

SB 2602

JAN 22 2010

A BILL FOR AN ACT

RELATING TO REAL ESTATE LICENSEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the continual
2 evolution of the real estate industry requires that real estate
3 brokers and salespersons regularly update their knowledge of
4 changes to the real estate industry. The legislature further
5 finds that an increase in continuing education hours will
6 advance the level of professionalism in the real estate
7 industry.

8 The purpose of this Act is to increase professionalism
9 among real estate licensees by:

10 (1) Increasing the minimum required continuing education
11 hours for real estate brokers and salespersons from
12 ten hours to twenty hours in each two-year licensing
13 period; and

14 (2) Requiring that a real estate licensee possess a high
15 school diploma or its equivalent as determined by the
16 real estate commission.



1 SECTION 2. Section 467-9.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) No individual shall be eligible for the licensing
4 examination unless the individual [~~is~~]:

5 (1) [A] Is a United States citizen~~[7]~~ or a United States
6 national, or ~~[an alien]~~ is authorized to work in the
7 United States~~[, and of the age of majority; and]~~;

8 (2) Is at least eighteen years old;

9 (3) Possesses a high school diploma or its equivalent, as
10 determined by the commission; and

11 [~~(2) Applying~~] (4) Is applying for:

12 (A) The real estate salesperson examination and has
13 satisfactorily completed a commission-approved
14 prelicensing course for real estate salesperson
15 candidates, which includes real estate
16 principles, or its equivalent as determined by
17 the commission; or

18 (B) The real estate broker examination and:

19 (i) Holds a current, unencumbered Hawaii real
20 estate salesperson license or a current,
21 unencumbered real estate salesperson or
22 broker license in another state or in a



1 jurisdiction recognized by the Association
2 of Real Estate License Law Officials[7] with
3 an equivalent real estate licensing law as
4 determined by the commission;

5 (ii) Has satisfactorily completed a commission-
6 approved prelicensing course for real estate
7 broker candidates, or its equivalent as
8 determined by the commission; and

9 (iii) Has experience as a full-time Hawaii-
10 licensed real estate salesperson associated
11 with a Hawaii-licensed real estate broker
12 for at least three years of the five-year
13 period immediately prior to the submission
14 of the experience certification application
15 and has practical real estate salesperson
16 experience, as certified by the principal
17 broker, principal brokers, broker in charge,
18 or brokers in charge, as the case may be,
19 during the subject period. The candidate
20 shall secure commission approval of the
21 candidate's experience certification
22 application prior to the date of the



1 examination. Subject to commission
2 approval, a candidate may request a
3 determination of equivalency for the
4 experience requirement based on real estate
5 salesperson license experience or a current,
6 unencumbered real estate broker license in
7 another state, or in a jurisdiction
8 recognized by the Association of Real Estate
9 License Law Officials[7] with an equivalent
10 real estate licensing law as determined by
11 the commission."

12 SECTION 3. Section 467-11.5, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Prior to the license renewal of a real estate broker or
15 real estate salesperson, the licensee shall provide the commission
16 with proof of having attended [~~ten~~] a minimum of twenty hours of
17 continuing education or its equivalent as determined by the
18 commission during the two-year period preceding the application
19 for renewal. Failure to satisfy the continuing education
20 requirement by the license expiration date shall result in the
21 renewed license being automatically placed on an "inactive"
22 status."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on January 1, 2011.

4

INTRODUCED BY:

Rosalyn H. Paul
David Y. Lee
Johnathan Jr.
Will S. Spro
Carol F. Spro
D. J. Spro
Michelle R. Spro



Report Title:

Real Estate Broker and Salespersons; Continuing Education; High School Diploma

Description:

Requires that a real estate broker or salesperson possess a high school diploma or its equivalent. Increases the continuing education requirement for real estate licensees from ten to twenty hours in a two-year period.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



**PRESENTATION OF THE
REAL ESTATE COMMISSION**

**TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-FIFTH LEGISLATURE
Regular Session of 2010**

**Friday, February 5, 2010
9:00 a.m.**

**TESTIMONY ON SENATE BILL NO. 2602, RELATING TO REAL ESTATE
LICENSEES.**

**TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:**

My name is Trudy Nishihara, Chairperson of the Hawaii Real Estate Commission ("Commission"). I thank you for the opportunity to present testimony on Senate Bill No. 2602, Relating to Real Estate Licensees. The Commission supports, in concept, Section 3 of Senate Bill No. 2602 since it proposes to address an important subject.

The bill proposes to increase the mandatory continuing education hours for licensees wishing to keep their licenses on an active status from the current ten hours, to a minimum of twenty hours for each biennium.

Forty-eight states have continuing education requirements and legislation is pending in the remaining two states. Across the nation, the number of required education hours ranges from a low of South Carolina's eight hours per biennium to a high of Wyoming's 45 hours per biennium. Currently, Hawaii ranks 46th out of 48 when states are ranked from the highest to the lowest amount of continuing education hours required to renew a real estate license, with only New

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Friday, February 5, 2010
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Hampshire and South Carolina ranking below Hawaii. However, with the proposed increase, instead of being near the bottom, Hawaii will advance to near the top of states with a higher education requirement of 20 or more hours for real estate licensees.

Thank you for the opportunity to provide testimony on this measure.

February 4, 2010

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 2602 Relating to Real Estate Licensees

HEARING: Friday, February 5, 2010 at 9:00 p.m.

Aloha Chair Baker, Vice Chair Ige and Members of the Committee:

I am Stephanie Doughty, 2010 First Vice President, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR **strongly supports** S.B. 2602 which increases the amount of Continuing Education ("CE") hours for real estate licensees from 10 hours to a minimum of 20 hours for every 2 year licensing period and requires a real estate licensee to possess a high school diploma or its equivalent.

Continuing Education courses allow real estate licensees to gain more knowledge of the continual changes in the industry. Such knowledge of the most up-to-date laws and information helps protect buyers and sellers in a transaction, and instills consumer confidence.

HAR believes that the present 10 hour CE requirement, first enacted in 1987, is not sufficient to cover the extensive and continual changes to the real estate industry. In fact, during every two-year licensing period, the Real Estate Commission requires that only 4 CE hours be dedicated to two mandatory courses that cover legislative and legal updates. The remaining six hours is not sufficient to cover other important subject areas.

S.B. 2602 will bring Hawai'i's CE requirements up to a level comparable to other states, and ultimately help real estate licensees' to provide quality service and better protect their clients.

HAR has been working cooperatively with the REC on the increase in CE requirements, to ensure that the quality and content of the CE program provides value to real estate licensees. With an increase in the CE rules, the scope and depth of courses can be improved to cover areas that are vital to the management of a real estate transaction but are not presently included in the curriculum.

For these reasons, HAR respectfully requests the passage of this bill.

Mahalo for the opportunity to testify.

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.



February 4, 2010

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, HI 96813

RE: S.B. 2602 Relating to Real Estate Licensees

HEARING: Friday, February 5, 2010 at 9:00 a.m.

Aloha Chair Baker, Vice Chair, Ige and Members of the Committee:

I am Ashley Metcalf, Chair, testifying on behalf of the Hawaii League of Young Real Estate Professionals ("HiLYREP"), an organization dedicated to young professionals in real estate, and the young real estate community. HiLYREP strongly supports S.B. 2602 which seeks to increase the total amount of Continuing Education ("CE") hours for real estate licensees from ten-hours to twenty-hours each biennial licensing period and require that each real estate licensee possess a high school diploma or its equivalent.

The median age of REALTORS® is 54-years-old. In an industry with this median age, young professionals feel they are held to a higher level of professionalism and credibility. In order to achieve this higher standard we are committed to furthering our education by enrolling in courses which review the many integral and continual changes in our industry. Our REALTOR® mentors are leaders in the field and provide guidance on our skills. However, the education received from classroom instruction by qualified instructors will advance the level of professionalism for young real estate agents. Our advancement will be made possible by increasing the required CE hours from ten-hours to twenty-hours every two-year licensing period.

Increasing the competency of real estate licensees is an integral issue for young real estate professionals. Our clients hold us accountable for our expertise in the field of real property, thus the very least that we can do to maintain, but ultimately increase, our proficiency is spend more time investing in education related to real property matters. By requiring real estate licensees to enroll in a minimum of twenty-hours of CE, young real estate professionals will be better equipped and qualified to assist and protect clients interests.





HiLYREP has partnered with the Hawaii Association of REALTORS®, Honolulu Board of REALTORS®, and The Hawaii Aloha Chapter of Certified Residential Specialists (CRS) to ensure that young real estate professionals are given the tools and resources necessary to become well-educated REALTORS®. Working together we cooperatively promote professional growth through classroom education, webinars, seminars and one-on-one programs.

The CE requirement must be increased from ten to twenty hours to serve the interests of our industry professionals especially the young demographic. Thus, HiLYREP strongly supports the passage of this bill.

Thank you for the opportunity to testify on behalf of HiLYREP.



Caron A. Ling

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January 4, 2010

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 2602 Relating to Real Estate Licensees

HEARING: Friday, February 5, 2010 at 9:00 a.m.

Aloha Chair Baker, Vice Chair Ige and Members of the Committee:

I am Caron Ling, Member of the Hawaii Association of Realtors and co-founder for the Hawaii League of Young Real Estate Professionals (HiLYREP). We strongly believe in the passage of S.B. 2602, because it will provide Real Estate agents with the necessary tools that are needed in an ever-changing market to keep up to date on the new laws, to give uniformity in the way we conduct business and to provide consumer confidence in our abilities as real estate agents.

Why this is important, is because currently, anyone can obtain a real estate license in the State of Hawaii. We also have less requirements by a landslide than any other state in the United States. By requiring more continuing education credits and mandatory core classes, the hope is that real estate agents adverse to change, who own smaller companies, and even some of the larger companies, as well as people fresh into the business, will all deliver the same or close to the same knowledge. That's what Hawaii's constituents deserve, people who know what they are doing.

The passage of S.B. 2602 will make this less prevalent. We, as an organization, would like the future of real estate to be one in which all real estate agents have a clear understanding of real estate and the law as it pertains to real estate and urge you to pass S.B. 2602.

Thank you for the opportunity to testify.



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HEARING: Friday, February 5, 2010

February 4, 2010

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

SUBJECT: S.B. 2602 Relating to Real Estate Licensees

Aloha Chair Baker and members of the committee:

This testimony is provided to **strongly support SB 2602** which increases the amount of Continuing Education ("CE") hours for real estate licensees from 10 hours to a minimum of 20 hours for every 2 year licensing period.

As a Principal Broker for over 25 years and an instructor for both the Hawaii Association of Realtors® (HAR) and the Kauai Board of Realtors® (KBR), I have witnessed the changes and the growth in real estate industry. As an educator, I have always encouraged and promoted education whenever possible in an effort to raise the level of professionalism of the real estate licensee. It is not only a benefit to the individual but to better assist clients and the public.

The current Education requirement of 10 credit hours which must be completed within a 2-year licensing period is one of the lowest nationally. Included in the current structure, courses that address updates to the state and federal laws as well as changes in our industry are mandatory totaling 4 hours. The remaining six hours are elective allowing agents to seek courses that can be beneficial in the profession. As a side note, if a licensee takes two (2) courses of three (3) credits each, only two different subject matter courses will be taken. In a two year period, the scope of education is limited. The CE requirement sets a precedent for learning...even those who do not look forward sitting in a classroom.

Changes within the complex profession which includes property management, FHA, HUD regulations, residential, vacant land, condominium and commercial transactions have been profound since 1987 when CE was first mandated. As a former member and chair of the Standard Forms Committee for HAR, the concerted effort to incorporate critical and timely information into the forms has been constant expanding forms to keep Realtor® members informed which includes benefiting the consumer.

To expand the hours required (a minimum of 20 hours) , a broader spectrum of courses would become made available thereby assisting in better educating licensees.

Your support of this bill to increase the education requirements of the licensee will assist to advance the professionalism of all licensees and ultimately assist the consumer.

Thank you for this opportunity of testifying.

Rowena B Cobb

Rowena B Cobb, CRB, CRS, GRI, ePRO

Principal Broker/Owner

To: Commerce and Consumer Protection Committee: Sen Rosalyn Baker, Chair & Sen David Ige, Vice Chair

Testimony AGAINST SB 2602

DATE: Friday, February 5, 2010

TIME: 9:00 a.m.

PLACE: Conference Room 229 State Capitol, 415 S. Beretania St.

Dear Chair Baker, Vice Chair Ige, and members of the Commerce and Consumer Protection Committee

OPPOSE SB2602 as written – 10 hours of training bi-annually is more than sufficient

Hawaii's real estate professionals are of the highest caliber. Some companies offer frequent non-credited training opportunities that do not satisfy the bi-annual training requirements but increase the expertise and professionalism of their staff/agents.

Although there might be a case for additional entry training, (which my company offers and why I chose to work with them) the 10 hour bi-annual training requirement is more than enough to maintain proficiency even in a changing market. After an agent has been in the business for a number of years, they have learned to work in this very challenging field. There is an extremely high turnover rate and those who have marginal skills leave the business in the first few years of their employment.

Some companies have weekly and monthly meetings that keep their agents up to speed with changes in programs, incentives and procedures. Some companies provide exceptional year round training with no approved credits awarded. Other companies expect their agents to maintain their expertise on their own initiative. There are monthly meetings held all over the island to allow real estate professionals and associated business professionals to exchange ideas and relevant information.

It is up to the Broker to ensure his/her agents are properly trained. Mandating an arbitrary additional ten credits of training is not specifically helpful and shows me there is no specific deficiency that needs to be addressed.

There is absolutely no need to mandate additional training hours for all real estate agents. Many agents take training and obtain credentials that are optional. You can be proud of the real estate professionals in Hawaii.

I am a licensed RA and have first hand knowledge regarding this issue.

Mary Smart
Mililani, HI