


HAWAI'I REAL ESTATE COMMISSION

SALESPERSONS' PRELICENSING

CURRICULUM

JUNE 2020

TABLE OF CONTENTS

SECTION ONE: INTRODUCTION AND HAWAIIAN HISTORY 	1
SECTION TWO: LAWS, LAND USE AND CONTROLS	3
SECTION THREE: HAWAI'I LICENSING LAWS	6
SECTION FOUR: AGENCY	10
SECTION FIVE: PROPERTY RIGHTS	12
SECTION SIX: TRANSFERRING REAL PROPERTY INTEREST	15
SECTION SEVEN: ENCUMBRANCES	18
SECTION EIGHT: CONTRACTS	20
SECTION NINE: CLOSING/SETTLEMENT	23
SECTION TEN: DISCLOSURES	24
SECTION ELEVEN: VALUATION AND MARKET ANALYSIS	25
SECTION TWELVE: FINANCING	27
SECTION THIRTEEN: PROPERTY MANAGEMENT AND LEASING	30
SECTION FOURTEEN: FORMS OF OWNERSHIP	33
SECTION FIFTEEN: DISCRIMINATION	37
SECTION SIXTEEN: TAXES	39
SECTION SEVENTEEN: HAWAI'I FORMS 	40
SECTION EIGHTEEN: MATHEMATICS	41
SALESPERSONS' PRELICENSING CURRICULUM CONTENT OUTLINE	42

SECTION ONE: INTRODUCTION AND HAWAIIAN HISTORY 

A. INTRODUCTION TO REAL ESTATE

B. THE REAL ESTATE PROFESSION

- 1) The real estate business.
 - a. Identify real estate career opportunities.
 - b. Identify, discuss and provide a list of professional real estate organizations.
 - c. Real estate regulatory agencies.
 - i. Impose mandatory requirements
 - d. Professional trade.
 - i. Voluntary trade groups
 - ii. Developing, maintaining and establishing standards
 - iii. Promotes professionalism
 - e. Sources of information.
 - i. County agencies
 - ii. State agencies
 - iii. Federal agencies
 - iv. Other
 1. Professional organizations.
 2. The internet (e.g. instructors may provide a list of relevant website resources).

C. THE REAL ESTATE PROFESSION IN HAWAI'I

- 1) Discuss composition of the real estate profession in Hawai'i.
- 2) Provide an overview of the economic impact of various elements of the real estate profession in Hawai'i.

D. THE REAL ESTATE MARKET IN HAWAI'I

- 1) Discuss the interaction of supply and demand.
- 2) Review fluctuations in market segments over time (i.e. how timing affects the market).
- 3) Explain the impact of location on the market.
- 4) Real estate economics.
 - a. Discuss implications of real estate regarding an economy that is based on tourism.
 - b. Identify the factors that affect the supply and demand of real estate.
 - c. Define economic value and market value.
 - d. Explain the characteristics of the real estate market.



- e. Explain the real estate cycle in Hawai'i and determine the current local real estate market in this cycle.
- f. Note that the real estate market in Hawai'i is different on each island.

E. BRIEF HISTORY OF HAWAIIAN REAL ESTATE


- 1) Discuss the role of land in the kingdom.
- 2) Discuss the evolution of the Land Commission (1845-1855).
- 3) Discuss the implications of Hawaiian history on the present use of land.
 - a. Before the Great Māhele:
 - i. Describe land divisions
 - 1. Mokupuni
 - 2. Moku
 - 3. Ahupua'a
 - 4. 'Ili
 - 5. Lele
 - 6. Mo'o'āina (Mo'o)
 - 7. Kuleana
 - b. The Great Māhele -- In 1848, the lands went from the control of Kamehameha to being divided as follows:
 - i. Government lands (public)
 - ii. Crown lands (king)
 - iii. Konohiki lands (chiefs)
 - iv. Kuleana lands (commoners)
 - c. Distribution of land (kuleanas) in 1850 to commoners.
 - i. Note some kuleanas exist today
- 4) Explain the historical evolution of the feudal and allodial systems leading to private ownership.
- 5) Provide a brief timeline of events from 1850 to present.
- 6) Note the history and timing of events that helped mold the real estate profession and recording systems in Hawai'i.







SECTION TWO: LAWS, LAND USE AND CONTROLS

A. BRIEF HISTORY OF LAW

- 1) Old English law.
 - a. Common law (court decisions).
 - b. Courts of appeal.
- 2) Roman law.
 - a. Codification and statutes.
 - b. Rules and regulations.
- 3) Spanish law.
 - a. Laws of community property.
 - b. Currently in thirteen states.
- 4) Explain how our law stems from a combination of primarily Old English and Roman.
- 5) Hawai'i is a statutory state, but some areas remain based primarily upon common law. If there is no statutory law regarding a specific subject, common law applies. 
 - a. Real estate agency law.
 - b. Condominium law.
- 6) A ruling in the Ninth Circuit could have an impact on real estate transactions in Hawai'i. 


B. LAND USE CONTROLS AND LAWS

- 1) Explain Hawai'i's land use classification system and the role of the state and the county governments. 
 - a. Discuss role of State Land Use Commission and Department of Land and Natural Resources (DLNR).
 - i. Land Use Districts
 1. Conservation
 2. Rural
 3. Agricultural
 4. Urban
 - b. Discuss role of County:
 - i. Department of Planning and Permitting
 - ii. Others
 - iii. Discuss various county issues of which licensees must be aware

- 2) Identify land use controls utilized in Hawai'i. 
- a. Police power:
 - i. Planning (state and county)
 - 1. Purposes
 - a. Development
 - b. Implementation
 - ii. Zoning
 - 1. Purpose and definition
 - 2. Legal processes (include implication of state classifications)
 - 3. Special conditions
 - a. Variance
 - b. Special use permit
 - c. Existing use permits
 - d. Zoning changes
 - e. Non-conforming use
 - f. Spot zoning
 - g. 'Ohana dwelling laws 
 - h. Additional Dwelling Units (e.g. Accessory Dwelling Units - ADU) 
- b. Subdivision regulations.
 - i. Requirements for planning
 - ii. Uniform Land Sales Practices Act 
 - 1. Explain licensee's responsibilities
- c. Master plan.
- d. Building regulation and building codes. 
 - i. Building permits
 - ii. Final inspections
 - iii. Certificate of occupancy
 - iv. Code enforcement
 - v. Setbacks
 - vi. Variance
- e. Regulation of special land types.
 - i. Flood zones
 - ii. Wetlands
- f. Eminent domain.
 - i. Condemnation
 - ii. Land Reform Act of 1967 
 - iii. Process of urban renewal
- g. Taxation.
- h. Escheat.


- 3) Define private land use controls through:
 - a. Deed restrictions.
 - b. Subdivision regulations.
 - c. Covenants, conditions and restrictions (CC&R's).
 - d. Dedications.
 - e. Leases.
- 4) Define direct public ownership of land.
- 5) Land use initiatives.

C. ENVIRONMENTAL ISSUES

- 1) Regulation of environmental hazards.
 - a. Types of hazards.
 - b. Abatement and mitigation.
 - c. Restrictions on contaminated property.
- 2) Explain Federal and State environmental regulations.
 - a. Federal Water Pollution Control Act (Wetlands).
 - b. The Resource Conservation and Recovery Act of 1976 (hazardous waste management).
 - c. Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980.
 - d. Superfund Amendments and Reauthorization Act (SARA) of 1986.
 - e. Discuss impact of Special Management Area (SMA); SMA permits; SMA rezoning. 
 - i. Shoreline certification
 1. Approval by DLNR
 2. Valid for 12 months
 - f. Clean Water Act/cesspool/septic/sewer.
 - g. Asbestos.
 - h. Lead based paint.
 - i. Severity of environmental issues requires due diligence by purchaser.
- 3) Discuss Environmental Impact Statements (EIS).
- 4) Discuss Environmental Site Assessments: Level I, II, III and general content and severity.
- 5) Discuss global warming (e.g. rising sea levels and sea walls).
- 6) Discuss pandemics (e.g. COVID-19).

SECTION THREE: HAWAI'I LICENSING LAWS

A. REASONS FOR LICENSING REAL ESTATE PROFESSIONALS

- 1) Discuss consumer protection.
- 2) Discuss professionalism and ethics.
 - a. Hawai'i Revised Statutes (HRS) and Hawai'i Administrative Rules (HAR) require ethical conduct. 
 - b. Ethical standards are in addition to legal standards.

B. PROVIDE PERTINENT PROVISIONS OF STATUTES AND ADMINISTRATIVE RULES TO STUDENTS

- 1) HRS 436B — Uniform Professional and Vocational Licensing Act.
 - a. Covers all professionals licensed by State under DCCA.
 - b. HRS 436B-19 — Grounds for suspension, termination or revocation of license.
- 2) HRS 467 — Real Estate Brokers and Salespersons.
 - a. Key definitions:
 - i. Custodian or caretaker
 - ii. Real estate
 - iii. Real estate broker
 - iv. Real estate salesperson
 - b. Explain general license requirements for:
 - i. Salespersons/Brokers
 1. License eligibility requirements
 - a. High school education or equivalent
 - b. Citizen or permanent resident
 - c. 18 years of age
 2. License certification requirements
 - a. School examination
 - b. State examination
 - c. Character and reputation
 - d. Certificate of experience (to upgrade to a broker's license)
 3. Out-of-state licensee requirements
 - a. Equivalency
 - b. Hawai'i state portion of state examination
 4. Explain penalty for acting as broker or salesperson without a license
 - ii. Real estate schools
 - iii. Instructors
 - iv. Condominium Hotel Operators (CHO)
 - c. Determine activities that require and don't require a real estate license.

- d. Explain the powers and duties of the Real Estate Commission.
 - e. Explain license application and procedures.
 - f. Define place of business.
 - g. Analyze HRS 467-14 — Revocation and Suspension of License.
 - i. Misrepresentation
 - ii. Improper dual representation
 - iii. Violating rules and regulations
 - iv. Commingling
 - v. Failing to ascertain and disclose material facts
 - vi. Duration of revocation or suspension
 - vii. Unauthorized practice of the law
 - h. Explain general ethical considerations and professional standards.
 - i. Discuss standards of care in the real estate professions.
 - j. Explain procedures for disciplinary actions and discuss the role of the Regulated Industries Complaints Office (RICO).
 - k. Explain the real estate recovery fund.
- 3) Hawai'i Administrative Rules, Title 16, Department of Commerce and Consumer Affairs, Chapter 99, Real Estate Brokers and Salespersons (HAR 16-99).
- a. Key definitions:
 - i. Branch office
 - ii. Brokerage firm
 - iii. Broker-in-charge (BIC)
 - iv. Broker-salesperson
 - v. Commingling
 - vi. Inactive
 - vii. Licensee
 - viii. Place of business
 - b. Analyze major provisions in HAR 16-99-3 — Conduct. Provide case examples of how some major conduct provisions are violated.
 - c. Discuss agency disclosure rules.
 - d. Review trust accounts and handling of clients' funds.
 - e. Explain technical rules dealing with the license.
 - f. Explain advertising rules.
 - g. Explain direct management and supervision of real estate activities.


C. OFFICE/AGENCIES

- 1) Real Estate Commission.
- 2) Regulated Industries Complaints Office (RICO).
- 3) Department of Commerce and Consumer Affairs (DCCA).
- 4) Professional & Vocational Licensing Division, Real Estate Branch (PVL-REB).
- 5) Explain responsibilities and authority of each of these entities.

D. LICENSEE AND RESPONSIBILITIES

- 1) Employee.
- 2) Independent contractor.
- 3) Due diligence for real estate transactions.
 - a. Licensees.
 - b. Unlicensed personnel.
- 4) Office policies and procedures.

E. REAL ESTATE ETHICS

- 1) National Association of Realtors® (NAR) developed a code of ethics (Code of Ethics).
 - a. Provide students with a link to Code of Ethics.
 - b. Review Preamble and Articles.
- 2) Identify areas in HRS and HAR where ethical conduct is required. 
 - a. Unethical conduct which may result in disciplinary sanction of licensee such as fines, suspension, termination and/or revocation.
 - b. While Code of Ethics is not law, the law and rules requires ethical conduct.
- 3) Note that licensee must keep constant awareness of events and situations which may lead to ethical misconduct.
 - a. Ethical conduct is required regardless if the licensee receives compensation.
 - b. Provide examples:
 - i. Death on a property
 - ii. Adverse material fact one week before closing
 - iii. Self-dealing disclosure and conflicts
- 4) Standards of practice and best practices.
 - a. Ethical standards are a minimum standard.
 - b. Best practices often require that a professional exceed the minimum ethical standard regarding professional practice.
 - c. Ethical compromise must be rigorously avoided.
 - d. The appearance of ethical misconduct may compromise ethical standards.
 - e. Misconduct of a licensee reflects poorly on the profession.
- 5) Discuss the importance of personal standards and self-regulation of the real estate profession.
 - a. Explain what a licensee should do when they encounter another licensee's misconduct.
 - b. Principal Broker (PB).
 - i. Define
 - ii. Role
 - c. Role of the BIC.
 - d. Responsibility of the licensee.

F. MULTIPLE LISTING SERVICE (MLS)

- 1) The role of the MLS.
- 2) Promotes ethics through their standards.
- 3) Can create a subagency.
- 4) Commission splitting.

SECTION FOUR: AGENCY


A. GENERAL AGENCY CONCEPTS


- 1) Define agency and fiduciary relationships.
 - a. Explain the responsibility of brokers for actions of associated licensees even if the licensees are acting as independent contractors.
 - b. Define who a principal is. Note the difference between a client and a customer.
 - c. Explain the different classifications of agency relationships:
 - i. Universal
 - ii. General
 - iii. Special

B. HAWAI'I AGENCY PRACTICES AND LAW

- 1) Statutory vs common law.
 - a. Hawai'i agency is presently common law.
- 2) Reference sections of HRS that deal with agency in real estate.

C. FORMS OF AGENCY

- 1) Define agency.
- 2) Explain that agency can be created to carry out functions such as:
 - a. Sales.
 - b. Leasing.
 - c. Management.
- 3) Real estate conduct rules (HAR 16-99-3). 
- 4) Explain the creation of an agency and non-agency relationship.
 - a. Subagency.
 - b. Single agency:
 - i. Seller agency
 - ii. Buyer (selling) agency
 - c. Dual agency:
 - i. Specific term not defined but implied under HRS 467-14(4)
 1. Separate written agreement required
 2. Discuss informed consent
 - d. Implied agency.
 - i. Meets agency requirements but not in writing
 - ii. Not allowed regarding dual agency
 - e. Forms of agency/non-agency used in other states:
 - i. Designated agency
 - ii. Transactional agency
 - iii. Facilitator




- 5) Discuss agency disclosure requirements under HRS 467-14(1) and HAR 16-99-3.1. 
 - a. Written disclosures:
 - i. Disclosure letters to buyers and sellers
 - ii. Agency disclosure
 - iii. Must be in sales contract
 - b. Understand common agency disclosure situations.
 - c. Handling in-house sale.
- 6) Agency duties and responsibilities of a licensee.
 - a. Explain the difference between Seller as principal and Buyer as principal.
 - b. Explain the licensee's duties to third persons.
- 7) Explain the fiduciary obligations of a licensee.
 - a. A relationship of trust and responsibility to others.
 - b. Agent:
 - i. Good faith
 - ii. Obedience
 - iii. Loyalty
 - iv. Disclosure
 - v. Confidentiality
 1. Continues even after agency relationship terminates
 - vi. Accounting
 1. Continues even after agency relationship terminates
 - vii. Reasonable skill and care
 1. Includes duties to ascertain and disclose material facts
 - viii. Honesty
 - ix. Integrity
 - c. Principal:
 - i. Give opportunity to perform
 - ii. Do not capriciously terminate employment
 - iii. Compensation
 - iv. Cannot give illegal instructions
- 8) Consequences due to a licensee's breach of duties.


D. POWER OF ATTORNEY

- 1) Types:
 - a. General.
 - b. Special.
 - c. Durable.
- 2) Termination:
 - a. Death.
 - b. Date.
 - c. Revocation.
 - d. Transaction is complete.



SECTION FIVE: PROPERTY RIGHTS

A. PROPERTY DESCRIPTION AND CHARACTERISTICS

- 1) Explain land, real estate, real property and personal property.
- 2) Distinguish among land, real estate, real property or personal property.
- 3) Explain the physical, economic and use characteristics of real estate.
- 4) Explain air rights, surface rights and subsurface rights as well as various elements such as gas, oil, mineral, geothermal, trees and crops.
- 5) Explain and distinguish between a residential and trade fixture.
 - a. Identify the criteria established for determining if an object is a residential fixture.
- 6) Explain water rights, including riparian rights and littoral rights.
- 7) Explain the legal right (bundle of rights) that attach to the ownership of real property.
- 8) Explain private property rights versus public and private controls.
- 9) Differentiate between the methods of describing real property and a legal description of real property used in Hawai'i. 
 - a. Tax Map Key (TMK):
 - i. Division
 1. Honolulu (O'ahu)
 2. Maui
 - a. Moloka'i
 - b. Lāna'i
 3. Hawai'i (Big Island)
 4. Kauai
 - ii. Zone
 - iii. Section
 - iv. Plat
 - v. Parcel
 - vi. Condominium Property Regime (CPR), if applicable
 - b. Street address.
- 10) Discuss boundary line problems in special situations such as ocean boundaries, Hawaiian fish ponds and kuleanas. 
- 11) Explain survey, staking and encroachments. 
 - a. Discuss reasons for the de minimis encroachment law.
 - b. Discuss the necessity and importance of having an encroachment agreement.
- 12) Explain how condominiums are described in deeds versus declarations.
- 13) Explain how the Uniform Commercial Code (UCC) allows a lender to have a security interest in personal property in a sale of a business.
- 14) Discuss sales of business opportunities in the following areas:
 - a. Residential.
 - b. Commercial.

- c. Industrial.
- d. Agricultural.
- e. Special purposes.
- f. Public.
- g. Conservation lands. 
 - i. Preservation districts

B. REAL PROPERTY INTERESTS

- 1) Explain government limitation on ownership of real estate.
- 2) Explain the two major classifications of estates in land:
 - a. Freehold.
 - b. Leasehold.
- 3) Define freehold estates:
 - a. Fee simple.
 - b. Fee simple determinable.
 - c. Fee simple subject to a condition subsequent.
 - d. Life estate.
- 4) Explain:
 - a. Curtesy.
 - b. Dower.
 - c. Homestead.
 - d. Community property.
- 5) Explain the difference between a remainder and a reversionary interest.
- 6) Define adverse property rights: 
 - a. Adverse possession.
 - b. Prescriptive easement.
 - c. Forfeiture.
 - d. Right of election.
- 7) Define and explain leasehold estates in Hawai'i: 
 - a. Lessors/lessees.
 - b. Rent renegotiations.
 - c. Surrender clause.
 - d. Other important terms.
 - e. Disclosure requirements.
 - f. Land Reform Act of 1967.
 - i. Single family home
 - ii. Non-applicability to condominiums and co-ops
 - iii. Leasehold conversion
 - iv. Hawai'i Supreme Court Decision (1984)
 - g. Discuss leasehold conversion and the impact of city and county law (e.g. leasehold conversion in the county of O'ahu).

C. PERSONAL PROPERTY INTERESTS


- 1) Removable.
- 2) Also called chattel or personalty.
- 3) If included with sale of real property, it must be stated in contract.
- 4) Examples (e.g. emblements).

D. FINANCING PERSONAL PROPERTY

- 1) Security agreement.
- 2) Financing statement.

SECTION SIX: TRANSFERRING REAL PROPERTY INTEREST

A. TITLE






- 1) Define title.
- 2) Define the methods of transferring title.
- 3) Identify ways in which title to real property may involuntarily pass.
- 4) Explain the chain of title.
 - a. Title search.
- 5) Title vs deed.
- 6) Evidence of title (ownership).
 - a. Deed (fee simple).
 - b. Assignment of lease (leasehold). 
- 7) Explain title examination procedures.
- 8) Information used to determine title status.
 - a. Preliminary title report.
 - b. Abstract of title.
- 9) Potential title problems and resolution.

B. TITLE INSURANCE

- 1) Explain the purpose for title insurance.
- 2) Describe the different types of title policies:
 - a. Mortgagor's and mortgagee's policies.
 - b. Standard policy.
 - c. Extended coverage (ALTA) policy.
 - d. Other extended coverage policies.
- 3) Marketable vs insurable title.

C. DEEDS AND OTHER MEANS OF ACQUIRING PROPERTY

- 1) List and explain the essential requirements of a valid conveyance.
- 2) Identify and describe types of deeds:
 - a. General Warranty:
 - i. Covenant of seisin
 - ii. Covenant of right to convey
 - iii. Covenant against encumbrances
 - iv. Covenant of quiet enjoyment
 - v. Covenant of further assurance
 - vi. Warranty forever
 - b. Special Warranty:
 - i. Covenant of right to convey
 - ii. Covenant against encumbrances

- c. Quitclaim:
 - i. No warranties
 - ii. Gift
 - iii. Release of dower
 - iv. Removing/adding tenants
 - d. Personal Representative's.
 - e. Commissioner's Foreclosure. 
 - f. Commissioner's Partition. 
 - g. Administrator's.
 - h. Guardian's.
 - i. Trustee's.
 - j. Transfer on Death. 
- 3) Explain the elements of a deed:
- a. Written instrument.
 - b. Legal capacity of grantor.
 - c. Grantor's signature.
 - d. Grantee.
 - e. Legal description of property.
 - f. Reservations and exceptions.
 - g. Delivery and acceptance.
- 4) Other elements in a deed, though not required:
- a. Date.
 - b. Recital of consideration.
 - c. Words of conveyance.
 - d. Habendum clause.
 - e. Covenants and warranties.
 - f. Acknowledgement.
 - g. Recordation (constructive notice): 
 - i. Bureau of Conveyances (Regular System)
 - ii. Assistant Registrar of the Bureau of Conveyances (Land Court)
 - iii. Double System (consolidation of properties)
- 5) Explain assignment of leases. 
- 6) Explain why covenants and conditions in a deed cannot be discriminatory.

D. CONSTRUCTIVE (PUBLIC) NOTICE

- 1) Recordation of documents.
- 2) Legal notices.

E. RECORDING PRIORITY

- 1) First in time, first in line.
 - a. Exceptions:
 - i. Subordination agreement
 - ii. Statutory liens (e.g. real property tax liens)



F. BONA FIDE PURCHASER

- 1) No notice (of any kind) of prior conveyances.
- 2) Provides value (money).
- 3) First to record.

G. HAWAI'I RECORDING SYSTEMS

- 1) Discuss the history and process of Regular System (Abstract) and Land Court (Torrens).
- 2) Indicate where title records can be found.

H. TYPES OF LEGAL DESCRIPTIONS




- 1) Regular System. 
 - a. Metes and bounds (also used in the original 13 states).
 - b. Plat and Parcel/Lot and Block.
- 2) Land Court. 
 - a. Transfer Certificate of Title (TCT).
- 3) Public Land Survey System.
 - a. Continental U.S. except for the original 13 states and Hawai'i.

I. HOME OR CONSTRUCTION WARRANTY PROGRAMS

- 1) Purpose.
- 2) Scope.



SECTION SEVEN: ENCUMBRANCES

A. AFFECTING TITLE TO THE PROPERTY (LIENS)

- 1) Define lien.
- 2) Explain the following liens:
 - a. Voluntary.
 - b. Involuntary.
 - c. Statutory.
 - d. Equitable.
 - e. General.
 - f. Specific.
- 3) Enforcement of lien.
- 4) Define foreclosure:
 - a. Mortgages.
 - i. Judicial
 - ii. Non-judicial (Power of Sale)
 - b. Agreement of Sale  (aka land contract, installment sales contract, contract for deed).
 - c. Redemption:
 - i. Equity of redemption
 - ii. Right of redemption (statutory redemption) 
- 5) Explain the effects of a lien as an encumbrance on title to real property:
 - a. Mortgage.
 - b. Mechanic's.
 - c. Property tax and assessments.
 - d. Judgment.
 - e. Association.
 - f. Tax:
 - i. Real property
 - ii. IRS
 - iii. Hawai'i 
 - iv. Estate
- 6) Explain the priority of liens.
- 7) Define deed restrictions (e.g. view easements and CC&Rs).


B. AFFECTING PHYSICAL USE OF THE PROPERTY

- 1) Define an easement:
 - a. Permanent (continues with each transfer).
 - b. Non-revocable.
 - c. Assignable.

- 2) Types of easements:
 - a. Appurtenant.
 - b. In gross.
- 3) Explain how easements may be created:
 - a. Mutual agreement.
 - b. Necessity.
 - c. Prescription.
 - d. Condemnation.
 - e. Implication.
- 4) Explain how easements may be terminated.
- 5) Define a license:
 - a. Temporary.
 - b. Revocable.
 - c. Non-assignable.
- 6) Define encroachment:
 - a. De Minimis law, allowable tolerance: 
 - i. Commercial (0.25 feet)
 - ii. Residential (0.5 feet)
 - iii. Agricultural and rural (0.75 feet)
 - iv. Conservation (1.5 feet)
 - b. Exceptions:
 - i. No de minimis for oceanfront
 - ii. No de minimis for government-owned property
- 7) Explain rights to beach access and other entry rights. 
 - a. HRS and the Hawai'i Constitution protects the customary and traditional rights of Hawaiians regarding real property access.
 - b. Discuss Hawaiian access rights including Public Access to Shorelines (PASH) in Hawai'i and its potential impact on undeveloped or raw land.
 - i. Right to gather

SECTION EIGHT: CONTRACTS


A. CONTRACT LAW

- 1) Define the essential elements of a contract:
 - a. Competent parties.
 - b. Offer and acceptance (mutual agreement).
 - i. When an offer becomes binding
 - c. Consideration.
 - d. Contractual ability.
 - e. Legal purpose.
 - f. Description of property.
 - g. Closing date.
- 2) Examples of sales and listing contracts.
- 3) Explain the difference between:
 - a. An express (written) and an implied contract.
 - b. A bilateral and an unilateral contract.
 - c. An executory and executed contract.
- 4) Define the legal status of contracts:
 - a. Valid.
 - b. Void.
 - c. Voidable.
 - d. Unenforceable.
- 5) Explain the manner in which a contract can be terminated.
- 6) Explain the remedies when a breach of contract occurs.
- 7) Define Statute of Frauds. 
 - a. Signature required for:
 - i. Sales contract
 - ii. Listing contract
 - iii. Buyer's representation agreement
 - iv. Contract for more than one year
- 8) Antitrust (Sherman) laws.
 - a. Antitrust laws and purpose.
 - b. Antitrust violations in real estate.
- 9) Explain how antitrust laws affect the licensees.
 - a. Price fixing.
 - b. Group boycotting (collusion).
- 10) Use of technology.
 - a. Requirements for confidential information.
 - b. Do-Not-Call list.
 - c. Cyber security.
 - d. Social media.
 - e. Paperless transactions.

B. LISTING CONTRACTS


- 1) Define and explain the purpose of a listing contract.
 - a. Explain the types and key elements of listing contracts:
 - i. Net
 - ii. Open
 - iii. Exclusive agency
 - iv. Exclusive right-to-sell
 - b. Explain common provisions in a listing contract.
 - c. Explain the brokerage firm's entitlement to commission.
- 2) Seller's brokerage firm receives commission.
 - a. After splitting commission with Buyer's brokerage firm (if any), Seller's brokerage firm will split remaining commission with its procuring licensee.
- 3) Buyer's brokerage firm splits commission with its licensee (if any).
- 4) Commission earned when licensee finds a "ready, willing and able" buyer.
 - a. No set real estate commission since it is negotiable.
 - i. Provide examples regarding termination of a listing contract
 - ii. Explain the remedies for breach of a listing contract
 - iii. Indicate pitfalls in listing preparation
 1. Disclosures
 2. Licensee's liabilities
 3. Property conditions
 4. Survey indicates encroachment(s)
 5. Whether Seller is subject to HARPTA and/or FIRPTA

C. SALES CONTRACTS

- 1) Define and explain the purpose of the sales contract.
 - a. Explain the key provisions: 
 - i. Termite inspection
 - ii. Default
 - iii. Occupancy date
 - iv. Time is of the essence
 - v. Potential conflict of interest
 - vi. Risk of loss
 - vii. "As Is" clause
 - viii. Complete agreement
 - b. Provide examples regarding termination of a sales contract.
 - c. Explain the remedies for breach of a sales contract.
 - d. Discuss key items to be executed.
- 2) Discuss the significance of contingencies.
- 3) Define lease agreements.
- 4) Discuss the matter of unauthorized practice of law.


- 5) Discuss presenting multiple offers to a seller.
- 6) Electronic signatures (non-recordable documents).
- 7) Commercial sales contract is a different contract than a residential sales contract.

D. OTHER CONTRACTS


- 1) Buyer's Representation Agreement.
 - a. Explain key elements of Buyer brokerage/tenant representation contracts.
- 2) Option Agreement.
- 3) Agreement of Sale. 
- 4) Right of First Refusal.

SECTION NINE: CLOSING/SETTLEMENT

A. ESCROW

- 1) Explain the role of escrow.
 - a. Responsibilities of escrow agent.
 - b. Prorated items.
 - c. Estimating closing costs.
 - d. Property and income taxes.
 - e. Not used in all jurisdictions.
 - i. Hawai'i uses escrow, though not required 
 - f. Buyer provides tenancy statement.
- 2) Duties and responsibilities of escrow and interplead rights of escrow agent.

B. CLOSING/SETTLEMENT PROCEDURES


- 1) Closing occurs when all contracts conditions are satisfied.
- 2) Describe process generally.
- 3) Review Closing Disclosure.
 - a. Seller's transaction.
 - b. Borrower's transaction.
- 4) Explain how the UCC affects a real estate transfer.
- 5) Define title transfer: 
 - a. Regular System (delivery).
 - b. Land Court (registration).
- 6) Considerations at closing and settlement:
 - a. Closing costs.
 - b. Prorations and computation of prorations.
 - c. Satisfaction of contingency or waiver.
 - d. Special provisions.
 - e. Time is of the essence vs extension.
 - f. Funds held in escrow after closing by agreement of parties.
 - i. Estimates
 - ii. Release

SECTION TEN: DISCLOSURES

A. FEDERAL DISCLOSURES

- 1) Understand basic lending regulations and laws.
 - a. Truth-In-Lending Act (Regulation Z).
 - i. Explain the required disclosures
 - b. Real Estate Settlement Procedures Act (RESPA).
 - i. Explain the required disclosures and prohibited practices
 - c. Dodd Frank Act.
 - i. Consumer Financial Protection Bureau (CFPB)
 - ii. Truth-In-Lending RESPA Integrated Disclosure (TRID)
 - iii. Rules on financing
 - iv. Risky loan features
 - d. Federal Flood Insurance Program.
- 2) Lead based paint (1978).
- 3) Wastewater disposal (2005).

B. SELLER'S REAL PROPERTY DISCLOSURE

- 1) Define material facts.
- 2) HRS 508D — Mandatory seller disclosures in real estate transactions. 
- 3) Seller's disclosure statement.
- 4) Condominium, cooperative and community association disclosure.
- 5) Other required disclosure forms.
- 6) When disclosures are not required.
- 7) Exemptions.

C. PROPERTY CONDITION

- 1) Property condition that may warrant inspections and surveys.
- 2) Proposed uses or changes in uses that should trigger inquiry about public or private land use controls.
- 3) Explain livable, rentable and usable areas.

D. DISCLOSURES REQUIRED WHEN APPLICABLE

- 1) Environmental issues.
 - a. Hazardous waste.
 - b. Toxic substance.
- 2) Mold.
- 3) Asbestos.
- 4) Radon.
- 5) Flood zones.

SECTION ELEVEN: VALUATION AND MARKET ANALYSIS


A. REAL ESTATE VALUATION



- 1) Define value.
- 2) Describe different concepts of value.
- 3) Explain the difference among:
 - a. Market value.
 - b. Market price.
 - c. Cost.
- 4) Explain the basic principles of value.
- 5) Explain the concept of highest and best use.
- 6) Estimating value.
 - a. Explain the effect of economic principles and property characteristics.

B. COMPETITIVE/COMPARATIVE MARKET ANALYSIS

- 1) Analysis and interpretation of market information by licensee to provide to Seller in order for Seller to determine a listing price.
- 2) Selecting comparables.
- 3) Adjusting comparables.

C. APPRAISALS

- 1) Define appraisal and other basic terminology.
- 2) Discuss that a real estate license is not required for an appraiser.
- 3) Purpose and use of appraisals for valuation.
- 4) Situations requiring appraisal by certified appraiser.
- 5) General steps in appraisal process.
- 6) Explain why appraisal values will have a tendency to "lag" the market.
- 7) Define the basic concepts of depreciation.
 - a. Wear and tear.
 - b. Functional obsolescence.
 - c. Economic (external or environmental) obsolescence.
- 8) Explain the federal and state license laws that regulate appraisers. 
 - a. Know that Hawai'i complies with the requirements of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) which mandates state licensing and certification of appraisers.
 - b. Explain the difference between:
 - i. State licensed appraisers
 - ii. State certified appraisers

- c. Appraisal licensing law:
 - i. Allows licensees to give opinions of value aka Broker Price Opinion (BPO)
 - ii. Licensee may charge a fee
 - iii. Licensee must state the BPO is not an appraisal
 - d. Know that licensed and certified appraisers must comply with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 9) Professional Appraisal Organizations and designations.
- a. Appraisal Institute (AI).
 - i. Primary organization
 - b. American Society of Appraisers (ASA).
 - i. Smaller, mostly rural and farm oriented
 - c. Other.
- 10) Valuation of leaseholds. 
- 11) Appraising leaseholds in Hawai'i: 
- a. Lessee value.
 - b. Lessor value.
 - c. Leased fee differential.
 - i. Explain how it changes over time

D. APPRAISAL APPROACHES

- 1) Market data approach (aka market sales, market comparison).
 - a. Mostly used for resale residential properties.
 - b. Explain the concepts of contribution and substitution.
- 2) Cost approach (aka summation).
 - a. Used for insurance purposes, new constructions and unique properties.
 - b. Explain the difference between:
 - i. reproduction cost
 - ii. replacement cost
 - c. Examples:
 - i. New construction
 - ii. Unique property
 - d. Explain techniques for measuring structures.
- 3) Income approach (commercial, industrial and income-producing property).
 - a. Capitalization.
 - b. Gross rent/income multiplier.


SECTION TWELVE: FINANCING

A. MORTGAGE

- 1) Secures an interest in real property.
- 2) Define:
 - a. Borrower (Mortgagor).
 - b. Lender (Mortgagee).
- 3) Mortgage instruments:
 - a. Assignment.
 - b. Certificate of reduction of mortgage.
 - c. Estoppel certificate/lease estoppel certificate.
 - d. Extension.
 - e. Mortgage consolidation agreement.
 - f. Release (satisfaction).
 - g. Subordination.

B. BASIC REAL ESTATE FINANCE TERMS AND CONCEPTS

- 1) Clauses:
 - a. Acceleration.
 - b. Alienation.
 - c. Due on sale.
 - d. Escalation.
 - e. Prepayment penalty.
- 2) Terms:
 - a. Amortization.
 - b. Balloon payment.
 - c. Beneficiary.
 - d. Deficiency judgment.
 - e. Distressed property.
 - f. Interest rate.
 - g. Late charge.
 - h. Loan term.
 - i. Loan-to-value (LTV) ratio.
 - j. Mortgage Credit Certificate (MCC).
 - k. Reinstatement.
 - l. Reserves (ability to collect).
 - m. Short sale.
 - n. Usury.

- 3) Describe the difference between:
 - a. Lien theory:
 - i. Mortgage
 - ii. Promissory Note
 - b. Title theory:
 - i. Deed of Trust (Trust Deed)
- 4) Seller financing. 
 - a. Agreement of Sale:
 - i. Seller retains legal title until loan is paid off
 - b. Purchase money mortgage:
 - i. Purchased property is used as collateral for the loan
 - ii. Applies to both first mortgage loans and seller financing
- 5) Assumption vs subject to existing mortgage loan.


C. REAL ESTATE FINANCING

- 1) Explain why points are charged and how to calculate the following:
 - a. Mortgage Insurance Premium (MIP).
 - b. Private Mortgage Insurance (PMI).
 - c. Discount points.
- 2) Understand how a buyer is prequalified by a lender.
- 3) Understand fixed rate mortgage loans.
- 4) Lending process application through closing.


D. QUALIFYING BORROWER FOR A MORTGAGE LOAN

- 1) Describe the concept of mortgage loan lending:
 - a. Qualifying Buyer:
 - i. Applicant information
 - ii. Income and employment verification
 - iii. Down payment information
 - iv. Credit information
 - v. Guidelines
 1. Fannie Mae
 2. Freddie Mac
 - b. Qualifying the property:
 - i. Single family homes
 - ii. Condominiums
 - iii. Fixer upper
 1. Rehab loans (e.g. FHA 203K)
 - c. The loan application and escrow.
 - d. Approval of the loan.
 - e. Servicing the debt.

E. CONVENTIONAL MORTGAGE LOANS

- 1) Fixed rate mortgage.
- 2) Adjustable rate mortgage (ARM).
- 3) Graduated payment mortgage (GPM).
 - a. Negative amortization.
- 4) Reverse annuity mortgage (RAM).
- 5) Growing equity mortgage (GEM).
- 6) Bridge.
- 7) Non-recourse loans (Hawai'i is a recourse state). 

F. GOVERNMENT BACKED (UNCONVENTIONAL) MORTGAGE LOANS

- 1) Federal:
 - a. Veterans Administration (VA).
 - i. Guaranteed
 - b. Federal Housing Administration (FHA).
 - i. Insured
 - c. United States Department of Agriculture (USDA).
 - i. Rural
 - ii. Agricultural
- 2) Hawai'i: 
 - a. Hula Mae.
 - b. Employee Retirement System (ERS).

G. SECONDARY MORTGAGE LOAN MARKET



- 1) Federal National Mortgage Association or Fannie Mae (FNMA).
- 2) Federal Home Loan Mortgage Corp or Freddie Mac (FHLMC).
- 3) Government National Mortgage Association or Ginnie Mae (GNMA).

H. UNDERWRITING


- 1) Debt ratios.
- 2) Credit scoring.
- 3) Credit history.

SECTION THIRTEEN: PROPERTY MANAGEMENT AND LEASING

A. PROPERTY MANAGEMENT

- 1) Licensing requirements:
 - a. If more than one owner:
 - i. A real estate license is required
 - b. For single owner:
 - i. A real estate license is not required
 - ii. Considered a caretaker/custodian
- 2) Define the purpose of property management.
- 3) Differentiate among types of property management:
 - a. Commercial, industrial, retail and office.
 - b. Residential.
 - c. Homeowner's Association.
 - d. Association of Unit Owners (AOUO). 
- 4) Explain the relationship between the:
 - a. Property manager and owner.
 - b. Property manager and tenant.
- 5) Explain the role and typical responsibilities of the property manager:
 - a. Collection of rents.
 - b. Maintenance of property.
 - c. Handling of funds.
- 6) Marketing/merchandising property.
 - a. Advertising.
 - b. Market conditions.
 - c. Negotiating lease on behalf of owner-client.
 - d. Handling of concessions.
- 7) Accounting and handling of funds (HAR 16-99-3(e) and 16-99-4). 
 - a. Maintenance of detailed records.
 - b. Periodic reports.
 - c. Taxes and insurance.
 - d. Separate trust account(s).
 - e. Collections of rent.
 - f. Collection of delinquencies.
 - g. Security deposits.
- 8) Management agreement.
 - a. Between owner and property manager.
 - b. Terms of agreement.
 - c. Compensation.
 - d. Responsibilities.

B. LEASING

- 1) Define lease as both a conveyance and a contract.
- 2) Describe difference between short term and long term leases. 
 - a. Transient Vacation Rentals (TVR) license.
- 3) Identify and describe types of leases:
 - a. Fixed.
 - b. Graduated.
 - c. Ground.
 - d. Net.
 - e. Percentage.
- 4) Explain the difference among:
 - a. Assignment.
 - b. Sublease.
 - c. Novation.
- 5) Define implied covenant of quiet enjoyment.
- 6) Explain when a lease is required to be recorded.
- 7) Compare the types of short-term tenancies:
 - a. Tenancy for years.
 - b. Periodic tenancy.
 - c. Tenancy at will.
 - d. Tenancy at sufferance.
- 8) Explain that a lease is not terminated by a sale.
- 9) Explain ways in which a lease agreement may be terminated.
 - a. Discuss actual vs constructive eviction.




C. RESIDENTIAL LANDLORD/TENANT CODE (HRS 521) 

- 1) Understand how HRS 521 creates rights and obligations in residential leases.
 - a. Define "tenant" and describe tenant's obligations.
 - b. Define "landlord" and describe landlord's obligations.
- 2) Describe basic provisions in a residential rental agreement:
 - a. Payment of rent.
 - b. Notice of rent increase/decrease.
 - c. Notice of termination.
 - d. Repairs.
 - e. Security deposits.
- 3) Tenant remedies.
- 4) Note that many areas are not covered by the Residential Landlord/Tenant Code (e.g. definition of agent).
- 5) Discuss role of Small Claims Court in landlord/tenant disputes and security deposit issues.
- 6) Required disclosures in residential rental properties.
- 7) Discuss Seller holdover.

- 8) Discuss when Landlord/Tenant Code doesn't apply.
 - a. Early occupancy by Buyer.
 - b. Post occupancy by Seller.
- 9) Domestic violence (HRS 521-80).
- 10) Assistance animal (defined by the Hawai'i Civil Rights Commission).
 - a. Service animal.
 - b. Therapy animal.
 - c. Support animal.
 - d. Comfort animal.

SECTION FOURTEEN: FORMS OF OWNERSHIP

A. CONDOMINIUMS

- 1) Explain HRS 514B — Condominiums. 
 - a. General provisions, definitions and applicability.
 - i. Candidates should gain an overview of what a condominium is, how it is formed, and how it operates
 - b. Creation, alteration and termination of a condominium.
 - c. Registration, administration, notification of intention.
 - d. Protection of purchasers.
 - e. Condominium management and governance.
 - f. Sale to owner-occupants.
 - g. Arbitration and mediation.
 - h. Rules and regulations and how they affect the administration of the law.
- 2) Provide an overview and explanation of the following: 
 - a. Know that the CPR is under HRS 514B.
 - b. Explain the basic definitions in the law.
 - c. Explain public report.
 - d. Explain condominium disclosure requirements.
 - e. Explain Buyer's right to cancel.
 - f. Explain the role of an AOOU.
 - g. Differentiate between an AOOU and a Community Association.
 - h. Explain what documents must be maintained by an association.
 - i. Understand the duties of officers and members of the Board of Directors.
 - j. Describe the basic rules on condominium budgets and reserves.
 - k. Explain the role and duties of managing agents.
 - l. Mention the rules of sales to owner-occupants.
 - i. Developer's requirement to offer half of new residential apartments to owner-occupant for first thirty days
 - m. Describe the right of first refusal when a leased fee is offered for sale.
 - n. Explain the arbitration and disputes procedure.
 - o. Information regarding the Condominium Education Trust Fund can be obtained from the Real Estate Commission's condominium specialist.
- 3) Define and explain the importance of reviewing project documents (and amendments, if any) including the: 
 - a. Declaration.
 - b. Bylaws.
 - c. House rules.
 - d. Title report.
 - e. Minutes.
 - f. Current budget.

- g. Current financial statement.
 - i. Audited
 - ii. Unaudited
 - h. Insurance summary.
 - i. Reserve study.
 - j. Condominium disclosure.
 - i. Form RR105(c)
 - k. Areas of risk to prospective purchaser:
 - i. Inadequate reserves
 - ii. Building age
 - iii. Deferred maintenance
 - iv. Pending litigation
 - v. Adequacy of insurance
 - vi. Contentious board
 - vii. Zoning (research for existing use)
 - viii. Use
- 4) The licensee is not a condominium specialist but should perform a cursory examination for red flags and completeness. The client should be advised to consult an attorney for further information.

B. COOPERATIVES (CO-OP)

- 1) Ownership of shares in a corporation.
- 2) Proprietary lease.
 - a. Expiration date.
 - b. No expiration date.
- 3) Usually requires Board approval.
- 4) Co-op vs condominium.

C. TIME SHARE (514E)

- 1) Define:
 - a. Time share.
 - b. Acquisition agent.
 - i. Individual (Outside Public Contact as defined in HAR, Title 16, DCCA, Chapter 106, Time Sharing)
 - ii. Company
 - c. Sales agent.
- 2) Time share interest.
 - a. Ownership interests.
 - b. Right to use.

- 3) Regulated by registration.
 - a. Registration required:
 - i. Developer
 - ii. Acquisition agent
 - iii. Plan manager
 - iv. Exchange agent
 - b. Registration of a time share project is separate from a CPR registration.
- 4) Condominium public report is not required.
- 5) Sales disclosure requirements.
 - a. 7-day mutual right of rescission.
- 6) Sales voidable by Buyer if time share law is violated.
- 7) Penalty for violation.

D. PLANNED UNIT DEVELOPMENT (PLANNED HOUSING DEVELOPMENT)

- 1) Define and discuss reasons for planned unit development.
- 2) Role:
 - a. State.
 - b. Housing Finance Development Corporation.
 - c. Developer.

E. PLANNED COMMUNITY ASSOCIATION (HRS 421J)


- 1) Define:
 - a. Planned community.
 - b. Planned community association.
- 2) Common interest community.
- 3) Provide examples.

F. FORMS OF OWNERSHIP/TENANCY

- 1) Define tenancies.
 - a. Severalty.
 - b. Common.
 - c. Joint.
 - d. Entirety/entireties.
- 2) Define other forms of co-ownership including:
 - a. Community property.
 - b. Elective right (Uniform Probate Code 7/1/77).

- 3) Define business or group ownership.
 - a. Corporation.
 - b. Cooperative.
 - c. Condominium.
 - d. Joint venture.
 - e. Limited Liability Company (LLC).
 - f. Partnership.
 - g. Real Estate Investment Trust (REIT).
 - h. Syndications (hui).
 - i. Fractional ownership.
- 4) Note that there are different types of ownership and tenancy. Consult an attorney for legal issues and CPA for tax issues.

G. TRANSFER OF OWNERSHIP

- 1) Explain property transfer by:
 - a. Land sale (during lifetime).
 - b. Public grant.
 - c. Private grant.
 - d. Authority by law (e.g. intestate succession).
 - e. Wills/trusts.
 - f. Elective share (Uniform Probate Code).
 - g. Involuntary transfer of ownership:
 - i. Lien enforcement
 - ii. Adverse possession
 - iii. Eminent domain/condemnation
 - iv. Bankruptcy
 - v. Forfeiture
 1. Illegal activity (e.g. drug)
 2. Federal
 3. Hawai'i 

SECTION FIFTEEN: DISCRIMINATION

A. DEFINITIONS AND EXAMPLES

- 1) Define:
 - a. Discrimination.
 - i. Does not require intent
 - b. Blockbusting.
 - c. Steering.
 - d. Redlining.
- 2) Provide examples:
 - a. Verbiage.
 - i. Advertising
 - ii. Cover letters
 - iii. Client/customer dialogue
 - b. Actions.
 - c. Photos.

B. FEDERAL DISCRIMINATION ACTS AND ORDERS

- 1) Civil Rights Act of 1866.
- 2) Executive Order No. 11063.
- 3) Civil Rights Act of 1964.
- 4) Fair Housing Act of 1968.
- 5) Housing and Community Development Act of 1974.
- 6) Fair Housing Act Amendment of 1988.

C. FEDERAL LAW

- 1) Real estate transactions.
 - a. Residential only.
- 2) Protective classes.
- 3) Exemptions.
- 4) Enforcement.
 - a. U.S. Department of Housing and Urban Development (HUD).
- 5) Penalty.

D. HAWAI'I LAW (HRS 515: DISCRIMINATION IN REAL PROPERTY TRANSACTIONS) 

- 1) All real estate transactions.
- 2) Protective classes.
- 3) Exemptions.
- 4) Enforcement.
 - a. Hawai'i Civil Rights Commission.
- 5) Penalty.
- 6) Service animal (public accommodations) vs assistance animal (private accommodations).
- 7) Cannabis.

E. OTHER FEDERAL RELATED LAWS

- 1) Americans with Disabilities Act.
 - a. Prohibits discrimination based on disability.
 - b. Public accommodations.
 - c. Equal Employment Opportunity Commission.
- 2) Equal Credit Opportunity Act.
 - a. Lenders cannot discriminate.

SECTION SIXTEEN: TAXES

A. FEDERAL TAXES

- 1) Foreign Investment in Real Property Tax Act (FIRPTA).
- 2) Explain the Taxpayer's Relief Act of 1997.
 - a. Sale of primary residence.
- 3) Tax deferral methods:
 - a. IRC §1031 tax-deferred exchange.
- 4) Estate (inheritance) taxes.
 - a. States may have their own estate tax.
 - b. The need for estate planning.
- 5) Depreciation.
- 6) Permitted deductions for different classes of property.
- 7) Consult an attorney or CPA.

B. STATE AND LOCAL TAXES

- 1) Hawai'i Real Property Tax Act (HARPTA).
- 2) General Excise Tax (GET).
- 3) Transient Accommodations Tax (TAT).
- 4) Conveyance tax.
- 5) Special assessment.
- 6) Explain local property taxes.
 - a. Assessment on land and/or improvements (varies by county).
 - b. Exemptions.
 - c. Dedications.
 - i. Agricultural
 - ii. Residential
 - d. Calculation of taxes.

C. FEDERAL REPORTING REQUIREMENTS

- 1) Explain that federal reporting requirements could impact foreign buyers and sellers.
 - a. The International Investment and Trade in Services Survey.
 - b. Agricultural Foreign Investment Disclosure Act of 1978.
 - c. The Currency and Foreign Transactions Reporting Act of 1970.

D. INVESTMENTS IN REAL ESTATE

- 1) Home ownership vs investment.

SECTION SEVENTEEN: HAWAI'I FORMS 

A. EXAMPLES OF COMMONLY USED HAWAI'I FORMS



- 1) Licensees need general familiarity with the following Hawai'i Association of REALTORS® forms:
 - a. Cooperating Brokerage Firm's Separate Contract.
 - b. Counter Offer:
 - i. Understand what to do if there is a rejection (HAR 16-99-3(J))
 - ii. Rejection must be communicated in writing
 - c. Exclusive Right-to-Sell Listing Contract:
 - i. Common practices
 - ii. Protection period
 - iii. Special terms
 - iv. All owners of record must sign to be enforceable
 - v. Discuss MLS data input
 1. Note that data input is part of listing contract
 - d. Purchase Contract:
 - i. Cancellation provisions
 1. Explain how funds, including deposits, will be handled in the event of default or cancellation
 - ii. Disclosures and inspections
 - iii. Explain what to do when there is an acceptance, rejection or counteroffer
 - iv. Specific contingencies
 - v. Addendums
 1. "As Is"
 2. Distressed property
 3. Residential leasehold property
 4. Short sale
 - e. Rental Agreement:
 - i. Written tenancy (month-to-month)
 - ii. Lease (fixed length)
 - f. Seller's Real Property Disclosure Statement:
 - i. Single family residential
 - ii. Condominium
 - iii. Vacant land
 - iv. Note that commercial properties have a due diligence process rather than a disclosure form
- 2) Understand the necessity to remain familiar with standard forms which may change periodically.

SECTION EIGHTEEN: MATHEMATICS

A. GENERAL MATHEMATICAL COMPUTATIONS

- 1) Basic math concepts.
 - a. Loan-to-value ratios.
 - b. Discount points.
 - c. Equity.
 - d. Down payment/amount to be financed.
- 2) Calculations for transactions.
 - a. Property tax calculations.
 - b. Prorations.
 - c. Commission and commission splits.
 - d. Seller's proceeds of sale (gross/net).
 - e. Buyer funds needed at closing.
 - f. Transfer fee/conveyance tax/revenue stamps.
 - g. Principal, Interest, Taxes and Insurance (PITI) payments.

SALESPERSONS' PRELICENSING CURRICULUM CONTENT OUTLINE

SECTION ONE: INTRODUCTION AND HAWAIIAN HISTORY 	2 HOURS
SECTION TWO: LAWS, LAND USE AND CONTROLS.....	3 HOURS
SECTION THREE: HAWAI'I LICENSING LAWS.....	5 HOURS
SECTION FOUR: AGENCY.....	3 HOURS
SECTION FIVE: PROPERTY RIGHTS.....	4 HOURS
SECTION SIX: TRANSFERRING REAL PROPERTY INTEREST.....	4 HOURS
SECTION SEVEN: ENCUMBRANCES.....	3 HOURS
SECTION EIGHT: CONTRACTS.....	4 HOURS
SECTION NINE: CLOSING/SETTLEMENT.....	3 HOURS
SECTION TEN: DISCLOSURES.....	4 HOURS
SECTION ELEVEN: VALUATION AND MARKET ANALYSIS.....	3 HOURS
SECTION TWELVE: FINANCING.....	4 HOURS
SECTION THIRTEEN: PROPERTY MANAGEMENT AND LEASING.....	3 HOURS
SECTION FOURTEEN: FORMS OF OWNERSHIP.....	5 HOURS
SECTION FIFTEEN: DISCRIMINATION.....	3 HOURS
SECTION SIXTEEN: TAXES.....	2 HOURS
SECTION SEVENTEEN: HAWAI'I FORMS 	2 HOURS
SECTION EIGHTEEN: MATHEMATICS.....	3 HOURS
TOTAL ESTIMATED MINIMUM:	60 HOURS