and Senter recused themselves from any discussion and voting due to conflict of interests.

Specialist Endo noted that she has a concern with Lesson 3 of the course entitled "Structure your Real Estate Business." She notes that this section is not applicable to real estate salespersons as they cannot create their own entity.

It was suggested that the author include a disclaimer stating that real estate salespersons may not form an entity of any kind for the purpose of receiving earned real estate commissions or other real estate related compensation. A Hawaii real estate salesperson must always work under a real estate broker and all real estate compensation earned with the associated brokerage must follow through that brokerage.

After a review of the information provided, Commissioner Sherley moved to approve "Writing a Business Plan – for Real Estate Professionals" as a three (3) credit hour continuing education elective course, under the course categories Finance, Technology and the Licensee, Other – Business Planning, subject to inclusion of the above noted disclaimer. Commissioner Faulkner seconded the motion. The motion was voted on and carried.

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 (2)

Administration of
Examinations:

PSI

Licensing Examination Statistics – January 2016

Examination statistics for January 2016 were distributed to the Commissioners for their information.

School Pass/Fail Rates – January 2016

School pass/fail rate statistics for January 2016 were distributed to the Commissioners for their information.

School Summary by Test Category – January 2016

Copies of the January 2016 test category summary reports, by school, were distributed to the Commissioners for their information.

Examination Contract – It was reported that the current exam schedule for the island of Maui is at least one Friday and one Saturday each month. Due to staffing issues, the current Maui site can no longer accommodate testing one Friday each month. PSI was able to secure a second location on the same campus. The new site is able to test every Tuesday a month and one Friday a month. PSI is requesting to modify test session days from one (1) Friday and one (1) Saturday each month to one (1) Saturday and at least one (1) work week day each month.

Upon a motion by Commissioner Sherley, seconded by Commissioner Lee, it was voted on and unanimously carried to change the Maui exam schedule to one (1) Saturday and at least one (1) work week day each month.

Educator's Forum: **Hawaii Association of REALTORS®** – no report presented.

Public and Private Institutions of Higher Education – no report presented.

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

Senior Specialist Fujimura reported that the February 2016 *Bulletin* has been distributed and a copy has been made available on the Commission's website: www.hawaii.gov/hirec.

Instructor Development Workshop

Marsha Shimizu of HAR reported that there were 79 attendees across the state, 14 on the island of Hawaii, 7 on Maui, 52 on Oahu, and 6 on Kauai attending the IDW geared towards seasoned instructors. The IDW offered in 2015 for new instructors had a total of 9 attendees. Total attendees for the biennium is 88.

Continuing Education: Applications

Course – "Millionaire Marketing on a Shoestring Budget"; Author/Owner: Debra Jason; Provider: TBD; Course Category: Other – Marketing principles; Clock Hours: 3

After a review of the original documents submitted by the applicant, it was verified that the course instructional hours total 3 hours. It was further noted that should the laws and rules change, the course should be updated.

Upon a motion by Commissioner Senter, seconded by Commissioner Sherley, it was voted on and unanimously carried to approve "Millionaire Marketing on a Shoestring Budget" as a three (3) credit hour continuing education course, under the course category: Other – Marketing Principles.

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

Course – "Client Protection Via Real Estate Best Practices"; Author/Owner: Celine P. Nelsen; Provider: Abe Lee Seminars; Clock Hours: 3 (Deferred from ERC mtgs 1/13/16 and 12/15)

After a review of the information presented, Commissioner Sherley moved to approve the above noted course as a three (3) credit hour continuing education elective course, under the course categories Dispute Resolution; Risk Management, subject to submission of adequate material, i.e. handouts and timed outline, and a change to the title of the course such as "Communication is the Key". Commissioner Klein seconded the motion. The motion was voted on and unanimously carried.

Budget and Finance Report: No report presented.

Next Meeting: Wednesday, March 9, 2016
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 10:25 a.m.

Reviewed and approved by:

/s/ Diane Choy Fujimura

Diane Choy Fujimura
Senior Real Estate Specialist

February 23, 2016

Date

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