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# A BILL FOR AN ACT

RELATING TO REAL ESTATE BROKERS.

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

- 1           SECTION 1. Section 467-1.6, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:
- 3           "(b) The principal broker shall be responsible for:
- 4           (1) The client trust accounts, disbursements from those  
5           accounts, and the brokerage firm's accounting  
6           practices; provided that at the time of registration  
7           and renewal, the principal broker shall file with the  
8           commission the account number and the name of the  
9           financial institution at which the trust account is  
10           held, and the principal broker shall notify the  
11           commission of any change in the account number or  
12           location within ten days of the change;
- 13           (2) The brokerage firm's records, contracts, and  
14           documents;
- 15           (3) All real estate contracts of the brokerage firm and  
16           its handling by the associated real estate  
17           salesperson;



- 1           (4) The proper handling of any commission application,  
2           real estate license application, or renewal  
3           application that the principal broker or the brokerage  
4           firm expressly agrees to handle on behalf of the  
5           applicant, including without limitation, verifying for  
6           completeness and appropriate fees, and mailing or  
7           delivering the appropriate documents to the commission  
8           by the required deadline;
- 9           (5) Developing policies and procedures for the brokerage  
10          firm concerning the handling of real estate  
11          transactions and the conduct of the associated real  
12          estate licensees and other staff, including education  
13          and enforcement of the policies and procedures;
- 14          (6) Setting a policy on continuing education requirements  
15          for all associated real estate licensees in compliance  
16          with the statutory requirement;
- 17          (7) Ensuring that the licenses of all associated real  
18          estate licensees and the brokerage firm license are  
19          current and active;
- 20          (8) Establishing and maintaining a training program for  
21          all associated real estate licensees; and



1           (9) Ensuring that all associated real estate licensees are  
2           provided information and training on the latest  
3           amendments to real estate licensing laws and rules as  
4           well as other related laws and rules."

5           SECTION 2. Section 467-4, Hawaii Revised Statutes, is  
6 amended to read as follows:

7           "**§467-4 Powers and duties of commission.** In addition to  
8 any other powers and duties authorized by law, the real estate  
9 commission shall:

- 10           (1) Grant licenses, registrations, and certificates  
11           pursuant to this chapter;
- 12           (2) Adopt, amend, or repeal rules as it may deem proper to  
13           effectuate this chapter and carry out its purpose,  
14           which is the protection of the general public in its  
15           real estate transactions. All rules shall be approved  
16           by the governor and the director of commerce and  
17           consumer affairs, and when adopted pursuant to chapter  
18           91 shall have the force and effect of law. The rules  
19           may forbid acts or practices deemed by the commission  
20           to be detrimental to the accomplishment of the purpose  
21           of this chapter, and the rules may require real estate



1           brokers and salespersons to complete educational  
2           courses or to make reports to the commission  
3           containing items of information as will better enable  
4           the commission to enforce this chapter and the rules,  
5           or as will better enable the commission from time to  
6           time to amend the rules to more fully effect the  
7           purpose of this chapter, and, further, the rules may  
8           require real estate brokers and salespersons to  
9           furnish reports to their clients containing matters of  
10          information as the commission deems necessary to  
11          promote the purpose of this chapter. This enumeration  
12          of specific matters that may properly be made the  
13          subject of rules shall not be construed to limit the  
14          commission's broad general power to make all rules  
15          necessary to fully effectuate the purpose of this  
16          chapter;

17          (3)   Enforce this chapter and rules adopted pursuant  
18                thereto[+], including the filing of any action in  
19                circuit court determined to be necessary by the  
20                commission to obtain an injunction or other  
21                appropriate order or judgment for the enforcement of



1           any law or rule under this chapter relating to client  
2           trust accounts;

- 3           (4) Suspend, fine, terminate, or revoke any license,  
4           registration, or certificate for any cause prescribed  
5           by this chapter, or for any violation of the rules,  
6           and may also require additional education or  
7           reexamination, and refuse to grant any license,  
8           registration, or certificate for any cause that would  
9           be a ground for suspension, fine, termination, or  
10          revocation of a license, registration, or certificate;
- 11          (5) Report to the governor and the legislature relevant  
12          information that shall include but not be limited to a  
13          summary of the programs and financial information  
14          about the trust funds, including balances and budgets,  
15          through the director of commerce and consumer affairs  
16          annually, before the convening of each regular  
17          session, and at other times and in other manners as  
18          the governor or the legislature may require concerning  
19          its activities;
- 20          (6) Publish and distribute pamphlets and circulars,  
21          produce seminars and workshops, hold meetings in all



1           counties, and require other education regarding any  
2           information as is proper to further the accomplishment  
3           of the purpose of this chapter;

4           (7) Enter into contract or contracts with qualified  
5           persons to assist the commission in effectuating the  
6           purpose of this chapter; and

7           (8) Establish standing committees to assist in  
8           effectuating this chapter and carry out its purpose,  
9           which shall meet not less often than ten times  
10          annually, and shall from time to time meet in each of  
11          the counties."

12          SECTION 3. This Act does not affect rights and duties that  
13          matured, penalties that were incurred, and proceedings that were  
14          begun before its effective date.

15          SECTION 4. Statutory material to be repealed is bracketed  
16          and stricken. New statutory material is underscored.

17          SECTION 5. This Act shall take effect upon its approval.

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**Report Title:**

Real Estate Brokers; Client Trust Accounts; Real Estate Commission; Registration; Renewal; Enforcement

**Description:**

Requires the principal broker to report the client trust account number and name of the managing institution to the real estate commission. Specifies that the principal broker must report changes in the account number and account location within ten days of a change. Authorizes the real estate commission to take action in circuit court to enforce client trust account requirements. (HB238 HD1)

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