

HAWAII BROKER PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is a requirement for an S Corporation in Hawaii?**
 - A. Must have multiple classes of stock
 - B. Must have at least 100 shareholders
 - C. Must meet requirements of a small business corporation
 - D. Must be based in the mainland U.S.
- 2. 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
- 3. How is the tax exemption treated for separated couples in Hawaii?**
 - A. Not applicable
 - B. Must apply jointly
 - C. Can prorate the exemption between them
 - D. Only one can apply
- 4. When should the SRPDS be delivered to the buyer?**
 - A. At least a month before closing
 - B. No later than 10 days after acceptance
 - C. As soon as the buyer expresses interest
 - D. Only after securing a mortgage
- 5. What notice period is needed for a tenant to terminate a month-to-month lease?**
 - A. 14 days
 - B. 28 days
 - C. 30 days
 - D. 60 days

- 6. Which statement accurately describes the government's authority regarding invasive species on private property?**
- A. If a plant has been declared invasive, the government can enter a property without notice.
 - B. If a property owner prevents access, the government can take immediate action without legal support.
 - C. The owner is responsible for removal only if they planted the invasive species knowingly.
 - D. A property owner living out of state is exempt from invasive species regulations.
- 7. What needs to happen when a condominium is created after July 1, 2006?**
- A. It must comply with the old CPA
 - B. It doesn't require any registration
 - C. It must comply with Title 16, Chapter 107
 - D. It must be agreed upon by local government
- 8. Which appraisal approach assesses properties similarly based on sales history?**
- A. Cost Approach
 - B. Income Approach
 - C. Sales Comparison Approach
 - D. Market Survey Approach
- 9. What type of appraisal approach uses the costs of reproduction or replacement?**
- A. Sales Comparison Approach
 - B. Income Approach
 - C. Cost Approach
 - D. Market Value Approach
- 10. If foreclosure sale proceeds are less than the owed amount, what can the mortgagee obtain?**
- A. A deficiency judgment
 - B. A new loan
 - C. A lien on the property
 - D. A waiver on the debt

Answers

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

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Explanations

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1. What is a requirement for an S Corporation in Hawaii?

- A. Must have multiple classes of stock
- B. Must have at least 100 shareholders
- C. Must meet requirements of a small business corporation**
- D. Must be based in the mainland U.S.

An S Corporation in Hawaii, like in other states, must meet the requirements of a small business corporation as outlined by the Internal Revenue Code. This means that the corporation must be a domestic corporation, have no more than 100 shareholders (who must be individuals and U.S. citizens or residents), and have only one class of stock. These criteria are designed to ensure that S Corporations maintain their small business status and benefit from pass-through taxation, where income is taxed at the individual shareholders' rates rather than at the corporate level. The requirement that an S Corporation should meet the criteria for a small business corporation emphasizes the need for a controlled shareholder structure and operational simplicity, which is beneficial for small business owners looking for tax advantages. Meeting these criteria is vital for maintaining the S Corporation status and, by extension, the tax benefits that come with it in Hawaii. Other factors such as the specific characteristics related to stock classes, shareholder limits, and geographic location do not align with the fundamental requirement to be classified as an S Corporation in Hawaii. Thus, having to meet small business criteria is the anchor requirement for such entities.

2. 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.

3. How is the tax exemption treated for separated couples in Hawaii?

- A. Not applicable
- B. Must apply jointly
- C. Can prorate the exemption between them**
- D. Only one can apply

In Hawaii, when a couple is separated, they can prorate the tax exemption between them. This means that each spouse can allocate a portion of the tax exemption to reflect their respective financial arrangements following the separation. Proration allows for flexibility based on individual circumstances, ensuring that both parties can benefit from the exemption in a fair manner. This treatment is particularly important for separated couples, as it recognizes their distinct financial situations while still allowing for equitable tax relief. Other options suggest different approaches that do not apply to separated couples. For example, stating that the exemption is not applicable would disregard the possibility of proration, while requiring a joint application does not consider their separated status. Similarly, asserting that only one can apply would overlook the potential for both parties to benefit from the exemption relative to their situations. Therefore, the ability to prorate the exemption captures the nuanced and flexible approach that is necessary for managing tax obligations during separation.

4. When should the SRPDS be delivered to the buyer?

- A. At least a month before closing
- B. No later than 10 days after acceptance**
- C. As soon as the buyer expresses interest
- D. Only after securing a mortgage

The Seller's Real Property Disclosure Statement (SRPDS) must be provided to the buyer no later than 10 days after acceptance of the purchase contract. This requirement ensures that buyers have adequate information about a property's condition before proceeding with the transaction. The timely delivery of this document allows buyers to make informed decisions and take necessary actions, such as negotiating repairs or deciding if they want to proceed with the purchase based on any disclosures in the SRPDS. Providing the SRPDS at least a month before closing would not align with the established timeline; it needs to be presented more promptly following the acceptance of the contract. Delivering the SRPDS as soon as the buyer expresses interest might not be practical since there needs to be an acceptance of the offer before the disclosures are required. Additionally, waiting until a mortgage is secured would not comply with the statutory time frame, potentially putting buyers at a disadvantage if the property has issues that need to be disclosed beforehand. Thus, the correct timeline set by law is crucial to ensure transparency and fairness in the real estate transaction process.

5. What notice period is needed for a tenant to terminate a month-to-month lease?

- A. 14 days
- B. 28 days**
- C. 30 days
- D. 60 days

In Hawaii, a tenant who wishes to terminate a month-to-month lease is required to provide a notice period of 28 days. This requirement is in line with Hawaii's landlord-tenant laws, which ensure a sufficient amount of time for the landlord to prepare for the tenant's departure and for the tenant to prepare for a potential search for new housing. A notice period of 28 days allows landlords time to find a new tenant and ensures that the process is orderly for both parties. This timeframe reflects the specific legal stipulations set forth in Hawaii's Residential Landlord-Tenant Code, which governs the rights and responsibilities of landlords and tenants in the state. Any other options, such as 30 days or longer periods like 60 days, do not align with the specific legislative requirements for terminating a month-to-month residential lease in Hawaii.

6. Which statement accurately describes the government's authority regarding invasive species on private property?

- A. If a plant has been declared invasive, the government can enter a property without notice.
- B. If a property owner prevents access, the government can take immediate action without legal support.
- C. The owner is responsible for removal only if they planted the invasive species knowingly.
- D. A property owner living out of state is exempt from invasive species regulations.**

The accurate description of the government's authority regarding invasive species on private property highlights that a property owner living out of state is not exempt from invasive species regulations. Invasive species management is a significant concern for environmental and agricultural health, and regulations apply regardless of the property owner's residence. Governments enforce laws aiming to control and mitigate the impact of invasive species because they can threaten local ecosystems, native species, and agricultural interests. Consequently, whether a property owner is local or out of state, they are still held accountable for managing invasive species on their property. This ensures that property owners recognize their responsibility in preventing the spread of invasive species, which can affect broader community and ecological health. Thus, it's critical for all property owners, regardless of their residency, to be aware of and comply with local regulations concerning invasive species management, making it clear that the presence of invasive species does not limit responsibility based on the owner's location.

7. What needs to happen when a condominium is created after July 1, 2006?

- A. It must comply with the old CPA
- B. It doesn't require any registration
- C. It must comply with Title 16, Chapter 107**
- D. It must be agreed upon by local government

When a condominium is created after July 1, 2006, it must comply with Title 16, Chapter 107. This regulation outlines the requirements and processes that need to be followed for the development and establishment of condominiums in Hawaii. Title 16, Chapter 107 includes provisions regarding the registration of the condominium project, which ensures that proper disclosures are made to prospective buyers and that the management and operations of the condominium comply with state laws. Compliance with this set of regulations is crucial as it provides both legal standards for developers and protections for consumers. This is particularly important in maintaining transparency and safeguarding the interests of unit owners. In contrast, the other options do not provide the correct procedural or legal requirements for new condominium developments post-2006. The reference to the old CPA, or the notion that registration is not required, or that local government agreement is necessary, do not reflect the current legislative framework that governs condominium creation in the state. Thus, recognizing the necessity to comply with Title 16, Chapter 107 is essential for any condominium developed after the specified date.

8. Which appraisal approach assesses properties similarly based on sales history?

- A. Cost Approach
- B. Income Approach
- C. Sales Comparison Approach**
- D. Market Survey Approach

The Sales Comparison Approach is utilized in property appraisal by evaluating similar properties, often referred to as comparables or "comps," which have recently sold in the same market area. This approach relies on the principle of substitution, which posits that a buyer will not pay more for a property than the cost of acquiring an equally desirable substitute property. By examining the sales history of these comparable properties, appraisers can derive a fair market value for the property in question. This method is particularly effective in residential real estate, where the characteristics of properties are similar and sales history data is abundant. Factors such as location, size, condition, and amenities of the properties being compared help determine an appropriate value for the subject property. As a result, this approach directly reflects real market conditions and recent sales trends, making it a critical tool for appraisers. The other approaches have different methodologies. The Cost Approach estimates value based on the cost to develop a property, including land and construction expenses, rather than its sales history. The Income Approach is focused on properties generating income, analyzing potential earnings to establish value, while the Market Survey Approach is less common and may not have as direct a connection to appraising individual property values based on sales data.

9. What type of appraisal approach uses the costs of reproduction or replacement?

- A. Sales Comparison Approach
- B. Income Approach
- C. Cost Approach**
- D. Market Value Approach

The correct answer is the Cost Approach, which is indeed a method used in real estate appraisals that focuses on determining the value of a property by estimating the costs required to reproduce or replace the property. This approach takes into account the current costs of materials and labor to construct a similar structure, as well as any adjustments for depreciation based on the property's condition and age. The Cost Approach is particularly useful for properties that do not have an extensive market history or for unique properties where comparable sales may not be readily available. It helps appraisers develop a sound basis for valuing properties that have specialized uses or are being considered for rebuilding after a loss. In contrast, the Sales Comparison Approach evaluates a property by comparing it to similar properties that have recently sold, focusing on market value rather than reproduction costs. The Income Approach, on the other hand, estimates value based on the income the property generates, making it more applicable to investment properties rather than unique residential properties. The term "Market Value Approach" is not a standard appraisal method; while market value is influenced by sales comparisons, it does not specifically relate to cost calculations. Thus, the Cost Approach directly addresses the valuation through reproduction or replacement costs, distinguishing it clearly from the other methods mentioned.

10. If foreclosure sale proceeds are less than the owed amount, what can the mortgagee obtain?

A. A deficiency judgment

B. A new loan

C. A lien on the property

D. A waiver on the debt

When the proceeds from a foreclosure sale do not cover the total amount owed on a mortgage, the mortgagee (the lender) has the option to seek a deficiency judgment. This legal action allows the lender to recover the remaining balance owed by the borrower after the sale of the property. The rationale behind a deficiency judgment is that it provides a way for the lender to recoup some of the losses incurred because the sale did not yield enough funds to satisfy the outstanding mortgage debt. If the lender successfully obtains this judgment, they may pursue the borrower's other assets to recover the remaining amount owed. In contrast, while the other options might seem relevant at a glance, they do not apply to this scenario in the same way. A new loan would not alleviate the existing debt associated with the foreclosure. A lien on the property is not applicable once the property has been sold at foreclosure; instead, it is a claim that exists before a sale as collateral for the debt. A waiver on the debt is generally a forgiving of the debt, which is contrary to the lender's interest in recouping their losses through a deficiency judgment. Thus, obtaining a deficiency judgment is the clear and appropriate action for the mortgagee when sale proceeds fall short.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://hawaiibroker.examzify.com>

We wish you the very best on your exam journey. You've got this!

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