

# School Files

Hawaii Real Estate Commission

April 2001

<http://www.state.hi.us/hirec>

## What's in this Issue?

- Use of corporate name in advertising or promotional materials
- 10 hours of CE credit hours
- Verify Real Estate licensees
- Proposed SWAT changes pending with Governor
- Using up-to-date materials
- New Format for 2001-2002 Core Course
- CPR Recodification

## Corporations and Partnerships must use Corporate Names

This notice serves to supercede the February 25, 2000 memo, issued by the Real Estate Commission ("REC"), regarding "Decisions on Legal and License Names and Advertising." At the February 25, 2000 REC meeting, the REC decided to require licensees to provide their legal names on license applications and report changes to legal names, but licensees would be allowed to choose their license name subject to certain conditions. Further, licensees would be able to advertise their corporate entity by either omitting or abbreviating the terms "corporation," "incorporated," "partnership," "limited," "general partnership," "limited liability company," or "limited liability partnership" unless required by law. In order to clarify some confusion regarding the laws regulating corporate entities and advertising, the following change will take effect immediately.

Due to the corporation and partnership laws, licensee brokers that are corporations or partnerships **MUST** use the corporate terms "corporation," "limited," "incorporated," "general partnership", "limited partnership," "limited liability company," "limited liability partnership" or its abbreviation in its corporate name. This change clarifies the confusion in the REC action of February 25, 2000 and the corporate laws. Therefore, instead of looking up the different corporate laws for the different corporate entities, this action simplifies and clarifies the laws for licensees.

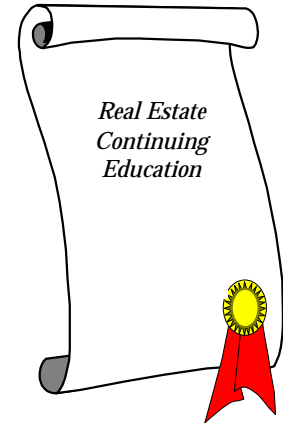


For your information, advertising includes business cards, stationery, and other written documentation and memoranda, as well as advertising in any publication.

## Continuing Education Update

This notice supercedes the instructions in the REC Bulletin, February 2001 issue. The following changes have been made to the instructions:

1. The instructions regarding the credit hours changed from 3 1/3 hours credit to 3 hours credit.
2. The 1999-2000 core course is not necessarily needed to renew, restore or reactivate a license. The core course is not being offered to licensees on the neighbor islands. It would be burdensome to mandate that neighbor island licensees must take the core course on Oahu.
3. In lieu of the core course, licensees who wish to restore or reactivate a license need at least 10 credit hours of continuing education or 4 continuing education elective courses.



New instructions:

An updated education course schedule is available at <http://www.state.hi.us/hirec>. Courses are subject to change or cancellations; please check directly with the provider to confirm date, time, and location.

To restore a license forfeited less than one year, you must take at least 10 hours of continuing education courses in order to be on active status. One of the courses may be the approved core course. Courses with a (c) are approved 1999-2000 core courses and receive 4 hours credit. All other courses are electives and receive 3 hours credit. (If you are taking courses to reactivate an inactive license this year, you may take elective courses totaling at least 10 hours credit. If you are restoring a license forfeited over one year, read the restoration application instructions.)

In lieu of the core course, licensees who wish to restore or reactivate a license need at least 10 credit hours of continuing education or 4 continuing education elective courses.



### Verify Real Estate Licensees Yourself

You can verify if an individual or a company has a real estate license, if it is current, who the associating brokers are and their address, associating salespersons, license numbers, complaint history of the licensee, etc., by accessing the Professional and Vocational Licensing Search at [www.ehawaii.gov/serv/pvl](http://www.ehawaii.gov/serv/pvl).

You can also verify other licensing areas at the web site such as contractors, mortgage brokers, architects, engineers, etc.

## ✂️SWAT Rules Proposals✂️ Pending with Governor

On March 29, 2001, the Real Estate Commission held a public hearing on the proposed rules changes. The public hearing was designed to hear all persons interested in the proposed amendments to Title 16, Chapter 99, Hawaii Administrative Rules ("HAR"), entitled "Real Estate Brokers and Salespersons."

Several people provided testimony on the proposed rule changes, including suggestions and recommendations on some of the proposed rules sections. The suggestions and recommendations were taken under advisement at the public hearing. The Real Estate Commission accepted those recommendations that further clarified the proposed amendments. Those suggestions or recommendations with substantive changes will be considered with other proposed amendments to Title 16, Chapter 99, HAR.

Three clarifications were made to the proposed rules following the Real Estate Commission meeting. Clarifying that branch offices located on an island different from the principal place of business shall be registered with the Real Estate Commission. Clarifying that the principal place of business must be disclosed for advertisements and any disclosures made by a licensee. Clarifying that a licensee's legal surname must be used to identify the licensee.

The Real Estate Commission believes that the proposed amendments will increase the licensees' understanding of the licensing rules by clarifying and standardizing the language. These clarifications will also improve the program

by reducing the staff time expended in responding to inquiries about rule interpretation. The proposed changes will reduce the incidence of re-applications for a license or for equivalency certificates by extending the license application deadline (after examination) and by extending the validity period for equivalency certificates.

The number of change forms filed with Professional and Vocational Licensing Division ("PVLD") will decrease due to several rule changes, including, for example: 1) Tracking the business address of all licensees through their (single) principal place of business, thereby eliminating the need to submit a notice of change each time the licensee's workplace changes within the same company; 2) Eliminating the registration requirement for places of business in excess of one per island; and 3) Reducing the situations which require appointment of a temporary principal broker.

Extended deadlines and greater flexibility will reduce the amount of administrative time related to sending license applicants and licensees deficiency letters requesting corrections and submission of additional information. Amendments to the continuing education rules will reduce the administrative processing time required for approval of continuing education courses and providers, by eliminating unnecessary application requirements. Improved rule clarity and simplicity will reduce the incident of rule violations by increasing licensees' understanding of the licensing rules.

The Real Estate Commission anticipates long- and short-term impacts on the public, on economic growth and the economy of the State will be beneficial. The proposed rules will: 1) repeal sections

because they are null and void or are obsolete; 2) amend sections to provide a more effective and efficient regulatory alternative; 3) amend sections to address an imbalance between public benefit and the cost and time spent on compliance by applicants and the licensees; 4) repeal application and licensee compliance requirements to be more reasonable and consistent with current standards, without compromising the public's safety and welfare; and 5) amend sections to provide better qualitative and quantitative results to the regulated industry. License requirements, licensee practice and compliance requirements, and continuing education requirements are being amended or repealed to reduce regulatory burdens on licensee businesses and individual

licensees, with a concomitant reduction in the need for government oversight. This reduction in unnecessary regulation will positively impact economic growth in the industry and the economy of the state.

The Real Estate Commission believes that with these proposed changes, the bureaucratic burdens will be lighter and will save money for the licensees and State government. Because of the streamlined regulation, services to licensees and the public will be faster and more accessible.

The Real Estate Commission looks forward to the Governor signing the proposed rules.

## Highlights

The SWAT initiative is designed to lighten the burden on the licensees & government by:

- ✂ Tracking the business address of all licensees through their principal place of business. This eliminates the need to submit a notice of change each time a licensee's workplace changes within the same company.
- ✂ Eliminating the registration requirement for places of business in excess of one per island.
- ✂ Reducing the number of situations that require the appointment of a temporary principal broker.
- ✂ Extending deadlines for submitting information and some applications.
- ✂ Making the rules easier to understand so that there will be fewer violations caused by a licensee's failure to understand the rules.
- ✂ Allowing the registration of multiple brokers in charge for a brokerage firm. Each branch office shall have at least one broker in charge. This change will minimize the impact on a principal broker by allowing designation of additional brokers in charge who may share responsibilities.
- ✂ Deleting "Principal broker" since the definition already appears in section 467-1.6, HRS.
- ✂ Clarifying that a real estate license is a statewide license, so that a licensee can work on a different island than the brokerage firm.
- ✂ Allowing licensees greater flexibility in choosing a license name other than the legal

## Using the right forms

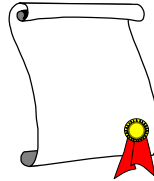


At the April 11, 2001, Education Review Committee (“ERC”) meeting of the Real Estate Commission, the ERC reiterated its concern that some prelicensing schools are not teaching students the most up-to-date information. Please be aware that the position of the Real Estate Commission is that only the use of **currently accepted industry standard forms** should be used when teaching prelicensing courses.

### *CERTIFICATES FOR SALE*

*The elective continuing education certificates are now available.*

*The elective continuing education certificate is **ivory**. The mandatory continuing education certificate is **red** and will be available later this summer.*



State of Hawaii  
Real Estate Commission  
SCHOOL FILES

©Copyright Hawaii Real Estate Commission 2001. All rights reserved. Funded by the Real Estate Education Fund and provided as an educational service to Hawaii real estate educators. This publication is designed to provide general information on the subject matter covered and is not a substitute for professional services to address specific situations. If legal advice or other expert assistance is required, please seek the services of a competent professional.

This material can be made available for individuals with special needs. Please call Senior Real Estate Specialist at 586-2645 to submit your request.

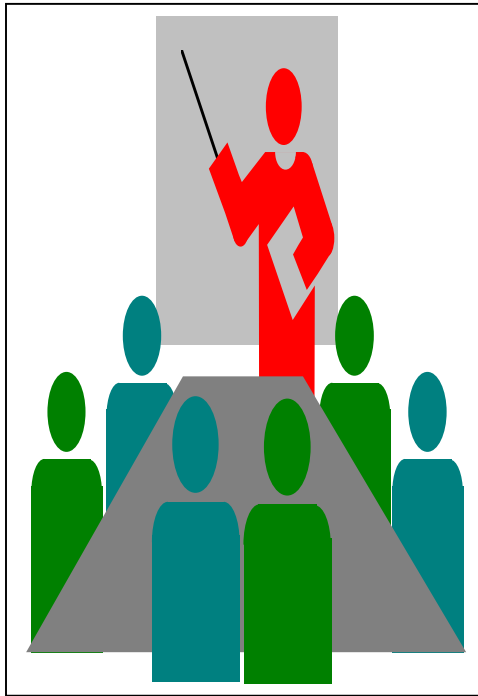
SCHOOL FILES  
Published by the  
Hawaii Real Estate  
Commission  
250 South King Street  
Room 702  
Honolulu, Hawaii 96813  
(808) 586-2645

Commissioners:  
John Ohama, Chair  
Real Estate Commission  
Michael G. Ching, Vice-Chair  
Real Estate Commission  
Charles H. Aki, Chair  
Education Review Committee  
Patricia Choi, Vice-Chair  
Education Review Committee  
Alfredo G. Evangelista, Chair  
Laws and Rules Review  
Committee  
Iris R. Okawa, Vice-Chair  
Laws and Rules Review  
Committee  
Michtell A. Imanaka, Chair  
Condominium Review  
Committee  
Peter Rice, Vice-Chair  
Condominium Review  
Committee  
Casey K. Choi, Member  
Real Estate Commission

## Choose 1 of 4 Core Courses

The Real Estate Commission is working on the final touches of the 2001-2002 Mandatory Core Course. This core course will be four (4) credit hours. The REC anticipates the Core Course will be ready for your use during the summer. The REC is preparing 4 different core courses, each one designed for your real estate specialty.

The “core” of the Core Course will be a 1-hour section on Ethics, a 1-hour section on new legislation and vetoes and 1 hour section on the new SWAT rules. You may choose the final hour of



your Core Course depending on your real estate specialty of property management, commercial real estate, residential (salesperson or broker) and maybe time share section.

To make the Core Course relevant to you, each section of the Core Course will have scenarios of either the “most popular” or majority of complaints for you to discuss. Many of these scenarios will be based on real cases filed with the Regulated Industries Complaint Office (RICO) or based on the type of telephone inquiries REC receives.

### Update on Recodification of Hawaii Condominium Law



Last session, the State Legislature required the Real Estate Commission (“REC”) to conduct a review of Hawaii’s nearly 40-year old condominium property regimes law (Chapter 514A, Hawaii Revised Statutes) to “update, clarify, organize, deregulate, and provide for consistency and ease of use” of the law. (Act 213, Session Laws of Hawaii 2000.)

The REC is further required to make findings and recommendations for recodification of the law and to develop draft legislature consistent with its review and recommendations for submission to the 2003 Legislature.

The plan and timetable for recodification of Hawaii’s CPR law is available at the REC’s web site. The REC seeks to balance the desire to modernize Hawaii’s CPR law with the need to protect the public and to allow the condominium community to govern itself. Finally, the REC is committed to engaging the participation of stakeholders throughout the recodification process.