

SALESPERSON/BROKER EXAMINATION

UNIFORM (GENERAL) PORTION

Property ownership (Salesperson 7 items/Broker 6 items)

1. Classes of property
 - a. Real versus personal property
 - b. Defining fixtures
2. Land characteristics and legal descriptions
 - a. Physical characteristics of land
 - b. Economic characteristics of land
 - c. Types of legal property descriptions
 - d. Usage of legal property descriptions
 - e. Physical descriptions of property and improvements
 - f. Mineral, air and water rights
3. Encumbrances and effects on property ownership
 - a. Liens (types and priority)
 - b. Easements and licenses
 - c. Encroachments
4. Types of ownership
 - a. Types of estates
 - b. Forms of ownership
 - c. Leaseholds
 - d. Common interest ownership properties
 - e. Bundle of rights

Land use controls and regulations (Salesperson 5 items/Broker 5 items)

1. Government rights in land
 - a. Property taxes and special assessments
 - b. Eminent domain, condemnation, escheat
 - c. Police power
2. Public controls based in police power
 - a. Zoning and master plans
 - b. Building codes
 - c. Environmental impact reports
 - d. Regulation of special land types (floodplain, coastal, etc.)
3. Regulation of environmental hazards
 - a. Abatement, mitigation and cleanup requirements
 - b. Restrictions on sale or development of contaminated property
 - c. Types of hazards and potential for agent or seller liability
4. Private controls
 - a. Deed conditions or restrictions
 - b. Homeowners association (HOA) regulations

Valuation and market analysis (Salesperson 8 items/Broker 6 items)

1. Value
 - a. Market value and market price
 - b. Value
 - i. Types and characteristics of value
 - ii. Principles of value
 - iii. Market cycles and other factors affecting property value
2. Methods of estimating value/appraisal process
 - a. Market or sales comparison approach
 - b. Replacement cost or summation approach
 - c. Income approach
 - d. Basic appraisal terminology (e.g., replacement versus reproduction cost, reconciliation, depreciation, kinds of obsolescence)

Now you can take the practice exam online at www.psiexams.com to prepare for your Hawaii Real Estate Examination.

Please note that practice exams are intended only to help testing candidates become familiar with the general types of questions that will appear on a licensing examination. They ARE NOT a substitute for proper education and study. Furthermore, scoring well on the practice exam does not guarantee a positive outcome on an actual licensing examination.

Note: You may take the practice exams an unlimited number of times; however, you will need to pay each time.

DESCRIPTION OF EXAMINATIONS

EXAMINATION SUMMARY TABLE

Examination	Portion	# of Items	Time Allowed
Salesperson	Uniform (General)	80	150 Minutes
Salesperson	State	50	90 Minutes
Salesperson	Combo (both portions)	130	240 Minutes
Broker	Uniform (General)	80	150 Minutes
Broker	State	50	90 Minutes
Broker	Combo (both portions)	130	240 Minutes
Instructor		80	150 Minutes

EXPERIMENTAL QUESTIONS

In addition to the number of examination items specified, a small number of five to ten "experimental" questions may be administered to candidates during the examinations. These questions will not be scored and the time taken to answer them will not count against examination time. The administration of such non-scored experimental questions is an essential step in developing future licensing examinations.

CONTENT OUTLINES

Use the outline as a guide for pre-examination review course material. The outlines list the topics that are on the examination and the number of questions for each topic. Do not schedule your examination until you are familiar with the topics in the outline



3. Competitive/Comparative Market Analysis (CMA)
 - a. Selecting and adjusting comparables
 - b. Contrast CMA and appraisal
 - i. Price per square foot
 - ii. Gross rent and gross income multipliers
 - iii. Capitalization rate
4. Appraisal practice; situations requiring appraisal by a certified appraiser

Financing (Salesperson 6 items/Broker 7 items)

1. General concepts
 - a. LTV ratios, points, origination fees, discounts, broker commissions
 - b. Mortgage insurance (PMI)
 - c. Lender requirements, equity, qualifying buyers, loan application procedures
2. Types of loans and sources of loan money
 - a. Term or straight loans
 - b. Amortized and partially amortized (balloon) loans
 - c. Adjustable rate mortgage (ARM) loans
 - d. Conventional versus insured
 - e. Reverse mortgages; equity loans; subprime and other nonconforming loans
 - f. Seller/owner financing
 - g. Primary market
 - h. Secondary market
 - i. Down payment assistance programs
3. Government programs
 - a. FHA
 - b. VA
 - c. Other federal programs
4. Mortgages/deeds of trust
 - a. Mortgage clauses (assumption, due-on-sale, alienation, acceleration, prepayment, release)
 - b. Lien theory versus title theory
 - c. Mortgage/deeds of trust and note as separate documents
5. Financing/credit laws
 - a. Lending and disclosures
 - i. Truth in lending
 - ii. RESPA
 - iii. Integrated Disclosure Rule (TRID)*
 - iv. Equal Credit Opportunity
 - b. Fraud and lending practices
 - i. Mortgage fraud
 - ii. Predatory lending practices (risks to clients)
 - iii. Usury lending laws
 - iv. Appropriate cautions to clients seeking financing

*The new TRID rule regarding the integrated loan estimate and closing disclosure forms took effect on October 3, 2015.

General principles of agency (Salesperson 10 items/Broker 11 items)

1. Nature of agency relationships
 - a. Types of agents and agencies (special, general, designated, subagent, etc.)
 - b. Nonagents (transactional/facilitational)
 - c. Fiduciary responsibilities
2. Creation and disclosure of agency and agency agreements (general, not state specific)
 - a. Agency and agency agreements
 - b. Disclosure when acting as principal or other conflict of interest
3. Responsibilities of agent/principal

- a. Duties to client/principal (buyer, seller, tenant or landlord)
- b. Traditional common law agency duties; effect of dual agency on agent's duties
4. Responsibilities of agent to customers and third parties, including disclosure, honesty, integrity, accounting for money
5. Termination of agency
 - a. Expiration
 - b. Completion/performance
 - c. Termination by force of law
 - d. Destruction of property/death of principal
 - e. Mutual agreement

Property condition and disclosure (Salesperson 8 items/Broker 9 items)

1. Property condition disclosure
 - a. Property owner's role regarding property condition
 - b. Licensee's role regarding property condition
2. Warranties
 - a. Purpose of home or construction warranty programs
 - b. Scope of home or construction warranty programs
3. Need for inspection and obtaining/verifying information
 - a. Explanation of property inspection process and appropriate use
 - b. Agent responsibility to inquire about "red flag" issues
 - c. Responding to non-client inquiries
4. Material facts related to property condition or location
 - a. Land/soil conditions
 - b. Accuracy of representation of lot or improvement size, encroachments or easements affecting use
 - c. Pest infestation, toxic mold and other interior environmental hazards
 - d. Structural issues such as roof, gutters, downspouts, doors, windows, foundation
 - e. Condition of electrical and plumbing systems, and of equipment or appliances that are fixtures
 - f. Location within natural hazard or specifically regulated area, potentially uninsurable property
 - g. Known alterations or additions
5. Material facts related to public controls, statutes of public utilities
 - a. Zoning and planning information
 - b. Boundaries of school/utility/taxation districts, flight paths
 - c. Local taxes and special assessments, other liens
 - d. External environmental hazards
 - e. Stigmatized/psychologically impacted property, Megan's Law issues

Contracts (Salesperson 11 items/Broker 12 items)

1. General knowledge of contract law
 - a. Requirements for validity
 - b. When contract is considered performed/discharged
 - c. Assignment and novation
 - d. Breach of contract and remedies for breach
 - e. Contract clauses
2. Listing agreements
 - a. General requirements for valid listing
 - b. Exclusive listings

- c. Non-exclusive listings
- 3. Buyer/tenant representation agreements, including key elements and provisions of buyer and/or tenant agreements
- 4. Offers/purchase agreements
 - a. General requirements
 - b. When offer becomes binding (notification)
 - c. Contingencies
 - d. Time is of the essence
- 5. Counteroffers/multiple counteroffers
 - a. Counteroffer cancels original offer
 - b. Priority of multiple counteroffers
- 6. Leases
 - a. Types of leases, e.g., percentage, gross, net, ground
 - b. Lease with obligation to purchase or lease with an option to purchase
- 7. Other real estate contracts
 - a. Options
 - b. Right of first refusal
- 4. Agent supervision and broker-associate relationship
 - a. Liability/responsibility for acts of associated licensees (employees or independent contractors) and unlicensed employees
 - b. Responsibility to train and supervise associated licensees (employees or independent contractors) and unlicensed employees
- 5. Commissions and fees
 - a. Procuring cause/protection clauses
 - b. Referrals and other finder fees
- 6. General ethics
 - a. Practicing within area of competence
 - b. Avoiding unauthorized practice of law
- 7. Antitrust laws
 - a. Antitrust laws and purpose
 - b. Antitrust violations in real estate

Real estate calculations (Salesperson 6 items/Broker 4 items)

- 1. Basic math concepts
 - a. Area
 - b. Loan-to-value ratios
 - c. Discount points
 - d. Equity
 - e. Down payment/amount to be financed
- 2. Calculations for transactions, including mortgage calculations
- 3. Property tax calculations
- 4. Prorations (utilities, rent, property taxes, insurance, etc.)
 - a. Commission and commission splits
 - b. Seller's proceeds of sale
 - c. Transfer tax/conveyance tax/revenue stamps
 - d. Amortization tables
 - e. Interest rates
 - f. Interest amounts
 - g. Monthly installment payments
 - h. Buyer qualification ratios
- 5. Calculations for valuation
 - a. Competitive/comparative market analyses (CMA)
 - b. Net operating income
 - c. Depreciation
 - d. Capitalization rate
 - e. Gross rent and gross income multipliers (GRM, GIM)

Transfer of title (Salesperson 5 items/Broker 5 items)

- 1. Title insurance
 - a. What is insured against
 - b. Title searches, title abstracts, chain of title
 - c. Cloud on title, suit to quiet title
- 2. Deeds
 - a. Purpose of deed, when title passes
 - b. Types of deeds (general warranty, special warranty, quitclaim) and when used
 - c. Essential elements of deeds
 - d. Importance of recording
- 3. Escrow or closing; tax aspects of transferring title to real property
 - a. Responsibilities of escrow agent
 - b. Prorated items
 - c. Settlement Statements
 - d. Estimating closing costs
 - e. Property and income taxes
- 4. Special processes
 - a. Foreclosure/short sale
 - b. Real estate owned (REO)

Practice of real estate (Salesperson 12 items/Broker 12 items)

- 1. Trust/escrow accounts (general, not state specific)
 - a. Purpose and definition of trust accounts, including monies held in trust accounts
 - b. Responsibility for earnest money and other trust monies, including commingling/conversion
- 2. Federal fair housing laws
 - a. Protected classes
 - i. Covered transactions
 - ii. Specific laws and their effects
 - b. Compliance
 - i. Types of violations and enforcement
 - ii. Exceptions
- 3. Advertising and technology
 - a. Incorrect "factual" statements versus "puffing"
 - i. Truth in advertising
 - ii. Fair housing issues in advertising
 - b. Fraud, technology issues
 - i. Uninformed misrepresentation versus deliberate misrepresentation (fraud)
 - ii. Technology issues in advertising and marketing

Specialty areas (Salesperson 2 items/Broker 3 items)

- 1. Subdivisions, including development-wide CC & Rs
- 2. Commercial, industrial and income property
 - a. Trade fixtures
 - b. Accessibility
 - c. Tax depreciation
 - d. 1031 exchanges
 - e. Trust fund accounts for income property

STATE PORTION

Note: the examination items addressing the matter of BPOs (Broker Price Opinions) should be answered according to the provisions of the new state legislation on this matter that went into effect in July, 2011.

Ascertaining and Disclosing Material Facts (Salesperson 8 items, Broker 7 items)

- 1. Bureau of Conveyances/Land Court

- a. Documents and indexes
- b. Conveyance tax
- 2. Tax Office
 - a. Tax maps
 - b. Real property taxes and assessments
 - c. Other state taxes (e.g., HARPTA, GET)
- 3. Statutory disclosures
 - a. Seller Disclosure Law
 - b. Leasehold disclosures
 - c. Planned Community Associations
 - d. Distressed Property and Short Sales
- 4. Environmental conditions
- 5. Hawaii land history and property rights

Types of Ownership (Salesperson 6 items, Broker 5 items)

- 1. Condominiums
- 2. Cooperatives
- 3. Time sharing plans
- 4. Land trust
- 5. Planned Unit Development

Property Management (Salesperson 4 items, Broker 4 items)

- 1. Residential Landlord-Tenant Code
- 2. Commercial real estate management (*Broker only*)

Land Utilization (Salesperson 3 items, Broker 3 items) Effective

- 1. Planning, land use, and zoning (county ordinance)
 - a. County building and planning
- 2. Restrictive covenants
- 3. State land use classification
- 4. Special Management Areas

Title and Conveyances (Salesperson 4 items, Broker 4 items)

- 1. Estates and interests
- 2. Tenancy
- 3. Liens
- 4. Leaseholds
- 5. Recording systems
- 6. Boundary issues
- 7. Foreclosure

Contracts (Salesperson 5 items, Broker 7 items)

- 1. Timing
- 2. Contingencies
 - a. Inspections
 - b. Other
- 3. Validity
- 4. Provisions

Financing (Salesperson 3 items, Broker 3 items)

- 1. Seller Financing (e.g., Agreement of Sale, PMM)
- 2. Hawaii-Specific Institutional Financing
- 3. Usury laws

Escrow Process and Closing Statements (Salesperson 3 items, Broker 5 items)

- 1. Escrow responsibilities
- 2. Closing Responsibilities
- 3. Closing Statements

Professional Practices and Conduct (Salesperson 14 items, Broker 12 items)

- 1. Office management/supervision
 - a. Independent contractor vs. employee
 - b. Policies and procedures
- 2. Trust accounts and handling of funds
- 3. Advertising
- 4. Licensing laws and rules
 - a. Real estate brokers and salespersons
 - b. Professional and Vocational Licensing Act
- 5. Grounds for disciplinary action
 - a. Illegal conduct
 - i) discrimination in real property transactions
 - b. Unethical conduct
 - i) Standards of Practice
 - ii) Standard of Care
- 6. Agency Relationships and Disclosure of Agency

INSTRUCTOR EXAMINATION

GENERAL REAL ESTATE PRINCIPLES AND PRACTICES

Property ownership (4 items)

- 1. Classes of property
 - a. Real versus personal property
 - b. Defining fixtures
- 2. Land characteristics and legal descriptions
 - a. Physical characteristics of land
 - b. Economic characteristics of land
 - c. Types of legal property descriptions
 - d. Usage of legal property descriptions
 - e. Physical descriptions of property and improvements
 - f. Mineral, air and water rights
- 3. Encumbrances and effects on property ownership
 - a. Liens (types and priority)
 - b. Easements and licenses
 - c. Encroachments
- 4. Types of ownership
 - a. Types of estates
 - b. Forms of ownership
 - c. Leaseholds
 - d. Common interest ownership properties
 - e. Bundle of rights

Land use controls and regulations (4 items)

- 1. Government rights in land
 - a. Property taxes and special assessments
 - b. Eminent domain, condemnation, escheat
 - c. Police power
- 2. Public controls based in police power
 - a. Zoning and master plans
 - b. Building codes
 - c. Environmental impact reports

- d. Regulation of special land types (floodplain, coastal, etc.)
- 3. Regulation of environmental hazards
 - a. Abatement, mitigation and cleanup requirements
 - b. Restrictions on sale or development of contaminated property
 - c. Types of hazards and potential for agent or seller liability
- 4. Private controls
 - a. Deed conditions or restrictions
 - b. Homeowners association (HOA) regulations

Valuation and market analysis (5 items)

- 1. Value
 - a. Market value and market price
 - b. Value
 - i. Types and characteristics of value
 - ii. Principles of value
 - iii. Market cycles and other factors affecting property value
- 2. Methods of estimating value/appraisal process
 - a. Market or sales comparison approach
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 - d. Basic appraisal terminology (e.g., replacement versus reproduction cost, reconciliation, depreciation, kinds of obsolescence)
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 - a. Selecting and adjusting comparables
 - b. Contrast CMA and appraisal
 - i. Price per square foot
 - ii. Gross rent and gross income multipliers
 - iii. Capitalization rate
- 4. Appraisal practice; situations requiring appraisal by a certified appraiser

Financing (7 items)

- 1. General concepts
 - a. LTV ratios, points, origination fees, discounts, broker commissions
 - b. Mortgage insurance (PMI)
 - c. Lender requirements, equity, qualifying buyers, loan application procedures
- 2. Types of loans and sources of loan money
 - a. Term or straight loans
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 - b. Lien theory versus title theory
 - c. Mortgage/deeds of trust and note as separate

- documents
- 5. Financing/credit laws
 - a. Lending and disclosures
 - i. Truth in lending
 - ii. RESPA
 - iii. Equal Credit Opportunity
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 - i. Mortgage fraud
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 - iv. Appropriate cautions to clients seeking financing

General principles of agency (10 items)

- 1. Nature of agency relationships
 - a. Types of agents and agencies (special, general, designated, subagent, etc.)
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- 5. Termination of agency
 - a. Expiration
 - b. Completion/performance
 - c. Termination by force of law
 - d. Destruction of property/death of principal
 - e. Mutual agreement

Property condition and disclosures (8 items)

- 1. Property condition disclosure
 - a. Property owner's role regarding property condition
 - b. Licensee's role regarding property condition
- 2. Warranties
 - a. Purpose of home or construction warranty programs
 - b. Scope of home or construction warranty programs
- 3. Need for inspection and obtaining/verifying information
 - a. Explanation of property inspection process and appropriate use
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Contracts (10 items)

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 - a. General requirements
 - b. When offer becomes binding (notification)
 - c. Contingencies
 - d. Time is of the essence
5. Counteroffers/multiple counteroffers
 - a. Counteroffer cancels original offer
 - b. Priority of multiple counteroffers
6. Leases
 - a. Types of leases, e.g., percentage, gross, net, ground
 - b. Lease with obligation to purchase or lease with an option to purchase
7. Other real estate contracts
 - a. Options
 - b. Right of first refusal

Transfer of title (4 items)

1. Title insurance
 - a. What is insured against
 - b. Title searches, title abstracts, chain of title
 - c. Cloud on title, suit to quiet title
2. Deeds
 - a. Purpose of deed, when title passes
 - b. Types of deeds (general warranty, special warranty, quitclaim) and when used
 - c. Essential elements of deeds
 - d. Importance of recording
3. Escrow or closing; tax aspects of transferring title to real property
 - a. Responsibilities of escrow agent
 - b. Prorated items

- c. Closing statements/HUD-1
- d. Estimating closing costs
- e. Property and income taxes
- 4. Special processes
 - a. Foreclosure/short sale
 - b. Real estate owned (REO)

Practice of real estate (12 items)

1. Trust/escrow accounts (general, not state specific)
 - a. Purpose and definition of trust accounts, including monies held in trust accounts
 - b. Responsibility for earnest money and other trust monies, including commingling/conversion
2. Federal fair housing laws
 - a. Protected classes
 - i. Covered transactions
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 - b. Referrals and other finder fees
6. General ethics
 - a. Practicing within area of competence
 - b. Avoiding unauthorized practice of law
7. Antitrust laws
 - a. Antitrust laws and purpose
 - b. Antitrust violations in real estate

Real estate calculations (3 items)

1. Basic math concepts
 - a. Area
 - b. Loan-to-value ratios
 - c. Discount points
 - d. Equity
 - e. Down payment/amount to be financed
2. Calculations for transactions, including mortgage calculations
3. Property tax calculations
4. Prorations (utilities, rent, property taxes, insurance, etc.)
 - a. Commission and commission splits
 - b. Seller's proceeds of sale
 - c. Transfer tax/conveyance tax/revenue stamps
 - d. Amortization tables
 - e. Interest rates
 - f. Interest amounts
 - g. Monthly installment payments

- h. Buyer qualification ratios
- 5. Calculations for valuation
 - a. Competitive/comparative market analyses (CMA)
 - b. Net operating income
 - c. Depreciation
 - d. Capitalization rate
 - e. Gross rent and gross income multipliers (GRM, GIM)

Specialty areas (3 items)

- 1. Subdivisions, including development-wide CC & Rs
- 2. Commercial, industrial and income property
 - a. Trade fixtures
 - b. Accessibility
 - c. Tax depreciation
 - d. 1031 exchanges
 - e. Trust fund accounts for income property

INSTRUCTIONAL METHODOLOGY

Instructional Methods and Techniques (10 Items)

- 1. General Adult Education Principles
- 2. Class Management
- 3. Instructional Techniques
- 4. Evaluation of Learning