

Hawaii Broker Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

- 1. Who are considered 'reciprocal beneficiaries' according to Hawaii law?**
 - A. Married couples**
 - B. Siblings**
 - C. Individuals who cannot legally marry**
 - D. Business partners**
- 2. When must a broker notify licensees of an office closure?**
 - A. Within 24 hours**
 - B. Immediately**
 - C. Within 3 days**
 - D. Within one week**
- 3. What is required in the rental agreement regarding a landlord's contact information?**
 - A. It must be verbally discussed only**
 - B. It can be posted online**
 - C. It must be provided in writing to the tenant**
 - D. Only the name is required**
- 4. What is generally excluded from the gross rentable area?**
 - A. All tenant-occupied spaces**
 - B. Piped shafts, vertical ducts, and stairwells**
 - C. Only bathrooms within the building**
 - D. Areas specifically leased to tenants**
- 5. What type of interest does a condominium owner typically have in their unit?**
 - A. Leasehold interest**
 - B. Freehold interest**
 - C. Percentage interest**
 - D. Rental interest**

- 6. What maximum amount can a person recover from the Real Estate Recovery Fund per transaction?**
- A. \$15,000**
 - B. \$25,000**
 - C. \$35,000**
 - D. \$50,000**
- 7. When must the first meeting of a condo association occur after first conveyance and its requirement?**
- A. Within 90 days if 40% is sold**
 - B. Within 180 days if 40% is sold**
 - C. Within 365 days regardless of sales**
 - D. If requested by 50% of owners**
- 8. Which of the following tasks can licensed personal assistants NOT perform?**
- A. Conduct open houses**
 - B. Develop advertising strategies**
 - C. Negotiate sales**
 - D. Provide information about listings**
- 9. What must be done prior to selling or offering to sell condominium units?**
- A. Obtain a city permit**
 - B. Register with the Commission**
 - C. Conduct a neighborhood survey**
 - D. File a broker application**
- 10. What are the essential guidelines for a broker's principal place of business?**
- A. Must be located in a residential area**
 - B. Must have a virtual presence only**
 - C. Must be directly accessible to the public**
 - D. Must solely operate online**

Answers

SAMPLE

1. C
2. B
3. C
4. B
5. B
6. B
7. B
8. C
9. B
10. C

SAMPLE

Explanations

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1. Who are considered 'reciprocal beneficiaries' according to Hawaii law?

A. Married couples

B. Siblings

C. Individuals who cannot legally marry

D. Business partners

'Reciprocal beneficiaries' in Hawaii are defined as individuals who cannot legally marry but have a close, committed relationship. This legislative designation was created to provide certain rights and responsibilities similar to those enjoyed by married couples, particularly for same-sex couples prior to the legalization of same-sex marriage in Hawaii. This arrangement allows those in committed relationships to make critical health care decisions for one another, inherit property, and share benefits in situations where traditional marriage options do not apply. Thus, the focus is on offering legal recognition and protections for individuals who share a significant bond without the ability to formalize that connection through marriage. The other options do not fall under this definition. Married couples enjoy a different set of legal rights established through marriage. Siblings, while they may have a close relationship, do not meet the criteria for reciprocal beneficiaries as set out in Hawaii law. Business partners can have a professional partnership but do not qualify for reciprocal beneficiary status unless they also share a committed personal relationship akin to that of partners, which is outside the usual business context.

2. When must a broker notify licensees of an office closure?

A. Within 24 hours

B. Immediately

C. Within 3 days

D. Within one week

The requirement for a broker to notify licensees of an office closure is immediate because timely communication is crucial in maintaining operational integrity and ensuring that all licensees are informed about significant changes within the brokerage. Immediate notification allows licensees to react quickly, which could include updating their contacts, addressing pending transactions, or making alternative arrangements for their business activities. This prompt communication supports the principles of good business practices and protects the interests of all parties involved. In a real estate context, where timely information can be vital to ongoing transactions and client relationships, an immediate notice helps to uphold professionalism and minimize disruption. The other timeframes, while they may seem reasonable, do not adequately prioritize the urgency of informing licensees of such an important operational change.

3. What is required in the rental agreement regarding a landlord's contact information?

- A. It must be verbally discussed only**
- B. It can be posted online**
- C. It must be provided in writing to the tenant**
- D. Only the name is required**

The correct response highlights the importance of clarity and transparency in rental agreements. Providing the landlord's contact information in writing ensures that the tenant has a reliable and documented means of communication for any issues that may arise during the tenancy. Written contact information promotes accountability and fosters trust between the landlord and tenant, allowing tenants to reach out easily for maintenance requests, rent inquiries, or other concerns related to the rental property. While verbal communication may occur, it lacks the permanence and reliability that written documentation provides. Posting contact information online does not guarantee that all tenants will have access to it, nor does it ensure it is communicated clearly within the framework of the rental agreement. Simply providing the landlord's name without full contact details would not suffice, as it could lead to confusion or miscommunication about how to reach the landlord. Clear and complete written communication of contact information is therefore essential in a rental agreement.

4. What is generally excluded from the gross rentable area?

- A. All tenant-occupied spaces**
- B. Piped shafts, vertical ducts, and stairwells**
- C. Only bathrooms within the building**
- D. Areas specifically leased to tenants**

The correct answer focuses on the nature of what constitutes gross rentable area in commercial real estate. Gross rentable area is typically defined as the total floor area of a building available for rent, which includes various spaces like offices and common areas. However, exclusions often apply to certain structural and service features of the building that do not directly contribute to the rentable space available to tenants. Piped shafts, vertical ducts, and stairwells are structural elements necessary for the functioning of a building but do not serve as spaces that tenants can occupy or utilize for business activities. Therefore, they are generally excluded from the gross rentable area calculation. This exclusion is important for accurately determining how much space can actually be leased to tenants, allowing building owners to establish fair rental agreements based on usable, tenant-occupied space. The other choices involve spaces that may still contribute to the overall rental calculation or are not entirely excluded from usable area definitions. For instance, tenant-occupied spaces and areas specifically leased to tenants are part of the gross rentable area, as they are directly associated with revenue-generating activities. Similarly, while bathrooms may be considered common facilities, they often contribute to the gross rentable area since they are necessary for tenant use.

5. What type of interest does a condominium owner typically have in their unit?

- A. Leasehold interest**
- B. Freehold interest**
- C. Percentage interest**
- D. Rental interest**

A condominium owner typically holds a freehold interest in their unit. This means they have ownership of the unit and the right to use, sell, or lease it as they see fit, subject to the rules and regulations set forth by the condominium association. Freehold interest represents a form of ownership that is not limited by time, allowing the owner to retain the property indefinitely. In a condominium arrangement, each owner has exclusive ownership of their specific unit while sharing ownership of common areas with other unit owners. This structure distinguishes condominium ownership from leasehold interests, where the ownership of the property is for a set period and ultimately reverts back to the lessor. Additionally, percentage interest pertains to the individual ownership stake in the common areas, which is calculated based on the size of the unit relative to the entire property but does not pertain to the ownership type of the unit itself. Rental interest is not applicable in this context, as it refers to a tenant's rights under a lease, rather than ownership rights.

6. What maximum amount can a person recover from the Real Estate Recovery Fund per transaction?

- A. \$15,000**
- B. \$25,000**
- C. \$35,000**
- D. \$50,000**

The correct amount that a person can recover from the Real Estate Recovery Fund per transaction is \$25,000. This fund is designed to provide financial relief to individuals who have incurred losses due to the misconduct of a real estate licensee. The recovery limit is established to curtail excessive claims while ensuring protection for consumers who are harmed as a result of fraudulent, negligent, or unfair practices by real estate professionals. The \$25,000 limit signifies a balance between providing sufficient compensation for the victims of real estate transactions gone wrong and maintaining the fund's sustainability for future claims. This aspect of the fund encourages ethical behavior in real estate practices while also giving some assurance to clients of recourse in the event of a licensed individual's malpractice.

7. When must the first meeting of a condo association occur after first conveyance and its requirement?

- A. Within 90 days if 40% is sold**
- B. Within 180 days if 40% is sold**
- C. Within 365 days regardless of sales**
- D. If requested by 50% of owners**

The requirement for the first meeting of a condo association to occur within 180 days after the first conveyance, provided that 40% of the units have been sold, is based on standard practices for establishing governance within a condominium. This timeframe ensures that a sufficient number of unit owners are present to participate in the decision-making process, fostering a sense of community and allowing for effective management of the condo affairs. This provision encourages the developer to maintain active involvement in the management of the condominium until a substantial number of units are sold and the owners can take charge. If the percentage of units sold is not met, the need for a meeting might not be as pressing, as there may not be enough owners to constitute a meaningful governance body. The other options suggest different timeframes and thresholds that do not align with the legal standards typically set for condo associations. Specifically, occurring within 90 days or 365 days does not reflect the requirement as specified, and the option regarding a meeting solely based on owner requests does not account for the threshold of 40% sales needed for the organized governance structure to be relevant. Thus, the correct choice reflects a balanced approach to establishing the association's leadership when a significant portion of the properties have been sold.

8. Which of the following tasks can licensed personal assistants NOT perform?

- A. Conduct open houses**
- B. Develop advertising strategies**
- C. Negotiate sales**
- D. Provide information about listings**

Licensed personal assistants play a supportive role in real estate transactions, but there are specific tasks they are not authorized to undertake independently. One of these tasks is negotiating sales. Negotiation is a critical and complex part of the real estate process that requires a licensed individual who can legally bind the parties involved. Only licensed agents or brokers have the authority to negotiate contracts and influence terms on behalf of buyers or sellers. In contrast, conducting open houses, developing advertising strategies, and providing information about listings are activities that personal assistants can engage in, provided they are supervised by a licensed agent. These tasks are typically considered supportive roles that assist licensed professionals in their marketing and promotional efforts, enhancing their ability to serve clients effectively, while negotiating requires a level of expertise and authority that necessitates a real estate license. Thus, engaging in negotiations is beyond the scope of what a personal assistant can do, ensuring that all dealings comply with legal requirements.

9. What must be done prior to selling or offering to sell condominium units?

- A. Obtain a city permit**
- B. Register with the Commission**
- C. Conduct a neighborhood survey**
- D. File a broker application**

Before selling or offering to sell condominium units in Hawaii, it is essential to register with the Commission, which is a part of the regulatory framework in place to protect consumers and ensure adherence to real estate laws. This registration process typically involves submitting necessary documentation about the condominium project, including details about the development, financial disclosures, and promotional information. This step is crucial as it guarantees that potential buyers receive important information about the property and helps maintain transparency and accountability in the real estate market. The requirement to register with the Commission also serves to inform the authorities about the nature and scope of the condominium project being offered, allowing for oversight and regulation that protects both the developers and the buyers. Other options, such as obtaining a city permit or conducting a neighborhood survey, may be relevant to different aspects of real estate transactions or local regulations but are not specifically mandated for selling or offering condominium units. Filing a broker application pertains more to individual licensing for agents or firms rather than the registration of condominium projects, which is why that choice does not address the question accurately.

10. What are the essential guidelines for a broker's principal place of business?

- A. Must be located in a residential area**
- B. Must have a virtual presence only**
- C. Must be directly accessible to the public**
- D. Must solely operate online**

The requirement that a broker's principal place of business must be directly accessible to the public is crucial for maintaining transparency and trust in the real estate industry. Having a physical location where clients can visit fosters an environment of accountability and professionalism. It allows potential clients to have face-to-face interactions with brokers and staff, which can enhance the comfort level and trustworthiness of the services being offered. This accessibility means that clients can seek assistance, ask questions, and engage directly with the brokerage, which is an essential part of building client relationships and providing effective customer service. A physical office space also serves as a reliable point of contact for clients to reach out during business hours. In contrast, having a virtual presence only or solely operating online would limit the accessibility that clients often expect and may detract from the personal touch that many clients value in real estate transactions. While residency in specific areas and the option for virtual operations can be beneficial in certain contexts, they do not fulfill the essential need for direct public access, which is fundamental to a broker's operation in the real estate market.