

Hawaii Real Estate Salesperson Practice Exam (Sample)

Study Guide



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Questions

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- 1. When do dower and curtesy rights become effective in Hawaii?**
 - A. At the time of marriage**
 - B. Upon a spouse's death**
 - C. During the divorce proceedings**
 - D. When a creditor files a claim**
- 2. What is required when a broker establishes an account to hold money belonging to others?**
 - A. The broker must keep accurate and detailed records for at least seven years.**
 - B. The account cannot be in the same bank as the client's personal checking account.**
 - C. An individual account is required for each transaction.**
 - D. The broker must keep accurate and detailed records for at least three years.**
- 3. Which type of loan is considered a conventional loan?**
 - A. Contract for deed**
 - B. Commercial bank's ARM loan**
 - C. VA insured**
 - D. FHA insured**
- 4. When a licensed broker changes their place of business, what must they do?**
 - A. Notify the Hawaii Real Estate Commission within ten days**
 - B. Have the new address approved by the board**
 - C. Receive a new license immediately issued by the board**
 - D. Get a new license for a full term**

- 5. What is the correct procedure when a buyer who is a client of a broker wants to purchase a property that the broker has listed?**
- A. The broker should refer the buyer to another broker to negotiate the sale**
 - B. If the listing salesperson and selling salesperson are different, there is no issue**
 - C. The seller and buyer must be informed and agree to the broker representing both**
 - D. The broker can only represent the seller**
- 6. What land classification contains the smallest amount of land state-wide in Hawaii?**
- A. Agricultural**
 - B. Rural**
 - C. Conservation**
 - D. Urban**
- 7. What is required for a broker to be entitled to receive a commission?**
- A. A signed listing agreement**
 - B. Price and terms acceptable to the seller**
 - C. A ready, willing, and able buyer**
 - D. A binding contract between seller and purchaser**
- 8. In Hawaii, what must a contractor do to file a mechanic's lien for money owed?**
- A. Must file a Notice of Completion, and file the mechanics lien within 30 days of the notice date**
 - B. May or may not file a Notice of Completion and still be able to file a mechanics lien**
 - C. Must file a Notice of Completion, and file the mechanics lien within 45 days of the notice date**
 - D. May or may not file a Notice of Completion and file a mechanics lien within 60 days of substantial completion**

- 9. What is a requirement for renewing a real estate license in Hawaii?**
- A. Be actively participating in the real estate business**
 - B. Have completed 20 hours of continuing education by an approved provider in the last two years**
 - C. Only pay a fee**
 - D. Have completed six hours of continuing education in the last two years**
- 10. Under what circumstances can a licensed salesperson hold concurrent licenses with multiple brokers in Hawaii?**
- A. With the permission of his or her sales manager**
 - B. With the written consent of the brokers being represented**
 - C. With the permission of the Hawaii Real Estate Commission**
 - D. Under no circumstances**

Answers

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

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Explanations

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1. When do dower and curtesy rights become effective in Hawaii?

- A. At the time of marriage**
- B. Upon a spouse's death**
- C. During the divorce proceedings**
- D. When a creditor files a claim**

In Hawaii, dower and curtesy rights, which are the legal rights of a spouse in the property of the other spouse, become effective upon a spouse's death. These rights are intended to provide protection for a surviving spouse, ensuring that they have a legal claim to a portion of the deceased spouse's property. In Hawaii, the principle of community property is not followed, but the recognition of dower and curtesy provides a framework under which a spouse can assert rights to property after the death of their partner. This legal context emphasizes the importance of ensuring that surviving spouses are not left without resources when their partner passes away, reflecting societal values around marriage and shared property interests. During a divorce, property division occurs under different legal principles and is not associated with the rights provided through dower and curtesy. Similarly, the filing of a creditor's claim does not influence dower and curtesy rights, which are specifically tied to the circumstances of a spouse's death.

2. What is required when a broker establishes an account to hold money belonging to others?

- A. The broker must keep accurate and detailed records for at least seven years.**
- B. The account cannot be in the same bank as the client's personal checking account.**
- C. An individual account is required for each transaction.**
- D. The broker must keep accurate and detailed records for at least three years.**

The requirement that a broker must keep accurate and detailed records for at least three years aligns with the legal standards set forth regarding the management of funds held on behalf of clients. This three-year retention period ensures that records are available for review and auditing, providing transparency for regulatory compliance and protection against potential disputes. In a real estate context, maintaining thorough records is crucial for accountability and traceability, especially when handling client funds, such as deposits or earnest money. The three-year period is consistent with common practices in the industry and aids in resolving any issues that may arise regarding the transactions. Other options may reflect misconceptions about regulatory requirements. For instance, while accurate and detailed records are essential, specifying a seven-year requirement may not be applicable in this context as it exceeds the standard requirement for real estate transactions in Hawaii. Additionally, the stipulations regarding bank accounts or needing individual accounts for each transaction do not capture the fundamental requirement for record-keeping as outlined in the question. Therefore, focusing on the three-year record retention policy accurately reflects the broker's obligations under real estate regulations.

3. Which type of loan is considered a conventional loan?

- A. Contract for deed
- B. Commercial bank's ARM loan**
- C. VA insured
- D. FHA insured

A conventional loan is defined as a mortgage that is not guaranteed or insured by the federal government, making it a standard loan option that meets the criteria set by Freddie Mac and Fannie Mae. In this context, the choice indicating a commercial bank's Adjustable Rate Mortgage (ARM) loan aligns with this definition because it refers to a type of loan from a private lender without the backing of federal insurance.

Conventional loans can take various forms, but they generally include loans from commercial banks, credit unions, and other private financing institutions. An ARM is a specific type of conventional loan wherein the interest rate may change at specified periods, which can be a desirable feature for some borrowers looking for lower initial payments. On the other hand, contract for deed, VA insured loans, and FHA insured loans are not classified as conventional loans because they involve some form of government backing or specific conditions related to ownership transfer and downside protection for lenders. By understanding that a conventional loan must operate outside of federal insurance parameters, one can clearly recognize that an ARM loan from a commercial bank fits this classification.

4. When a licensed broker changes their place of business, what must they do?

- A. Notify the Hawaii Real Estate Commission within ten days**
- B. Have the new address approved by the board
- C. Receive a new license immediately issued by the board
- D. Get a new license for a full term

When a licensed broker changes their place of business, it is essential to notify the Hawaii Real Estate Commission within ten days. This requirement is in place to ensure that the Commission has accurate and up-to-date information about where the broker is conducting business. Maintaining current records helps in the administration and regulation of real estate practices in Hawaii, ensuring that brokers are reachable and accountable at their new location. Notifying the Commission within the specified time frame allows for a smooth transition and ensures compliance with state regulations. This is a procedural step meant to uphold the integrity of the real estate profession and protect consumers by having a clear record of where licensed professionals are operating. It is not necessary to seek approval for the new address or to receive a new license immediately or for a full term, as long as the notification requirement is fulfilled.

5. What is the correct procedure when a buyer who is a client of a broker wants to purchase a property that the broker has listed?

- A. The broker should refer the buyer to another broker to negotiate the sale**
- B. If the listing salesperson and selling salesperson are different, there is no issue**
- C. The seller and buyer must be informed and agree to the broker representing both**
- D. The broker can only represent the seller**

When a buyer who is a client of a broker wishes to purchase a property that the broker has listed, the correct procedure is to ensure that both the seller and buyer are informed and agree to the broker representing both parties. This situation creates a dual agency scenario, where the broker simultaneously represents the interests of both the seller and the buyer. In Hawaii, as elsewhere, it's crucial to maintain transparency and ethical practices in real estate transactions. Informed consent is fundamental in dual agency situations. Both parties must be aware of the broker's role and potential conflicts of interest. By having both the seller and the buyer agree to this arrangement, the broker can ensure compliance with local real estate laws and maintain trust in the transaction. This agreement helps protect the interests of all parties involved and upholds the fiduciary responsibilities owed by the broker. The recommended practice of obtaining informed consent from both the seller and buyer not only aligns with industry ethical standards but also fosters a cooperative environment, which can ultimately facilitate a smoother transaction.

6. What land classification contains the smallest amount of land state-wide in Hawaii?

- A. Agricultural**
- B. Rural**
- C. Conservation**
- D. Urban**

The classification that contains the smallest amount of land state-wide in Hawaii is conservation. Conservation land is designated to protect and preserve the natural environment, including ecosystems, wildlife habitats, and cultural resources. This classification is crucial for maintaining the ecological balance and safeguarding Hawaii's unique biodiversity. Conservation areas often include forests, wildlife refuges, and reserves which, while they play a vital role in environmental protection, comprise a relatively small portion of Hawaii's overall land use compared to other classifications. Agricultural land focuses on farming and food production, urban land encompasses cities and metropolitan areas, and rural land typically includes lower-density areas that may mix agricultural use with residential properties. In contrast, conservation land is specifically set aside for preservation purposes, leading to its smaller size in comparison to other land classifications.

7. What is required for a broker to be entitled to receive a commission?

- A. A signed listing agreement**
- B. Price and terms acceptable to the seller**
- C. A ready, willing, and able buyer**
- D. A binding contract between seller and purchaser**

For a broker to be entitled to receive a commission, a signed listing agreement is essential as it establishes the legal relationship between the broker and the seller. This agreement outlines the authority granted to the broker, including the obligation to represent the seller's interests in the sale of the property. It typically specifies the commission rate that will be paid for successful transactions and formalizes the broker's entitlement to remuneration for their services once the property is sold based on the terms agreed upon in that listing. While the presence of a ready, willing, and able buyer or an acceptable price and terms can indicate a potential sale, they do not, on their own, guarantee that the broker will receive a commission. Similarly, a binding contract between the seller and purchaser is necessary for the completion of a sale, but without the initial signed listing agreement, the broker has no clear contract establishing the right to a commission for their efforts in facilitating that sale. Thus, the signed listing agreement serves as the foundational document that ensures the broker's entitlement to commission upon the successful completion of a transaction.

8. In Hawaii, what must a contractor do to file a mechanic's lien for money owed?

- A. Must file a Notice of Completion, and file the mechanics lien within 30 days of the notice date**
- B. May or may not file a Notice of Completion and still be able to file a mechanics lien**
- C. Must file a Notice of Completion, and file the mechanics lien within 45 days of the notice date**
- D. May or may not file a Notice of Completion and file a mechanics lien within 60 days of substantial completion**

In Hawaii, a contractor has the flexibility to file a mechanic's lien without necessarily filing a Notice of Completion. This is significant because it allows contractors and other parties involved in construction or improvement projects to protect their right to payment based on their contributions to the property. Importantly, the law accommodates various situations by permitting a mechanic's lien to be filed even in the absence of a Notice of Completion, thus not restricting the contractor's ability to seek payment for work performed. The time frame for filing the lien is also crucial; although additional options may have specific time frames following a Notice of Completion, the key aspect of being able to file with or without this notice provides contractors leeway when seeking to ensure they are compensated for their labor and materials. Therefore, the correct choice reveals the broader rights that contractors have under Hawaii's mechanic's lien law by emphasizing the absence of a requirement for a Notice of Completion.

9. What is a requirement for renewing a real estate license in Hawaii?

- A. Be actively participating in the real estate business**
- B. Have completed 20 hours of continuing education by an approved provider in the last two years**
- C. Only pay a fee**
- D. Have completed six hours of continuing education in the last two years**

In Hawaii, the requirement to renew a real estate license entails having completed 20 hours of continuing education from an approved provider within the past two years. This continuing education is designed to ensure that real estate professionals stay informed about the latest laws, practices, and trends in the industry, which is essential for providing competent service to clients. The continuing education requirement not only enhances the knowledge and skills of real estate professionals but also promotes standards within the industry, ensuring that agents are up-to-date with compliance and regulatory changes. The structure of requiring a specific number of hours reflects an ongoing commitment to professional development, which ultimately benefits both the practitioner and the public they serve. Other options do not fulfill the specific educational requirement that is mandated for license renewal, which emphasizes the importance of structured education over mere participation in the field or simply paying a fee.

10. Under what circumstances can a licensed salesperson hold concurrent licenses with multiple brokers in Hawaii?

- A. With the permission of his or her sales manager**
- B. With the written consent of the brokers being represented**
- C. With the permission of the Hawaii Real Estate Commission**
- D. Under no circumstances**

In Hawaii, a licensed salesperson is not permitted to hold concurrent licenses with multiple brokers at the same time. This is established in the regulations governing real estate practice in the state. The reasoning behind this rule is to maintain clarity in representation and to avoid conflicts of interest that could arise when a salesperson represents multiple brokers simultaneously. Holding a license with more than one broker could lead to situations where the interests of different clients might conflict, making it difficult for the salesperson to provide unbiased and dedicated service to each party. This regulation helps ensure that salespersons and brokers maintain ethical standards and accountability within the industry. Therefore, the correct answer reflects the strict limitations placed on salespersons regarding holding multiple licenses, emphasizing that under no circumstances can they operate with concurrent licenses from multiple brokers in Hawaii.