

School Files

Hawaii Real Estate Commission

February 2002

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

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2002 LICENSING RENEWAL DEADLINE NOVEMBER 30

An early reminder to all: 2002 is a licensing renewal year with an application submission deadline of November 30, 2002. We all have to plan ahead. Licensees renewing to an active status are required to complete ten (10) hours of approved continuing education courses, of which 4 hours must be a core course. Providers, instructors, and licensees should plan ahead with the November 30th deadline in mind. *We request that instructors remind the students of the licensing renewal and the November 30th deadline.*

Prelicensing schools: *we request that prelicensing schools disclose to prospective students and students that if they secure a new license (broker or salesperson) in 2002, they will also have to renew that license by November 30, 2002.* In other words, pay license fees twice in 2002 as fees are not prorated.

2001-2002 MANDATORY CORE COURSE

The 2001-2002 mandatory core course consists of two parts that equal four classroom hours. Part one is three (3) hours in length and consists of laws update, rules update, and ethics laws. Part two is one hour in length and consists of six (6) different options: Commercial Law and Ethics, Residential Sales Ethics, Residential Property Management, Condominium Management, and Advanced Laws, Rules and Ethics (for Brokers and Experienced Salespersons), and Sale of Time Share Interests. The instructor will decide which option will be selected.

The mandatory core course objectives include an overview of recent laws and rules changes affecting the real estate industry, developing the ability to recognize business situations that require licensees to conduct themselves in a professional and ethical manner, and emphasizes the importance of appropriate consumer disclosures in real estate transactions. In addition, the core course provides education for the specialty areas in the real estate brokerage business.

A licensee may not receive CE credit for a core course taken more than one time. For example: If a licensee takes "Real Estate Law Update & Ethics 2001-2002 Condominium Management" today, and next month takes "Real Estate Law Update & Ethics 2001-2002/Residential Ethics", the licensee will only receive CE credit for the first core course taken. The second core course taken cannot be used towards the 10-hour CE requirement.

RECODIFICATION OF CHAPTER 514A, HRS, CONDOMINIUM PROPERTY REGIMES

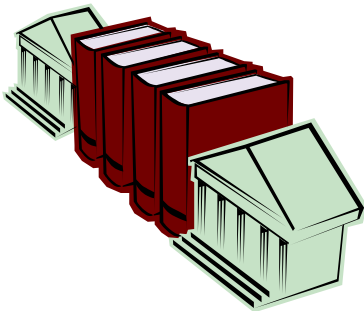


A briefing session on the recodification of the condominium law by the recodification attorney, Gordon Arakaki, was held on Friday, January 4, 2002, at the Maui Board of REALTORS'® office in Kahului. Recodification is basically a total rewrite of the law or drafting a new law to replace an existing law. The first draft of the proposed recodification of Chapter 514A, HRS, is targeted for presentation during the first quarter of 2002. The draft will have progressive changes to Chapter 514A, HRS and it will affect the creation of condominium property regimes, its management, and offerings for sale. The goal is to present the final report and recommended bill to the 2003 legislature. For more up to date information on the recodification project, go to www.state.hi.us/hirec.

There's still time to submit your comments, suggestions, ideas to Gordon Arakaki, Real Estate Branch, 250 South King Street, Room 702, Honolulu, HI 96813, phone 586-2644.

You can also submit comments by e-mail at Gordon_M_Arakaki/DCCA@dcca.state.hi.us.

SWAT Rule Amendments in EFFECT



A number of major amendments to Chapter 99, Hawaii Administrative Rules (HAR), became effective May 21, 2001, as a result of the Slice Waste and Tape (SWAT) project spearheaded by Lt. Governor Mazie Hirono. A cooperative effort on the part of the Real Estate Commission, the Hawaii Association of REALTORS®, and the Department of Commerce and Consumer Affairs, Professional and Vocational Licensing Division, the new rule amendments are designed to reduce regulatory burdens on businesses, the general public and State government.

The rule amendments include amendments relating to place of business, principal place of business, branch office registration, responsibilities of principal broker and broker in charge, statewide and worldwide residence for active salespersons and broker-salespersons, license name different from legal name for individuals, wall certificate and pocket card licenses, review of contracts by the PB or BIC, advertising, and notification changes. NOTE: this is not intended to be an exhaustive list of all new provisions or the rules. Please read the full text of the amendments and rules in Chapter 99, HAR, which is accessed at <http://www.state.hi.us/dcca/har>.

These are important changes and all prelicensing instructors, continuing education providers and instructors must make sure that the updated laws and rules are being taught. The updates are included in the 2001-2002 Real Estate Law Update and Ethics (mandatory core course).

SWAT RULES CLARIFICATIONS

Over the past months, the Commission has made a number of clarifications on the SWAT rules.

Note: The clarifications should be read and considered with all other applicable rules and law provisions. The date in parentheses is the date of the Laws and Rules Review Committee (LRRRC) meeting when the clarifications were made. For more information, visit the Commission web site at www.state.hi.us/hirec, under Commission, then click on Meeting Agendas and Minutes. Also under News, you may review SWAT rule changes.

Pertaining to real estate salespersons and broker license candidates (LRRRC, June 14, 2001)

- 1) The date of issuance of the school completion certificate is deemed to be the class completion date.
- 2) A candidate must pass both sections of the exam within two years of the first examination date, subject to the candidate, on the date of the last examination date, having an unexpired School Completion Certificate or Prelicense Education Equivalency Certificate, and also an unexpired Experience Certificate if a broker.
- 3) The last examination date is the date of passage of the last section of the examination.
- 4) A salesperson licensee who is issued a license during an even-numbered year shall be deemed to have completed equivalent to the ten hours of continuing education and will be renewed on active status.
- 5) Real estate broker candidates who passed the exam prior to the expiration of their salesperson's license and whose required application submission date (within two years of the last examination date) is on an even-numbered year, may submit a license application during the renewal period and may request that the salesperson's license not be renewed and the broker license be effective January 1 of the odd-numbered year. However, these candidates must complete the CE requirements in order to receive an active real estate broker's license.

Pertaining to the restoration of license candidates (LRRRC, June 14, 2001):

- 1) The expiration date of the special education equivalency certificate, and if a broker candidate, a special experience certificate, is December 31 of the even-numbered year of the current biennium based on the renewal fee quotation, which is determined on a biennial basis.
- 2) All restoration candidates whose licenses are restored in an even-numbered year are required to complete the ten hours of continuing education in order to be renewed to an active status.

Pertaining to client's trust accounts (LRRRC, July 11, 2001):

A real estate broker's client's trust fund account shall be with a bank or recognized depository that is federally insured and in the State of Hawaii. This does **not** include a title or trust company authorized to do business in the State of Hawaii.

Pertaining to place of business (LRRRC, August 6, 2001)

- 1) Place of business and branch office. Where there are multiple places of business on an island, only one place of business has to register with the Commission, either the principal place of business, or if on another island, a branch office.
- 2) Home occupation offices. A real estate broker's principal place of business may be a home occupation office, and all branch offices (registered or unregistered) may also be home occupation offices of each assigned BIC, subject to compliance with the law and rules.
- 3) Principal broker and broker in charge. Where there are sufficient number of registered BICs to supervise the principal place of business and all branch offices (registered or unregistered), the PB may be temporarily assigned to any of the branch offices.

(Continued on page 4)

(Continued from page 3)

- 4) Statewide residence. §16-99-5.2, HAR, does not apply to an active salesperson or broker-salesperson who resides on an island different from that of the principal place of business and where there is a registered branch office.
- 5) Advertisement. The principal place of business address or the registered branch office address are not required to be in advertisements. If another address appears in the brokerage firm's advertisement that is not the address of the principal place of business or registered branch office, then the address of the principal place of business or registered branch office should appear in the advertisement.
- 6) Contracts. Although amendments to §16-99-3(f), HAR, deleted some language on the review of contracts, §467-1.6, HRS, and the definition of supervision (§16-99-2, HAR) continue to hold the PB responsible for the review of all real estate contracts and its handling by the associating salespersons. The PB may delegate the review to BICs subject to policies and procedures established by the PB.
- 7) A place of business from which real estate broker activities are engaged exclusively relative to a condominium project, real estate subdivision, larger community development developed by a single developer, time share project, new or existing shopping center, or other commercial building was *not* intended to include the management of multiple real estate type projects. This management of multiple real estate type projects from one office is considered a branch office operation and shall be subject to registration.

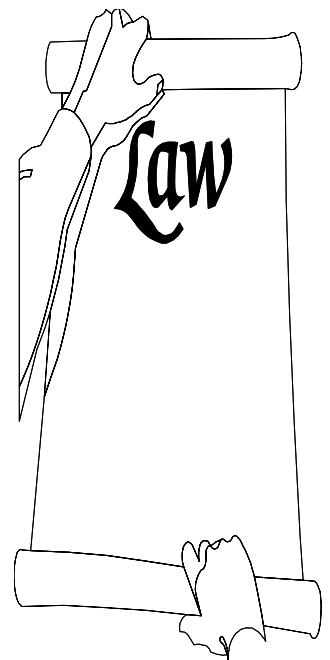
Pertaining to Broker in Charge (LRRC, November 14, 2001):

- 1) A brokerage firm may have more than one broker in charge assigned to the principal place of business or each branch office; and
- 2) One broker in charge may be assigned to supervise more than one branch office, including the principal place of business.

SWAT LAW CHANGES CONTINUE THIS YEAR

The "Slice Waste and Tape" (SWAT) project continues this year via a proposed bill by the Real Estate Commission and the Professional and Vocational Licensing Division. SWAT is a government initiative to repeal and reduce regulatory burdens on businesses, the general public, and State government. In 2001, Act 245, Relating to Real Estate Brokers, was passed and bears the fruit of the initial collaborative effort between the Commission, Hawaii Association of REALTORS®, and the Professional and Vocational Licensing Division.

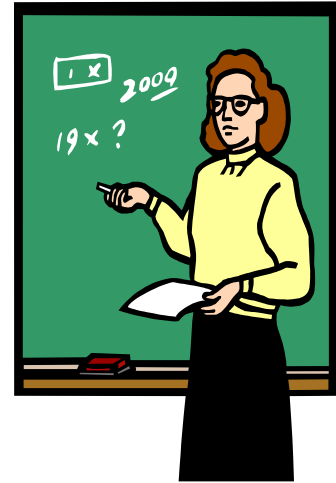
The proposed amendments of the 2002 bill would reduce regulatory requirements for limited-equity housing cooperatives by removing registration with the Commission, allow for standards of accountability to be set by the principal broker by providing principal brokers with the authority to delegate management and supervision duties, amend the prelicensing requirements for out-of-state real estate licensees who have previously met equivalent prelicensing requirements, provide authorization to the Commission to enter into formal license reciprocity or recognition agreements with other states or jurisdictions, and streamline regulatory requirements for condominium managing agents by removing registration and fidelity bond requirements for active real estate brokers.



PRELICENSING SCHOOLS AND PRELICENSING INSTRUCTORS

At the Education Review Committee meeting, it was reported that some prelicensing schools and instructors may be instructing the students with outdated real estate forms and old laws and rules. The Commission directed that prelicensing schools and prelicensing instructors shall utilize the most recent amended real estate forms and provide instruction using the current laws and rules. Reminder: 2001 had a number of dramatic changes to the rules (Chapter 99, HAR) and the laws (Chapter 467, HRS).

If you are a prelicense instructor, you must take the Instructor's Exam every three (3) years before you can re-register as a prelicense instructor. If you do not recall when you last took the Instructor's Exam, call Toa Lavatai, Education Clerk, at 586-2645.



POLICY FOR APPROVAL OF PRELICENSE INDEPENDENT STUDY COURSES

At its June 14, 2001 Education Review Committee meeting, the Commission recommended adoption of the following policy/standards for the approval of prelicense independent study courses:

Course Certification:

1. Protection of the general public in real estate transaction
2. Enables the licensee to serve the objectives of the consumer in a real estate transaction; or
3. Enables the licensee to maintain, develop and improve the licensee's competency and professionalism in a changing market place.

AND

1. The course addresses issues and concepts relating to prohibited acts by a licensee; or
2. The course covers issues, knowledge and concepts relating to real estate professional development.

Course Materials:

1. Applicant must attach the course curriculum which details the sequence of topics, time spent on each topic, course objectives of each topic, learning outcomes, and any reading assignments or materials to be covered in each topic.
2. An outline of the materials to be covered including notes, directives to instructors and all materials to be used as handouts (if applicable).
3. A statement of what the student should be able to do at the end of the course.

In addition, the independent study course provider must comply with the following requirements:

1. Be available to answer students' questions or provide students with assistance;
2. Provide reasonable oversight of students' work in order to insure that the student who completes the work is the student who is enrolled in the course;
3. Obtain from each student a certification that the student completed the course; and
4. Certify students as successfully completing an independent study course.

**REAL ESTATE COMMISSION
2002 MEETING SCHEDULE**

Laws & Rules Review Committee – 9:00 a.m. Education Review Committee – 10:00 a.m. Condominium Review Committee – 11:00 a.m.	Real Estate Commission – 9:00 a.m.
Friday, January 4, 2002 – Maui (See below)	Friday, January 25, 2002 – Kapuaiwa Room
Wednesday, February 13, 2002 – Kapuaiwa Room	Friday, February 22, 2002 – Kapuaiwa Room
Wednesday, March 13, 2002 – Kapuaiwa Room	Friday, March 22, 2002 – Kapuaiwa Room
Wednesday, April 10, 2002 – Kapuaiwa Room	Friday, April 26, 2002 – Kapuaiwa Room
Wednesday, May 8, 2002 – Kapuaiwa Room	Friday, May 31, 2002 – Kapuaiwa Room
Wednesday, June 12, 2002 – Kuhina Nui Room	Friday, June 28, 2002 – Kapuaiwa Room
Wednesday, July 10, 2002 – Kapuaiwa Room	Friday, July 26, 2002 – Kuhina Nui Room
Wednesday, August 14, 2002 – Kapuaiwa Room	Friday, August 30, 2002 – Kapuaiwa Room
Wednesday, September 11, 2002 – Kapuaiwa Room	Friday, September 27, 2002 – Kapuaiwa Room
Wednesday, October 9, 2002 – Kapuaiwa Room	Friday, October 25, 2002 – Kapuaiwa Room
Wednesday, November 13, 2002 – Kapuaiwa Room	Friday, November 22, 2002 – Kapuaiwa Room
Thursday, December 12, 2002 – Kapuaiwa Room	Friday, December 13, 2002 – Kapuaiwa Room

All meetings will be held in the HRH Princess Victoria Kamamalu Building, located at 1010 Richards Street, Second Floor, Honolulu, Hawaii, **except the January 4, 2002 meeting, which will be held in the Maui Board of REALTORS' Conference Room, located at 441 Ala Makani Street, Kahului, Maui.** The Laws and Rules Review Committee meeting will convene at 9:30 a.m. for this meeting only and will be followed by the Education Review Committee meeting at 10:00 a.m. and the Condominium Review Committee meeting at 11:00 a.m.

Meeting dates, locations and times are subject to change without notice. Please visit the Commission's web site at www.state.hi.us/hirec or call the Real Estate Commission Office at 586-2643 to confirm the dates, times and locations of the meetings. This material can be made available to individuals with special needs. Please call the Executive Officer at 586-2643 to submit your request.

2002

ASI Holiday/Non-testing Schedule

January 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
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17	18	19	20	21	22	23
24	25	26	27	28		

March 2002

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31						

April 2002

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21	22	23	24	25	26	27
28	29	30				

May 2002

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26	27	28	29	30	31	

June 2002

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23	24	25	26	27	28	29
30						

January

1 Tuesday
New Year's Day—no testing

21 Monday
Martin Luther King Jr—no testing

May

25 Saturday
Memorial Day—no testing

27 Monday
Memorial Day—no testing

July

4 Thursday
Independence Day—no testing

5 Friday
Independence Day—no testing

August

31 Saturday
Labor Day—no testing

September

2 Monday
Labor Day—no testing

November

28 Thursday
Thanksgiving Day—no testing

November

29 Friday
Thanksgiving—no testing

30 Saturday
Thanksgiving—no testing

December

25 Wednesday
Christmas Day—no testing

July 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2002

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				1	2	3
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
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December 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
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29	30	31				

RecruitSmart™

RecruitSmart™ is a program that provides the names of passing candidates to potential employers. Assessment Systems, Inc. (ASI) provides testing services for the Real Estate Commission. ASI has found that having access to this data is to the advantage of the entire real estate industry. It is in the mutual best interests of both new licensees and potential new employers to see that the new professionals are hired as quickly as possible after passing their examination.

Upon completion of their examination, licensing candidates complete a survey that includes a question on whether they want their names provided to organizations offering employment, continuing education, association membership, and other opportunities. Interested organizations may purchase the names and addresses of passing candidates who choose to make their names available.

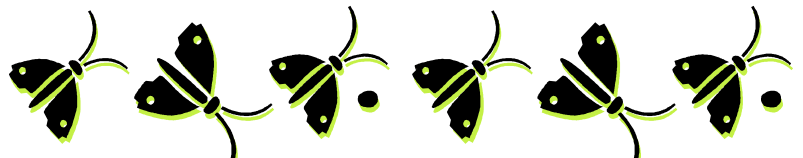
At its July 27, 2001 meeting, the Commission recommended approval to allow ASI to offer the RecruitSmart™ subscription service to Hawaii candidates so interested and that there is a built-in mechanism for candidates to opt out of the service.

State of Hawaii
Real Estate Commission
SCHOOL FILES

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Peter Rice, Vice-Chair
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Real Estate Commission



WHAT'S NEW AT THE REAL ESTATE BRANCH

The Real Estate Branch welcomes our newest additions. Alan Taniguchi, Executive Officer, comes to us from the Housing and Community Development Corporation of Hawaii. Diane Choy Fujimura, Senior Real Estate Specialist; Lorene Arata, Real Estate Specialist; and Cheryl Leong, Condominium Specialist, all come to us from RICO (Regulated Industries Complaints Office).

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