School Files

Hawaii Real Estate Commission

October 2016

www.hawaii.gov/hirec

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ONLINE RENEWALS: pvl.ehawaii.gov/mypvl

All real estate licenses (active and inactive) expire on December 31, 2016. Licensees must renew their license and pay the licensing fees by November 30, 2016 to ensure successful renewal before the license expiration date. Licenses that are not successfully renewed will be automatically forfeited as of January 1, 2017. A forfeited licensee is unlicensed and shall not engage in real estate activity, and cannot receive any compensation for real estate activity.

By law, the principal broker ("PB") is responsible for all the licenses of the brokerage firm. Using the "MyPVL" online service, the PB shall verify all associated licensees and initiate any corrections immediately. All PBs will receive the "Renewal Notice to PB" which will include the BP ID number for their brokerage. This number is required to renew the brokerage license on MyPVL. <u>Save this file number when</u> <u>creating your MyPVL account.</u> The file number for your brokerage is the last 4 digits of the "BP ID" noted on the license view of the brokerage. This 4-digit BP ID number is included in the informational letter. **SAVE IT**.

All other licensees are able to access their license information via MyPVL using their individual license number and the last four digits of their social security number.

The licenses/registrations of the brokerage firm, PB, BIC(s), and RBO(s) should be simultaneously renewed during early November and **prior to** renewals of all associating licensees to ensure sufficient time to correct any problems and to ensure successful renewal of all associating licensees. If an associating licensee renews prior to the renewal of the PB, BIC(s), RBO(s), and brokerage firm, the associating licensee's renewal application will be held in "suspense" until the PB, BIC(s), RBO(s) and brokerage firm have successfully renewed all licenses.

PBs and BICs should complete all CE requirements as soon as possible as a successful renewal requires completing CE requirement prior to submitting the renewal application.

RENEWING ON ACTIVE STATUS: Individual licensees who renew their license on active status need to complete 20 hours of approved CE courses. Licensees are required to take the mandatory core course (totaling 8 hours) and elective courses (totaling 12 hours). If the licensee takes more than the continuing education requirement, it is

allowable, and more than welcomed. Please note, though, that CE in excess of the requirement may not be carried over to the next biennium's CE requirement. The CE

completion certificates are not submitted unless otherwise instructed. Any individual licensee who does not complete the CE requirement will be renewed on inactive status without further notice.

RENEWING ON INACTIVE STATUS: Individual licensees who renew their license on inactive status do not have to complete the CE requirement but must renew their license and pay the renewal fees by November 30, 2016. An inactive licensee desiring to change to active status shall submit the original CE certificates with a completed Change Form and a reactivation fee.

NEW SALESPERSON IN 2016: An individual issued a new salesperson license in calendar year 2016 and renewing the license by the renewal deadline of November 30, 2016, shall be deemed to have completed the CE requirement and will **NOT** have to complete the CE requirement for this license renewal.

CANDIDATES FOR LICENSURE: Subject to compliance with the license application deadline, a candidate for licensure may consider being licensed as of January 1, 2017, rather than being licensed for the remaining months of 2016 and subject to renewal requirements. Please call the Real Estate Branch for information.

Key points to remember for license renewal:

- 1. A "MyPVL" account must be set up by the licensee to renew their license. (pvl.ehawaii.gov/mypvl/)
- 2. Please note the Chapter 53, Hawaii Administrative Rules, rule amendments for fee increases. (See pages 3 4)
- 3. A business address change can be done at the same time as renewal for both online and by paper at no cost. Previously, if a business address changed, a paper renewal application was required to be submitted together with a Change Form and a \$10 change fee.

Important dates to remember for license renewal:

- 1. A "coming soon" renewal announcement is on the Commission's website along with a renewal FAQ. The online renewal system, including hard copy renewal applications, will not be available until the go-live online renewal date of Monday, October 17, 2016.
- 2. October 14, 2016 Renewal notices mailed to all licensees.
- 3. October 17, 2016 On-line renewal to go LIVE. Go to pvl.ehawaii.gov/mypvl
- 4. November 4, 2016 Reminder notice mailed out.
- 5. November 30, 2016 RENEWAL DEADLINE to ensure issuance of pocket card by January 1, 2017.
- 6. December 31, 2016 Last day for the online system to be available. Renewal site to shut down at 11:59 p.m.

If a licensee answers "YES" to any of the following questions on the renewal application, the online renewal system will NOT allow the licensee to proceed with the online renewal:

- 1. In the past 2 years has your license in this state or any other jurisdiction been formally disciplined by way of a fine, suspension, restriction, or revocation?
- 2. Are there any disciplinary actions pending against you in this state or any other jurisdiction?
- 3. In the past 2 years have you been convicted of a crime in which the conviction has not been annulled or expunged?

Licensees answering "YES" to any of the above questions must obtain a renewal application by contacting the Professional and Vocational Licensing Division at (808) 586-3000.



REAL ESTATE EDUCATION RENEWALS

Like real estate licensees, all prelicense schools, prelicense instructors, continuing education providers, and continuing education courses need to be reregistered or recertified by November 30, 2016. While all registrations and certifications remain in effect through December 31, 2016, to ensure you are able to continue offering prelicense courses and continuing education courses come January 1, 2017, please renew and/or recertify by the November 30, 2016 date.

All real estate education recertification and reregistration applications are done by hard-copy as online renewals are not yet in effect. Please review the fee increases applicable to prelicense schools, prelicense instructors, continuing education providers, and continuing education courses.

RENEWALS BEGIN MONDAY, OCTOBER 17, 2016



QUOTING MORTGAGE RATES

If a real estate licensee quotes mortgage rates to a consumer, the Division of Financial Institutions ("DFI"), Department of Commerce and Consumer Affairs, considers it unlicensed activity. Since the mortgage crisis, in 2008, Congress has taken a "hard line" in regulating mortgage transactions, which includes quoting rates.

DFI has enforced the law (Hawaii Revised Statutes, Chapter 454F) on many individuals who have quoted rates. Advertising appear to be proliferating by real estate licensees stating, for example, "Call me for a quote," or "Let me tell you what your buying power is." Consumers who contact a real estate licensee for mortgage rates should be referred to a licensed mortgage loan officer. Consumers have been encouraged by DFI to file a complaint with the Regulated Industries Complaints Office ("RICO") if a real estate licensee is quoting mortgage amounts and rates.



PENDING FEE INCREASES

The Professional and Vocational Licensing ("PVL") Division and the Regulated Industries Complaints Office ("RICO") held a public hearing on July 6, 2016 at the Department of Commerce and Consumer Affairs ("DCCA") to hear all persons interested in the proposed amendments to Hawaii Administrative Rules ("HAR") Chapter 16-53, pertaining to the proposed increase in fees.

The purposes of the proposed amendments are to 1) Increase and or right-size the fee structures of the 49 regulatory licensing areas in the PVL and RICO; 2) In addition to technical, non-substantive revisions throughout the chapter, changes are made to Subchapter 1 – General Provisions; and Subchapter 2 – Fees.

There are approximately 150,500 licensees in the State. Fees have not increased since 1982, when DCCA became self-sufficient. PVL and RICO are both finding it increasingly difficult to implement necessary

improvement to services, as hard costs continue to rise. Initial license fees, renewal fees, compliance resolution fund fees (the RICO revenue source), and education fund fees will be increased by an average of 37.1%.

In October 2014, pursuant to Hawaii Revised Statutes §26-8, former Governor Abercrombie and the Department of Budget and Finance authorized a temporary fee increase of 23%. The temporary increase represented a short-term strategy to obtain initial funding to replace antiquated 1980s database systems. This effort was part of a long-range plan to address not only immediate database needs, but also long-term revenue shortfalls.

The new increased fees will be used to replace outdated computer systems which will allow PVL to process applications and renewals faster, and provide more online functions that will update licensees as the application process progresses. RICO will be able to allow consumers to file complaints online and to receive updates as the investigation process continues. Vacancies at RICO will be filled. The increased fees will allow the DCCA to continue to maintain and improve services to licensees and consumers.

The proposed rules may be reviewed in person free of charge at PVL during working hours. The full text of the proposed rules is available and may be downloaded free of charge at http://cca.hawaii.gov/pvl/files/2015/12/HAR53-R_0915_Proposed.pdf

The proposed rules were passed, except for the proposal to incrementally increase every 7 years 16% for license fees and compliance resolution fund fees. The rules are awaiting approval by Governor Ige.

When the rule package is approved by the Governor, the new fees as indicated below will be in effect. At this time, all fee increases are **PENDING**. Fees will not be collected until the Governor signs the proposed rule amendments for Chapter 53, HAR.

	TOTAL FEES	License/ Reg	Application	Education Fund	Renew/ Rereg	CRF
Schools, Instructors, Providers						
Prelic School Registration						
Both Sales and Broker						
Odd numbered year	\$ 1,436.00	\$ 1,260.00	\$ 50.00			\$ 126.00
Even numbered year	\$ 1,373.00	\$ 1,260.00	\$ 50.00			\$ 63.00
Either Sales or Broker						
Odd numbered year	\$ 1,026.00	\$ 850.00	\$ 50.00			\$ 126.00
Even numbered year	\$ 963.00	\$ 850.00	\$ 50.00			\$ 63.00
Additional School (Broker or Sales)						
Odd numbered year	\$ 470.00	\$ 420.00	\$ 50.00			
Even numbered year	\$ 470.00	\$ 420.00	\$ 50.00			
Reregistration	\$ 686.00		\$ 50.00		\$ 510.00	\$ 126.00
					T	
Prelicense Independent Study/Online Course						
Odd numbered year	\$ 50.00		\$ 50.00			
Even numbered year	\$ 50.00		\$ 50.00			
Reregistration	\$ 50.00		\$ 50.00			
Add'l Course Offering (Broker or Sales)						
Odd numbered year	\$ 100.00		\$ 100.00			
Even numbered year	\$ 100.00		\$ 100.00			
Reregistration	\$ 100.00		\$ 100.00			

		OTAL FEES		cense/ tereg	Apı	plication	Education Fund	Renew/ Reg	CRF
Prelicense Instructor									
Original Registration									
Odd numbered year	\$	218.00	\$	42.00	\$	50.00			\$ 126.00
Even numbered year	\$	155.00	\$	42.00	\$	50.00			\$ 63.00
Reregistration	\$	262.00			\$	50.00		\$ 86.00	\$ 126.00
Supp App - Prelicense Independent Study/Online Course									
Online Course									
Odd numbered year	\$	50.00			\$	50.00			
Even numbered year	\$	50.00			\$	50.00			
Reregistration	\$	50.00			\$	50.00			
Prelicense Guest Lecturer or Substitute Instructor									
Odd numbered year	\$	218.00	\$	42.00	\$	50.00			\$ 126.00
Even numbered year	\$	155.00	\$	42.00	\$	50.00			\$ 63.00
Continuing Education Provider					<u> </u>				
Original Registration									
Odd numbered year	\$	382.00			\$	256.00			\$ 126.00
Even numbered year	\$	319.00			\$	256.00			\$ 63.00
One-time offering (incl. 3 instructors)	\$	483.00			\$	420.00			\$ 63.00
Reregistration	\$	296.00			\$	170.00			\$ 126.00
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Continuing Education Course Original Certification - 3 hour									
course	\$	150.00			\$	150.00			
Recertification - 3 hours					_				
course	\$	75.00							
Continuing Education National/ARELLO									
Certified Course Original Certification - 3 hour									
course	\$	25.00			\$	25.00			
Recertification - 3 hours									
course	\$	25.00			\$	25.00			





CELL PHONES IN CLASS

Based on recent continuing education course monitor reports, licensees attending live courses appear to be paying more attention to their cell phones, laptops, and other electronic devices rather than to the course in session. Cell phones rang during the class, text messages and emails were received and responded to during the class, attendees exited the class from anywhere between 5 minutes to 25 (!!!) minutes to take calls, etc.

Each Continuing Education ("CE") Provider should have policies in writing and provided to each attendee regarding use and non-use of cell phones, laptops, other electronic devices, exiting the class, and not completing the entire CE class (which is required in the Hawaii Administrative Rules, §16-99-87, "Definitions. As used in this subchapter: . . . 'Completion of course' means licensee's orderly attendance throughout the entire course.")

Absence from the class for 25 minutes of a 3-hour course is **NOT** acceptable. If an attendee exits the class and is gone for as long as 25 minutes, there should be a policy in place that this attendee may not receive CE credit for the course. That is an unreasonable amount of time to be absent from the class. Bathroom breaks are reasonable and shouldn't take an inordinate amount of time to complete. Sign-in and sign-out sheets are for attendees momentarily leaving a class, not to conduct business via an electronic device of any sort.

CE Providers should alert their instructors to monitor cell phone usage, turn cell phones OFF, not put on vibrate, and refrain from leaving the class to conduct "business". Laptops are in use, and whether or not it is being used for note-taking is not clear. Other websites were accessed during the class, for example, Amazon.

Course exams are not required for a licensee to earn CE credit. This fact alone may encourage an attendee to not pay close attention to the course in session. Unfortunately, inattentiveness to the CE course has escalated to the point where business is conducted during the class.

It is the CE Provider who is ultimately responsible for the CE course and its offering. This also includes the responsibility to see that the CE instructor is conducting the course in an acceptable manner, and controlling the attendees.

Amen



2016 LEGISLATION OF INTEREST

The following pieces of 2016 legislation are included in the Hawaii Real Estate Commission's mandatory core course, Part B, Condominium Governance, and is printed here for general interest.

HB 1541 HD1 SD1, ACT 238, Effective July 13, 2016: *Proxy statements, requirements relating to Planned Community Associations*. The objective of HB 1541 is to amend various proxy statement requirements for planned community associations to promote communication from prospective Board of Directors candidates to all owners when proxies are used for elections of directors. Also, the bill standardizes the proxy form, and prohibits managing agents, resident managers, and employees from soliciting or casting proxy votes at meetings for the same association that employs their services unless it is for the purpose of establishing a quorum. This law applies to proxy statements for meetings of an association occurring on or after October 1, 2016.

HB 1561 SD1 CD1, ACT 154, Effective 65/29/16: Offenses of intrusions; Criminal trespass relating to nuisance abatement. The purpose of this measure is to remedy the situation of an unlawful occupation of real property by amending the nuisance abatement law to authorize civil lawsuits that seek, among other things, an order of abatement that permanently prohibits the trespassers from residing on or entering onto the subject real property. Because neighboring landowners and residents do not have a property interest in the abandoned parcel, they usually do not have effective legal tools to remove the squatter. There is a lack of effective remedies to protect against noise, drug use, unsanitary conditions, and other illegal activities in their neighborhoods. This measure is intended to provide the landowners and the affected communities with a means to obtain relief from the nuisance created by squatters.

HB 2326 HD1 SD1, ACT 142, Effective 6/29/16: *Relating to Mortgage Rescue Fraud.* The purpose of this measure is to make numerous amendments to Hawaii's Mortgage Rescue Fraud Prevention Act, Chapter 480E, Hawaii Revised Statutes, to provide consistency with the federal Mortgage Assistance Relief Services Rule. Although the state law and federal regulation are designed to protect consumers from abusive mortgage relief practices, they take different approaches to identify consumers who may be in need of protection. For example, Hawaii's law focuses on properties already in distress, while the federal regulation focuses more broadly on the nature of mortgage assistance rescue services being offered. This measure resolves existing conflicts and inconsistencies between state law and federal regulations and will enable enforcement agencies to provide increased protection for vulnerable Hawaii homeowners who may be targeted by mortgage rescue scams.

SB 3084 SD1 HD2 CD1, ACT 182, Effective 7/1/16: *Income tax credit; Cesspool upgrade; Conversion or connection.* The purpose of this measure is to clarify that the cesspool upgrade, conversion, or connection income tax credit shall be limited to a maximum of one cesspool upgrade, or connection per qualified cesspool or per tax map key number where more than one residence is connected to a residential large-capacity cesspool and that residential large-capacity cesspools must be connected to more than one residence in order to be eligible for the tax credit. The bill shall take effect on approval and applies to taxable years beginning after December 31, 2015.



PSI ITEM REVIEW AND INDUSTRY DAY

The annual item review and Industry Day by PSI, the Commission's test administrator, was held on August 11-12, 2016, at The Hyatt Place, Waikiki. Chanda Turnbull and Carolyn Moore-Mooso facilitated the meeting, with Wayne Thorburn, Manager of Business Development, and JoAnne Wingate, VP for Client Services, assisting. Chanda Turnbull will be replacing Carolyn Moore-Mooso for Hawaii's test development.

Under-performing items were reviewed and amended if necessary, or deleted. New items were also written for pretesting on the salesperson's and broker's license exams. Pretest items are not included in the candidates test score. A review of the distribution of test items was also done, with no changes made. One minor change was made to the state content outline. The "leasehold" subheading under "Title and Conveyances" was moved as a subheading under "Estates and Interests".

Industry Day was sparsely attended. As such, it appears that the prelicense schools are doing okay with no pressing issues or concerns. Keep up the good work!

Security bags are now being used for test sites that do not have storage lockers. The candidates are given security bags for their personal belongings, the bags are locked and may be taken to the candidates' work station for the duration of the exam. The exam proctor holds the key for the bags.

Statistics for Hawaii Test Performance were provided on pages 8 - 9.

Pass Rates for Other States



lst Time Sales -1/1-6/30/2016

	<u>National</u>	State
New England	66.1%	51.8%
Mid-Atlantic	64.8	51.4
Southeast	67.1	74.0
South	61.7	59.9
Southwest	56.9	8.89
Midwest	74.2	81.6
GreatLakes	79.0	75.0
Plains	74.2	74.8
West	61.1	59.2
HAWAII	,62.6	51.2

Hawaii Test Performance - 1/1-6/30/2016



1st Time - National Exam Portion 62.6% Pass

• ALL CANDIDALES BY	ESBYSECTIONOFCONTENTOUTLINE – 1⁴time and repeattest-takers	۷E – 1⁵ttimeandrepeattest-t	akers
 Contracts 	7.71of 11=70.1%	Financing	4.18 of 6 = 69.7%
 Agency 	7.46 of 10 = 74.6%	Land Use Controls	3.64 of 5 = 72.8%
 Disclosures 	6.03 of 8 = 75.4%	Practice of RE	8.61 of 12= 71.8%
 Property Own. 	5.21 of $7 = 74.4%$	RE Calculations	4.11of 6 = 68.5%
 Specialty Areas 	1.42 of 2 = 71.0%	Transfer of Title	3.20 of 5 = 64.0%
 Valuation 	5.410f8 = 67.6%		

1st Time - State Exam Portion

51.2% Pass

• ALL CANDIDATES BY SECTION OF CONTENT OUTLINE — 151 time and repeat test-takers

3.05 of $5 = 61.0%$	2.03 of 3 = 67.7%	9.62 of 14= 68.7%	2.45 of 4 = 61.3%
Contracts	Financing 2	Practices & Conduct	Title & Convevance
5.44 of 8 = 68.0%	• Escrow & Closing $2.03 \text{ of } 3 = 67.7\%$	2.03 of 3 = 67.7%	3.09 of 4 = 77.3%
 Material Facts 	ullet Escrow $&$ Closing	 Land Utilization 	 Property Mgtmt

4.29 of 6 = 71.5%

Types of Owner

CONTINUING EDUCATION PROVIDERS

Abe Lee Seminars

Akahi Real Estate Network, LLC

All Islands Real Estate School

American C.E. Institute, LLC

American Dream Real Estate School LLC

American School of Real Estate Express, LLC

Carol Ball School of Real Estate

Carol M. Egan, Attorney at Law

Coldwell Banker Pacific Properties Real Estate School

Continuing Ed Express, LLC

Dower School of Real Estate

Eddie Flores Real Estate Continuing Education

Hawaii Association of Realtors

Hawaii Business Training

Hawaii CCIM Chapter

Hawaii Island Realtors

Honolulu Board of Realtors

Institute of Real Estate Management – Hawaii

Chapter No. 34

Institute of Real Estate Management – Nat'l

International Association of Certified Home

Inspectors

(InterNACHI)

Kama'aina Realty LLC,

dba RP Seminars Unlimited

Kauai Board of Realtors

Lorman Business Center, Inc.

dba Lorman Education Services

McKissock, LP

OnCourse Learning Corporation

dba Career WebSchool

Pacific Real Estate Institute

ProSchools, Inc.

Ralph Foulger's School of Real Estate

Real Class, Inc.

Realtors' Association of Maui, Inc

REMI School of Real Estate

Russ Goode Seminars

Servpro Industries, Inc.

Shari S. Motooka-Higa

The CE Shop, Inc

USA Homeownership Foundation, Inc.,

dba Veterans Association of Real

EstateProfessionals (VAREP)

Vitousek Real Estate Schools, Inc.

West Hawaii Association of Realtors

PRELICENSE SCHOOLS

Abe Lee Seminars

Akahi Real Estate Network, LLC

All Islands Real Estate School

American Dream Real Estate School LLC

Carol Ball School of Real Estate

Coldwell Banker Pacific Properties Real Estate School

Continuing Ed Express LLC

Dower School of Real Estate

Fahrni School of Real Estate

Hawaii Institute of Real Estate, LLC

Inet Realty

ProSchools, Inc.

Ralph Foulger's School of Real Estate

REMI School of Real Estate

Seiler School of Real Estate

University of Hawaii Maui College

- OCET Real Estate School

Vitousek Real Estate Schools, Inc.



2016 REAL ESTATE COMMISSION MEETING SCHEDULE

Laws & Rules Review Committee - 9:00 a.m. Condominium Review Committee - Upon adjournment of the Laws & Rules Review Committee Meeting Education Review Committee - Upon adjournment of the Condominium Review Committee Meeting	Real Estate Commission 9:00 a.m.
Wednesday, October 12, 2016	Friday, October 28, 2016
Wednesday, November 09, 2016	Wednesday, November 23, 2016
Wednesday, December 07, 2016	Friday, December 16, 2016

All meetings will be held in the Queen Liliuokalani Conference Room of the King Kalakaua Building, 335 Merchant Street, First Floor.

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.



COMMISSIONERS:

Nikki T. Senter, Chair Real Estate Commission

Scott C. Arakaki, Chair Laws and Rules Review Committee

Laurie Lee, Vice Chair Laws and Rules Review Committee

Bruce Faulkner, Vice Chair Condominium Review Committee

Rowena B. Cobb, Chair Education Review Committee

Aileen Y. Wada, Vice Chair Education Review Committee

Michael Pang Oahu Commissioner

Aleta Klein Oahu Commissioner

SCHOOL FILES

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