

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: June 8, 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 9:30 a.m.

Place: Hawaii Island REALTORS®
1321 Kino'ole Street
Hilo, Hawaii

Present: Rowena Cobb, Chair / Broker / Kauai Commissioner
Aileen Wada, Vice Chair, Broker / Honolulu Commissioner
Scott Sherley, Broker / Hawaii Island Commissioner
Bruce Faulkner, Broker / Maui Commissioner
Nikki Senter, Public Member / Honolulu Commissioner
Michael Pang, Broker / Honolulu Commissioner
Aleta Klein, Broker / Honolulu Commissioner

Neil K. Fujitani, Supervising Executive Officer
Diane Choy Fujimura, Senior Real Estate Specialist
Dathan Choy, Condominium Specialist
Daniel Jacob, Deputy Attorney General
Tammy Norton, Recording Secretary

Others: Randy Prothero, Russ Goode Seminars
Marsha Shimizu, Hawaii Association of REALTORS®
Liz Fusco, Day-Lum Rentals
Representative Richard Onishi, House of Representatives, District 3
Julie Hugo, Clark Realty
Gregg Morimoto, Regulated Industries Complaints Office

Absent: Scott Arakaki, Public / Honolulu Commissioner
Laurie A. Lee, Broker / Honolulu Commissioner

Call to Order: The Chair called the meeting to order at 10:03a.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.

Commissioners Arakaki and Lee were excused from the meeting. Prior notification of their non-attendance was received.

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 May 11, 2016, Education Review Committee meeting.

Continuing Education: Administrative Issues

2015-2016 Continuing Education Providers and Courses Ratification List

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

<u>Registration/Certification</u>	<u>Effective Date</u>
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Course(s)

Know the Code: Your Guide to the Code of Ethics (3 Credits) (ARELLO/McKissock, LLC)	05/05/2016
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New – Home Construction and Buyer Representation – Professionals, Product, Process (6 Credits) (ARELLO/Honolulu Board of REALTORS)	05/12/2016
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Real Estate Safety: Protect Yourself and Your Clients (3 Credits) (ARELLO/McKissock, LLC)	05/17/2016
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Finding Your Focus: Niche Marketing for Real Estate (3 Credits) (ARELLO/McKissock, LLC)	05/17/2016
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Applications

Course – "Performing Residential Electrical Inspections: For Real Estate Agents"; Author/Owner: Jilian Krause; Provider: Preferred Systems, Inc.; Course Categories: Property Management, Property Ownership and Development, Risk Management; Clock Hours: 3

It was noted that although real estate licensees should be aware of the basics of residential electrical inspections, it should be for information only and the real estate licensee should not be "performing" residential electrical inspections.

Commissioner Klein noted that it is a very worthwhile course but should include a caveat "not to advise" buyers on electrical issues. Commissioner Cobb noted that if the licensee recognizes electrical issues, they may want to inform their buyer that now is the time to get an expert in the field to review the electrical systems.

Commissioner Pang moved to approve "Performing Residential Electrical Inspections: For Real Estate Agents" as a three credit hour continuing education course, under the course categories Property Ownership and Development, Risk Management subject to changing the course title to "**Residential Electrical Inspections: Basics**". Commissioner Klein seconded the motion. Commissioners Pang, Klein, Cobb, Wada, Faulkner and Sherley voted in favor of the motion, Commissioner Senter voted nay, the motion carried.

Course – "How to Write Good Contracts Part I"; Author/Owner: Abe Lee, Provider: Abe Lee Seminars; Course Category: Contracts; Clock Hours: 3

Upon a motion by Commissioner Pang, seconded by Commissioner Sherley, it was voted on and unanimously carried to approve "How to Write Good Contracts Part I" as a three credit hour continuing education course, under the course category contracts.

Course – Course – "How to Write Good Contracts Part II"; Author/Owner: Abe Lee, Provider: Abe Lee Seminars; Course Category: Contracts; Clock Hours: 3

Upon a motion by Commissioner Pang, seconded by Commissioner Wada, it was voted on and unanimously carried to approve "How to Write Good Contracts Part II" as a three credit hour continuing education course, under the course category contracts.

Course – "How to Write Good Contracts Part III"; Author/Owner: Abe Lee, Provider: Abe Lee Seminars; Course Category: Contracts; Clock Hours: 3

Upon a motion by Commissioner Sherley, seconded by Commissioner Pang, it was voted on and unanimously carried to approve "How to Write Good Contracts Part III" as a three credit hour continuing education course, under the course category contracts.

Course – "Being a Better Buyer's Agent"; Author/Owner: Randy L. Prothero; Provider: Russ Goode Seminars; Course Categories: Contracts, Risk Management, Other – Fiduciary Responsibility; Clock Hours: 3

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

Commissioner Sherley questioned whether Mr. Prothero found that most licensees are not using a buyer's agent agreement.

Mr. Prothero responded that he has found that very few are. Most also are not using the distressed property addendum. Brokers are not training their agents on the use of the form.

Commissioner Klein questioned the slide on "obedience" which states "You are required to obey all lawful instructions from the buyer;" and "You are not required to obey unlawful instructions, such as violating Fair Housing Laws or refusal to disclose material facts."

Mr. Prothero responded that credit worthiness is an example. If the buyer is in escrow on another property, their ability to purchase is a material fact and should be disclosed.

Commissioner Senter suggested sticking to clear facts vs grey areas.

Mr. Prothero responded that he can strike the line, "or refusal to disclose material facts," from the slide.

Upon a motion by Commissioner Sherley, seconded by Commissioner Klein, it was voted on and unanimously carried to approve "Being a Better Buyer's Agent" as a three credit hour continuing education course, under the course categories contracts, risk management, other – fiduciary responsibilities.

Course – "Being a Better Seller's Agent"; Author/Owner: Randy L. Prothero; Provider: Russ Goode Seminars; Course Categories: Contracts, Risk Management, Other – Fiduciary Responsibility; Clock Hours: 3

Upon a motion by Commissioner Pang, seconded by Commissioner Faulkner, it was voted on and unanimously carried to approve "Being a Better Seller's Agent" as a three credit hour continuing education course, under the course categories contracts, risk management, other – fiduciary responsibilities.

Course – "Listing and Buyer Representation Agreements"; David Catanzaro; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law, Risk Management; Clock Hours: 3

Upon a motion by Commissioner Faulkner, seconded by Commissioner Pang, it was voted on and unanimously carried to approve "Listing and Buyer Representation Agreements" as a three credit hour continuing education course, under the course categories contracts, real estate law, and risk management..

Course – "Understanding Investment Property"; David Catanzaro; Provider: REMI School of Real Estate; Course Categories: Contracts, Investment, Finance, Property Ownership and Development, Risk Management; Clock Hours: 6

Commissioner Pang questioned the number of hours for the course. The author is requesting approval as a 6 credit hour course, yet the course minutes total 8 hours.

Upon a motion by Commissioner Pang, seconded by Commissioner Klein, it was voted on and unanimously carried to defer decision making on "Understanding Investment Property" as a six credit hour continuing education course.

Course – "Advertising in a Social Media World"; David Catanzaro; Provider: REMI School of Real Estate; Course Categories: Contracts, Real Estate Law, Technology and the Licensee, Broker Management; Clock Hours: 3

Commissioner Faulkner suggested that the bullets under "Note: Do not share anything you would want to keep private" on slide #25 be bolded and highlighted.

Upon a motion by Commissioner Sherley, seconded by Commissioner Pang, it was voted on and unanimously carried to approve "Advertising in a Social Media World" as a three credit hour continuing education course, under the course categories contracts, real estate law, technology and the licensee, and broker management.

Continuing Education Core Course

Core B 2015-2016, 2nd Draft, Final due 6/10/16

Specialist Fujimura noted that the course is statutorily focused. A teaching tool for instructors is also included. The final is due June 10, 2016.

Commissioner Senter stated that she will submit her suggested revisions, but notes that the draft is very clean and easy to follow.

It was reported that approximately 700 licensees have completed Core A online, while 4300 have completed Core A live. The trend in completing Core A is slightly slower than in past bienniums.

Commissioner Faulkner noted that there is not a lot of information on residential condominiums, especially 1-4 unit condominiums, and suggested the need for dissemination of residential condominium information.

Commissioner Senter responded that it takes the whole course to explain the basic concept of what a condo is. Whether residential or not, and no matter how many units, the basic concepts are the same.

Commissioner Faulkner suggested then that staff work on a brochure for dissemination on "residential condos – what you should know."

Core 2017-2018 Topics

Commissioners and staff discussed possible topics and credit hours for future core courses.

Possible topics suggested for the 2017-2018 core course were HAR Chapter 99 and Agency, to include Dual Agency.

Commissioner Sherley noted that the core course should remain as a 2-part course due to the legislative updates each year.

Commissioners Sherley and Senter commented that 4 hours is too long to teach a course. The course time is also difficult. If teaching a course from 9 am to 1 pm, you lose your students' attention as the course goes through the lunch hour.

Mr. Prothero commented as an instructor, the 4-hour Core A was painful to teach because of its topic.

SEO Fujitani questioned if it were not for the subject matter of condominiums, would 4 hours be okay?

Commissioner Senter responded that Agency was offered as a core course previously and taught in 2-1/2 hours which seemed perfect.

Chair Cobb noted that the Commission should not be changing the number of mandatory core hours every biennium. It will create problems and confusion.

Commissioner Senter stated that any core topic should be covered sufficiently in 3 hours. Commissioners Sherley and Senter were in favor of two 3-hour core courses. Commissioner Pang, Faulkner, Arakaki, Klein and Wada were in favor of continuing with two 4-hour core courses.

Further discussion on the future core course is deferred to the next ERC meeting.

Prelicense Education: No report presented.

Administration of Examinations: PSI

Licensing Examination Statistics – May 2016

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

School Pass/Fail Rates – May 2016

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

School Summary by Test Category – May 2016

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

Educator's Forum: **Hawaii Association of REALTORS®** - No report presented.

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

Program of Work: Instructor's Development Workshop – IDW Proposal from Hawaii Association of REALTORS®

The Commission currently has a contract with HAR to deliver instructor's development workshops for new and seasoned instructors for the 2015-2016 biennium. HAR is requesting approval of \$3000 to offer the IDW "Become the Instructor of Change: Secrets of the Experts" by national trainer Karel Murray to meet the IDW requirement for instructors. The session will be open to all instructors, those who already completed their IDW requirement and those who still need to meet the requirement.

Upon a motion by Commissioner Sherley, seconded by Commissioner Pang, it was voted on and unanimously carried to approve "Become the Instructor of Change: Secrets of the Experts" as an approved Instructor Development Workshop with the \$3000 budget subject to terms and conditions of the current contract.

Budget and Finance Report: No report presented.

Next Meeting: Wednesday, July 13, 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 Cobb adjourned the meeting at 11:06 a.m.

Reviewed and approved by:

/s/ Diane Choy Fujimura

Diane Choy Fujimura
Senior Real Estate Specialist

June 14, 2016

Date

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