

CHAPTER 2809
DEPARTMENT OF COMMERCE
CONSOLIDATED PRELICENSING AND CONTINUING
EDUCATION REQUIREMENTS

2809 0010	DEFINITIONS	2809 0130	ADVERTISING COURSES
2809 0020	PAYMENT OF FEES	2809 0140	NOTICE TO STUDENTS
2809 0030	FORMS	2809 0150	AUDITS
2809 0040	TEXTBOOKS REQUIRED	2809 0160	FALSIFICATION OF REPORTS
2809 0050	INITIAL EDUCATION	2809 0170	DISCIPLINARY ACTION
2809 0060	CONTINUING EDUCATION	2809 0180	WAIVERS AND EXTENSIONS
2809 0070	COURSE COORDINATOR	2809 0190	REPORTING REQUIREMENTS
2809 0080	INSTRUCTORS	2809 0200	REAL ESTATE EDUCATION, REAL ESTATE COURSE CURRICULUM
2809 0090	PROHIBITED PRACTICES FOR COORDINATORS AND INSTRUCTORS	2809 0210	INSURANCE EDUCATION
2809 0100	FEES	2809 0220	APPRAISER EDUCATION
2809 0110	FACILITIES	2809.0230	BUILDING CONTRACTOR AND REMODELER EDUCATION
2809 0120	SUPPLEMENTARY MATERIALS		

2809.0010 DEFINITIONS.

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

Subp. 2. **Appropriate and related knowledge.** "Appropriate and related knowledge" means facts, information, or principles that are clearly relevant to the licensee in performing responsibilities under a license. These facts, information, or principles must convey substantive and procedural knowledge as it relates to postlicensing issues and must be relevant to the technical aspects of a particular area of continuing education.

Subp. 3. **Classroom hour.** "Classroom hour" means a 50-minute hour. Breaks may not be accumulated in order to dismiss the class early. Classes shall not be offered by a provider to any one student for longer than eight hours in one day, excluding meal breaks.

Subp. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subp. 5. **Coordinator.** "Coordinator" means an individual who is responsible for monitoring approved educational offerings.

Subp. 6. **Instructor.** "Instructor" means an individual lecturing in an approved educational offering.

Subp. 7. **Licensee.** "Licensee" means a person licensed by the Minnesota Department of Commerce for whom an examination is required before licensure.

Subp. 8. **Overpayment.** "Overpayment" means any payment of money in excess of a statutory fee.

Subp. 9. **Person.** "Person" means a natural person, firm, institution, partnership, corporation, limited liability company, limited liability partnership, or association.

Subp. 10. **Professional designation.** "Professional designation" means a written, proctored, and graded examination, the passage of which leads to a bona fide professional designation used by licensees.

Subp. 11. **Sponsor.** "Sponsor" means a person offering or providing approved education.

Statutory Authority: *MS s 60K.19; 82.22, 82B.13, 326.87*

History: *21 SR 88*

2809.0020 PAYMENT OF FEES.

Subpart 1. **Manner of payment.** All fees must 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. **Refunds.** An overpayment of a course or coordinator approval fee must be refunded within 90 days after a letter requesting the refund is received by the commissioner and signed by the person making the overpayment.

Refunds must 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 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0030 FORMS.

All forms required by this chapter shall be in the form set forth by the commissioner. Forms may be duplicated, but must be readable. Computer generated lists and forms with the same information as required in existing forms must be accepted by the department if prior approval is granted by the department.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0040 TEXTBOOKS REQUIRED.

All prelicense courses must require the use of a textbook or a detailed workbook. The textbook or workbook must cover the subject matter of the course and must be current.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0050 INITIAL EDUCATION.

Subpart 1. Content. Successful completion of prelicense education 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.

Prelicensing courses may include coverage of subject matter not prescribed in this part. However, the subject matter must be presented in addition to, and may not be substituted for, the course content or hours specified for the particular industry. Students shall not be required to pass an examination, or part of an examination, on this material in order to be able to obtain their license.

Subp. 2. Course submission. Courses shall be submitted by the coordinator, instructor, or sponsor at least 30 days before the initial offering of the course.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0060 CONTINUING EDUCATION.

Subpart 1. Content. Continuing education consists of approved courses that impart appropriate and related knowledge in the field for which approval is requested. The burden of demonstrating that courses impart appropriate and related knowledge is upon the person seeking approval or credit. The commissioner shall approve any educational offering approved by the Minnesota Board of Continuing Legal Education relating to the specific industry for which approval is sought, any educational offering approved by the regulatory agency of another state if it does not conflict with Minnesota law, and any courses leading to a nationally recognized professional designation used by licensees regulated by this chapter.

Subp. 2. Examinations. Course examinations will not be required for continuing education courses unless they are required by the sponsor. When certain prelicense courses are permitted to be used for continuing education, the licensee must take the same examination as is required for those taking the course for prelicensing.

Subp. 3. Textbooks. Textbooks are not required to be used for continuing education courses unless the course is also approved as a prelicense course. If 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. Any written or printed material given to students must be of readable quality and contain accurate and current information.

Subp. 4. Credit earned. Upon completion of approved courses, students shall earn one hour of continuing education credit for each hour approved by the commissioner. Continuing education courses must be attended in their entirety in order to receive credit for the number of approved hours. Courses may be approved for partial credit. Courses may be approved for full or partial credit for more than one industry.

Qualified instructors shall earn three hours of continuing education credit for each classroom hour of approved instruction. Credit may not be earned if the licensee has previously obtained credit for the same course as either a student or instructor in the past three years.

Subp. 5. Nonapproved courses for continuing education. The following will not be approved for credit.

A. Courses designed solely to prepare students for passing a license examination.

B. Courses in mechanical office or business skills, including typing, speed reading, or other machines or equipment. Computer courses are allowed, if appropriate and related to the industry to which the courses are directed.

C. Courses in sales promotion, including meetings held in conjunction with the general business of the licensee.

D. Courses in motivation, salesmanship, psychology, time management, or communication, except as prescribed in prelicense training.

E. Courses related to office management or intended to improve the operation of the licensee's business. This item does not apply to building contractor continuing education courses.

F. Courses that are primarily intended to impart knowledge of specific products of specific companies, if the use of the product or products relates to the sales promotion or marketing of one or more of the products discussed.

Subp. 6. Credit for prelicense courses. An approved prelicense course may be taken for continuing education if the licensee has not taken the course in the previous three years and the commissioner determines that the course is appropriate and related to the licensee's license type.

Subp. 7: Course approval.

A. 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 laws and rules relating to the appropriate industry. The commissioner shall make the final determination as to accreditation and assignment of credit hours for courses. Courses must be at least one hour in length.

Individuals wishing to receive credit for continuing education courses that have not been previously approved may submit the course information for approval. Courses must be in compliance with the laws and rules governing the types of courses that will and will not be approved.

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

B. Courses must be submitted 30 days before the course offering.

C. Approval must be granted for a subsequent offering of identical continuing education courses without requiring a new application if a notice of the subsequent offering is filed with the commissioner at least 30 days in advance of the date the course is to be held. The commissioner shall deny future offerings of courses if they are found not to be in compliance with the laws relating to course approval.

Subp. 8. Courses open to all. All course offerings must be open to any interested individuals. Access may be restricted by the sponsor based on class size only. Courses must not be approved if attendance is restricted to any particular group of people, except for company-sponsored courses allowed by statute.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0070 COURSE COORDINATOR.

Subpart 1. Requirement. Each course of study shall have at least one coordinator, approved by the commissioner, who is responsible for supervising the program and assuring

compliance with all laws and rules. 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. Approval. The commissioner shall approve as a coordinator a person meeting one or more of the following criteria: at least three years of full-time experience in the administration of an education program during the five-year period immediately before the date of application, or a degree in education plus two years experience during the immediately preceding five-year period in one of the regulated industries for which courses are being approved, or a minimum of five years experience within the previous six years in the regulated industry for which courses are held.

Subp. 3. Responsibilities. A coordinator is responsible for:

A. assuring compliance with all laws and rules relating to educational offerings governed by the commissioner;

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

C. supervising and evaluating courses and instructors. Supervision includes 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. ensuring that instructors are qualified to teach the course offering;

E. furnishing the commissioner, upon request, with copies of course and instructor evaluations and qualifications of instructors. Evaluations must be completed by students and coordinators;

F. investigating complaints related to course offerings and instructors and forwarding a copy of the written complaints to the Department of Commerce;

G. maintaining accurate records relating to course offerings, instructors, tests taken by students, and student attendance for a period of three years from the date on which the course was completed. These records must be made available to the commissioner upon request. In the event that a sponsor ceases operation for any reason, the coordinator is responsible for maintaining the records or providing a custodian for the records acceptable to the commissioner. The coordinator must notify the commissioner of the name and address of that person. In order to be acceptable to the commissioner, custodians must agree to make copies of acknowledgments available to students at a reasonable fee. Under no circumstances will the commissioner act as custodian of the records;

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

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

J. providing course completion certificates within ten days of, but not before, completion of the entire course. Course completion certificates must be completed in their entirety. Course completion notices must contain the following statement: "If you have any comments about this course offering, please mail them to the Minnesota Commissioner of Commerce." The current address of the department must be included. A coordinator may require payment of the course tuition as a condition for receiving the course completion certificate; and

K. notifying the commissioner of any change in the course or coordinator approval application.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0080 INSTRUCTORS.

Subpart 1. Requirement. Each course of study, except self-study courses, shall have an instructor who is qualified by education, training, or experience to ensure competent instruction. Failure to have only qualified instructors teach at an approved course offering

will result in loss of course approval. Coordinators are responsible to ensure that an instructor is qualified to teach the course offering.

Subp. 2. **Qualification for continuing education instructors.** Qualified continuing education instructors must have one of the following qualifications:

A. a four-year degree in any area plus two years practical experience in the subject area being taught;

B. five years practical experience in the subject area being taught, or

C. a college or graduate degree in the subject area being taught.

Subp. 3. **Qualifications for prelicensing instructors.** Qualified prelicense instructors must have one of the following qualifications:

A. a four-year degree in the industry for which the course is being taught;

B. a four-year degree with three years full-time experience in the industry for which the course is being taught;

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 education in the industry for which the course is being taught;

E. a two-year degree in the industry for which the education is being given and completion of 45 hours of continuing education in the industry for which the course is being taught;

F. a two-year degree or certificate with five years full-time experience in the industry for which the course is being taught;

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 in the eight years immediately preceding the first course offering taught.

Subp. 4. **Responsibilities.** Approved instructors are responsible for:

A. compliance with all laws and rules relating to industry 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

F. attending the workshops or instructional programs that are required by the commissioner.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0090 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 a particular business;

B. encourage or recruit individuals to engage the services of, or become associated with, a particular business,

C. use materials, clothing, or other evidences of affiliation with a particular entity;

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

E. attempt, either directly or indirectly, to discover questions or answers on an examination for a license;

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

G. misrepresent any information submitted to the commissioner;

H. fail to cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; and

I. issue inaccurate course completion certificates.

Subp. 2. Notification of disciplinary action. Coordinators shall notify the commissioner within ten days of a felony or gross misdemeanor conviction or of disciplinary action taken against an occupational license held by the coordinator or an instructor teaching an approved offering. The notification shall be grounds to suspend, deny, or revoke the approval of the coordinator and grounds to disallow the use of a particular instructor.

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

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0100 FEES.

Fees for approved courses and related materials must be clearly identified to students. In the event that a course is canceled for any reason, all fees must be returned within 15 days from the date of cancellation. 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 the registration in a course, sponsor policies regarding refunds shall govern.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0110 FACILITIES.

Each course of study, except self-study courses, must be conducted in a classroom or other facility that is adequate to comfortably accommodate the faculty and the number of students enrolled. The sponsor may limit the number of students enrolled in a course. Approved courses shall not be held on the premises of a company doing business in the regulated area, except for company sponsored courses allowed by statute, and except in the building contractor industry where specific product application is appropriate and related.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0120 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 must be of readable quality.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0130 ADVERTISING COURSES.

Items A to F govern the advertising of prelicense and continuing education courses.

A. Advertising must be truthful and not deceptive or misleading. Courses may not be advertised in any manner as approved unless approval has been granted in writing by the commissioner.

B. 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 prelicense education courses, "This course has been approved by the Minnesota Commissioner of Commerce for (relevant industry) prelicense education."

For continuing education courses, "This course has been approved by the Minnesota Commissioner of Commerce for hours for (relevant industry) continuing education."

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

D. Courses may not be advertised before approval, unless the course is described in the advertising as "approval pending" and that is, in fact, the case.

E. The number of hours for which a course has been approved must be prominently displayed on an advertisement for the course. If the course offering is longer than the number of hours of credit to be given, it must be clear that credit is not earned for the entire course.

F. The course approval number must not be included in any advertisement.

Statutory Authority: *MS s 60K 19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0140 NOTICE TO STUDENTS.

At the beginning of each approved offering, the following notice must be handed out in printed form or must be read to students: "This educational offering is recognized by the Minnesota commissioner of commerce as satisfying hours of credit toward (choose one or more of the following as appropriate. prelicensing, postlicensing, or continuing) (insert appropriate industry) education requirements."

Statutory Authority: *MS s 60K 19; 82.22; 82B 13, 326.87*

History: *21 SR 88*

2809.0150 AUDITS.

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

Statutory Authority: *MS s 60K.19, 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0160 FALSIFICATION OF REPORTS.

A licensee or applicant found to have falsified an education report to the commissioner shall be considered to have violated the laws relating to the industry for which the person has a license and shall be subject to suspension or revocation of the license or denial of the application for licensure.

The commissioner reserves the right to audit a licensee's education records.

Statutory Authority: *MS s 60K 19; 82.22, 82B.13; 326.87*

History: *21 SR 88*

2809.0170 DISCIPLINARY ACTION.

The commissioner may deny, censure, suspend, or revoke the approval of a coordinator or course and disallow the use of a qualified instructor if it is determined that they are not in compliance with this chapter.

Statutory Authority: *MS s 60K.19, 82.22, 82B.13; 326.87*

History: *21 SR 88*

2809.0180 WAIVERS AND EXTENSIONS.

If a licensee provides documentation to the commissioner that the person is unable, and will continue to be unable, to attend actual classroom course work or complete a self-study program because of a physical handicap, medical condition, or similar reason, attendance at continuing education courses shall be waived for a period not to exceed one year. The commissioner shall require that the individual read a sufficient number of textbooks, or listen to a sufficient number of tapes, related to that industry, as would be necessary for the licensee to satisfy educational credit hour needs. The commissioner shall award the licensee credit hours for reading books or listening to tapes by determining how many credit hours would be granted to a classroom course involving the same material and giving the licensee the same number of credit hours under this part. The licensee may apply each year for a new waiver upon the same terms and conditions as were necessary to secure the original waiver, and must demonstrate that in subsequent years, the licensee was unable to complete a self-study course. The commissioner may request documentation of the condition upon which the request for waiver is based as is necessary to satisfy the commissioner of the existence of the condition and that the condition does preclude attendance at continuing education courses.

Upon written proof demonstrating a financial or medical hardship, the commissioner shall extend, for up to 90 days, the time period during which the continuing education must be successfully completed. Loss of income from either attendance at courses or cancellation of a license is not a bona fide financial hardship. Requests for extensions must be submitted in writing no later than 60 days before the education is due and must include an explanation with verification of the hardship, plus verification of enrollment at an approved course of study.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0190 REPORTING REQUIREMENTS.

Required education must be reported in a manner prescribed by the commissioner.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0200 REAL ESTATE EDUCATION; REAL ESTATE COURSE CURRICULUM.

Subpart 1. Course I.

- Introduction to real estate – one hour
- Title closing – six hours
- Real estate law – eight hours
- Basic law of contracts – three hours
- Principles of financing – five hours
- Types and classifications of property – four hours
- Environmental issues – three hours

Outline for Course I

I. Introduction to Real Estate

A. Overview of Course I

1. Course goals
2. Attendance/breaks
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. Title Closing

A. Examination of Title

1. History
2. Examination of abstract
3. Title insurance
 - a. Owners
 - b. Purchasers
 - c. Mortgage
4. Title registration (torrens)

B. Closing

1. Closing checklist
2. Methods of closing
 - a. Closing through escrow
 - b. Other
3. Delivery of deed

4. Responsibilities of buyer and seller
 - a. Taxes and liens
 - b. Reduction certificate (assumption statement)
 - c. Insurance
 - d. Leases
 - e. Bill of sale
 - f. Title search
 - g. Survey
 - h. Certificate of occupancy
 - i. Violations (ordinances)
 - j. Apportionments
 5. Adjournment of closing (settlement)
 6. Real Estate Settlement Procedures Act (RESPA)
 - a. Lender requirements
 - b. Truth in lending (regulation Z)
 - c. Settlement (closing)
 7. Responsibilities of broker
 8. 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
- C. Search and Examination of Title
1. Object of search
 - a. Chain of title
 - b. Recording acts
 2. Grantor-grantee system of indexing
 - a. Running the chain of title
 - b. Grantors
 - c. Mortgages
 - d. Lis pendens
 - e. Judgments
 - f. Liens
 - g. Taxes
 - h. Court with probate jurisdiction
 - i. Special assessments
 3. Lot and block indexing

III. Real Estate Law

A. Real Estate License Law

1. Purpose of law and rules

- 2. Administration of law
 - a. Department of Commerce
 - b. Penalties for violation
 - 3. Substantive provisions of law
 - a. Trust accounts
 - b. Prohibition of fraudulent, deceptive, or dishonest practices
 - c. Standards of conduct
 - d. Real Estate Research and Recovery Fund
 - e. Licensing and education requirements
 - B. Laws Relating to Agency
 - C. Subdivided Land Act
 - 1. Scope of law
 - 2. Registration provisions
 - 3. Licensing requirements
 - D. Securities Act—Potential Applicability to Real Estate
 - E. Appraiser Licensing Law
- IV. Basic Law of Contracts
- A. Definition
 - B. Essentials
 - C. Breach—Remedies
 - D. Types of Real Estate Contracts
 - 1. Purchase agreement—parties to
 - 2. Listing agreement—parties to
 - 3. Contract for deed
 - 4. Options
 - 5. Lease
 - E. Cancellation
- V. Principles of Financing
- A. Types
 - 1. FHA
 - 2. VA
 - 3. Conventional/insured conventional
 - 4. ARM
 - 5. Other
 - 6. Points
 - B. Sources of Mortgage Funds
 - 1. Lenders
 - 2. Secondary mortgage market
 - 3. Owner financing
 - C. Usury
- VI. Types and Classifications of Property
- A. Residential Construction
 - 1. Government regulation
 - B. Land Development and Use
 - 1. City planning
 - 2. Zoning
 - C. Condominiums, Cooperatives, PUDs, Common Interest Communities, Manufactured Housing
 - 1. Definitions
 - 2. Financing
 - 3. Licenses required to sell

4. Homeowner's associations
5. Bylaws

VII. Environmental Issues

Subp. 2. Course II.

- Valuation – three hours
- Financing applications – seven hours
- Contracts – sixteen hours
- Fair housing – three hours
- Real estate specialties – one hour

Outline for Course II

I. Valuation

- A. Evaluation vs. Appraisal
- B. Methods of Valuation
 1. Market approach
 2. Cost approach
 3. Income approach
- C. Tax value

II. Financing Applications

- A. Review of Course I Financing
- B. Mortgages
 1. Legal elements
 2. Theories
 - a. Lien
 - b. Title
 3. Mortgage note
 4. Assumption
- C. Foreclosure/Default

III. Contracts

- A. Review of Course I Contracts
- B. Purchase Agreement
 1. Essential elements
- C. Listing Agreement
 1. Employment contract – broker
 2. Essential elements
- D. Contract for Deed
 1. Essential elements

IV. Fair Housing

- A. Federal Fair Housing Laws
- B. State Fair Housing Laws

V. Real Estate Specialties

Subp. 3. **Course III.** Course-III shall be a 30-hour course consisting of one of the following:

- Real Estate Appraisal
- Closing Procedures
- Farm and Ranch Brokerage

Real Estate Finance
 Real Estate Investment
 Real Estate Law
 Real Estate Management
 Business Brokerage
 Commercial Real Estate
 Residential Architecture and Construction
 A combination course of no more than three
 of the above subjects

I. Real Estate Appraisal

- A. Nature, importance, and purposes of appraisals
- B. Nature, importance, and characteristics
of property and value
- C. Principles controlling real estate value
- D. The appraisal process
- E. Economic and neighborhood analysis
- F. Considerations and fundamentals of site evaluation
- G. Construction methods and materials
- H. Architectural styles and utility
- I. Cost approach; estimating costs and
accrued depreciation
- J. Analysis
- K. Market data approach
- L. Income approach; income and expense analysis,
capitalization theory and techniques
- M. Reconciliation and final value estimate
- N. Writing the report
- O. USPAP
- P. Course examination

II. Closing Procedures

- A. Overview of closing; persons present, protocol,
timeliness
- B. Review of purchase agreement, supplements, addendum
- C. Compilation of data needed to prepare a closing file
- D. Legal documents
- E. Abstracts, title procedures
- F. Review of settlement costs; buyer, seller
- G. Closing statement; prorations and other math
- H. Review of sample cases
- I. Follow-up procedures
- J. Course examination

III. Farm and Ranch Brokerage

- A. Responsibilities of broker to seller and buyer
- B. Selling options
- C. Sources of financing
- D. Factors in selecting a farm or ranch
- E. Advantages and disadvantages of irrigation systems
- F. Determination of farm and ranch value
- G. Considerations in the constructing of purchase
agreements
- H. Course examination

IV. Real Estate Finance

- A. Introduction to the mortgage market
- B. Sources of mortgage money
- C. Real estate investment trusts and syndication
- D. Mortgage banking
- E. Financing residential properties
- F. Financing income producing properties
- G. Construction and land development loans
- H. Special techniques used in financing real estate
- I. Junior mortgages
- J. Land contracts
- K. Financing long-term leases
- L. Course examination

V. Real Estate Investment

- A. Real estate investments
- B. Discounted cash flow analysis
- C. Measuring investment returns
- D. Estimation of real estate cash flows
- E. Real estate financing
- F. The tax process
- G. Acquisitions and operations
- H. Dispositions and exchanges
- I. After-tax investment analysis
- J. Speculative land investment
- K. Multiple exchanges
- L. Course examination

VI. Real Estate Law

- A. The process of real estate law
- B. Real estate brokerage
- C. Contract for the sale of real estate
- D. Property conveyance
- E. Title insurance and closing
- F. Property ownership and taxes
- G. Estates in land and landlord/tenant relationships
- H. Cooperatives, condominiums, and planned unit developments
- I. Real estate lending and land use regulations
- J. Course examination

VII. Real Estate Management

- A. Overview and economics of real estate management
- B. Government involvement
- C. The management plan
- D. Owner relations and recordkeeping
- E. Marketing and leasing
- F. Property operations
 - 1. Tenant administration
 - 2. Physical plant maintenance
 - 3. Staffing and employee relations
- G. Residential management
 - 1. Rental housing
 - 2. Condominiums and cooperatives
- H. Commercial management

- 1. Office building and special purpose properties
- 2. Shopping centers and retail properties
- I. The management office
- J. Creative property management
- K. Course examination

VIII. Business Brokerage

- A. Business financial statements
- B. Financial statement ratio analysis
- C. Cash flow, rate of return, and break-even analysis
- D. Competitive market analysis
- E. Valuation of the business
- F. Developing the business plan
- G. Qualifying the buyer
- H. Terms of the purchase agreement
- I. Financing the business opportunity
- J. Evaluation of business risk
- K. Course examination

IX. Commercial Real Estate

- A. Types of commercial properties
- B. Introduction to commercial real estate sales
- C. Office leasing
- D. Industrial leasing
- E. Retail leasing
- F. Business opportunity sales
- G. Course examination

X. Residential Architecture and Construction

- A. Architectural styles and designs
- B. Blueprints and plans
- C. Construction basics
- D. Exteriors
- E. Interiors
- F. Mechanical systems
- G. Course examination

A combination course shall consist of no more than three of the preceding ten subjects 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.

Subp. 4. Broker course. The required course for real estate brokers shall consist of the following subject hours.

- Broker licensing requirements – three hours
- Trust account requirements – two hours
- Agency – five hours
- Antidiscrimination – three hours
- Real estate principles update – one hour
- Real estate sale, lease, and transfer – two hours
- Financing and valuation update – three hours
- Broker's role in closing – three hours
- Income taxation – three hours

Employment laws and insurance – three hours
Final exam

I. Broker Licensing Requirements

- A. Ownership and operational forms
- B. Minnesota License Law Review

II. Trust Account Requirements

- A. Opening the trust account
- B. Deposit requirements
- C. Trust account records

III. Agency

- A. Current statutes and agency law
- B. Statutory addenda and disclosures

IV. Antidiscrimination

- A. Federal fair housing
- B. Americans with Disabilities Act
- C. Minnesota Human Rights Act

V. Real Estate Principles Update

- A. Land improvements, estates
- B. Legal descriptions
- C. Governmental rights
- D. Property taxation and special assessments

VI. Real Estate Sale, Lease, and Transfer

- A. Purchase agreement and addenda
- B. Lease types and terms
- C. Deed types and clauses
- D. Contract for deed

VII. Financing and Valuation Update

- A. Sources of financing
- B. Foreclosure Law
- C. Principles of value
- D. Methods of valuation

VIII. Broker's Role in Closing

- A. Prorating
- B. Closing statements
- C. Closing documents
- D. Deposit requirements

IX. Income Taxation

- A. Tax rules of home ownership
- B. Investment tax issues
- C. Sale of personal residence

X. Employment Laws and Insurance

- A. Fair Labor Standards Act
- B. Tax laws, withholding, reports
- C. Independent contractor vs. employee

- D. State and Federal Unemployment Tax Act
- E. Errors and omissions insurance

XI. Final Exam

Statutory Authority: *MS s 60K.19, 82.22; 82B.13; 326 87*

History: *21 SR 88; L 1995 c 189 s 8; L 1996 c 277 s 1*

NOTE Subpart 4 was adopted at 21 SR 88 as Subpart 5 but was renumbered editorially

2809.0210 INSURANCE EDUCATION.

Subpart 1. **Approval.** The commissioner shall approve or disapprove nationally recognized professional designation examinations. In order for an agent to receive full continuing education credit for a professional designation examination, the agent must pass the examination. An agent may not receive credit for classroom instruction preparing for the professional designation examination and also receive continuing education credit for passing the professional designation examination.

Subp. 2. **Prelicense education.** Prelicense education shall consist of 45 hours of education.

A. The first 30 hours shall be an introduction to insurance and insurance-related concepts:

- (1) rules, regulations, and law;
- (2) basic fundamentals of insurance;
- (3) property and casualty;
 - (a) types of policies;
 - (b) policy provisions;
 - (c) perils, exclusions, deductibles, and liability; and
 - (d) evaluating needs; and
- (4) life/accident and health;
 - (a) types of policies;
 - (b) policy provisions; and
 - (c) group insurance.

B. The second 15 hours of insurance prelicense education shall be composed of courses that consist of either of the following:

- (1) life/accident and health,
 - (a) types of life insurance policies;
 - (b) types of health insurance policies; and
 - (c) Minnesota laws, rules, and regulations pertinent to life/accident and health insurance; and
- (2) property/casualty;
 - (a) personal lines;
 - (b) commercial lines; and
 - (c) Minnesota laws, rules, and regulations pertinent to property/casualty insurance.

Statutory Authority: *MS s 60K.19; 82.22; 82B 13; 326 87*

History: *21 SR 88*

2809.0220 APPRAISER EDUCATION.

Subpart 1. **Certified general real property appraiser initial education.** Various appraisal courses may be credited toward the 75 classroom hour education requirement. Applicants must demonstrate that their education involved coverage of all the following topics, with particular emphasis on the appraisal of one of four unit residential properties:

- A. influences on real estate value;
- B. legal considerations in appraisal;

- C. types of value;
- D. economic principles;
- E. real estate markets and analysis;
- F. valuation process;
- G. property description;
- H. highest and best use analysis;
- I. appraisal statistical concepts;
- J. sales comparison approach;
- K. site value;
- L. cost approach;
- M. income approach;
 - (1) gross rent multiplier analysis;
 - (2) estimation of income and expenses; and
 - (3) operating expense ratios;
- N. valuation of partial interests; and
- O. appraisal standards and ethics.

Subp. 2. **Certified residential real property appraiser initial education.** Various appraisal courses may be credited toward the 165 classroom hour education requirements. Applicants must demonstrate that their education involved coverage of all the following topics, with particular emphasis on the appraisal of one to four unit residential properties:

- A. influences on real estate value;
- B. legal considerations in appraisal;
- C. types of value;
- D. economic principles;
- E. real estate markets and analysis;
- F. valuation process;
- G. property description;
- H. highest and best use analysis;
- I. appraisal statistical concepts;
- J. sales comparison approach;
- K. site value;
- L. cost approach;
- M. income approach,
 - (1) gross rent multiplier analysis;
 - (2) estimation of income and expenses;
 - (3) operating expense ratios; and
 - (4) direct capitalization;
- N. valuation of partial interests;
- O. appraisal standards and ethics; and
- P. narrative report writing.

Subp. 3. **Certified general real property appraiser initial education.** Various appraisal courses may be credited toward the 165 classroom hour education requirement. Applicants must demonstrate that their education included coverage of all the following topics, with particular emphasis on the appraisal of one of four unit residential properties:

- A. influences on real estate value;
- B. legal considerations in appraisal;
- C. types of value;
- D. economic principles;
- E. real estate markets and analysis;
- F. valuation process;

- G. property description;
- H. highest and best use analysis;
- I. appraisal math and statistics;
- J. sales comparison approach;
- K. site value;
- L. cost approach;
- M. income approach;
 - (1) estimation of income and expenses;
 - (2) operating statement ratios;
 - (3) direct capitalization;
 - (4) cash flow estimates;
 - (5) measures of cash flow; and
 - (6) discounted cash flow analysis;
- N. valuation of partial interests;
- O. appraisal standards and ethics; and
- P. narrative report writing.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*

2809.0230 BUILDING CONTRACTOR AND REMODELER EDUCATION.

Subpart 1. Lead abatement. Each licensee must, during the licensee's first complete continuing education reporting period, complete and report one hour of continuing education relating to lead abatement rules in safe lead abatement procedures.

Subp. 2. Building codes. Each licensee must, during each continuing education reporting period, complete and report one hour of continuing education relating to energy codes for buildings and other building codes designed to conserve energy.

Statutory Authority: *MS s 60K.19; 82.22; 82B.13; 326.87*

History: *21 SR 88*