

# MINNESOTA RULES 1989

## 2111 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.0100

### CHAPTER 2800 DEPARTMENT OF COMMERCE REAL ESTATE BROKER LICENSING AND EDUCATION

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#### 2800.0100 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of this chapter, the terms defined in this part have the meanings given them.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subp. 3. **Licensee.** "Licensee" means a person duly licensed under Minnesota Statutes, chapter 82.

Subp. 4. **Loan broker.** "Loan broker" means a licensed real estate broker or salesperson who, for another and for a commission, fee, or other valuable consideration or with the intention or expectation of receiving the same, directly or indirectly negotiates or offers or attempts to negotiate a loan secured or to be secured by a mortgage or other encumbrance on real estate, or represents himself or herself or otherwise holds himself or herself out as a licensed real estate broker or salesperson, either in connection with any transaction in which he or she

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directly or indirectly negotiates or offers or attempts to negotiate a loan, or in connection with the conduct of his or her ordinary business activities as a loan broker.

“Loan broker” does not include a licensed real estate broker or salesperson who, in the course of representing a purchaser or seller of real estate, incidentally assists the purchaser or seller in obtaining financing for the real property in question if the licensee does not receive a separate commission, fee, or other valuable consideration for this service.

**Subp. 5. Overpayment.** “Overpayment” means any payment of moneys in excess of a statutory fee or for a license for which a person does not qualify.

**Subp. 6. Override clause.** “Override clause” means a provision in a listing agreement or similar instrument allowing the broker to receive a commission when, after the listing agreement has expired, the property is sold to persons with whom a broker or salesperson had negotiated or exhibited the property prior to the expiration of the listing agreement.

**Subp. 7. Person.** “Person” means a natural person, firm, institution, partnership, corporation, or association.

**Subp. 8. Primary broker.** “Primary broker” means the broker on whose behalf salespersons are licensed to act pursuant to Minnesota Statutes, section 82.20, subdivision 6. In the case of a corporation licensed as a broker, “primary broker” means each officer of the corporation who is individually licensed to act as a broker for the corporation. In the case of a partnership, “primary broker” means each partner licensed to act as a broker for the partnership.

**Subp. 9. Property.** “Property” means real property or other property within the scope of Minnesota Statutes, chapter 82, unless the context clearly indicates otherwise.

**Subp. 10. Protective list.** “Protective list” means the written list of names and addresses of prospective purchasers with whom a licensee has negotiated the sale or rental of the property or to whom a licensee has exhibited the property prior to the expiration of the listing agreement. For the purposes of this subpart, “property” means the property that is the subject of the listing agreement in question.

**Subp. 11. Real estate broker; broker.** “Real estate broker” or “broker” as set forth in Minnesota Statutes, section 82.17, subdivision 4, clause (b) shall not apply to the originating, making, processing, selling, or servicing of a loan in connection with his or her ordinary business activities by a mortgagee, lender, or servicer approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association.

**Subp. 12. Rental service.** “Rental service” means a person who gathers and catalogs information concerning apartments or other units of real estate available for rent, and who, for a fee, provides information intended to meet the individual needs of specifically identified lessors or prospective lessees. This term shall not apply to newspapers or other periodicals with a general circulation or individual listing contracts between an owner or lessor of property and a licensee.

**Subp. 13. Sponsor.** “Sponsor” means a person offering or providing real estate education.

**Subp. 14. Business of financial planning.** “Business of financial planning” means providing, or offering to provide, financial planning services or financial counseling or advice, on a group or individual basis. A person who, on advertisements, cards, signs, circulars, letterheads, or in any other manner, indicates that he or she is a “financial planner,” “financial counselor,” “financial adviser,” “investment counselor,” “estate planner,” “investment adviser,” “financial con-

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sultant," or any other similar designation or title or combination thereof, is considered to be representing himself or herself to be engaged in the business of financial planning.

**Statutory Authority:** *MS s 45.023; 60A.17; 61A.03; 80A.25; 82.28*

**History:** *10 SR 274; 11 SR 394*

### 2800.0200 SCOPE OF APPLICATION.

Prior rules exclusively govern all suits, actions, prosecutions, or proceedings that are pending or may be initiated on the basis of facts or circumstances occurring before October 18, 1982. Judicial review of all administrative orders issued prior to October 18, 1982, as to which review proceedings have not been instituted by October 18, 1982, is governed by prior rules.

**Statutory Authority:** *MS s 82.28*

### 2800.0300 COMPUTATION OF TIME.

**Subpart 1. Days.** Where the performance or doing of any act, duty, matter, payment, or thing is ordered or directed, and the period of time or duration for the performance or doing thereof is prescribed and fixed by law, rule or order, such time, except as otherwise provided in subpart 2, shall be computed so as to exclude the first and include the last day of any such prescribed or fixed period or duration of time. When the last day of such period falls on Sunday or on any day made a legal holiday, by the laws of this state or of the United States, such day shall be omitted from the computation.

**Subp. 2. Months.** When the lapse of a number of months before or after a certain day is required by law, rule or order, such number of months shall be computed by counting the months from such day, excluding the calendar month in which such day occurs, and including the day of the month in the last month so counted having the same numerical order as the day of the month from which the computation is made, unless there be not so many days in the last month so counted, in which case the period computed shall expire with the last day of the month so counted.

**Statutory Authority:** *MS s 82.28*

## EXAMINATION AND LICENSING

### 2800.1100 PAYMENT OF FEES.

**Subpart 1. Cash not accepted.** All fees shall be paid by check, draft, or other negotiable or nonnegotiable instrument or order of withdrawal that is drawn against funds held by a financial institution. Cash will not be accepted.

**Subp. 2. Overpayment of fees.** An overpayment of a fee paid pursuant to Minnesota Statutes, chapter 82 shall be refunded, within a reasonable time after a letter requesting the refund is received by the commissioner and signed by the person making the overpayment.

Refunds shall not be given for other than overpayment of fees. A request for a refund of an overpayment must be received by the commissioner within six months of the date of deposit or it will be forfeited.

**Statutory Authority:** *MS s 82.28*

### 2800.1200 PASSING GRADE FOR EXAMINATION.

A passing grade for a salesperson's and broker's examination shall be a score of 75 percent or higher on the uniform portion and a score of 75 percent or higher on the state portion of the examination.

The commissioner shall not accept the scores of a person who has cheated on an examination. Cheating on a real estate examination shall be grounds for denying an application for a broker's or salesperson's license.

**Statutory Authority:** *MS s 82.28*

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### 2800.1300 LICENSE.

**Subpart 1. Application for broker's license.** After successful completion of the real estate broker's examination, an individual shall have one year from the date of the examination to apply for a broker's license, unless the individual is a salesperson who remains continuously active in the real estate field as a licensee. Failure to apply for the broker's license or to remain continuously active in the real estate field will necessitate a reexamination.

An individual who holds a broker's license in his or her own name or for or on behalf of a corporation or partnership shall be issued an additional broker's license only upon demonstrating that the additional license is necessary in order to serve a legitimate business purpose; that he or she will be capable of supervising all salespersons over whom he or she will have supervisory responsibility or, in the alternative, that he or she will have no supervisory responsibilities under the additional license; and that he or she has a substantial ownership interest in each corporation or partnership for or on whose behalf he or she holds or will hold a broker's license.

The requirement of a substantial ownership interest shall not apply where the broker seeking the additional license or licenses is an officer of a corporation for or on whose behalf he or she already holds a license and he or she is applying for the additional license or licenses for or on behalf of an affiliated corporation or corporations of which he or she is also an officer. For the purpose of this part, "affiliated corporation" means a corporation which is directly or indirectly controlled by the same persons as the corporation for or on whose behalf he or she is already licensed to act.

For the purposes of this part, a legitimate business purpose includes engaging in a different and specialized area of real estate or maintaining an existing business name.

**Subp. 2. Cancellation of salesperson's or broker's license.** A salesperson's or broker's license that has been canceled for failure of a licensee to complete postlicensing education requirements must be returned to the commissioner by the licensee's broker within ten days of receipt of notice of cancellation. The license shall be reinstated without reexamination by completing the required instruction, filing an application, and paying the fee for a salesperson's or broker's license within two years of the cancellation date.

**Subp. 3. Waivers.** The commissioner may waive the real estate licensing experience requirement for the broker's examination.

A. An applicant for a waiver shall provide evidence of:

(1) successful completion of a minimum of 90 quarter credits or 270 classroom hours of real estate-related studies;

(2) a minimum of five consecutive years of practical experience in real estate-related areas; or

(3) successful completion of 30 credits or 90 classroom hours and three consecutive years of practical experience in real estate-related areas.

B. A request for a waiver shall be submitted to the commissioner in writing and be accompanied by documents necessary to evidence qualification as set forth in item A.

C. The waiver will lapse if the applicant fails to successfully complete the broker's examination within one year from the date of the granting of the waiver.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.1400 TEMPORARY BROKER'S PERMIT.

In the event of death or incapacity of a broker, the commissioner may issue

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a 45-day temporary permit to an individual who has had a minimum of two years actual experience as a licensed real estate salesperson and who is otherwise reasonably qualified to act as a broker. Upon application prior to its expiration, the 45-day temporary permit shall be renewed once by the commissioner if the applicant demonstrates that he or she has made a good faith effort to obtain a broker's license within the preceding 45 days and an extension of time will not harm the public interest.

Only those salespersons licensed to the deceased or incapacitated broker at the time of death or incapacity may conduct business for or on behalf of the person to whom the temporary broker's license was issued.

**Statutory Authority:** *MS s 82.28*

### 2800.1500 COMPLIANCE WITH UNCLAIMED PROPERTY ACT.

Upon the initial application for a real estate broker's license and upon each annual application for renewal, the applicant or broker shall be required to inform the commissioner that he has complied with the requirements set forth in Minnesota Statutes, chapter 345 relating to unclaimed property.

**Statutory Authority:** *MS s 82.28*

### 2800.1600 NOTICE TO COMMISSIONER.

Subpart 1. [Repealed, 11 SR 394]

Subp. 2. **Change of application information.** The commissioner must be notified in writing of a change of information contained in the license application on file with the commissioner within ten days of the change.

Subp. 3. [Repealed, 11 SR 394]

Subp. 4. [Repealed, 11 SR 394]

Subp. 5. [Repealed, 11 SR 394]

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.1700 AUTOMATIC TRANSFER OF SALESPERSON'S LICENSE.

Subpart 1. **Scope.** A salesperson may utilize the automatic license transfer provisions of Minnesota Statutes, section 82.20, subdivision 9, clause (b) if the salesperson commences association with the broker to whom the salesperson is transferring, as evidenced by the dates of the signatures of both brokers on the form prescribed by the commissioner, within five days after terminating the salesperson's association with the broker from whom the salesperson is transferring, provided the salesperson's educational requirements are not past due.

A salesperson may not utilize the automatic license transfer provisions of Minnesota Statutes, section 82.20, subdivision 9, clause (b) if the salesperson has failed to notify the commissioner within ten days of any change of information contained in the salesperson's license application on file with the commissioner or of a civil judgment, disciplinary action, or criminal offense, which notice is required pursuant to part 2800.1600.

Subp. 2. **Procedure.** An application for automatic transfer shall be made only on the form prescribed by the commissioner. The transfer is ineffective if the form is not completed in its entirety.

The form shall be accompanied by a \$10 transfer fee, and the license renewal fee, if applicable, plus an additional \$10 if the salesperson holds a subdivided land license. Cash will not be accepted. If the licensee holds a subdivided land license it must be transferred at the same time as the salesperson's license. In order for the transfer of the subdivided land license to be effective the broker to whom the salesperson is transferring must also hold a subdivided land license.

The signature of the broker from whom the salesperson is transferring must

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predate the signature of the broker to whom the salesperson is transferring. The salesperson is unlicensed for the period of time between the times and dates of both signatures. The broker from whom the salesperson is transferring shall sign and date the transfer application upon the request of the salesperson and shall destroy the salesperson's license immediately.

### Subp. 3. Effective date.

A. The transfer is effective when the broker to whom the salesperson is transferring signs and dates the transfer application form, provided the commissioner receives the form and fee within 72 hours after the date and time of the new broker's signature, either by certified mail or personal delivery to the commissioner's office. In the event of a delay in mail delivery, an application postmarked within 24 hours of the date of the signature of the new broker shall be deemed timely received. The properly executed automatic transfer form serves as a temporary real estate license for no more than 45 days.

B. The transfer is ineffective if the fee is paid by means of a check, draft, or other negotiable or nonnegotiable instrument or order of withdrawal drawn on an account with insufficient funds.

C. The salesperson shall retain the certified mail return receipt, if the transfer application is delivered to the commissioner by mail, retain a photocopy of the executed transfer application, and provide a photocopy of the executed transfer application to the broker from whom he or she is transferring.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.20 subd 9*

**History:** *11 SR 394*

## 2800.1750 REAL ESTATE SALESPERSON AUTOMATIC TRANSFER.

The real estate salesperson automatic transfer shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.20 subd 9*

**History:** *11 SR 394*

## 2800.1751 INDIVIDUAL APPOINTMENT OF ATTORNEY FOR SERVICE OF PROCESS.

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

LICENSING UNIT

5th Floor, Metro Square Building

Seventh and Robert Streets

Saint Paul, Minnesota 55101

INDIVIDUAL APPOINTMENT OF ATTORNEY FOR SERVICE OF  
PROCESS

KNOW ALL PERSONS BY THESE PRESENTS:

That in compliance with the Laws of the State of Minnesota, \_\_\_\_\_  
\_\_\_\_\_ a nonresident, does hereby appoint the Commissioner of Commerce of the State of Minnesota, his/her successor or successors as his/her true and lawful attorney upon whom may be served all legal process in any action or proceeding in which he/she may be a party and which relates to or involves any transaction covered by Chapter 82, Minnesota Statutes, and does

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hereby expressly consent and agree that service upon such attorney shall be as valid and binding as if due and personal service had been made upon him/her and that such appointment shall be irrevocable.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
 \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) SS.  
 COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, personally appeared before me, a notary public in and for said County and State, \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument and who, being by me first sworn, acknowledged that he/she executed the same as his/her free act and deed.

\_\_\_\_\_  
 Notary Public, \_\_\_\_\_ County \_\_\_\_\_

(NOTARIAL SEAL) My Commission expires \_\_\_\_\_

**Statutory Authority: MS s 45.023; 61A.03; 82.28**  
**History: 11 SR 394**

**2800.1800 WITHDRAWAL OF LICENSE OR APPLICATION.**

A licensee or license applicant may at any time file with the commissioner a request to withdraw from the status of licensee or to withdraw a pending license application. Withdrawal from the status of licensee or withdrawal of the license application becomes effective 30 days after receipt of a request to withdraw or within a shorter period the commissioner determines unless a revocation, suspension, or denial proceeding is pending when the request to withdraw is filed or a proceeding to revoke, suspend, deny, or to impose conditions upon the withdrawal is instituted within 30 days after the request to withdraw is filed. If a proceeding is pending or instituted, withdrawal becomes effective at the time and upon the conditions the commissioner by order determines. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the commissioner may institute a revocation or suspension proceeding within one year after withdrawal became effective and enter a revocation or suspension order as of the last date on which the license was in effect.

**Statutory Authority: MS s 82.28**

**2800.1900 FAILURE TO RENEW LICENSE.**

If a license lapses or becomes ineffective due to the licensee's failure to file a timely renewal application or otherwise, the commissioner may institute a revocation or suspension proceeding within two years after the license was last effective and enter a revocation or suspension order as of the last date on which the license was in effect.

**Statutory Authority: MS s 45.023; 61A.03; 82.28**  
**History: 11 SR 394**

**2800.2000 REVOCATIONS.**

If the commissioner finds that any licensee or applicant is no longer in existence or has ceased to do business as a broker or salesperson or is subject to

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an adjudication of mental incompetence or to the control of a committee, conservator, or guardian, or cannot be located after reasonable search, the commissioner may by order revoke the license or deny the application.

**Statutory Authority:** *MS s 82.28*

## 2800.2100 COURSE COMPLETION CERTIFICATES FOR SALESPERSON'S LICENSE.

Applicants for a salesperson's license shall submit to the commissioner, along with their application for licensure, a copy of the course completion certificate for courses I, II, and III.

Students are responsible for maintaining copies of course completion certificates.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.2150 COURSE COMPLETION CERTIFICATE.

The real estate education course completion certificate shall be in the form set forth by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

2800.2175 [Repealed, 11 SR 394]

2800.3100 [Renumbered 2805.0500]

2800.3200 [Renumbered 2805.0600]

2800.3300 [Renumbered 2805.0700]

2800.3400 [Renumbered 2805.0800]

2800.3500 [Renumbered 2805.0900]

2800.3600 [Renumbered 2805.1000]

2800.3700 [Renumbered 2805.1100]

2800.3800 [Renumbered 2805.1200]

2800.3900 [Renumbered 2805.1300]

2800.4000 [Renumbered 2805.1400]

2800.4100 [Renumbered 2805.1500]

2800.4200 [Renumbered 2805.1600]

2800.4300 [Renumbered 2805.1700]

2800.4400 [Renumbered 2805.1800]

2800.4500 [Renumbered 2805.1900]

2800.4600 [Renumbered 2805.2000]

## INITIAL REAL ESTATE EDUCATION

### 2800.5100 PRELICENSE EDUCATION.

An approved course of prelicense education shall consist of three 30-classroom-hour courses to be designated as course I, course II, and course III. Pursuant to Minnesota Statutes, section 82.22, subdivision 6, each applicant for a salesperson's license or salesperson is required to complete all courses successfully. Courses I, II, and III must be taken in sequence and may not be taken concurrently.



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**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.5200 SALESPERSON'S EXAMINATION.

Applicants must successfully complete all portions of the salesperson's examination within one year after the successful completion of course I. After this date, credit for course I will expire and successful completion of the first 30-hour course must be repeated before taking the salesperson's examination.

An exception will be made for students pursuing a full-time course of study in either a two-year or four-year real estate education program. The burden of demonstrating full-time status is on the student. Applicants must successfully complete the salesperson's examination within one year after the successful completion of the two-year or four-year course of study.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.5300 APPLICATION FOR SALESPERSON'S LICENSE.

Applicants must apply for a salesperson's license within one year of successful completion of all portions of the licensing examination. Courses II and III must be completed prior to application. Applicants who fail to apply for a license within the one-year period must retake course I and successfully complete the examination.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.5400 POSTLICENSING EDUCATION.

Thirty hours of approved continuing education must be completed within one year after obtaining a salesperson's license.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.5500 ALTERNATIVE MEANS OF COMPLETING INITIAL EDUCATION.

Applicants may elect to complete course II and course III prior to examination or licensure and shall receive credit for those courses successfully completed if the applicant is otherwise in compliance with the time limitations set forth in parts 2800.5200 and 2800.5300.

**Statutory Authority:** *MS s 82.28*

### 2800.5600 LIMITATIONS ON COURSE SUBSTITUTIONS.

No course may be substituted for course I. Written requests for substitutions for courses II and III shall be granted if the request is submitted no later than 30 days prior to the date upon which that education is due to be completed, if:

A. the salesperson is engaged exclusively in a specialized field, such as property management, and the course proposed to be substituted for course II or III provides the student with at least 30 hours of instruction in that field; or

B. the salesperson demonstrates successful completion of a course that is substantially similar to course II or III.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

### 2800.5700 LIMITATION ON USE TOWARD CONTINUING EDUCATION COURSES.

Courses I and II may not be taken for credit toward a licensee's continuing education requirements.

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Any course III may be taken for credit toward a licensee's continuing education requirements if the licensee has not previously received credit for that course or a substantially similar course.

**Statutory Authority:** *MS s 82.28*

## 2800.5800 TEXTBOOKS REQUIRED.

Courses I, II, and III shall require the use of a textbook. The textbook shall cover substantially the subject matter of the course. The textbook shall be current and may be disallowed by the commissioner upon demonstration that it contains material errors.

**Statutory Authority:** *MS s 82.28*

## 2800.5900 COMPLETION OF INITIAL EDUCATION.

Successful completion of courses I, II, and III includes full-time classroom attendance throughout the course, completion of required assignments or reading materials if applicable, and passage of an examination designed by the sponsor that is sufficiently comprehensive to measure the student's knowledge of all aspects of the course.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

## 2800.6000 COURSE I HOURS.

Course I shall incorporate the following number of hours for each of the following topics, for a total of 30 hours:

- A. introduction to real estate, one hour;
- B. real estate licensing law (Minnesota Statutes, chapters 82 and 83), four hours;
- C. law of agency, four hours;
- D. law of contracts, five hours;
- E. real estate financing, six hours;
- F. types and classifications of property, three hours;
- G. examination of title, one hour; and
- H. title closing, six hours.

**Statutory Authority:** *MS s 82.28*

## 2800.6100 COURSE I CURRICULUM.

The course I curriculum shall be based on the following outline:

- I. Introduction to real estate
  - A. Overview of course I
    - 1. Course goals
    - 2. Attendance
    - 3. Examination policy
    - 4. Course and instructor evaluation
  - B. Scope of industry
  - C. Areas of specialization
  - D. Industry terminology
  - E. Professional standards and ethics
  - F. Broker-salesperson relationship
- II. Real estate license law, (Minnesota Statutes, chapter 82), Subdivided Land Sales Practices Act (Minnesota Statutes, chapter 83) and securities act (Minnesota Statutes, chapter 80A)
  - A. Real estate license law

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1. Purpose of law and rules
  2. Administration of law
  3. Substantive provisions of law
    - a. Trust accounts
    - b. Prohibition of fraudulent, deceptive or dishonest practices
    - c. Standards of conduct
    - d. Federal and state antidiscrimination laws
    - e. Licensing requirements
    - f. Education requirements
    - g. Real estate education, research and recovery fund
  - B. Subdivided land sales practices act
    1. Scope of law
    2. Registration and public disclosure provisions
    3. Licensing requirements
  - C. Securities act; potential applicability to real estate
- III. Law of agency
- A. Agent and agency
    1. Broker-principal relationship
    2. Termination of relationships
    3. Dual agency
    4. Cooperative broker
  - B. Duties of broker and agent
    1. Accountability
    2. Fiduciary responsibility to seller
    3. Full disclosure
  - C. Listing contract
    1. Types
    2. Essential elements of a listing agreement
    3. Multiple listing
    4. Commissions earned
  - D. Responsibilities to buyer
- IV. Contracts
- A. Definition
    1. Types
    2. Essentials
    3. Breach; remedies
  - B. Purchase agreements
    1. Examination and analysis
  - C. Other types of contracts
    1. Contract for deed
    2. Options
  - D. Cancellation of contract
  - E. Property description
    1. Lot and block number
    2. Metes and bounds
    3. Government survey
    4. Datum planes
    5. Measurement and mathematics

# MINNESOTA RULES 1989

## 2800.6100 REAL ESTATE BROKER LICENSING AND EDUCATION 2122

- V. Real estate financing
  - A. Note as evidence of indebtedness
  - B. Sources of mortgage funds
    - 1. Lenders
    - 2. Secondary mortgage market
    - 3. Owner financing
  - C. Mortgage
    - 1. Legal elements
    - 2. Theories
      - a. Lien
      - b. Title
    - 3. Mortgage clauses
      - a. Covenants
        - 1. Indebtedness
        - 2. Insurance
        - 3. Removal
        - 4. Taxes
        - 5. Acceleration clause
        - 6. Warranty of title
      - b. Special clauses
        - 1. Attorney's fees
        - 2. Receiver
        - 3. Sale in one parcel
        - 4. Trust
        - 5. Prepayment penalties
        - 6. Subordination
        - 7. Due-on-sale clause
        - 8. Condemnation clause
        - 9. Defeasance clause
        - 10. Good repair
  - D. Types of mortgages
    - 1. FHA
    - 2. VA
    - 3. Conventional/insured conventional, types currently available
    - 4. Other
    - 5. Points
  - E. Mortgage assumption and nonalienation
  - F. Contract for deed financing
  - G. Foreclosure (default)
    - 1. Mortgage
    - 2. Contract for deed
  - H. Buyer qualifications
    - 1. Credit information
    - 2. Standards for approval
  - I. Usury law
- VI. Types of property
  - A. Classification
    - 1. Real property

# MINNESOTA RULES 1989

## 2123 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6100

- 2. Personal property
  - 3. Fixtures
  - B. Title
    - 1. Private grant
    - 2. Public grant
    - 3. Political relations
      - a. Eminent domain
      - b. Escheat
    - 4. Public policy
      - a. Adverse possession
      - b. Prescription
      - c. License
  - C. Estates and interests in land
    - 1. Estates
    - 2. Fee simple
    - 3. Life estate (waste)
    - 4. Remainders and reversions
    - 5. Other
  - D. Concurrent ownership
    - 1. Joint tenancy
    - 2. Tenancy in common
    - 3. Other
  - E. Easements
- VII. Examination of title
- A. History
  - B. Examination of abstract
  - C. Title insurance
    - 1. Owners
    - 2. Purchasers
    - 3. Mortgage
  - D. Title registration (Torrens)
- VIII. Title closing
- A. Review of topics I-VII
  - B. Closing checklist
  - C. Methods of closing
    - 1. Closing through escrow
    - 2. Other
  - D. Delivery of deed
  - E. Responsibilities of buyer and seller
    - 1. Taxes and liens
    - 2. Reduction certificate (assumption statement)
    - 3. Insurance
    - 4. Leases
    - 5. Bill of sale
    - 6. Title search
    - 7. Survey
    - 8. Leases
    - 9. Certificate of occupancy

# MINNESOTA RULES 1989

## 2800.6100 REAL ESTATE BROKER LICENSING AND EDUCATION 2124

- 10. Violations (ordinances)
- 11. Apportionments
- F. Adjournment of closing (settlement)
- G. Real estate settlement procedures act
  - 1. Lender requirements
  - 2. Truth-in-lending (regulation Z)
  - 3. Settlement (closing)
- H. Broker's responsibilities

**Statutory Authority:** *MS s 82.28*

### 2800.6200 COURSE II HOURS.

Course II shall incorporate the following number of hours for each of the following topics, for a total of 30 hours:

- A. deeds, three hours;
- B. search and examination of title, one hour;
- C. residential appraisal, six hours;
- D. residential construction, two hours;
- E. land development and use, three hours;
- F. condominiums, cooperatives, planned unit developments, and manufactured housing, three hours;
- G. taxation, four hours;
- H. investment and appraisal, four hours;
- I. real property management, two hours; and
- J. leases and leasing, two hours.

**Statutory Authority:** *MS s 82.28*

### 2800.6300 COURSE II CURRICULUM.

The course II curriculum shall be based on the following outline:

- I. Deeds
  - A. Parts of a deed
    - 1. Parties
    - 2. Consideration
    - 3. Words of conveyance
    - 4. Property description
    - 5. Appurtenances
    - 6. Habendum (estate)
    - 7. Execution and acknowledgment
    - 8. Seal
  - B. Delivery
  - C. Recording
  - D. Types of deeds
    - 1. Quitclaim
    - 2. Warranty deed and covenants
    - 3. Special warranty deed
    - 4. Other
  - E. Covenants running with the land
  - F. Validity
- II. Search and examination of title
  - A. Object of search

# MINNESOTA RULES 1989

## 2125 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6300

1. Chain of title
2. Recording acts
- B. Grantor-grantee system of indexing
  1. Running the chain of title
  2. Grantors
  3. Mortgages
  4. Lis pendens
  5. Judgments
  6. Liens
  7. Taxes
  8. Probate court
  9. Special assessments
- C. Lot and block indexing
- III. Residential appraisal
  - A. Values
    1. Economic concepts
    2. Value and price
    3. Cost
    4. Elements of value
      - a. Physical
      - b. Economic
      - c. Social
      - d. Legal
    5. Characteristics of value
      - a. Utility
      - b. Scarcity, demand
      - c. Transferability
    6. Principles of value
      - a. Substitution
      - b. Conformity
      - c. Anticipation
  - B. Fundamental considerations
    1. Population trends
    2. Neighborhood characteristics
    3. Building description
    4. Site evaluation
    5. Market value
  - C. Highest and best use
    1. Factors of production
    2. Diminishing returns
    3. Over and under improvement
  - D. Approaches to value
    1. Cost
    2. Market
    3. Income
  - E. Appraisal report
- IV. Residential construction
  - A. Government regulations

# MINNESOTA RULES 1989

## 2800.6300 REAL ESTATE BROKER LICENSING AND EDUCATION 2126

- B. Architectural styles
- C. Plans and specifications
  - 1. Foundations
  - 2. Exterior
  - 3. Interior
- D. Disclosure
- V. Land development and use
  - A. Public land use control
    - 1. City planning
      - a. Enabling acts
      - b. Planning commissions
      - c. Capital improvements
      - d. Master planning
      - e. Future scope of planning
    - 2. Zoning
      - a. Purpose
      - b. Form of ordinances
      - c. Exclusionary zoning
      - d. Board of appeals
      - e. Nonconforming use
      - f. Variance
      - g. Green acres law
    - 3. Building codes
    - 4. Environmental impact statements
    - 5. Subdivision regulations
  - B. Prepurchase
    - 1. Analysis of market
    - 2. Site selection
    - 3. Land costs
    - 4. Drainage, soil tests, topography
    - 5. Utilities
    - 6. Road costs
    - 7. Transportation, schools, shopping
    - 8. Covenants
    - 9. Government
    - 10. Financing
      - a. Purchase, option or escrow
      - b. Rolling option
  - C. Planning
    - 1. Subdivision
    - 2. Planned urban development
    - 3. Filing the plat
    - 4. Consumerism and environmental protection
    - 5. Subdivided land sales practices act
    - 6. State and local land use regulations
  - D. Urban development and revitalization
- VI. Condominiums, cooperatives, planned unit developments and manufactured housing



# MINNESOTA RULES 1989

## 2127 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6300

- A. Cluster housing
    - 1. History
    - 2. Economics
      - a. Land use efficiency
      - b. Amenities
  - B. Condominiums
    - 1. Rights and obligations
      - a. Declaration
        - (1) Bylaws
        - (2) Rules and regulations
        - (3) Assessments and collections
        - (4) Homeowners' associations
      - b. Map
      - c. Conveyance
      - d. Management agreement
        - (1) Duties
        - (2) Enforcement of rules
        - (3) Collection of fees and dues
    - 2. Financing
    - 3. Time share ownership
    - 4. Minnesota Condominium Act
    - 5. Conversions
      - a. Physical changes
      - b. Feasibility
      - c. Tenant rights
      - d. Moratoriums
  - C. Cooperatives
    - 1. Cooperator (individual shareholder)
    - 2. Refinancing methods
    - 3. Owner's association
    - 4. Tax treatment (the 80 percent rule)
    - 5. Other forms
  - D. Planned unit developments
    - 1. Planned land uses
    - 2. Organization
  - E. Manufactured housing
    - 1. Definition
    - 2. Considerations
      - a. Site
      - b. Value
      - c. Safety
    - 3. Financing
- VII. Taxation
- A. Real property taxes
    - 1. Tax assessment levies
      - a. City
      - b. County
      - c. School district

# MINNESOTA RULES 1989

## 2800.6300 REAL ESTATE BROKER LICENSING AND EDUCATION 2128

2. Obtaining tax information
3. Appraisal and classification
4. Homestead status
- B. Residential property
  1. Basis
  2. Adjustment of basis
  3. Installment plan sales
  4. Tax deferral on sale and repurchase
  5. Tax implications of residential ownership
- C. Income producing property
  1. Long term capital gain and loss
  2. Offsetting gains and losses
  3. Classification
- D. Depreciation on real property
- E. Residential rehabilitation expense
- VIII. Investment and appraisal
  - A. Risks
    1. Purchasing power
    2. Market
    3. Interest rates
    4. Earning power
    5. Liquidity
  - B. Leverage
  - C. Cash and tax flow
  - D. Investment analysis
    1. Effective gross income
    2. Margin
    3. Return on investment
  - E. Real estate syndication
    1. General partners
    2. Limited partners
    3. Regulation
    4. Risks and rewards
  - F. Real estate investment trusts
  - G. Appraisal of investment property
    1. Net operating income
      - a. Converting net income to value
      - b. Rate of return (discount rate)
    2. Estimate of value
- IX. Real property management
  - A. Background
    1. Development of management
    2. Scope of management
      - a. Residential
      - b. Commercial
      - c. Industrial
      - d. Agricultural
    3. Professional management

# MINNESOTA RULES 1989

## 2129 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6300

4. Types of owners
- B. Management plan
  1. Objectives
  2. Regional analysis
  3. Neighborhood analysis
  4. Property analysis
    - a. Physical
    - b. Fiscal
    - c. Operational
  5. Market analysis
    - a. Costs and profit
    - b. Comparable
    - c. Escalation base
  6. Analysis of alternatives
  7. Conclusions and recommendations
- C. Government and real estate management
  1. Local government
    - a. Rent control
    - b. Handicapped requirements
    - c. Fire code requirements
    - d. Miscellaneous ordinances
  2. State government
    - a. Landlord-tenant laws
    - b. Nondiscrimination
    - c. Extension of tenants' rights
  3. Federal government
    - a. Nondiscrimination
    - b. HUD subsidies
    - c. Regulated housing
  4. Housing programs
- D. Management operations
  1. Marketing
  2. Tenant underwriting
  3. Tenant administration
  4. Physical plant maintenance
    - a. Preventative maintenance
    - b. Energy management
  5. Operational record keeping
    - a. Physical records
    - b. Tenant files
    - c. Budget
    - d. Fiscal
- X. Leases and leasing
  - A. Statute of frauds
  - B. Elements of a contract (review)
  - C. Types of tenancies
    1. Estate for years
    2. Tenancy from year to year

# MINNESOTA RULES 1989

## 2800.6300 REAL ESTATE BROKER LICENSING AND EDUCATION 2130

3. Tenancy at will
  4. Tenancy at sufferance
  5. Holdover tenants
- D. Types of leases
1. Gross
  2. Net
  3. Percentage
  4. Land
  5. Farm
- E. Form of lease
1. Common covenants
  2. Residential leases
  3. Responsibilities of lessor
  4. Responsibilities of lessee
  5. Termination
    - a. Expiration
    - b. Automatic renewal
    - c. Breach of conditions
    - d. Abandonment
    - e. Eviction
  6. Minnesota landlord-tenant act

**Statutory Authority:** *MS s 82.28*

### 2800.6400 COURSE III HOURS.

Course III shall be a 30-hour course consisting of one of the following:

- A. real estate appraisal, 30 hours;
- B. closing procedures, 30 hours;
- C. farm and ranch brokerage, 30 hours;
- D. real estate finance, 30 hours;
- E. real estate investment, 30 hours;
- F. real estate law, 30 hours;
- G. real estate management, 30 hours;
- H. real estate mathematics, 30 hours;
- I. business brokerage, 30 hours; or
- J. a combination course of no more than three of the subjects set forth in items A to I, 30 hours.

**Statutory Authority:** *MS s 82.28*

### 2800.6500 COURSE III CURRICULUM.

Subpart 1. **Real estate appraisal.** The real estate appraisal course shall be based on the following outline:

#### Real estate appraisal

- I. Nature, importance and purposes of appraisals
- II. Nature, importance and characteristics of property and value
- III. Principles controlling real estate value
- IV. The appraisal process
- V. Economic and neighborhood analysis
- VI. Considerations and fundamentals of site evaluation
- VII. Construction methods and materials

# MINNESOTA RULES 1989

## 2131 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6500

- VIII. Architectural styles and utility
  - IX. Cost approach: estimating costs and accrued depreciation
  - X. Analysis
  - XI. Market data approach
  - XII. Income approach: income and expense analysis, capitalization theory and techniques
  - XIII. Reconciliation and final value estimate
  - XIV. Writing the report
  - XV. Course examination
- Subp. 2. **Closing procedures.** The closing procedures course shall be based on the following outline:

### Closing procedures

- I. Overview of closing: persons present, protocol, timeliness
  - II. Review of purchase agreement, supplements, addenda
  - III. Compilation of data needed to prepare a closing file
  - IV. Legal documents
  - V. Abstracts, title procedures
  - VI. Review of settlement costs: buyer, seller
  - VII. Closing statement: prorations and other math
  - VIII. Review of sample cases
  - IX. Follow-up procedures
  - X. Course examination
- Subp. 3. **Farm and ranch.** The farm and ranch brokerage course shall be based on the following outline:

### Farm and ranch brokerage

- I. Responsibilities of broker to seller and buyer
  - II. Selling options
  - III. Sources of financing
  - IV. Factors in selecting a farm or ranch
  - V. Advantages and disadvantages of irrigation systems
  - VI. Determination of farm and ranch value
  - VII. Considerations in the constructing of purchase agreements
  - VIII. Course examination
- Subp. 4. **Real estate finance.** The real estate finance course shall be based on the following outline:

### Real estate finance

- I. Introduction to the mortgage market
- II. Sources of mortgage money
- III. Real estate investment trusts and syndication
- IV. Mortgage banking
- V. Financing residential properties
- VI. Financing income producing properties
- VII. Construction and land development loans
- VIII. Special techniques used in financing real estate
- IX. Junior mortgages
- X. Land contracts

# MINNESOTA RULES 1989

## 2800.6500 REAL ESTATE BROKER LICENSING AND EDUCATION 2132

XI. Financing long term leases

XII. Course examination

Subp. 5. **Real estate investment.** The real estate investment course shall be based on the following outline:

### Real estate investment

I. Real estate investments

II. Discounted cash flow analysis

III. Measuring investment returns

IV. Estimation of real estate cash flows

V. Real estate financing

VI. The tax process

VII. Acquisitions and operations

VIII. Dispositions and exchanges

IX. After tax investment analysis

X. Speculative land investment

XI. Multiple exchanges

XII. Course examination

Subp. 6. **Real estate law.** The real estate law course shall be based on the following outline:

### Real estate law

I. The process of real estate law

II. Real estate brokerage

III. Contract for the sale of real estate

IV. Property conveyance

V. Title insurance and closing

VI. Property ownership and taxes

VII. Estates in land and landlord/tenant relationships

VIII. Cooperatives, condominiums and planned unit developments

IX. Real estate lending and land use regulations

X. Course examination

Subp. 7. **Real estate management.** The real estate management course shall be based on the following outline:

### Real estate management

I. Overview and economics of real estate management

II. Government involvement

III. The management plan

IV. Owner relations and record keeping

V. Marketing and leasing

VI. Property operations

A. Tenant administration

B. Physical plant maintenance

C. Staffing and employee relations

VII. Residential management

A. Rental housing

B. Condominiums and cooperatives

VIII. Commercial management

# MINNESOTA RULES 1989

## 2133 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6600

A. Office building and special purpose properties

B. Shopping centers and retail properties

IX. The management office

X. Creative property management

XI. Course examination

Subp. 8. **Real estate mathematics.** The real estate mathematics course shall be based on the the following outline:

### Real estate mathematics

I. Functions

A. Percentages, fractions, decimals, equivalencies, functions

B. Basic geometric rules

C. Ratio, proportion, scale

D. Basic algebraic operations

II. Areas of application to real estate

A. Broker trust accounts

B. Sales and listings

C. Valuation and spatial problems

D. Finance

E. Income and investment property

F. Closing

III. Course examination

Subp. 9. **Business brokerage.** The business brokerage course shall be based on the following outline:

### Business brokerage

I. Business financial statements

II. Financial statement ratio analysis

III. Cash flow, rate of return, and break-even analysis

IV. Competitive market analysis

V. Valuation of the business

VI. Developing the business plan

VII. Qualifying the buyer

VIII. Terms of the purchase agreement

IX. Financing the business opportunity

X. Evaluation of business risk

XI. Course examination

Subp. 10. **Combination course.** A combination course shall consist of no more than three of the preceding nine subparts and shall devote at least ten hours to each subject. A sponsor that proposes to offer a combination course III shall submit to the commissioner, as part of the application for approval, an outline setting forth the subjects to be addressed and the number of hours proposed to be devoted to each topic.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

## 2800.6600 COURSE III OBJECTIVES.

Subpart 1. **Real estate appraisal.** Upon completion of the real estate appraisal course, a student should be able to explain the nature, importance and characteristics of the factors affecting property value; perform an economic and neighbor-

# MINNESOTA RULES 1989

## 2800.6600 REAL ESTATE BROKER LICENSING AND EDUCATION 2134

hood analysis; discuss and apply the cost, market and income approaches to value; estimate the value of one to four unit residential properties; and prepare a written report of the appraisal.

**Subp. 2. Closing procedures.** Upon completion of the closing procedures course, a student should be able to develop a checklist of activities and documents needed to carry out a closing; coordinate the compilation of information and documents from all parties to a closing; interpret all information on a purchase agreement; compute prorations and other calculations required for a closing; complete acceptable legal formats for all documents serving to transfer title; prepare an accurate closing statement; and develop a closing file system.

**Subp. 3. Farm and ranch brokerage.** Upon completion of the farm and ranch brokerage course, a student should be able to utilize the management assistance available to brokers, buyers, and sellers of farm real estate; determine the value of farm or ranch real estate; understand the components that make up farm and ranch real estate; identify and describe methods of financing farm and ranch property; and understand the considerations in the preparation of a purchase agreement for the sale of farm or ranch property.

**Subp. 4. Real estate finance.** Upon completion of the real estate finance course, a student should be able to identify and describe methods of financing real property; explain the role of financial institutions in financing the purchase or sale of real estate; utilize compound interest or "time value of money" concepts to facilitate investment and financing decisions; apply these methods to solve client financing problems; and discuss the practices and procedures of loan application, analysis, closings and foreclosure.

**Subp. 5. Real estate investment.** Upon completion of the real estate investment course, a student should be able to understand and describe investment tax considerations such as depreciation, capital gains, installment sales and exchanges; utilize the mathematics of real estate investment; perform feasibility studies including market analysis; perform property analysis; and apply techniques of investment analysis to specific types of real estate.

**Subp. 6. Real estate law.** Upon completion of the real estate law course, a student should be able to understand the process of real estate law, its historical origins, and the legal responsibilities placed upon real estate salespersons and brokers; prepare and understand the basic contracts of property conveyance; explain the major legal aspects of property conveyance, property ownership, insurance settlement procedures, taxes, and leasing agreements; recognize and apply the specific requirements in planned unit developments, condominium, and cooperative housing transactions; and understand the requirements of real estate lending and land use rules.

**Subp. 7. Real estate management.** Upon completion of the real estate management course, a student should be able to explain and discuss the scope, nature, and importance of property management; outline the essentials of a management plan; and understand the significant differences between residential, commercial, industrial, and retail property management.

**Subp. 8. Real estate mathematics.** Upon completion of the real estate mathematics course, a student should be able to identify required mathematical procedures to be used in real estate transactions; perform required mathematical functions with a high level of accuracy; isolate and explain the steps of each calculation; and explain mathematical procedures to clients as needed.

**Subp. 9. Business brokerage.** Upon completion of the business brokerage course, a student should be able to evaluate business financial statements, qualify potential buyers, review relevant markets including competition, develop a business plan, value the firm's assets and goodwill, negotiate the terms of a purchase agreement, and explain terms of financing, valuation, and business risk to a potential buyer.

**Statutory Authority:** *MS s 82.28*



# MINNESOTA RULES 1989

## 2135 REAL ESTATE BROKER LICENSING AND EDUCATION 2800.6800

### CONTINUING EDUCATION COURSES

#### 2800.6800 CONTINUING EDUCATION.

Subpart 1. **Content.** Continuing education shall consist of approved courses that impart substantive and procedural knowledge in the real estate field.

Subp. 2. [Repealed, 11 SR 394]

Subp. 3. [Repealed, 11 SR 394]

Subp. 4. **Examinations.** Course examinations will not be required for continuing education courses unless they are required by the sponsor or the licensee elects to take course III for continuing education credit.

Subp. 5. **Textbooks.** Textbooks are not required to be used for continuing education courses. In instances in which textbooks are not used, students are to be provided with a syllabus containing, at a minimum, the course title; the times and dates of the course offering; the names and addresses or telephone numbers of the course coordinator and instructor; and a detailed outline of the subject materials to be covered.

Subp. 6. **Credit earned.** Upon completion of approved courses, students shall earn one hour of continuing education credit for each hour of attendance and approved instructors shall earn three hours of continuing education credit for each hour of instruction. Credit may not be earned if the licensee has previously obtained credit for the same course as either a student or instructor.

Subp. 7. **Nonapproved courses for continuing education.** The following are not approved courses:

- A. a course which is approved for prelicense training;
- B. courses designed to prepare students for a license examination;
- C. courses in mechanical office or business skills, including typing, speed reading, or use of calculators or other machines or equipment;
- D. courses in sales promotion, including meetings held in conjunction with the general business of the licensee;
- E. courses in motivation, salesmanship, psychology, time management, or communication; or
- F. courses related to office management or intended to improve the operation of the licensee's business.

Subp. 8. **Continuing education credit for course III.** Licensees may attend or teach course III for continuing education credit. Credit will be given for less than the entire course III only for combination courses offered pursuant to part 2800.6400, subpart 10. Credit will be given only for attendance at segments of the combination course III which completely cover a subject. An examination will be required only if the licensee takes the entire combination course or if the sponsor requires a separate examination for each subject covered.

Subp. 9. **Burden of proof.** The burden of demonstrating that courses impart substantive and procedural knowledge in the real estate field is upon the person seeking approval or credit.

Subp. 10. **Professional designations.** Courses leading to the following professional designations shall automatically qualify for continuing education credit:

A. Certified Property Manager (CPM) offered by the Institute of Real Estate Management.

B. Member, Appraisal Institute (MAI) offered by the American Institute of Real Estate Appraisers.

C. Certified Commercial Investment Member (CCIM) offered by the Realtors National Marketing Institute.

D. Society of Industrial Realtors (SIR) offered by the Society of Industrial Realtors.

# MINNESOTA RULES 1989

## 2800.6800 REAL ESTATE BROKER LICENSING AND EDUCATION 2136

E. Certified Mortgage Banker (CMB) offered by the Mortgage Bankers Association.

F. Senior Real Property Appraiser (SRPA) offered by the Society of Real Estate Appraisers.

G. Accredited Farm and Land Member (AFLM) offered by the Realtors Land Institute.

H. Certified Real Estate Broker (CRB) offered by the National Association of Realtors.

I. Certified Residential Specialist (CRS) offered by the National Association of Realtors.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

### GENERAL COURSE AND CONTINUING EDUCATION REQUIREMENTS

#### 2800.7100 GENERAL REAL ESTATE EDUCATION REQUIREMENTS.

Parts 2800.7200 to 2800.8750 constitute general requirements applicable to all real estate education courses.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

#### 2800.7150 APPLICATION FOR COURSE APPROVAL FOR COURSES I, II, AND III.

The real estate education application for course approval for courses I, II, and III shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

#### 2800.7175 APPLICATION FOR COURSE APPROVAL FOR CONTINUING EDUCATION.

The real estate education application for course approval for continuing education shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13*

**History:** *11 SR 394*

#### 2800.7200 COURSE APPROVAL.

Subpart 1. **Advance approval.** Courses must be approved by the commissioner in advance and will be approved or disapproved on the basis of their compliance with the provisions of Minnesota Statutes, section 82.22 and the rules adopted thereunder.

No advance approval is required for continuing education offerings if the licensee demonstrates attendance at an offering that was in substantial compliance with Minnesota Statutes, chapter 82 and the rules adopted thereunder.

Approval will not include time spent on breaks, meals, or other unrelated activities.

Subp. 2. **Permitted course offerings.** Courses complying with Minnesota Statutes, chapter 82 and the rules adopted thereunder may be offered or sponsored by sponsors.

Coordinators must immediately notify the commissioner of any material change in an application for approval or in the exhibits attached to it.

Subp. 3. [Repealed, 11 SR 394]

Subp. 4. **Applications.** Applications for course approval will be accepted on forms prescribed by the commissioner no later than 30 days prior to the course offering.

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Subp. 5. [Repealed, 11 SR 394]

Subp. 6. **Subsequent offerings of courses.** Approval shall be granted for subsequent offerings of identical continuing education courses without requiring a new application if a notice of subsequent offerings, on the form prescribed by the commissioner, is filed with the commissioner at least 30 days in advance of the date the course is to be held.

Subsequent offerings of identical courses I, II, and III do not require the approval of or notice to the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

### 2800.7250 NOTICE OF SUBSEQUENT OFFERINGS OF CONTINUING EDUCATION COURSES.

The real estate education notice of subsequent offerings of continuing education courses shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13*

**History:** *11 SR 394*

### 2800.7300 COURSES OPEN TO ALL.

All course offerings shall be open to any interested individuals. Discounts of tuition shall not be given because of affiliation with any particular brokerage or franchise.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

### 2800.7400 COURSE COORDINATOR.

Subpart 1. **Mandatory.** Each course of study shall have one coordinator, approved by the commissioner, who is responsible for supervising the program and assuring compliance with Minnesota Statutes, chapter 82 and the rules adopted thereunder. Sponsors may engage an additional approved coordinator in order to assist the coordinator or to act as a substitute for the coordinator in the event of an emergency or illness.

Subp. 2. **Qualifications.** The commissioner shall approve as a coordinator a person meeting one or more of the following criteria: a minimum of the previous five years as an active real estate broker; at least three years of full-time experience in the administration of an education program during the five-year period immediately preceding the date of application; or a degree in education plus two years real estate experience.

Subp. 3. **Form for coordinator approval.** Application for approval must be submitted on the form prescribed by the commissioner.

Subp. 4. **Responsibilities.** A coordinator shall be responsible for:

A. assuring compliance with all laws and rules pertaining to real estate education;

B. assuring that students are provided with current and accurate information relating to the laws and rules governing their real estate activity;

C. supervising and evaluating courses and instructors. Supervision shall include assuring, especially when a course will be taught by more than one instructor, that all areas of the curriculum are addressed without redundancy and that continuity is present throughout the entire course;

D. furnishing the commissioner, upon request, with copies of evaluations of instructors or courses;

E. investigating complaints related to course offerings and instructors;

F. maintaining records relating to course offerings, instructors, and student attendance for a period of three years from the date on which the course was completed; these records shall be made available to the commissioner upon

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request (In the event that a sponsor should cease operation for any reason, the coordinator shall be responsible for maintaining the records or providing a custodian for the records acceptable to the commissioner. Under no circumstances will the commissioner act as custodian of the records. In order to be acceptable to the commissioner, custodians must agree to make copies of acknowledgments available to students at a reasonable fee);

G. assuring that the coordinator is available to instructors and students throughout course offerings and providing the name of the coordinator and a telephone number at which the coordinator can be reached;

H. attending workshops or instructional programs as reasonably required by the commissioner; and

I. providing students with course completion certificates for courses I, II, and III, and continuing education courses.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.7450 APPLICATION FOR COORDINATOR APPROVAL.

The real estate education application for coordinator approval shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

## 2800.7500 INSTRUCTORS.

**Subpart 1. Requirement.** Each course of study shall have an instructor who is qualified by education, training, or experience to insure competent instruction.

**Subp. 2. Qualifications.** The following provisions relate to the approval and qualification of instructors:

A. Applicants shall submit requests for instructor approval on the form prescribed by the commissioner for courses I, II, and III and the form prescribed by the commissioner for continuing education courses. Requests must be submitted at least 30 days prior to instruction in an approved course.

B. Applicants for Courses I, II and III shall be approved if they have the education and/or experience requirements set forth in part 2800.9905.

C. The same instructor may teach all three courses. Instructors may engage a nonapproved or guest instructor to teach up to ten hours of specialized coursework covered in course I, II, or III. Approved instructors remain responsible for complying with the provisions of subpart 3.

D. Continuing education instructors must have:

(1) a degree in any area plus two years practical experience in the subject area being taught;

(2) five years practical experience in the subject area being taught;

(3) a college or graduate degree in the subject area being taught; or

(4) have held a broker's license for three years or have three years practical experience in the subject area being taught. These individuals shall also have completed at least 60 hours of approved continuing education in the subject area being taught.

**Subp. 3. Responsibilities.** Approved instructors shall be responsible for the following:

A. compliance with all laws and rules relating to real estate education;

B. providing students with current and accurate information;

C. maintaining an atmosphere conducive to learning in the classroom;

D. assuring and certifying attendance of students enrolled in courses;

E. providing assistance to students and responding to questions relating to course materials; and

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F. attending such workshops or instructional programs as are reasonably required by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.7550 APPLICATION FOR INSTRUCTOR APPROVAL FOR COURSES I, II, III.

The real estate education application for instructor approval for courses I, II, and III shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.28*

**History:** *11 SR 394*

## 2800.7575 APPLICATION FOR INSTRUCTOR APPROVAL FOR CONTINUING EDUCATION.

The real estate education application for instructor approval for continuing education shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13*

**History:** *11 SR 394*

## 2800.7600 PROHIBITED PRACTICES FOR COORDINATORS AND INSTRUCTORS.

**Subpart 1. Prohibitions.** In connection with an approved course, coordinators and instructors shall not:

A. recommend or promote the services or practices of any particular real estate brokerage, franchise, coordinator, instructor, or sponsor;

B. encourage or recruit individuals to engage the services of, or become associated with, any particular real estate brokerage or franchise;

C. use materials, clothing, or other evidences of affiliation with any particular real estate brokerage or franchise;

D. require students to participate in other programs or services offered by the sponsor, coordinator, or instructor;

E. take a Minnesota real estate licensing examination without the prior approval of the commissioner;

F. attempt, either directly or indirectly, to discover questions or answers on a real estate licensing examination; or

G. disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations.

**Subp. 2. Notification of misconduct.** Coordinators and instructors shall notify the commissioner within ten days of a felony conviction or of disciplinary action taken against a real estate or other occupational license held by the coordinator or instructor.

**Subp. 3. Change in information in application.** Coordinators and instructors shall notify the commissioner within ten days of any change in the information set forth in the application for approval on file with the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.7700 EXTENSIONS.

Upon appropriate showing of a bona fide financial or medical hardship, the commissioner may extend the time period during which postlicensing or continuing education instruction must be successfully completed. Loss of income resulting from cancellation of a license is not a bona fide hardship. Requests for extensions must be submitted in writing no later than 45 days prior to the date

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of license cancellation and shall include an explanation and verification of the hardship, and a verification of enrollment in an approved course of study and the dates during which the course will be held.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

## **2800.7800 WAIVERS.**

Required real estate education shall not be waived for any licensee or applicant for a license.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

## **2800.7900 FEES.**

Fees for approved courses and related materials shall be reasonable and clearly identified to students. In the event that a course is canceled for any reason, all fees shall be returned promptly. In the event that a course is postponed for any reason, students shall be given the choice of attending the course at a later date or of having their fees refunded in full. If a student is unable to attend a course or cancels his or her registration in a course, sponsor policies regarding refunds shall govern.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## **2800.8000 FACILITIES.**

Each course of study shall be conducted in a classroom or other facility that is adequate to implement the offering. Approved courses shall not be held on the premises of a real estate brokerage, franchise, or an affiliate thereof.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

## **2800.8100 CONFLICT OF INTEREST.**

A course will not be approved if it is sponsored by a person who derives substantial income from the real estate brokerage business.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## **2800.8200 SUPPLEMENTARY MATERIALS.**

An adequate supply of supplementary materials to be used or distributed in connection with an approved course must be available in order to ensure that each student receives all of the necessary materials. Outlines and any other materials that are reproduced shall be of readable quality.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

## **2800.8300 ADVERTISING COURSES.**

**Subpart 1. True.** Advertising must be truthful and not deceptive or misleading.

**Subp. 2. Approval statement.** No advertisement, pamphlet, circular, or other similar materials pertaining to an approved offering may be circulated or distributed in this state unless one of the following statements is prominently displayed:

For precense education courses, "This course has been approved by the Minnesota commissioner of commerce for real estate precense education."

For continuing education courses, "This course has been approved by the Minnesota commissioner of commerce for real estate continuing education."

The preceding language need not be displayed on the cover of any out-of-state offering advertisement; however, it is the responsibility of the sponsor to provide students with evidence that the course has been approved.

**Subp. 3. Approved course advertisements.** Advertising of approved courses

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must be clearly distinguishable from the advertisement of other nonapproved courses and services.

**Subp. 4. Limitation on advertising.** Courses may not be advertised prior to approval, unless the course is described in the advertising as "approval pending" and that is in fact the case.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.8400 NOTICE TO STUDENTS.

At the beginning of each approved offering, the following notice shall be handed out in printed form or shall be read to students: "This real estate educational offering is recognized by the commissioner of commerce as satisfying \_\_\_\_\_ hours of credit toward \_\_\_\_\_ (choose one, or more, of the following as is appropriate: prelicensing, postlicensing, or continuing) real estate education requirements pursuant to Minnesota Statutes, section 82.22. If you have any comments about this real estate offering, please mail them to the Commissioner of Commerce, 500 Metro Square Building, Saint Paul, Minnesota 55101."

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.8500 AUDITS.

The commissioner reserves the right to audit subject offerings with or without notice to the sponsor.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.8600 DISCIPLINARY ACTION.

The commissioner may deny, censure, suspend, or revoke the approval of a coordinator, instructor, or course if it is determined that they are not in compliance with Minnesota Statutes, chapter 82 or the rules adopted thereunder.

**Statutory Authority:** *MS s 82.22 subd 13; 82.28*

## 2800.8700 REPORTS TO COMMISSIONER.

Continuing education credits shall be reported by the licensee on the form prescribed by the commissioner.

Forms will not be accepted unless they reflect all the required hours. Incomplete forms will be returned to the licensee.

Forms must be received by the commissioner no later than June 30 of the year due. Forms that are postmarked no later than June 15 shall be deemed timely received if addressed to: Licensing Unit, 500 Metro Square Building, Saint Paul, Minnesota 55101. Licensees are encouraged to submit the form as soon as they have completed the required hours of continuing education credit.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

## 2800.8750 CONTINUING EDUCATION COURSE VERIFICATION.

The real estate education continuing education course verification shall be in the form prescribed by the commissioner.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13*

**History:** *11 SR 394*

## 2800.9905 QUALIFICATIONS FOR INSTRUCTORS.

Applicants seeking approval as instructors of courses I, II, and III must possess the following qualifications:

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- A. a four-year real estate degree;
- B. a four-year degree with three years full-time experience in the real estate industry;
- C. a four-year degree with three years full-time experience in the business or profession relating to the subject being taught;
- D. a postgraduate degree and completion of 45 hours of continuing real estate education;
- E. a two-year real estate degree and completion of 45 hours of continuing real estate education;
- F. a two-year degree or certificate with five years full-time experience in the real estate industry;
- G. a degree or certificate with five years full-time experience in the business or profession relating to the subject being taught; or
- H. eight years of recent experience in the subject area being taught.

**Statutory Authority:** *MS s 45.023; 61A.03; 82.22 subd 13; 82.28*

**History:** *11 SR 394*

**2800.9910** [Repealed, 11 SR 394]

**2800.9915** [Repealed, 11 SR 394]

**2800.9920** [Repealed, 11 SR 394]

**2800.9925** [Repealed, 11 SR 394]

**2800.9930** [Repealed, 11 SR 394]

**2800.9935** [Repealed, 11 SR 394]

**2800.9940** [Repealed, 11 SR 394]

**2800.9945** [Repealed, 11 SR 394]

**2800.9950** [Repealed, 11 SR 394]

**2800.9955** [Repealed, 11 SR 394]