

School Files

Hawaii Real Estate Commission

February 2006

<http://www.hawaii.gov/hirec>

What's in this Issue?

- ❖ Preliminary Decision Application
- ❖ New Salesperson's Curriculum and New Exam
- ❖ Broker Content Outline
- ❖ Salesperson Content Outline
- ❖ Pearson Vue Announcement
- ❖ New Hilo Test Center
- ❖ Proposed "Associate Prelicense Instructor"
- ❖ Real Estate Branch Happenings
- ❖ 2006 Promissor Holiday/Non Testing Schedule
- ❖ 2006 Real Estate Commission Meeting Schedule



PRELIMINARY DECISION APPLICATION

The Commission is experiencing an increase in the number of real estate license applicants who answer "yes" to questions on the application related to past convictions, disciplinary actions, pending law suits, unpaid judgments, outstanding tax obligations, complaints filed with a licensing agency, etc. A number of the applicants for licensure are denied a real estate license after spending monies, time, and effort in taking and passing the prelicensing course and the exam due to a questionable background issue. The preliminary decision can provide insight as to how the Commission will decide on the license application and may save the applicant, as well as the Real Estate Branch staff, the Commission, and the prelicense school unnecessary expenditure of time, effort, and disappointment.

Hawaii Revised Statutes (HRS), Section 467-8(a)(3), states, "No license, registration, or certificate . . . shall be issued to: Any person who does not possess a reputation for or record of competency, honesty, truthfulness, financial integrity, and fair dealing;"

HRS, Section 467-8(b), states in part, "Prior to submitting to prelicensing education or examination requirements, an individual candidate may request that the commission consider a preliminary decision as to whether the individual candidate for a real estate license will be denied a real estate license pursuant to section 467-8(a)(3). . . . (see above)

HRS, Section 467-8(b) goes on to state, ". . . The preliminary decision shall provide advisory guidance, shall not be construed as binding, and shall not be subject to appeal. The individual candidate seeking a preliminary decision shall not be considered an applicant for licensure. A preliminary decision that is unfavorable to the individual shall not prevent the individual from submitting a complete license application and fees after successful completion of the prelicensing requirements."

The Real Estate Commission will be holding its standing Committee meetings on Wednesday, May 10, 2006 at the University of Hawaii – Hilo Campus Center, Rooms 306-307 beginning at 9:30 a.m.

The Request for Preliminary Decision application is available online at the commission's website, www.hawaii.gov/hirec. There is a \$25 non-refundable application fee. All documentation related to the questionable activity should be obtained and submitted with the application, along with letters of reference, a resume of activities, and a brief written explanation of the questionable circumstances.

The Commission highly recommends that all prelicensing schools inform their candidates of the Request for Preliminary Decision option prior to any financial commitment to the prelicensing school.

NEW SALESPERSON'S CURRICULUM AND NEW EXAM

The 2006 new year heralded the offering of the new 60-hour salesperson's prelicensing curriculum. All Commission-certified prelicense schools offering the salesperson's and/or broker's curriculum MUST now offer the 60-hour salesperson's curriculum and the 80-hour broker's curriculum.

The new license exam for salespersons was scheduled to take effect on February 1, 2006. However, the new exam implementation date is moved forward to February 15, 2006, due to a software defect that affected the proper classification of exam items.

At its December 16, 2005 meeting, the Real Estate Commission accepted the Education Review Committee's (ERC) recommendation that the Commission evaluate the teaching of salespersons and brokers candidates in joint classes, pursuant to Hawaii Administrative Rules Section 16-99-57(b). Although the subject matter in joint classes may pertain to both salespersons and brokers prelicensing curricula, it appears that the manner in which such joint classes are presently being offered lack the depth and content level appropriate to broker candidates. The Commission is concerned that broker candidates attending joint classes with salespersons candidates may not receive substantive training and instruction necessary for the broker prelicensing education. The Commission will examine and research this matter further.

The Hawaii State Law Content Outlines for the broker and salesperson examinations provided in the Hawaii Real Estate Candidate Handbook pertain to the examination questions only and are based on the prelicensing education curricula as approved by the Commission. Prelicense schools and instructors are responsible for teaching the current prelicensing education curricula as approved by the Commission, and not only for the purposes of passing the licensing examination. The content outlines can be found on page 3 through 6 of this issue of *School Files*.

The Commission will be taking an active role in monitoring and evaluating prelicense schools and instructors to ensure that the current broker and salesperson curricula being taught are at the appropriate depth and content levels.

Broker Content Outline
Hawaii Laws, Rules and Regulations

50 Approved Questions, 10 Pretest Questions
Effective: February 1, 2006

Content Area	Number of Questions
I. Ascertaining and Disclosing Material Facts	8
A. Bureau of Conveyances/Land Court	
1. Documents and indexes	
2. Conveyance tax	
B. Tax Office	
1. Field books: original and/or computerized	
2. Tax maps	
3. Real property taxes and assessments	
4. State taxes	
C. Inspections	
D. Statutory disclosures	
1. Seller Disclosure Act	
2. Leasehold disclosures	
3. Uniform Land Sales Practices Act	
E. Agency relationships	
F. Environmental conditions	
G. Hawaii land history and property rights	
II. Types of ownership	5
A. Condominium Property Regimes	
B. Cooperatives	
C. Time sharing plans	
D. Land trust	
E. Planned unit Development	
III. Property Management	2
A. Residential Landlord-Tenant Code	
B. Commercial real estate management	
IV. Land Utilization	2
A. Planning, land use, and zoning (county ordinance)	
1. County building and planning	
B. Restrictive covenants	
C. State land use	
V. Title and Conveyances	4
A. Elective share (replaces dower and curtesy)	
B. Tenancy	
C. Liens	
D. Leaseholds	
E. Recording systems	
F. Boundary issues	
G. Foreclosure	

Content Area	Number of Questions
V. Contracts and Addenda	8
A. Hawaii sales contracts	
B. Hawaii listing contracts	
C. Other Hawaii standard forms	
VI. Financing	5
A. Seller Financing	
B. Hawaii-specific institutional financing	
C. Usury laws	
VII. Escrow Process and Closing Statements	5
A. Stages of closing	
B. Closing Responsibilities	
C. Closing Statements	
VIII. Professional Practices and Conduct	11
A. Office management/supervision	
1. Independent contractor vs. employee	
2. Handling of funds	
B. Broker office	
C. Trust accounts	
D. Advertising	
E. Licensing laws and rules	
1. Real estate brokers and salespersons	
2. Professional and Vocational Licensing Act	
F. Grounds for disciplinary action	
1. Illegal conduct	
a) discrimination in real property transactions	
2. Unethical conduct	
a) Standards of Practice	
b) Standard of Care	
G. Risk Management	
TOTAL SCORED ITEMS:	50

Salesperson Content Outline
Hawaii Laws, Rules and Regulations

50 Approved Questions, 10 Pretest Questions
Effective: February 1, 2006

Content Area	Number of Questions
I. Ascertaining and Disclosing Material Facts	8
A. Bureau of Conveyances/Land Court	
1. Documents and indexes	
2. Conveyance tax	
B. Tax Office	
1. Field books: original and/or computerized	
2. Tax maps	
3. Real property taxes and assessments	
4. State taxes	
C. Inspections	
D. Statutory disclosures	
1. Seller Disclosure Act	
2. Leasehold disclosures	
3. Uniform Land Sales Practices Act	
E. Agency relationships	
F. Environmental conditions	
G. Hawaii land history and property rights	
II. Types of ownership	5
A. Condominium Property Regimes	
B. Cooperatives	
C. Time sharing plans	
D. Land trust	
E. Planned unit Development	
III. Property Management	3
A. Residential Landlord-Tenant Code	
B. Commercial real estate management	
IV. Land Utilization	4
A. Planning, land use, and zoning (county ordinance)	
1. County building and planning	
B. Restrictive covenants	
C. State land use	
V. Title and Conveyances	4
A. Elective share (replaces dower and curtesy)	
B. Tenancy	
C. Liens	
D. Leaseholds	
E. Recording systems	
F. Boundary issues	
G. Foreclosure	

Content Area	Number of Questions
V. Contracts and Addenda	8
A. Hawaii sales contracts	
B. Hawaii listing contracts	
C. Other Hawaii standard forms	
VI. Financing	4
A. Seller Financing	
B. Hawaii-specific institutional financing	
C. Usury laws	
VII. Escrow Process and Closing Statements	5
A. Stages of closing	
B. Closing Responsibilities	
C. Closing Statements	
VIII. Professional Practices and Conduct	9
A. Office management/supervision	
1. Independent contractor vs. employee	
2. Handling of funds	
B. Broker office	
C. Trust accounts	
D. Advertising	
E. Licensing laws and rules	
1. Real estate brokers and salespersons	
2. Professional and Vocational Licensing Act	
F. Grounds for disciplinary action	
1. Illegal conduct	
a) discrimination in real property transactions	
2. Unethical conduct	
a) Standards of Practice	
b) Standard of Care	
G. Risk Management	
TOTAL SCORED ITEMS:	50



PEARSON VUE ANNOUNCEMENT

Pearson VUE (Bloomington, Minnesota), the electronic business of Pearson plc, announced in late January 2006, it signed a contract with Houghton Mifflin to acquire Promissor, Inc. (Philadelphia, PA). This acquisition will strengthen Pearson VUE's testing business in the regulatory arena and provides Promissor's clients with a broader footprint both in the US and internationally. Pearson VUE (<http://www.pearsonvue.com>) serves the Information Technology industry and the Professional Certification and Licensure markets. From operational centers in the United States, Australia, Japan, the United Kingdom, India and China, the business provides a variety of services to the electronic testing market. Currently serving over 145 countries, Pearson VUE operates more than 3,700 Authorized Centers in its rapidly expanding network. Pearson VUE also owns and operates 202 Pearson Professional Centers throughout the United States and its territories, 160 European sites, and 16 Asia Pacific sites serving professional licensing and certification sponsors. This is an exciting opportunity for Promissor, Inc. Pearson VUE and Promissor are working together to develop transition and integration plans that will bring to bear the collective strengths of both companies. The combined organization will offer the broadest and deepest portfolio of testing products and services in the market to address the needs of the regulatory and certification industries.

NEW HILO TEST CENTER

A new computer lab test center, Promissor test center #TC1204, opened on February 2, 2006. The new test center is located at:

Hilo High School
556 Waianuenue Avenue, Room C215
Hilo, HI 96720



Directions: From Highway 19, take the Waianuenue Street exit.

The Center will be testing every Tuesday and Thursday, 5:00 p.m. to 9:00 p.m. The Center is administering testing for Hawaii real estate, insurance, and appraiser licensing candidates ONLY.



PROPOSED “ASSOCIATE PRELICENSE INSTRUCTOR” FOR PRELICENSE EDUCATION

The Commission’s Education Review Committee has a working subcommittee called the Education Evaluation Task Force (EETF). The EETF meets on a quarterly basis and is comprised of members that represent all aspects of the real estate industry. One of the items of serious discussion resulted in a rough draft of a new category of prelicense instructor, the “associate prelicense instructor”.

The “associate prelicense instructor” idea is prompted by concerns expressed over the years and brought to the attention of the Commission by a long-time prelicense instructor. The major concern is the requirement that prelicense instructors and substitute instructors meet one of the following requirements:

1. Hold a current Hawaii real estate broker’s license, have at least three years full-time experience in real estate in Hawaii, and fulfill the present experience requirement for a Hawaii broker’s license; or
2. Hold a degree in law and be an attorney licensed and in practice in the area of real estate for at least two years in this State; or
3. Hold an appointment to the real estate faculty of an accredited college or university; or
4. Have graduated from an accredited college or university, have at least three years full-time experience in real estate in Hawaii, and fulfill the present experience requirements for a Hawaii broker’s license.

(See Hawaii Administrative Rules Section 16-99-58(d))

Another stumbling block for many prelicense instructor applicants in the past is the requirement stated in Hawaii Administrative Rules Section 16-99-58(e), “Each instructor shall have had one year prior teaching experience in real estate within three years preceding the application for certification and possess in addition to the requirements in subsection (d):

1. A certificate of completion from a special real estate instructor institute issued within a year immediately preceding the request for certification; or
2. A certificate of completion from a professional real estate course leading to a professional designation accepted by the commission; or
3. An appointment to the real estate faculty of an accredited institution of higher education; or
4. A certificate of completion from an accredited salesperson and broker course; or
5. Other as the commission may determine (including successfully passing a qualifying real estate license examination).

Applicants who lack the one year prior teaching experience in real estate within three years preceding the application for certification may apply as a substitute prelicense instructor, teach for the subsequent one year period, and then submit an application for prelicense instructor certification.

The broker experience requirement poses the largest obstacle to prelicense instructor certification. The requirement automatically, perhaps only temporarily, excludes many recently arrived out-of-state applicants. With this in mind, the EETF came up with the following suggested rules for an “associate prelicense instructor”:

Associate Prelicense Instructors.

- (1) In order to be certified, each associate prelicense instructor applicant shall:
 - (A) Receive sponsorship from only one principal;
 - (B) Teach at the sponsoring principal’s school;
 - (C) Teach in principal’s presence; and
 - (D) Possess adequate teaching experience. Adequate experience may be based on any or all of the following:
 - (1) A current and active real estate prelicense teaching experience certificate in another state or jurisdiction, which if approved allows the associate prelicense instructor to teach the Uniform section only; or
 - (2) A current and active Hawaii real estate salesperson’s or broker’s license for 3 years out of the previous 5 years, which if approved allows the associate prelicense instructor to teach the Hawaii state law section only.
- (2) The associate prelicense instructor may apply as a principal instructor upon completion of:
 - (A) 3 out of the previous 5 years of certified teaching experience; or
 - (B) Teaching the pre-approved educational section for a minimum of 3 Hawaii prelicense real estate salesperson’s or broker’s courses in the previous 5 years.
- (3) The principal’s sponsorship application must be submitted in writing to the commission for its review and approval prior to commencing teaching.

This is a ROUGH DRAFT of possible new rules for an “associate prelicense instructor.” There is a lot of room for fine-tuning.

If you have any constructive comments on the above, please submit them in writing to the Real Estate Branch, Attention: Diane Choy Fujimura, Senior Real Estate Specialist, or fax your comments to (808) 586-2650.



REAL ESTATE BRANCH HAPPENINGS



We are proud to announce the arrival of Shane Kazuyuki Kimura. Real Estate Specialist Lorene Kimura gave birth to her son on December 29, 2005. Shane was a healthy 6 pounds 10 ounces and 18 inches long. Mommy, Daddy Tyler, and baby are doing fine and adjusting to their new life together.

2006 Promissor Holiday/Non Testing Schedule

January

Su	Mo	Tu	We	Th	Fr	Sa
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				

***No Testing**
1-Sun, 2-Mon
New Year's Day
16-Mon
M.L.King's Day

February

Su	Mo	Tu	We	Th	Fr	Sa
			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				

***No Testing**
20-Monday
President's Day

March

Su	Mo	Tu	We	Th	Fr	Sa
			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	

April

Su	Mo	Tu	We	Th	Fr	Sa
						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						

***No Testing**
14-Fri, 15-Sat, 16-Sun
Spring Break

May

Su	Mo	Tu	We	Th	Fr	Sa
	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			

***No Testing**
27-Sat, 28-Sun, 29-Mon
Memorial Weekend

June

Su	Mo	Tu	We	Th	Fr	Sa
				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	

July

Su	Mo	Tu	We	Th	Fr	Sa
						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					

***No Testing**
1- Sat, 2-Sun,
3-Mon, 4-Tue
Independence Day

August

Su	Mo	Tu	We	Th	Fr	Sa
		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		

September

Su	Mo	Tu	We	Th	Fr	Sa
					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

***No Testing**
2-Sat, 3-Sun, 4-Mon
Labor Day

October

Su	Mo	Tu	We	Th	Fr	Sa
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				

***No Testing**
9-Monday
Columbus Day

November

Su	Mo	Tu	We	Th	Fr	Sa
			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		

***No Testing**
23-Thur, 24-Fri,
25-Sat, 26-Sun
Thanksgiving

December

Su	Mo	Tu	We	Th	Fr	Sa
					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						

***No Testing**
23-Sat, 24-Sun,
25-Mon, 26-Tue
Christmas
30-Sat, 31-Sun
New Year's Day

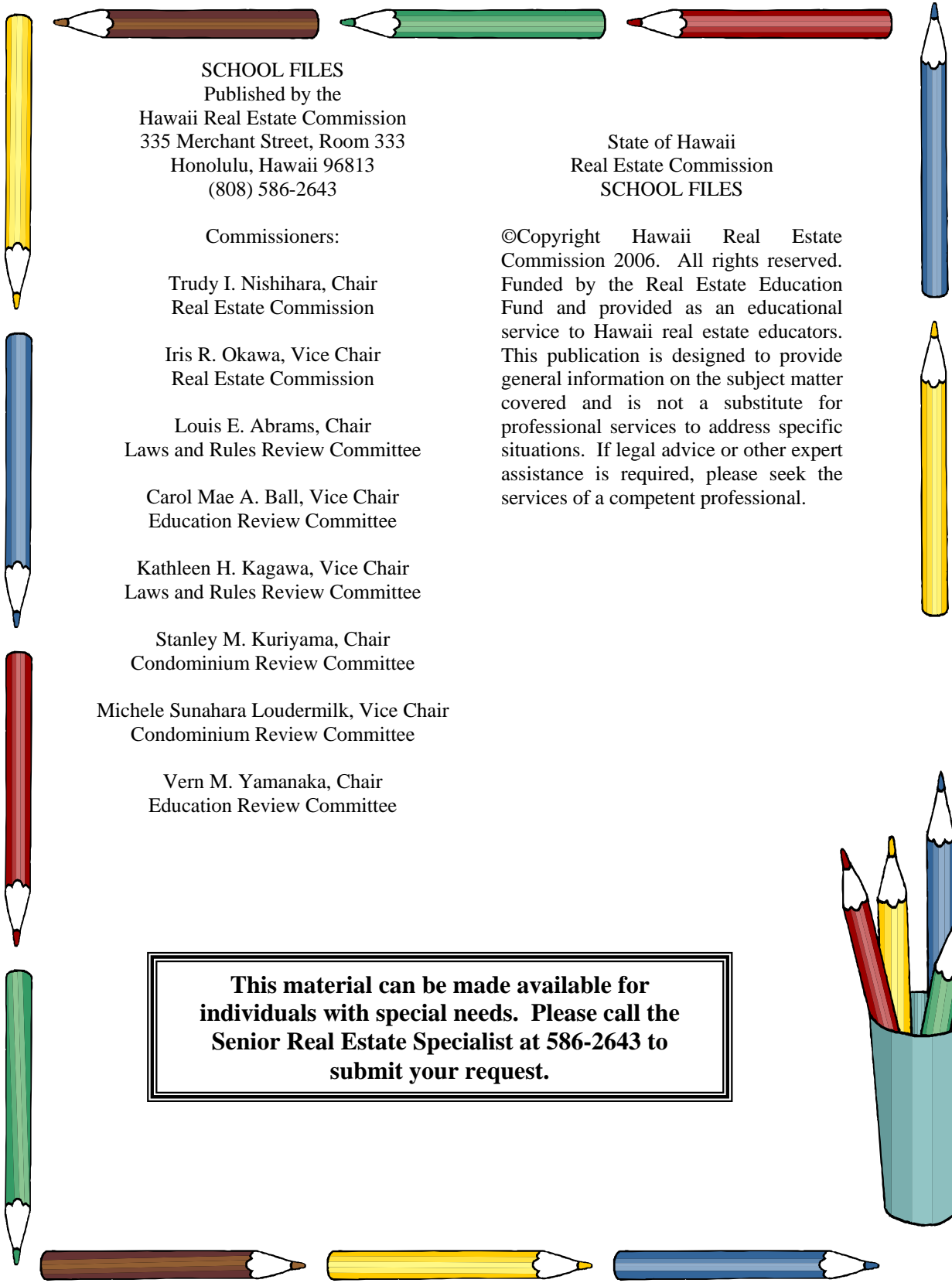
Centers offering testing on the 2nd and 4th Saturdays will test on the 1st and 3rd Saturday during May, November and December

**2006
REAL ESTATE COMMISSION
MEETING SCHEDULE**

Laws & Rules Review Committee – 9:00 a.m. Education Review Committee – Upon adjournment of the Laws & Rules Review Committee Meeting Condominium Review Committee – Upon adjournment of the Education Review Committee Meeting, which is upon the adjournment of the Laws & Rules Review Committee Meeting, which convenes at 9:00 a.m.	Real Estate Commission 9:00 a.m.
Wednesday, February 8, 2006	Friday, February 24, 2006
Wednesday, March 8, 2006	Friday, March 24, 2006
Wednesday, April 12, 2006	Friday, April 28, 2006
Wednesday, May 10, 2006	Friday, May 26, 2006
Wednesday, June 14, 2006	Friday, June 23, 2006
Wednesday, July 12, 2006	Friday, July 28, 2006
Wednesday, August 9, 2006	Friday, August 25, 2006
Wednesday, September 13, 2006	Friday, September 22, 2006
Wednesday, October 11, 2006	Friday, October 27, 2006
Wednesday, November 8, 2006	Wednesday, November 22, 2006
Wednesday, December 6, 2006	Friday, December 15, 2006

All meetings will be held in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor **except the May 10, 2006 Committee meetings**, which will be held in the Campus Center Conference Rooms 306/307, University of Hawaii – Hilo, located at 200 West Kawili Street, Hilo, Hawaii. The meeting will begin at 9:30 a.m. for the May 10, 2006 Committee meetings only.

Meeting dates, locations and times are subject to change without notice. Please visit the Commission’s website at www.hawaii.gov/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 contact the Executive Officer at 586-2643 to submit your request.



SCHOOL FILES

Published by the
Hawaii Real Estate Commission
335 Merchant Street, Room 333
Honolulu, Hawaii 96813
(808) 586-2643

State of Hawaii
Real Estate Commission
SCHOOL FILES

Commissioners:

Trudy I. Nishihara, Chair
Real Estate Commission

Iris R. Okawa, Vice Chair
Real Estate Commission

Louis E. Abrams, Chair
Laws and Rules Review Committee

Carol Mae A. Ball, Vice Chair
Education Review Committee

Kathleen H. Kagawa, Vice Chair
Laws and Rules Review Committee

Stanley M. Kuriyama, Chair
Condominium Review Committee

Michele Sunahara Loudermilk, Vice Chair
Condominium Review Committee

Vern M. Yamanaka, Chair
Education Review Committee

©Copyright Hawaii Real Estate Commission 2006. 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 the Senior Real Estate Specialist at 586-2643 to submit your request.