
A BILL FOR AN ACT

RELATING TO REAL ESTATE BROKERS AND SALESPERSONS.

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

1 SECTION 1. Section 467-14, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§467-14 Revocation, suspension, and fine.** In addition to
4 any other actions authorized by law, the commission may revoke
5 any license issued under this chapter, suspend the right of the
6 licensee to use the license, fine any person holding a license,
7 registration, or certificate issued under this chapter, or
8 terminate any registration or certificate issued under this
9 chapter, for any cause authorized by law, including but not
10 limited to the following:

- 11 (1) Making any misrepresentation concerning any real
12 estate transaction;
- 13 (2) Making any false promises concerning any real estate
14 transaction of a character likely to mislead another;
- 15 (3) Pursuing a continued and flagrant course of
16 misrepresentation, or making of false promises through
17 advertising or otherwise;



- 1 (4) Without first having obtained the written consent to
2 do so of both parties involved in any real estate
3 transaction, acting for both the parties in connection
4 with the transaction, or collecting or attempting to
5 collect commissions or other compensation for the
6 licensee's services from both of the parties;
- 7 (5) When the licensee, being a real estate salesperson,
8 accepts any commission or other compensation for the
9 performance of any of the acts enumerated in the
10 definition set forth in section 467-1 of real estate
11 salesperson from any person other than the real estate
12 salesperson's employer or the real estate broker with
13 whom the real estate salesperson associates or, being
14 a real estate broker or salesperson, compensates one
15 not licensed under this chapter to perform any such
16 act;
- 17 (6) When the licensee, being a real estate salesperson,
18 acts or attempts to act as a real estate broker or
19 represents, or attempts to represent, any real estate
20 broker other than the real estate salesperson's
21 employer or the real estate broker with whom the real
22 estate salesperson is associated;



- 1 (7) Failing, within a reasonable time, to account for any
2 moneys belonging to others that may be in the
3 possession or under the control of the licensee;
- 4 (8) Any other conduct constituting fraudulent or dishonest
5 dealings;
- 6 (9) When the licensee, being a partnership, permits any
7 member of the partnership who does not hold a real
8 estate broker's license to actively participate in the
9 real estate brokerage business thereof or permits any
10 employee thereof who does not hold a real estate
11 salesperson's license to act as a real estate
12 salesperson therefor;
- 13 (10) When the licensee, being a corporation, permits any
14 officer or employee of the corporation who does not
15 hold a real estate broker's license to have the direct
16 management of the real estate brokerage business
17 thereof or permits any officer or employee thereof who
18 does not hold a real estate salesperson's license to
19 act as a real estate salesperson therefor;
- 20 (11) When the licensee, being a real estate salesperson,
21 fails to file with the commission a written statement
22 setting forth the name of the real estate broker by



- 1 whom the licensee is employed or with whom the
2 licensee is associated;
- 3 (12) When the licensee fails to obtain on the contract
4 between the parties to the real estate transaction
5 confirmation of who the real estate broker represents;
- 6 (13) Violating this chapter; chapter 484, 514A, 514B, 514E,
7 or 515; section 516-71; or the rules adopted pursuant
8 thereto;
- 9 (14) Splitting fees with or otherwise compensating others
10 not licensed hereunder for referring business;
11 provided that notwithstanding paragraph (5), a real
12 estate broker may pay a commission to:
- 13 (A) A licensed real estate broker of another state,
14 territory, or possession of the United States if
15 that real estate broker does not conduct in this
16 State any of the negotiations for which a
17 commission is paid;
- 18 (B) A real estate broker lawfully engaged in real
19 estate brokerage activity under the laws of a
20 foreign country if that real estate broker does
21 not conduct in this State any of the negotiations
22 for which a commission is paid; or



- 1 (C) A travel agency that in the course of business as
2 a travel agency or sales representative, arranges
3 for compensation the rental of a transient
4 vacation rental; provided that for purposes of
5 this paragraph, "travel agency" means any person
6 that, for compensation or other consideration,
7 acts or attempts to act as an intermediary
8 between a person seeking to purchase travel
9 services and any person seeking to sell travel
10 services, including an air or ocean carrier;
- 11 (15) Commingling the money or other property of the
12 licensee's principal with the licensee's own;
- 13 (16) Converting other people's moneys to the licensee's own
14 use;
- 15 (17) The licensee is adjudicated insane or incompetent;
- 16 (18) Failing to ascertain and disclose all material facts
17 concerning every property for which the licensee
18 accepts the agency, so that the licensee may fulfill
19 the licensee's obligation to avoid error,
20 misrepresentation, or concealment of material facts;
21 provided that for the purposes of this paragraph, the
22 fact that an occupant has AIDS or AIDS Related Complex



1 (ARC) or has been tested for HIV (human
2 immunodeficiency virus) infection shall not be
3 considered a material fact;

4 (19) When the licensee obtains or causes to be obtained,
5 directly or indirectly, any licensing examination or
6 licensing examination question for the purpose of
7 disseminating the information to future takers of the
8 examination for the benefit or gain of the licensee;

9 (20) Failure to maintain a reputation for or record of
10 competency, honesty, truthfulness, financial
11 integrity, and fair dealing; or

12 (21) Acquiring an ownership interest, directly or
13 indirectly, or by means of a subsidiary or affiliate,
14 in any distressed property that is listed with the
15 licensee or within three hundred sixty-five days after
16 the licensee's listing agreement for the distressed
17 property has expired or is terminated.

18 For the purposes of paragraphs (1) and (18), the real
19 estate commission shall consider whether the licensee relied in
20 good faith on information provided by other persons or third
21 parties.



1 As used in this section, "distressed property" has the same
2 meaning as set forth in section 480E-2.

3 Disciplinary action may be taken by the commission whether
4 the licensee is acting as a real estate broker, or real estate
5 salesperson, or on the licensee's own behalf."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Real Estate Brokers and Salespersons; Good Faith Reliance

Description:

Amends provisions relating to the licensing and penalties of real estate brokers and salespersons by requiring the real estate commission to consider whether a licensee relied in good faith on information provided by other persons or third parties.
(CD1)

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