

CHAPTER 82

REAL ESTATE BROKERS AND SALESPERSONS

82.17	DEFINITIONS.	82.36	LOAN BROKERS.
82.18	CIVIL ACTIONS.	82.37	NEGOTIATIONS.
82.19	COMPENSATION.	82.38	NONRESIDENT SERVICE OF PROCESS.
82.20	COMPUTATION OF TIME.	82.39	NOTICE TO COMMISSIONER.
82.21	CONTRACTS.	82.40	PENALTY.
82.22	DISCLOSURE REQUIREMENTS.	82.41	PROHIBITIONS.
82.23	EXCEPTIONS.	82.42	PUBLICATION OF INFORMATION.
82.24	FEES.	82.43	REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND.
82.27	GUARANTEED SALE PROGRAMS.	82.44	RECIPROCITY.
82.29	LICENSING; EXAMINATIONS AND INSTRUCTION.	82.45	RECORDS.
82.31	LICENSING: APPLICATION.	82.46	RENTAL SERVICES.
82.32	LICENSING: CONTINUING EDUCATION AND INSTRUCTION.	82.47	RULEMAKING POWERS.
82.33	LICENSING: RENEWAL.	82.48	STANDARDS OF CONDUCT.
82.34	LICENSING; OTHER REQUIREMENTS.	82.49	TABLE FUNDING.
82.35	LICENSING: DENIAL, SUSPENSION AND REVOCATION OF LICENSES.	82.51	TRUST ACCOUNT REQUIREMENTS.
			UNCLAIMED PROPERTY ACT COMPLIANCE.

82.01 [Repealed, 1973 c 410 s 19]

82.02 [Repealed, 1973 c 410 s 19]

82.03 [Repealed, 1973 c 410 s 19; 1974 c 406 s 89]

82.035 [Repealed, 1973 c 410 s 19]

82.04 [Repealed, 1973 c 410 s 19]

82.05 [Repealed, 1973 c 410 s 19]

82.06 [Repealed, 1973 c 410 s 19]

82.07 [Repealed, 1973 c 410 s 19]

82.08 [Repealed, 1973 c 410 s 19]

82.09 [Repealed, 1973 c 410 s 19]

82.10 [Repealed, 1973 c 410 s 19]

82.11 [Repealed, 1973 c 410 s 19]

82.12 [Repealed, 1973 c 410 s 19]

82.125 [Repealed, 1973 c 410 s 19]

82.13 [Repealed, 1973 c 410 s 19]

82.14 [Repealed, 1973 c 410 s 19]

82.15 [Repealed, 1973 c 410 s 19]

82.16 [Repealed, 1973 c 410 s 19]

82.17 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this chapter the terms defined in this section have the meanings given to them.

Subd. 2. MS 2002 [Renumbered subd 13]

Subd. 2. **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 the person is a "financial planner," "financial

counselor,” “financial adviser,” “investment counselor,” “estate planner,” “investment adviser,” “financial consultant,” 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.

Subd. 3. MS 2002 [Renumbered subd 4]

Subd. 3. **Closing agent; real estate closing agent.** “Closing agent” or “real estate closing agent” means any person whether or not acting as an agent for a title company, a licensed attorney, real estate broker, or real estate salesperson, who for another and with or without a commission, fee, or other valuable consideration or with or without the intention or expectation of receiving a commission, fee, or other valuable consideration, directly or indirectly provides closing services incident to the sale, trade, lease, or loan of residential real estate, including drawing or assisting in drawing papers incident to the sale, trade, lease, or loan, or advertises or claims to be engaged in these activities.

Subd. 4. MS 2002 [Renumbered subd 18]

Subd. 4. **Commissioner.** “Commissioner” means the commissioner of commerce or a designee.

Subd. 5. MS 2002 [Renumbered subd 19]

Subd. 5. **Dual agency.** “Dual agency” means a situation in which a licensee owes a duty to more than one party to the transaction.

Circumstances which establish dual agency include the following:

(1) when one licensee represents both the buyer and the seller in a real estate transaction;

or

(2) when two or more licensees, licensed to the same broker, each represent a party to the transaction.

Subd. 6. MS 2002 [Renumbered subd 23]

Subd. 6. **Electronic agent.** “Electronic agent” means a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances, in whole or in part, without review or action by an individual.

Subd. 7. MS 2002 [Renumbered subd 24]

Subd. 7. **Electronic record.** “Electronic record” means a record created, generated, sent, communicated, received, or stored by electronic means.

Subd. 8. MS 2002 [Renumbered subd 17]

Subd. 8. **Electronic signature.** “Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

Subd. 9. MS 2002 [Renumbered subd 16]

Subd. 9. **Licensee.** “Licensee” means a person duly licensed under this chapter.

Subd. 10. MS 2002 [Renumbered subd 3]

Subd. 10. **Loan broker.** “Loan broker” means a licensed real estate broker or salesperson who, for another and for an advance fee 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 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.

For the purposes of this subdivision, an “advance fee” means a commission, fee, charge, or compensation of any kind paid before the closing of a loan, that is intended in whole or in

part as payment for finding or attempting to find a loan for a borrower. Advance fee does not include pass-through fees or commitment or extended lock fees or other fees as determined by the commissioner.

Subd. 11. MS 2002 [Renumbered subd 5]

Subd. 11. **Overpayment.** "Overpayment" means any payment of money in excess of a statutory fee or for a license for which a person does not qualify.

Subd. 12. MS 2002 [Renumbered subd 21]

Subd. 12. **Override clause.** "Override clause" means a provision in a listing agreement or similar instrument allowing the broker to receive compensation 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.

Subd. 13. **Person.** "Person" means a natural person, firm, partnership, corporation or association, and the officers, directors, employees and agents thereof.

Subd. 14. **Primary broker.** "Primary broker" means the broker on whose behalf salespersons are licensed to act pursuant to section 82.34, subdivision 4. 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 broker for the corporation. In the case of a partnership, "primary broker" means each partner licensed to act as a broker for the partnership.

Subd. 15. **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 before the expiration of the listing agreement. For the purposes of this subdivision, "property" means the property that is the subject of the listing agreement in question.

Subd. 16. **Public member.** "Public member" means a person who is not, or never was, a real estate broker, real estate salesperson, or a closing agent or the spouse of such person, or a person who has no, or never has had a material financial interest in acting as a real estate broker, real estate salesperson, or a closing agent or a directly related activity.

Subd. 17. **Real estate.** For purposes of this chapter, "real estate" shall also include a manufactured home, when such manufactured home is affixed to land. Manufactured home means any factory built structure or structures equipped with the necessary service connections and made so as to be readily movable as a unit or units and designed to be used as a dwelling unit or units.

Subd. 18. **Real estate broker; broker.** "Real estate broker" or "broker" means any person who:

(a) for another and for commission, fee, or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys or rents, manages, or offers or attempts to negotiate a sale, option, exchange, purchase or rental of an interest or estate in real estate, or advertises or holds out as engaged in these activities;

(b) for another and for 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, which is not a residential mortgage loan as defined by section 58.02, subdivision 18;

(c) "real estate broker" or "broker" as set forth in clause (b) shall not apply to the originating, making, processing, selling, or servicing of a loan in connection with the ordinary business activities of 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 as a multifamily seller/servicer by the Federal Home Loan Mortgage Corporation, or as a multifamily partner approved by the Federal National Mortgage Association;

(d) for another and for commission, fee, or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys, rents, manages, offers or attempts to negotiate a sale, option, exchange, purchase or rental of any business opportunity or business, or its good will, inventory, or fixtures, or any interest therein;

(e) for another and for commission, fee, or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly offers, sells or attempts to negotiate the sale of property that is subject to the registration requirements of chapter 83, concerning subdivided land;

(f) for another and for commission, fee, or other valuable consideration or with the intention or expectation of receiving the same, promotes the sale of real estate by advertising it in a publication issued primarily for this purpose, if the person:

(1) negotiates on behalf of any party to a transaction;

(2) disseminates any information regarding the property to any party or potential party to a transaction subsequent to the publication of the advertisement, except that in response to an initial inquiry from a potential purchaser, the person may forward additional written information regarding the property which has been prepared prior to the publication by the seller or broker or a representative of either;

(3) counsels, advises, or offers suggestions to the seller or a representative of the seller with regard to the marketing, offer, sale, or lease of the real estate, whether prior to or subsequent to the publication of the advertisement;

(4) counsels, advises, or offers suggestions to a potential buyer or a representative of the seller with regard to the purchase or rental of any advertised real estate; or

(5) engages in any other activity otherwise subject to licensure under this chapter;

(g) engages wholly or in part in the business of selling real estate to the extent that a pattern of real estate sales is established, whether or not the real estate is owned by the person. A person shall be presumed to be engaged in the business of selling real estate if the person engages as principal in five or more transactions during any 12-month period, unless the person is represented by a licensed real estate broker or salesperson.

Subd. 19. Real estate salesperson. "Real estate salesperson" means one who acts on behalf of a real estate broker in performing any act authorized by this chapter to be performed by the broker.

Subd. 20. 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. "Rental service" does 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.

Subd. 21. Residential real property or residential real estate. "Residential real property" or "residential real estate" means property occupied by, or intended to be occupied by, one to four families as their residence.

Subd. 22. Sponsor. "Sponsor" means a person offering or providing real estate education.

Subd. 23. Trust account. "Trust account" means, for purposes of this chapter, a savings account, negotiable order of withdrawal account, demand deposit or checking account maintained for the purpose of segregating trust funds from other funds. A trust account must be an interest-bearing account paying the highest current passbook savings account rate of interest and must not allow the financial institution a right of set off against money owed it by the licensee.

Subd. 24. Trust funds. "Trust funds" means funds received by a broker, salesperson, or closing agent in a fiduciary capacity as a part of a real estate or business opportunity transaction, pending the consummation or termination of a transaction, and includes all down pay-

ments, earnest money deposits, rents for clients, tax and insurance escrow payments, damage deposits, and any funds received on behalf of any person.

History: 1973 c 410 s 1; 1980 c 516 s 2; 1981 c 365 s 9; 1983 c 284 s 11,12; 1984 c 552 s 7; 1986 c 358 s 7; 1986 c 444; 1987 c 105 s 3; 1987 c 336 s 20; 1988 c 654 s 1; 1988 c 695 s 2; 1989 c 347 s 1-3; 1993 c 309 s 1-3; 1995 c 202 art 1 s 25; 1998 c 343 art 2 s 2; 2004 c 203 art 2 s 1-13,61; 2005 c 118 s 12,13

82.175 [Repealed, 1998 c 343 art 1 s 18]

82.176 [Renumbered 82.49]

82.18 MS 2002 [Renumbered 82.23]

82.18 CIVIL ACTIONS.

Subdivision 1. **Compensation actions; proof of license.** No person shall bring or maintain any action in the courts of this state for the collection of compensation for the performance of any of the acts for which a license is required under this chapter without alleging and proving that the person was a duly licensed real estate broker, salesperson, or closing agent at the time the alleged cause of action arose.

Subd. 2. **Compensation actions; written agreement required.** No person required by this chapter to be licensed shall be entitled to or may bring or maintain any action in the courts for any commission, fee or other compensation with respect to the purchase, sale, lease or other disposition or conveyance of real property, or with respect to the negotiation or attempt to negotiate any sale, lease or other disposition or conveyance of real property unless there is a written agreement with the person required to be licensed.

Subd. 3. **Compensation actions; residential real property; disclosure of agency.** No person required by this chapter to be licensed shall be entitled to bring any action to recover any commission, fee, or other compensation with respect to the purchase, sale, lease, or other disposition or conveyance of residential real property, or with respect to the negotiation or attempt to negotiate any sale, lease, or other disposition or conveyance of residential real property unless the person's agency relationships have been disclosed to the parties to the transaction in accordance with the requirements of this chapter.

Subd. 4. **Contract enforcement actions; limitation.** No person required to be licensed by this chapter may maintain an action in the courts of this state to enforce any provision of a purchase agreement, earnest money contract, or similar contract for the purchase, rental, or lease of real property if the provision to be enforced violates section 82.41, subdivision 5.

History: 1973 c 410 s 17; 1986 c 358 s 15; 1986 c 444; 1989 c 347 s 35; 1993 c 309 s 17-19; 2004 c 203 art 2 s 61

82.19 COMPENSATION.

Subdivision 1. MS 2002 [Renumbered 82.41, subdivision 1]

Subdivision 1. **Licensee to receive only from broker.** A licensee shall not accept a commission compensation or other valuable consideration for the performance of any acts requiring a real estate license from any person except the real estate broker to whom the licensee is licensed or to whom the licensee was licensed at the time of the transaction.

Subd. 2. MS 2002 [Renumbered 82.41, subd 2]

Subd. 2. **Undisclosed compensation.** A licensee shall not accept, give, or charge any undisclosed compensation or realize any direct or indirect remuneration that inures to the benefit of the licensee on an expenditure made for a principal.

Subd. 3. MS 2002 [Renumbered 82.41, subd 3]

Subd. 3. **Limitation on broker when transaction not completed.** When the owner fails or is unable to consummate a real estate transaction, through no fault of the purchaser, the listing broker may not claim any portion of any trust funds deposited with the broker by the purchaser, absent a separate agreement with the purchaser.

Subd. 4. [Renumbered 82.41, subd 4]

Subd. 4a. [Renumbered 82.41, subd 5]

Subd. 5. [Renumbered 82.41, subd 6]

Subd. 6. [Renumbered 82.41, subd 7]

Subd. 7. [Renumbered 82.41, subd 8]

Subd. 8. [Renumbered 82.41, subd 9]

Subd. 9. MS 1993 Supp [Repealed, 1994 c 587 art 5 s 31]

Subd. 9. MS 2002 [Renumbered 82.41, subd 10]

History: 2004 c 203 art 2 s 19,61

82.195 [Renumbered 82.21, subd 2]

82.196 [Renumbered 82.21, subdivision 1]

82.197 [Renumbered 82.22]

82.20 COMPUTATION OF TIME.

Subdivision 1. MS 2002 [Renumbered 82.34, subdivision 1]

Subdivision 1. **Days.** Where performing or doing any act, duty, matter, payment, or thing is ordered or directed, and the period of time or duration for performing or doing it is prescribed and fixed by law, rule, or order, the time, except as otherwise provided in subdivision 2, is 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 the period falls on Sunday or on any day made a legal holiday, by the laws of this state or of the United States, the day is omitted from the computation.

Subd. 2. MS 2002 [Renumbered 82.31, subdivision 1]

Subd. 2. **Months.** When the lapse of a number of months before or after a certain day is required by law, rule, or order, the number of months is computed by counting the months from the day, excluding the calendar month in which the 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.

Subd. 3. [Renumbered 82.31, subd 2]

Subd. 4. [Renumbered 82.31, subd 4]

Subd. 5. [Renumbered 82.34, subd 3]

Subd. 6. [Renumbered 82.34, subd 4]

Subd. 7. [Renumbered 82.34, subd 5]

Subd. 8. [Paragraph (a), renumbered 82.33, subd 2]

[Paragraph (b), renumbered 82.33, subd 3]

Subd. 9. [Paragraphs (a) and (b), renumbered 82.34, subd 6]

[Paragraph (c), renumbered 82.34, subd 10]

Subd. 10. [Renumbered 82.35, subd 2]

Subd. 11. [Renumbered 82.39, subdivision 1]

Subd. 12. [Renumbered 82.34, subd 11]

Subd. 13. [Renumbered 82.34, subd 13]

Subd. 14. [Renumbered 82.34, subd 14]

Subd. 15. [Renumbered 82.34, subd 16]

History: 2004 c 203 art 2 s 37,61

82.21 MS 2002 [Renumbered 82.24]

MINNESOTA STATUTES 2006

82.21 CONTRACTS.

Subdivision 1. **Buyer's broker agreements.** (a) **Requirements.** Licensees shall obtain a signed buyer's broker agreement from a buyer before performing any acts as a buyer's representative and before a purchase agreement is signed.

(b) **Contents.** All buyer's broker agreements must be in writing and must include:

- (1) a definite expiration date;
- (2) the amount of any compensation or commission, or the basis for computing the commission;
- (3) a clear statement explaining the services to be provided to the buyer by the broker, and the events or conditions that will entitle a broker to a commission or other compensation;
- (4) a clear statement explaining if the agreement may be canceled and the terms under which the agreement may be canceled;
- (5) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the buyer with a protective list within 72 hours after the expiration of the buyer's broker agreement;

(6) the following notice in not less than ten point boldface type immediately preceding any provision of the buyer's broker agreement relating to compensation of the licensee:

"NOTICE: THE COMPENSATION FOR THE PURCHASE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.";

(7) the following "dual agency" disclosure statement:

If the buyer(s) choose(s) to purchase a property listed by broker, a dual agency will be created. This means that broker will represent both the buyer(s) and the seller(s), and owe the same duties to the seller(s) that broker owes to the buyer(s). This conflict of interest will prohibit broker from advocating exclusively on the buyer's behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, the buyer(s) will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless the buyer(s) instruct broker in writing to disclose specific information about the buyer(s). All other information will be shared. Broker cannot act as a dual agent unless both the buyer(s) and the seller(s) agree to it. By agreeing to a possible dual agency, the buyer(s) will be giving up the right to exclusive representation in an in-house transaction. However, if the buyer(s) should decide not to agree to a possible dual agency, and the buyer(s) want(s) broker to represent the buyer(s), the buyer(s) may give up the opportunity to purchase the properties listed by broker.

Buyer's Instructions to Broker

..... Buyer(s) will agree to a dual agency representation and will consider properties listed by broker.

..... Buyer(s) will not agree to a dual agency representation and will not consider properties listed by broker.

.....
Buyer Real Estate Company Name

.....
Buyer By: Salesperson

Date: ; and

(8) for buyer's broker agreements which involve residential real property, a notice stating that after the expiration of the buyer's broker agreement, the buyer will not be obligated

to pay the licensee a fee or commission if the buyer has executed another valid buyer's broker agreement pursuant to which the buyer is obligated to pay a fee or commission to another licensee for the purchase, lease, or exchange of real property.

(c) **Prohibited provisions.** Licensees shall not include in a buyer's broker agreement a holdover clause, automatic extension, or any other similar provision, or an override clause the length of which is more than six months after the expiration of the buyer's broker agreement.

(d) **Override clauses.** Licensees shall not seek to enforce an override clause unless a protective list has been furnished to the buyer within 72 hours after the expiration of the buyer's broker agreement.

(e) **Protective lists.** A licensee has the burden of demonstrating that each property on the protective list has been shown to the buyer, or specifically brought to the attention of the buyer, during the time the buyer's broker agreement was in effect.

(f) **Application.** This section applies only to residential real property transactions.

Subd. 2. **Listing agreements.** (a) **Requirement.** Licensees shall obtain a signed listing agreement or other signed written authorization from the owner of real property or from another person authorized to offer the property for sale or lease before advertising to the general public that the real property is available for sale or lease.

For the purposes of this section "advertising" includes placing a sign on the owner's property that indicates that the property is being offered for sale or lease.

(b) **Contents.** All listing agreements must be in writing and must include:

(1) a definite expiration date;

(2) a description of the real property involved;

(3) the list price and any terms required by the seller;

(4) the amount of any compensation or commission or the basis for computing the commission;

(5) a clear statement explaining the events or conditions that will entitle a broker to a commission;

(6) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the seller with a protective list within 72 hours after the expiration of the listing agreement;

(7) the following notice in not less than ten point boldface type immediately preceding any provision of the listing agreement relating to compensation of the licensee:

"NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.";

(8) for residential property listings, the following "dual agency" disclosure statement:

If a buyer represented by broker wishes to buy the seller's property, a dual agency will be created. This means that broker will represent both the seller(s) and the buyer(s), and owe the same duties to the buyer(s) that broker owes to the seller(s). This conflict of interest will prohibit broker from advocating exclusively on the seller's behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, the seller(s) will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless the seller(s) instruct broker in writing to disclose specific information about the seller(s). All other information will be shared. Broker cannot act as a dual agent unless both the seller(s) and the buyer(s) agree to it. By agreeing to a possible dual agency, the seller(s) will be giving up the right to exclusive representation in an in-house transaction. However, if the seller(s) should decide not to agree to a possible dual agency, and the seller(s) want broker to represent the seller(s), the seller(s) may give up the opportunity to sell the property to buyers represented by broker.

MINNESOTA STATUTES 2006

Seller's Instructions to Broker

Having read and understood this information about dual agency, seller(s) now instructs broker as follows:

..... Seller(s) will agree to a dual agency representation and will consider offers made by buyers represented by broker.

..... Seller(s) will not agree to a dual agency representation and will not consider offers made by buyers represented by broker.

..... Seller Real Estate Company Name

..... Seller By: Salesperson

Date:

(9) a notice requiring the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing; and

(10) for residential listings, a notice stating that after the expiration of the listing agreement, the seller will not be obligated to pay the licensee a fee or commission if the seller has executed another valid listing agreement pursuant to which the seller is obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of the real property in question. This notice may be used in the listing agreement for any other type of real estate.

(c) Prohibited provisions. Except as otherwise provided in paragraph (d), clause (2), licensees shall not include in a listing agreement a holdover clause, automatic extension, or any similar provision, or an override clause the length of which is more than six months after the expiration of the listing agreement.

(d) Override clauses. (1) Licensees shall not seek to enforce an override clause unless a protective list has been furnished to the seller within 72 hours after the expiration of the listing agreement.

(2) A listing agreement may contain an override clause of up to two years in length when used in conjunction with the purchase or sale of a business. The length of the override clause must be negotiable between the licensee and the seller of the business. The protective list provided in connection with the override clause must include the written acknowledgment of each party named on the protective list, that the business which is the subject of the listing agreement was presented to that party by the licensee.

(e) Protective lists. A broker or salesperson has the burden of demonstrating that each person on the protective list has, during the period of the listing agreement, either made an affirmative showing of interest in the property by responding to an advertisement or by contacting the broker or salesperson involved or has been physically shown the property by the broker or salesperson. For the purpose of this section, the mere mailing or other distribution by a licensee of literature setting forth information about the property in question does not, of itself, constitute an affirmative showing of interest in the property on the part of a subsequent purchaser.

For listings of nonresidential real property which do not contain the notice described in paragraph (b), clause (10), the protective list must contain the following notice in boldface type:

“IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK COMPETENT ADVICE.”

History: 1993 c 309 s 7,8; 1994 c 465 art 1 s 4; 1995 c 68 s 3; 1996 c 439 art 3 s 2-4; 2001 c 208 s 9,10; 2004 c 203 art 2 s 20,21,61

82.22 DISCLOSURE REQUIREMENTS.

Subdivision 1. MS 2002 [Renumbered 82.29, subdivision 1]

Subdivision 1. **Advertising.** Each licensee shall identify himself or herself as either a broker or an agent salesperson in any advertising for the purchase, sale, lease, exchange, mortgaging, transfer, or other disposition of real property, whether the advertising pertains to the licensee's own property or the property of others.

Subd. 2. MS 2002 [Renumbered 82.29, subd 4]

Subd. 2. **Agency disclosure.** A real estate broker or salesperson shall provide to a consumer in the sale and purchase of a residential real property transaction at the first substantive contact with the consumer an agency disclosure form in substantially the form set forth in subdivision 4. The agency disclosure form shall be intended to provide a description of available options for agency and facilitator relationships, and a description of the role of a licensee under each option. The agency disclosure form shall provide a signature line for acknowledgment of receipt by the consumer. The disclosures required by this subdivision apply only to residential real property transactions.

Subd. 3. MS 2002 [Renumbered 82.29, subd 7]

Subd. 3. **Scope and effect.** Disclosures made in accordance with the requirements for disclosure of agency relationships set forth in this chapter are sufficient to satisfy common law disclosure requirements.

Subd. 4. MS 2002 [Renumbered 82.29, subd 3]

Subd. 4. **Agency disclosure form.** The agency disclosure form shall be in substantially the form set forth below:

AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

Minnesota law requires that early in any relationship, real estate brokers or salespersons discuss with consumers what type of agency representation or relationship they desire.(1) The available options are listed below. This is **not** a contract. **This is an agency disclosure form only. If you desire representation, you must enter into a written contract according to state law** (a listing contract or a buyer representation contract). Until such time as you choose to enter into a written contract for representation, you will be treated as a customer and will not receive any representation from the broker or salesperson. The broker or salesperson will be acting as a Facilitator (see paragraph V below), unless the broker or salesperson is representing another party as described below.

ACKNOWLEDGMENT: I/We acknowledge that I/We have been presented with the below-described options. I/We understand that until I/We have signed a representation contract, I/We are not represented by the broker/salesperson. I/We understand that written consent is required for a dual agency relationship. **THIS IS A DISCLOSURE ONLY, NOT A CONTRACT FOR REPRESENTATION.**

.....
Signature	Date
.....
Signature	Date

I.

Seller's Broker: A broker who lists a property, or a salesperson who is licensed to the listing broker, represents the Seller and acts on behalf of the Seller. A Seller's broker owes to the Seller the fiduciary duties described below.(2) The broker must also disclose to the Buyer material facts as defined in Minnesota Statutes, section 82.22, subdivision 8, of which the broker is aware that could adversely and signifi-

cantly affect the Buyer's use or enjoyment of the property. If a broker or salesperson working with a Buyer as a customer is representing the Seller, he or she must act in the Seller's best interest and must tell the Seller any information disclosed to him or her, except confidential information acquired in a facilitator relationship (see paragraph V below). In that case, the Buyer will not be represented and will not receive advice and counsel from the broker or salesperson.

II.

Subagent: A broker or salesperson who is working with a Buyer but represents the Seller. In this case, the Buyer is the broker's customer and is not represented by that broker. If a broker or salesperson working with a Buyer as a customer is representing the Seller, he or she must act in the Seller's best interest and must tell the Seller any information that is disclosed to him or her. In that case, the Buyer will not be represented and will not receive advice and counsel from the broker or salesperson.

III.

Buyer's Broker: A Buyer may enter into an agreement for the broker or salesperson to represent and act on behalf of the Buyer. The broker may represent the Buyer only, and not the Seller, even if he or she is being paid in whole or in part by the Seller. A Buyer's broker owes to the Buyer the fiduciary duties described below.(2) The broker must disclose to the Buyer material facts as defined in Minnesota Statutes, section 82.22, subdivision 8, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property. If a broker or salesperson working with a Seller as a customer is representing the Buyer, he or she must act in the Buyer's best interest and must tell the Buyer any information disclosed to him or her, except confidential information acquired in a facilitator relationship (see paragraph V below). In that case, the Seller will not be represented and will not receive advice and counsel from the broker or salesperson.

IV.

Dual Agency—Broker Representing both Seller and Buyer: Dual agency occurs when one broker or salesperson represents both parties to a transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual agency requires the informed consent of all parties, and means that the broker and salesperson owe the same duties to the Seller and the Buyer. This role limits the level of representation the broker and salespersons can provide, and prohibits them from acting exclusively for either party. In a dual agency, confidential information about price, terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or salesperson in writing to disclose specific information about him or her. Other information will be shared. Dual agents may not advocate for one party to the detriment of the other.(3)

Within the limitations described above, dual agents owe to both Seller and Buyer the fiduciary duties described below.(2) Dual agents must disclose to Buyers material facts as defined in Minnesota Statutes, section 82.22, subdivision 8, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property.

V.

Facilitator: A broker or salesperson who performs services for a Buyer, a Seller, or both but does not represent either in a fiduciary capacity as a Buyer's Broker, Seller's Broker, or Dual Agent. **THE FACILITATOR BROKER OR SALESPERSON DOES NOT OWE ANY PARTY ANY OF THE FIDUCIARY DUTIES LISTED BELOW, EXCEPT CONFIDENTIALITY, UNLESS THOSE DUTIES ARE INCLUDED IN A WRITTEN FACILITATOR SERVICES**

AGREEMENT. The facilitator broker or salesperson owes the duty of confidentiality to the party but owes no other duty to the party except those duties required by law or contained in a written facilitator services agreement, if any. In the event a facilitator broker or salesperson, working with a Buyer, shows a property listed by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Seller's Broker (see paragraph I above). In the event a facilitator broker or salesperson, working with a Seller, accepts a showing of the property by a Buyer being represented by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Buyer's Broker (see paragraph III above).

(1) This disclosure is required by law in any transaction involving property occupied or intended to be occupied by one to four families as their residence.

(2) The fiduciary duties mentioned above are listed below and have the following meanings:

Loyalty—broker/salesperson will act only in client(s)' best interest.

Obedience—broker/salesperson will carry out all client(s)' lawful instructions.

Disclosure—broker/salesperson will disclose to client(s) all material facts of which broker/salesperson has knowledge which might reasonably affect the client's use and enjoyment of the property.

Confidentiality—broker/salesperson will keep client(s)' confidences unless required by law to disclose specific information (such as disclosure of material facts to Buyers).

Reasonable Care—broker/salesperson will use reasonable care in performing duties as an agent.

Accounting—broker/salesperson will account to client(s) for all client(s)' money and property received as agent.

(3) If Seller(s) decides not to agree to a dual agency relationship, Seller(s) may give up the opportunity to sell the property to Buyers represented by the broker/salesperson. If Buyer(s) decides not to agree to a dual agency relationship, Buyer(s) may give up the opportunity to purchase properties listed by the broker.

Subd. 5. MS 2002 [Renumbered 82.31, subd 5]

Subd. 5. **Creation of dual agency.** If circumstances create a dual agency situation, the broker must make full disclosure to all parties to the transaction as to the change in relationship of the parties to the broker due to dual agency. A broker, having made full disclosure, must obtain the consent of all parties to these circumstances in residential real property transactions in the purchase agreement in the form set forth below which shall be set off in a boxed format to draw attention to it:

Broker represents both the seller(s) and the buyer(s) of the property involved in this transaction, which creates a dual agency. This means that broker and its salespersons owe fiduciary duties to both seller(s) and buyer(s). Because the parties may have conflicting interests, broker and its salespersons are prohibited from advocating exclusively for either party. Broker cannot act as a dual agent in this transaction without the consent of both seller(s) and buyer(s).

Seller(s) and buyer(s) acknowledge that:

(1) confidential information communicated to broker which regards price, terms, or motivation to buy or sell will remain confidential unless seller(s) or buyer(s) instruct(s) broker in writing to disclose this information. Other information will be shared;

(2) broker and its salespersons will not represent the interests of either party to the detriment of the other; and

(3) within the limits of dual agency, broker and its salespersons will work diligently to facilitate the mechanics of the sale.

MINNESOTA STATUTES 2006

With the knowledge and understanding of the explanation above, seller(s) and buyer(s) authorize(s) and instruct(s) broker and its salespersons to act as dual agents in this transaction.

.....
Seller Buyer
.....
Seller Buyer
.....
Date Date

Subd. 6. MS 2002 [Renumbered 82.29, subd 8]

Subd. 6. Agent of broker disclosure. A salesperson shall only conduct business under the licensed name of and on behalf of the broker to whom the salesperson is licensed. An individual broker shall only conduct business under the broker’s licensed name. A broker licensed to a corporation or partnership shall only conduct business under the licensed corporate or partnership name. A licensee shall affirmatively disclose, before the negotiation or consummation of any transaction, the licensed name of the broker under whom the licensee is authorized to conduct business in accordance with this section.

Subd. 7. MS 1992 [Repealed, 1993 c 309 s 32]

Subd. 7. Financial interests disclosure; licensee. (a) Prior to the negotiation or consummation of any transaction, a licensee shall affirmatively disclose to the owner of real property that the licensee is a real estate broker or agent salesperson, and in what capacity the licensee is acting, if the licensee directly, or indirectly through a third party, purchases for himself or herself or acquires, or intends to acquire, any interest in, or any option to purchase, the owner’s property.

(b) When a principal in the transaction is a licensee or a relative or business associate of the licensee, that fact must be disclosed in writing.

Subd. 8. MS 2002 [Renumbered 82.33, subdivision 1]

Subd. 8. Material facts. (a) Licensees shall disclose to any prospective purchaser all material facts of which the licensees are aware, which could adversely and significantly affect an ordinary purchaser’s use or enjoyment of the property, or any intended use of the property of which the licensees are aware.

(b) It is not a material fact relating to real property offered for sale the fact or suspicion that the property:

(1) is or was occupied by an owner or occupant who is or was suspected to be infected with human immunodeficiency virus or diagnosed with acquired immunodeficiency syndrome;

(2) was the site of a suicide, accidental death, natural death, or perceived paranormal activity; or

(3) is located in a neighborhood containing any adult family home, community-based residential facility, or nursing home.

(c) A licensee or employee of the licensee has no duty to disclose information regarding an offender who is required to register under section 243.166, or about whom notification is made under that section, if the broker or salesperson, in a timely manner, provides a written notice that information about the predatory offender registry and persons registered with the registry may be obtained by contacting local law enforcement where the property is located or the Department of Corrections.

(d) A licensee is not required to disclose, except as otherwise provided in paragraph (e), information relating to the physical condition of the property or any other information relating to the real estate transaction, if a written report that discloses the information has been prepared by a qualified third party and provided to the person. For the purposes of this paragraph, “qualified third party” means a federal, state, or local governmental agency, or any

person whom the broker, salesperson, or a party to the real estate transaction reasonably believes has the expertise necessary to meet the industry standards of practice for the type of inspection or investigation that has been conducted by the third party in order to prepare the written report and who is acceptable to the person to whom the disclosure is being made.

(e) A licensee shall disclose to the parties to a real estate transaction any facts known by the broker or salesperson that contradict any information included in a written report, if a copy of the report is provided to the licensee, described in paragraph (d).

(f) The limitation on disclosures set forth in paragraphs (b) and (c) shall modify any common law duties with respect to disclosure of material facts.

Subd. 9. MS 2002 [Repealed, 2004 c 203 art 2 s 62]

Subd. 9. **Nonperformance of any party.** If a licensee is put on notice by any party to a real estate transaction that the party will not perform in accordance with the terms of a purchase agreement or other similar written agreement to convey real estate, the licensee shall immediately disclose the fact of that party's intent not to perform to the other party or parties to the transaction. Whenever reasonably possible, the licensee shall inform the party who will not perform of the licensee's obligation to disclose this fact to the other party or parties to the transaction prior to making the disclosure. The obligation required by this section shall not apply to notice of a party's inability to keep or fulfill any contingency to which the real estate transaction has been made subject.

Subd. 10. [Renumbered 82.33, subd 4]

Subd. 11. [Renumbered 82.29, subd 2]

Subd. 12. [Renumbered 82.44]

Subd. 13. [Renumbered 82.32]

History: 1986 c 444; 1993 c 309 s 9; 1994 c 461 s 1; 1996 c 439 art 3 s 5-8; 2001 c 208 s 11-13; 2002 c 286 s 2-4; 2004 c 203 art 2 s 22,61

82.23 Subdivision 1. MS 2002 [Renumbered 82.45, subd 3]

Subd. 2. MS 2002 [Renumbered 82.45, subdivision 1]

Subd. 3. MS 2002 [Renumbered 82.45, subd 2]

82.23 EXCEPTIONS.

Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

(a) a licensed practicing attorney if the attorney complies in all respects with the trust account provisions of this chapter;

(b) a receiver, trustee, administrator, guardian, executor, or other person appointed by or acting under the judgment or order of any court;

(c) any person owning and operating a cemetery and selling lots therein solely for use as burial plots;

(d) any custodian, janitor, or employee of the owner or manager of a residential building who leases residential units in the building;

(e) any bank, trust company, savings association, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of business within the scope of its corporate powers as provided by law;

(f) public officers while performing their official duties;

(g) employees of persons enumerated in clauses (b), (e), and (f), when engaged in the specific performance of their duties;

(h) any person who acts as an auctioneer bonded in conformity with section 330.02, when that person is engaged in the specific performance of duties as an auctioneer, and when that person has been employed to auction real estate by a person licensed under this chapter or when the auctioneer has engaged a licensed attorney to supervise the real estate transaction;

MINNESOTA STATUTES 2006

(i) any person who acquires real estate for the purpose of engaging in and does engage in, or who is engaged in the business of constructing residential, commercial or industrial buildings for the purpose of resale if no more than 25 such transactions occur in any 12-month period and the person complies with section 82.50;

(j) any person who is licensed as a securities broker-dealer or is licensed as a securities agent representing a broker-dealer pursuant to chapter 80A and who offers to sell or sells an interest or estate in real estate which is a security as defined in section 80A.41(28), and is registered or exempt from registration or part of a transaction exempt from registration pursuant to chapter 80A, when acting solely as an incident to the sale of these securities;

(k) any person who offers to sell or sells a business opportunity which is a franchise registered pursuant to chapter 80C, when acting solely to sell the franchise;

(l) any person who contracts with or solicits on behalf of a provider a contract with a resident or prospective resident to provide continuing care in a facility, pursuant to the Continuing Care Facility Disclosure and Rehabilitation Act (chapter 80D), when acting solely as incident to the contract;

(m) any broker-dealer or agent of a broker-dealer when participating in a transaction in which all or part of a business opportunity or business, including any interest therein, is conveyed or acquired pursuant to an asset purchase, merger, exchange of securities, or other business combination, if the agent or broker-dealer is licensed pursuant to chapter 80A;

(n) an accountant acting incident to the practice of the accounting profession if the accountant complies in all respects with the trust account provisions of this chapter.

History: 1973 c 410 s 2; 1975 c 38 s 1; 1976 c 2 s 37; 1976 c 197 s 1; 1976 c 230 s 1; 1976 c 239 s 19; 1980 c 516 s 20; 1981 c 135 s 13; 1983 c 252 s 15; 1983 c 284 s 13; 1984 c 653 s 1; 1986 c 444; 1989 c 347 s 4; 1991 c 311 s 1; 1995 c 68 s 1; 1995 c 202 art 1 s 25; 1998 c 343 art 2 s 3; 2004 c 203 art 2 s 61; 2006 c 196 art 2 s 2

NOTE: The amendment to this section by Laws 2006, chapter 196, article 2, section 2, is effective August 1, 2007. Laws 2006, chapter 196, article 1, section 52.

82.24 FEES.

Subdivision 1. MS 2002 [Renumbered 82.50, subdivision 1]

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

(a) a fee of \$150 for each initial individual broker's license, and a fee of \$100 for each renewal thereof;

(b) a fee of \$70 for each initial salesperson's license, and a fee of \$40 for each renewal thereof;

(c) a fee of \$85 for each initial real estate closing agent license, and a fee of \$60 for each renewal thereof;

(d) a fee of \$150 for each initial corporate, limited liability company, or partnership license, and a fee of \$100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with section 82.43;

(f) a fee of \$20 for each transfer;

(g) a fee of \$50 for license reinstatement; and

(h) a fee of \$20 for reactivating a corporate, limited liability company, or partnership license without land.

Subd. 2. MS 2002 [Renumbered 82.50, subd 2]

Subd. 2. **Forfeiture.** All fees shall be retained by the commissioner and shall be non-returnable, except that an overpayment of any fee shall be the subject of a refund upon proper application.

Subd. 3. MS 2002 [Renumbered 82.50, subd 3]

Subd. 3. **Broker payment consolidation.** For all license renewal fees, recovery fund renewal fees, and recovery fund assessments pursuant to this section and section 82.43, the

broker must remit the fees or assessments for the company, broker, and all salespersons licensed to the broker, in the form of a single check.

Subd. 4. MS 2002 [Renumbered 82.50, subd 4]

Subd. 4. **Deposit of fees.** Unless otherwise provided by this chapter, all fees collected under this chapter shall be deposited in the state treasury.

Subd. 5. MS 2002 [Renumbered 82.50, subd 5]

Subd. 5. **Initial license expiration; fee reduction.** If an initial license issued under subdivision 1, paragraph (a), (b), (c), or (d) expires less than 12 months after issuance, the license fee shall be reduced by an amount equal to one-half the fee for a renewal of the license.

Subd. 6. MS 2002 [Renumbered 82.50, subd 6]

Subd. 6. **Cash not accepted.** All fees must be paid by check, draft, credit card, 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.

Subd. 7. MS 2002 [Renumbered 82.50, subd 7]

Subd. 7. **Overpayment of fees.** An overpayment of a fee paid pursuant to this chapter 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.

Subd. 8. [Renumbered 82.50, subd 8]

History: 1973 c 410 s 5; 1979 c 144 s 2; 1980 c 614 s 75; 1984 c 552 s 10; 1987 c 336 s 22; 1989 c 347 s 17; 1992 c 513 art 3 s 28; 1993 c 309 s 11,12; 1993 c 369 s 45; 1994 c 632 art 4 s 34,35; 1997 c 200 art 1 s 48; 2004 c 203 art 2 s 38,39,61

82.25 [Repealed, 1987 c 336 s 47]

82.26 [Repealed, 1987 c 336 s 47]

82.27 Subdivision 1. MS 2002 [Renumbered 82.35, subdivision 1]

Subd. 2. MS 2002 [Renumbered 82.35, subd 3]

Subd. 2a. MS 2002 [Renumbered 82.35, subd 4]

Subd. 3. MS 2002 [Renumbered 82.35, subd 5]

Subd. 4. MS 2002 [Renumbered 82.35, subd 6]

Subd. 5. MS 2002 [Renumbered 82.35, subd 7]

Subd. 6. MS 2002 [Renumbered 82.35, subd 8]

Subd. 7. MS 2002 [Renumbered 82.35, subd 9]

82.27 GUARANTEED SALE PROGRAMS.

If a broker advertises or offers a guaranteed sale program, or other program whereby the broker undertakes to purchase real property in the event he or she is unable to effectuate a sale to a third party within a specified period of time, a written disclosure that sets forth clearly and completely the general terms and conditions under which the broker agrees to purchase the property and the disposition of any profit at the time of resale by the broker must be provided to the seller prior to the execution of a listing agreement.

History: 2004 c 203 art 2 s 54,61

82.28 [Renumbered 82.47]

82.29 MS 2002 [Renumbered 82.42]

82.29 LICENSING; EXAMINATIONS AND INSTRUCTION.

Subdivision 1. **Generally.** Each applicant for a license must pass an examination conducted by the commissioner. The examinations shall be of sufficient scope to establish the competency of the applicant to act as a real estate broker or a real estate salesperson.

Subd. 2. **Examination eligibility; revocation.** No applicant shall be eligible to take any examination if a license as a real estate broker or salesperson has been revoked in this or any other state within two years of the date of the application.

Subd. 3. **Examination frequency.** The commissioner shall hold examinations at such times and places as the commissioner may determine, except that said examinations will be held at least every 45 days.

Subd. 4. **Broker's examination.** (a) The examination for a real estate broker's license shall be more exacting than that for a real estate salesperson, and shall require a higher degree of knowledge of the fundamentals of real estate practice and law.

(b) Every application for a broker's examination shall be accompanied by proof that the applicant has had a minimum of two years of actual experience within the previous five-year period prior to application as a licensed real estate salesperson in this or in another state having comparable requirements or is, in the opinion of the commissioner, otherwise or similarly qualified by reason of education or practical experience. The applicant shall have completed educational requirements in accordance with subdivision 8. An applicant for a limited broker's license pursuant to section 82.34, subdivision 13, shall not be required to have a minimum of two years of actual experience as a real estate person in order to obtain a limited broker's license to act as principal only.

Subd. 5. **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 paragraph (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.

Subd. 6. **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.

Subd. 7. **Reexaminations.** An examination may be required before the renewal of any license which has been suspended, or before the issuance of a license to any person whose license has been ineffective for a period of two years, except no reexamination shall be required of any individual who has failed to cause renewal of an existing license because of absence from the state while on active duty with the armed services of the United States of America, and no reexamination shall be required of an individual whose license has not been renewed under section 82.35, subdivision 9.

Subd. 8. **Instruction; new licenses.** (a) Every applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. Every applicant for a salesperson's license shall be required to successfully complete an additional course of study in the real estate field consisting of 60 hours of instruction approved by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules, and of which two hours must consist of training in laws and regulations on agency representation and disclosure, before filing an ap-

plication for the license. This subdivision does not apply to salespeople licensed in Minnesota before July 1, 1969.

(b) An applicant for a broker's license must successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules. The course must have been completed within 12 months prior to the date of application for the broker's license.

(c) An applicant for a real estate closing agent's license must successfully complete a course of study relating to closing services consisting of eight hours of instruction approved by the commissioner.

History: 1973 c 410 s 6; 1975 c 38 s 3,4; 1976 c 197 s 4; 1977 c 215 s 2,3; 1979 c 144 s 3; 1983 c 284 s 14; 1983 c 328 s 9; 1984 c 552 s 11-14; 1985 c 251 s 9; 1986 c 358 s 9-11; 1986 c 444; 1Sp1986 c 1 art 7 s 5; 1987 c 336 s 23; 1989 c 347 s 18-22; 1991 c 75 s 1,2; 1991 c 233 s 48-51; 1992 c 555 art 1 s 3; 1993 c 309 s 13,14; 1994 c 632 art 4 s 36,37; 1996 c 439 art 3 s 9; 1997 c 222 s 35; 2000 c 483 s 44; 2001 c 208 s 14; 2002 c 387 s 8,9; 2004 c 203 art 2 s 40,42,45,61

82.30 Subdivision 1. [Repealed, 1993 c 337 s 20]

Subd. 2. [Repealed, 1975 c 315 s 26]

Subd. 3. [Repealed, 1975 c 315 s 26]

82.31 MS 2002 [Renumbered 82.38]

82.31 LICENSING: APPLICATION.

Subdivision 1. **Qualification of applicants.** Every applicant for a real estate broker, real estate salesperson, or real estate closing agent license shall be at least 18 years of age at the time of making application for said license.

Subd. 2. **Application for license; contents.** (a) Every applicant for a license as a real estate broker, real estate salesperson, or closing agent shall make an application in writing upon forms prepared and furnished by the commissioner. Each application shall be signed and sworn to by the applicant and shall be accompanied by the license fee required by this chapter.

(b) Each application for a real estate broker license, real estate salesperson license, or real estate closing agent license shall contain such information as required by the commissioner consistent with the administration of the provisions and purposes of this chapter.

(c) Each application for a real estate salesperson license shall give the applicant's name, age, residence address, and the name and place of business of the real estate broker on whose behalf the salesperson is to be acting.

(d) Each application for a real estate closing agent license shall give the applicant's name, age, residence address, and the name and place of business of the closing agent.

(e) The commissioner may require such further information as the commissioner deems appropriate to administer the provisions and further the purposes of this chapter.

(f) Applicants for a real estate salesperson license shall submit to the commissioner, along with the application for licensure, a copy of the course completion certificate for courses I, II, and III.

Subd. 3. **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.

Subd. 4. **Corporate and partnership licenses.** (a) A corporation applying for a license shall have at least one officer individually licensed to act as broker for the corporation. The

MINNESOTA STATUTES 2006

corporation broker's license shall extend no authority to act as broker to any person other than the corporate entity. Each officer who intends to act as a broker shall obtain a license.

(b) A partnership applying for a license shall have at least one partner individually licensed to act as broker for the partnership. Each partner who intends to act as a broker shall obtain a license.

(c) Applications for a license made by a corporation shall be verified by the president and one other officer. Applications made by a partnership shall be verified by at least two partners.

(d) Any partner or officer who ceases to act as broker for a partnership or corporation shall notify the commissioner upon said termination. The individual licenses of all salespersons acting on behalf of a corporation or partnership, are automatically ineffective upon the revocation or suspension of the license of the partnership or corporation. The commissioner may suspend or revoke the license of an officer or partner without suspending or revoking the license of the corporation or partnership.

(e) The application of all officers of a corporation or partners in a partnership who intend to act as a broker on behalf of a corporation or partnership shall accompany the initial license application of the corporation or partnership. Officers or partners intending to act as brokers subsequent to the licensing of the corporation or partnership shall procure an individual real estate broker's license prior to acting in the capacity of a broker. No corporate officer who maintains a salesperson's license may exercise any authority over any trust account administered by the broker nor may they be vested with any supervisory authority over the broker.

(f) The corporation or partnership applicant shall make available upon request, such records and data required by the commissioner for enforcement of this chapter.

(g) The commissioner may require further information, as the commissioner deems appropriate, to administer the provisions and further the purposes of this chapter.

Subd. 5. Period for application. An applicant who obtains an acceptable score on a salesperson's examination must file an application and obtain the license within one year of the date of successful completion of the examination or a second examination must be taken to qualify for the license.

Subd. 6. 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.

History: 1973 c 410 s 4,6; 1975 c 38 s 3,4; 1976 c 197 s 2-4; 1977 c 215 s 1-3; 1979 c 144 s 3; 1982 c 424 s 130; 1982 c 478 s 1; 1983 c 284 s 14; 1983 c 328 s 9; 1984 c 552 s 8,9,11-14; 1985 c 251 s 8,9; 1986 c 358 s 9-11; 1986 c 444; lSp1986 c 1 art 7 s 5; 1987 c 336 s 23; 1989 c 347 s 10-16,18-22; 1990 c 364 s 1; 1991 c 20 s 1; 1991 c 75 s 1,2; 1991 c 233 s 48-51; 1992 c 555 art 1 s 3; 1993 c 309 s 10,13,14; 1994 c 632 art 4 s 32,33,36,37; 1995 c 68 s 4; 1995 c 202 art 1 s 25; 1996 c 439 art 1 s 10; art 3 s 9; 1997 c 222 s 34,35; 2000 c 483 s 44; 2001 c 208 s 14; 2002 c 387 s 7-9; 2004 c 203 art 2 s 24-26,43,61; 2005 c 100 s 7

82.32 MS 2002 [Renumbered 82.40]

82.32 LICENSING: CONTINUING EDUCATION AND INSTRUCTION.

(a) All real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during the initial license period and during each succeeding 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner may adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of prelicense instruction as re-

quired under section 82.29, subdivision 8, and continuing education as required under this section and sections 82.29; 82.31, subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and 82.44. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor except accredited courses using new delivery technology, including interactive technology, and the Internet. The commissioner may approve courses of study in the real estate field offered in educational institutions of higher learning in this state or courses of study in the real estate field developed by and offered under the auspices of the National Association of Realtors, its affiliates, or private real estate schools. Courses in motivation, salesmanship, psychology, or time management shall not be approved by the commissioner for continuing education credit. The commissioner may approve courses in any other subjects, including, but not limited to, communication, marketing, negotiation, and technology for continuing education credit.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section and sections 82.29; 82.31, subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and 82.44, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least one hour of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least one hour of training during each license period in courses in state and federal fair housing laws, regulations, and rules, other antidiscrimination laws, or courses designed to help licensees to meet the housing needs of immigrant and other underserved populations.

Clauses (1) and (2) do not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(e) The commissioner is authorized to establish a procedure for renewal of course accreditation.

(f) Approved continuing education courses may be sponsored or offered by a broker of a real estate company and may be held on the premises of a company licensed under this chapter. All continuing education 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. A broker must comply with all continuing education rules prescribed by the commissioner. The commissioner shall not approve any prelicense instruction courses offered by, sponsored by, or affiliated with any person or company licensed to engage in the real estate business.

(g) Credit may not be earned if the licensee has previously obtained credit for the same course as either a student or instructor during the same licensing period.

(h) The real estate education course completion certificate must be in the form set forth by the commissioner.

Students are responsible for maintaining copies of course completion certificates.

History: 1973 c 410 s 6; 1975 c 38 s 3,4; 1976 c 197 s 4; 1977 c 215 s 2,3; 1979 c 144 s 3; 1983 c 284 s 14; 1983 c 328 s 9; 1984 c 552 s 11-14; 1985 c 251 s 9; 1986 c 358 s 9-11; 1986 c 444; 1Sp1986 c 1 art 7 s 5; 1987 c 336 s 23; 1989 c 347 s 18-22; 1991 c 75 s 1,2; 1991 c 233 s 48-51; 1992 c 555 art 1 s 3; 1993 c 309 s 13,14; 1994 c 632 art 4 s 36,37; 1996 c 439 art 3 s 9; 1997 c 222 s 35; 2000 c 483 s 44; 2001 c 208 s 14; 2002 c 387 s 8,9; 2004 c 203 art 2 s 48,61

82.33 MS 2002 [Renumbered 82.18]

82.33 LICENSING: RENEWAL.

Subdivision 1. **Duration.** No renewal of a salesperson's license shall be effective beyond a date two years after the granting of such salesperson's license unless the salesperson

has furnished evidence of compliance with section 82.29, subdivision 8. The commissioner shall cancel the license of any salesperson who fails to comply with section 82.29, subdivision 8. This subdivision shall not apply to salespeople licensed in Minnesota prior to July 1, 1969.

Subd. 2. **Timely renewals.** Persons whose applications have been properly and timely filed who have not received notice of denial of renewal are deemed to have been approved for renewal and may continue to transact business either as a real estate broker, salesperson, or closing agent whether or not the renewed license has been received on or before July 1 of the renewal year. Application for renewal of a license shall be deemed to have been timely filed if received by the commissioner by, or mailed with proper postage and postmarked by, June 15 of the renewal year. Applications for renewal shall be deemed properly filed if made upon forms duly executed and sworn to, accompanied by fees prescribed by this chapter and contain any information which the commissioner may require.

Subd. 3. **Failure to renew.** Persons who have failed to make a timely application for renewal of a license and who have not received the renewal license as of July 1 of the renewal year, shall be unlicensed until such time as the license has been issued by the commissioner and is received.

Subd. 4. **Renewal; examination.** Except as provided in section 82.29, subdivision 7, no examination shall be required for the renewal of any license, provided, however, any licensee having been licensed as a broker or salesperson in the state of Minnesota and who shall fail to renew the license for a period of two years shall be required by the commissioner to again take an examination.

Subd. 5. **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.

Subd. 6. **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.

History: 1973 c 410 s 4,6; 1975 c 38 s 3,4; 1976 c 197 s 2-4; 1977 c 215 s 1-3; 1979 c 144 s 3; 1982 c 424 s 130; 1982 c 478 s 1; 1983 c 284 s 14; 1983 c 328 s 9; 1984 c 552 s 8,9,11-14; 1985 c 251 s 8,9; 1986 c 358 s 9-11; 1986 c 444; 1Sp1986 c 1 art 7 s 5; 1987 c 336 s 23; 1989 c 347 s 10-16,18-22; 1990 c 364 s 1; 1991 c 20 s 1; 1991 c 75 s 1,2; 1991 c 233 s 48-51; 1992 c 555 art 1 s 3; 1993 c 309 s 10,13,14; 1994 c 632 art 4 s 32,33,36,37; 1995 c 68 s 4; 1995 c 202 art 1 s 25; 1996 c 439 art 1 s 10; art 3 s 9; 1997 c 222 s 34,35; 2000 c 483 s 44; 2001 c 208 s 14; 2002 c 387 s 7-9; 2004 c 203 art 2 s 28,41,44,46,61; 2005 c 10 art 1 s 16

82.34 LICENSING; OTHER REQUIREMENTS.

Subdivision 1. MS 2002 [Renumbered 82.43, subdivision 1]

Subdivision 1. **Generally.** (a) The commissioner shall issue a license as a real estate broker, real estate salesperson, or closing agent to any person who qualifies for such license under the terms of this chapter.

(b) The commissioner is authorized to establish by rule a special license for real estate brokers and real estate salespeople engaged solely in the rental or management of an interest or estate in real estate, to prescribe qualifications for the license, and to issue the license consistent with the terms of this chapter. This clause shall not be construed to require those owners or managers or their agents or employees who are excluded by section 82.23, clause (d), from the definition of real estate broker, to obtain the special license.

Subd. 2. MS 2002 [Renumbered 82.43, subd 2]

Subd. 2. **Additional broker's license.** An individual who holds a broker's license in his or her own name or for or on behalf of a corporation or partnership must 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 the broker will be capable of supervising all salespersons over whom he or she will have supervisory responsibility or, in the alternative, that the broker will have no supervisory responsibilities under the additional license; and that the broker 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 does not apply where the broker seeking the additional license or licenses is an officer of a corporation for or on whose behalf the broker already holds a license and the broker 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 section and sections 82.31, subdivisions 1 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, "affiliated corporation" means a corporation which is directly or indirectly controlled by the same persons as the corporation for or on whose behalf the broker is already licensed to act.

For the purposes of this section and sections 82.31, subdivisions 1 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, a legitimate business purpose includes engaging in a different and specialized area of real estate or maintaining an existing business name.

Subd. 3. MS 2002 [Renumbered 82.43, subd 3]

Subd. 3. **Responsibility.** Each broker shall be responsible for the acts of any and all of the broker's sales people and closing agents while acting as agents on the broker's behalf. Each officer of a corporation or partner in a partnership licensed as a broker shall have the same responsibility under this chapter as a corporate or partnership broker with regard to the acts of the salespeople and closing agents acting on behalf of the corporation or partnership.

Subd. 4. MS 2002 [Renumbered 82.43, subd 4]

Subd. 4. **Issuance of license; salesperson.** A salesperson must be licensed to act on behalf of a licensed broker and may not be licensed to act on behalf of more than one broker in this state during the same period of time. The license of each real estate salesperson shall be mailed to and remain in the possession of the licensed broker with whom the salesperson is or is to be associated until canceled or until such licensee leaves such broker.

Subd. 5. MS 2002 [Renumbered 82.43, subd 5]

Subd. 5. **Effective date of license.** Licenses renewed pursuant to this chapter are valid for a period of 24 months. New licenses issued during a 24-month licensing period will expire on June 30 of the expiration year assigned to the license. Implementation of the 24-month licensing program must be staggered so that approximately one-half of the licenses will expire on June 30 of each even-numbered year and the other one-half on June 30 of each odd-numbered year. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule will pay for the license a fee reduced by an amount equal to one-half the fee for renewal of the license.

Subd. 6. MS 2002 [Renumbered 82.43, subd 6]

Subd. 6. **Terminations; transfers.** (a) Except as provided in paragraph (b), when a salesperson terminates activity on behalf of a broker, the salesperson's license shall be ineffective. Within ten days of the termination the broker shall notify the commissioner in writing, and shall return to the commissioner the license of the salesperson. The salesperson may apply for transfer of the license to another broker at any time during the remainder of the license period, on forms provided by the commissioner. If the application for transfer qualifies, the commissioner shall grant the application. Upon receipt of a transfer application and payment of the transfer fee, the commissioner may issue a 45-day temporary license. If an

application for transfer is not made within the license period, the commissioner shall require that an application for a new license be filed.

(b) When a salesperson terminates activity on behalf of a broker in order to begin association immediately with another broker, the commissioner shall permit the automatic transfer of the salesperson's license. The transfer shall be effective either upon the mailing of the required fee and the executed documents by certified mail or upon personal delivery of the fee and documents to the commissioner's office. The commissioner may adopt rules and prescribe forms as necessary to implement this paragraph.

Subd. 7. MS 2002 [Renumbered 82.43, subd 7]

Subd. 7. **Automatic transfer of salesperson's license.** A salesperson may utilize the automatic license transfer provisions of subdivision 6, 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 subdivision 6, 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 section 82.39, subdivision 1.

Subd. 7a. [Renumbered 82.43, subd 8]

Subd. 8. MS 2002 [Renumbered 82.43, subd 9]

Subd. 8. **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. Cash will not be accepted.

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

Subd. 9. MS 2002 [Renumbered 82.43, subd 10]

Subd. 9. **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. The commissioner may accept an application for license transfer made by an electronic agent or an electronic record with an electronic signature if the commissioner has the capability of accepting the application electronically. 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 the salesperson is transferring.

(d) The real estate salesperson automatic transfer must be in the form prescribed by the commissioner.

Subd. 10. MS 2002 [Renumbered 82.43, subd 11]

Subd. 10. **Automatic transfer of broker's license.** When a broker terminates activity in order to begin association with another broker, the commissioner shall permit the automatic transfer of the broker's license to a salesperson's license. If there are licensed salespeople working for the broker, the broker shall certify that a broker will remain in the company that the broker is leaving prior to issuance of the transfer. The transfer shall be effective either upon the mailing of the required fee and the executed documents by certified mail or upon personal delivery of the fee and documents to the commissioner's office.

Subd. 11. MS 2002 [Renumbered 82.43, subd 12]

Subd. 11. **Nonresidents.** A nonresident of Minnesota may be licensed as a real estate broker, real estate salesperson, or a real estate closing agent upon compliance with all provisions of this chapter.

Subd. 12. MS 1988 [Repealed, 1989 c 347 s 43]

Subd. 12. **Temporary broker's permit.** In the event of death or incapacity of a broker, the commissioner may issue 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.

Subd. 13. MS 2002 [Renumbered 82.43, subd 13]

Subd. 13. **Limited broker's license.** (a) The commissioner shall have the authority to issue a limited real estate broker's license authorizing the licensee to engage in transactions as principal only. Such license shall be issued only after receipt of the application described in section 82.31, subdivision 2, and payment of the fee prescribed by section 82.24, subdivision 1. No salesperson may be licensed to act on behalf of an individual holding a limited broker's license. An officer of a corporation or partner of a partnership licensed as a limited broker may act on behalf of that corporation or partnership without being subject to the licensing requirements.

(b) A limited broker's license shall also authorize the licensee to engage in negotiation of mortgage loans, other than residential mortgage loans, as described in section 82.17, subdivision 18, clause (b).

Subd. 14. MS 2002 [Renumbered 82.43, subd 14]

Subd. 14. **Licenses; extending duration.** Notwithstanding the provisions of subdivision 5 and section 82.33, subdivisions 2 and 3, the commissioner may institute a system by rule pursuant to chapter 14 to provide three year licenses from the date of issuance for any license prescribed by this section and sections 82.31, subdivisions 1 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39.

Subd. 15. MS 2002 [Renumbered 82.43, subd 15]

Subd. 15. **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 determines by order. 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.

Subd. 16. MS 2002 [Renumbered 82.43, subd 16]

Subd. 16. **Exemption.** The following persons, when acting as closing agents, are exempt from the requirements of sections 82.41 and 82.50 unless otherwise required in this chapter:

(1) a direct employee of a title insurance company authorized to do business in this state, or a direct employee of a title company, or a person who has an agency agreement with a title insurance company or a title company in which the agent agrees to perform closing services on the title insurance company's or title company's behalf and the title insurance company or title company assumes responsibility for the actions of the agent as if the agent were a direct employee of the title insurance company or title company;

(2) a licensed attorney or a direct employee of a licensed attorney;

(3) a licensed real estate broker or salesperson;

(4) a direct employee of a licensed real estate broker if the broker maintains all funds received in connection with the closing services in the broker's trust account;

(5) any bank, trust company, savings association, credit union, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of businesses within the scope of its corporate powers as provided by law;

(6) a title insurance company authorized to do business in this state; and

(7) a title company that has a contractual agency relationship with a title insurance company authorized to do business in this state, where the title insurance company assumes responsibility for the actions of the title company and its employees or agents as if they were the employees or agents of the title insurance company.

Subd. 17. [Renumbered 82.43, subd 17]

Subd. 18. [Renumbered 82.43, subd 18]

Subd. 19. [Renumbered 82.43, subd 19]

Subd. 20. [Repealed, 1992 c 555 art 1 s 13]

History: 1973 c 410 s 4; 1976 c 197 s 2,3; 1977 c 215 s 1; 1982 c 424 s 130; 1982 c 478 s 1; 1984 c 552 s 8,9; 1985 c 251 s 8; 1986 c 444; 1989 c 347 s 10-16; 1990 c 364 s 1; 1991 c 20 s 1; 1993 c 309 s 10; 1994 c 632 art 4 s 32,33; 1995 c 68 s 4; 1995 c 202 art 1 s 25; 1996 c 439 art 1 s 10; 1997 c 222 s 34; 2002 c 387 s 7; 2004 c 203 art 2 s 23,27,29,30,35,36,61

82.35 LICENSING: DENIAL, SUSPENSION AND REVOCATION OF LICENSES.

Subdivision 1. **General authority.** The commissioner may by order deny, suspend or revoke any license or may censure a licensee if the commissioner finds (1) that the order is in the public interest, and (2) that the applicant or licensee or, in the case of a broker, any officer, director, partner, employee or agent or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker or closing agent or controlled by the broker or closing agent:

(a) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(b) has engaged in a fraudulent, deceptive, or dishonest practice;

(c) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the real estate business;

(d) has failed to reasonably supervise brokers, salespersons, or closing agents so as to cause injury or harm to the public;

(e) has violated or failed to comply with any provision of this chapter or any rule or order under this chapter;

(f) has, in the conduct of the licensee's affairs under the license, been shown to be incompetent, untrustworthy, or financially irresponsible;

(g) has acted on behalf of any party to a transaction, where the licensee has a conflict of interest that may affect the licensee's ability to represent that party, without the knowledge and consent of the party; or

(h) has, while performing residential mortgage activities regulated under chapter 58 violated any provision of chapter 58.

Subd. 2. Effect of suspension or revocation. The license of a salesperson is not effective during any period for which the license of the broker on whose behalf the salesperson is acting is suspended or revoked. The salesperson may apply for transfer to some other licensed broker by complying with section 82.34, subdivisions 6 and 10.

Subd. 3. Regulation of practice; rulemaking. The commissioner may promulgate rules further specifying and defining those actions and omissions which constitute fraudulent, deceptive, or dishonest practices, and establishing standards of conduct for real estate brokers, salespeople, or closing agents.

Subd. 4. Monetary settlements. The commissioner shall not coerce or attempt to coerce a licensee to enter into any monetary settlement with a consumer in connection with any complaint investigation. The commissioner may consider the totality of the circumstances, including any efforts by the licensee to mitigate any losses by a consumer, in determining the appropriateness or severity of administrative sanction.

Subd. 5. Order to show cause. The commissioner shall issue an order requiring a licensee or applicant for a license to show cause why the license should not be revoked or suspended, or the licensee censured, or the application denied. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the specific statute or rule that has been violated for the entry of the order. The commissioner may by order summarily suspend a license pending final determination of any order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the order of suspension. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order making such disposition of the matter as the facts require. If the licensee or applicant fails to appear at a hearing after having been duly notified of it, such person shall be deemed in default, and the proceeding may be determined against the licensee or applicant upon consideration of the order to show cause, the allegations of which may be deemed to be true.

Subd. 6. ALJ hearing. The commissioner may delegate to an administrative law judge the authority to conduct a hearing. The examiner shall make proposed findings of fact and submit them to the commissioner. The examiner shall have the same power as the commissioner to compel the attendance of witnesses, to examine them under oath, to require the production of books, papers and other evidence, and to issue subpoenas and cause the same to be served and executed in any part of the state.

Subd. 7. Judicial review of orders. Orders of the commissioner shall be subject to judicial review pursuant to chapter 14.

Subd. 8. Hearing procedures; rulemaking. The commissioner may promulgate rules of procedure concerning all hearings and other proceedings conducted pursuant to this chapter.

Subd. 9. Tax clearance certificate. (a) In addition to the provisions of subdivision 1, the commissioner may not issue or renew a license if the commissioner of revenue notifies the commissioner and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The commissioner may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clear-

ance to the commissioner. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.

(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

(c) In lieu of the notice and hearing requirements of subdivisions 5, 6, 7, and 8 when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.

(d) The commissioner shall require all licensees or applicants to provide their Social Security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the commissioner must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, Social Security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year.

Subd. 10. **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 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.

History: 1973 c 410 s 4,11; 1976 c 197 s 2,3; 1977 c 215 s 1; 1982 c 424 s 130; 1982 c 478 s 1; 1983 c 284 s 15; 1984 c 552 s 8,9; 1984 c 640 s 32; 1985 c 248 s 70; 1985 c 251 s 8; 1986 c 358 s 14; 1986 c 444; 1Sp1986 c 1 art 7 s 6; 1989 c 184 art 2 s 2; 1989 c 347 s 10-16,31,32; 1990 c 364 s 1; 1991 c 20 s 1; 1993 c 309 s 10,16; 1994 c 632 art 4 s 32,33; 1995 c 68 s 4; 1995 c 202 art 1 s 25; 1996 c 439 art 1 s 10; 1997 c 222 s 34; 1998 c 343 art 2 s 4; 2001 c 208 s 16; 2002 c 286 s 6; 2002 c 387 s 7; 2004 c 203 art 2 s 55,61

82.36 LOAN BROKERS.

Subdivision 1. **Compliance.** Loan brokers shall comply with the requirements of subdivisions 2 to 7.

Subd. 2. **Contract provisions.** A loan broker shall enter into a written contract with each customer and shall provide a copy of the written contract to each customer at or before the time of receipt of any fee or valuable consideration paid for loan brokerage services. The written contract shall:

- (1) identify the escrow account into which the fees or consideration will be deposited;
- (2) set forth the circumstances under which the loan broker will be entitled to disbursement from the escrow account;
- (3) set forth the circumstances under which the customer will be entitled to a refund of all or part of the fee;
- (4) specifically describe the services to be provided by the loan broker and the dates by which the services will be performed;
- (5) state the maximum rate of interest to be charged on any loan obtained;

(6) contain a statement which notifies the customer of his or her rights to cancel the contract pursuant to subdivision 3;

(7) disclose, with respect to the 12-month period ending ten business days prior to the date of the contract in question, the percentage of the loan broker's customers for whom loans have actually been funded as a result of the loan broker's services. This disclosure need not be made for any period prior to September 8, 1986; and

(8) disclose the cancellation rights and procedures set forth in subdivision 3.

Subd. 3. Cancellation. Any customer of a loan broker who pays a fee prior to the time a loan is actually funded shall have an unconditional right to rescind the contract for loan brokerage services at any time until midnight of the third business day after the day on which the contract is signed. Cancellation is evidenced by the customer giving written notice of cancellation to the loan broker at the address stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox properly addressed to the loan broker with postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the customer not to be bound by the contract. No act of a customer of a loan broker shall be effective to waive the right to rescind as provided in this subdivision.

Subd. 4. Escrow account. The loan broker shall deposit in an escrow account within 48 hours all fees received prior to the time a loan is actually funded. The escrow account shall be in a bank located within the state of Minnesota and shall be controlled by an unaffiliated accountant, lawyer, or bank.

Subd. 5. Records. The loan broker shall maintain a separate record of all fees received for services performed or to be performed as a loan broker. Each record shall set forth the date funds are received, the person from whom the funds are received, the amount received, the date of deposit in the escrow account, the account number, the date the funds are disbursed and the check number of the disbursement, and a description of each disbursement and the justification for the disbursement.

Subd. 6. Monthly statement. The loan broker shall provide to each customer at least monthly a detailed written accounting of all disbursements of the customer's funds from the trust account.

Subd. 7. Disclosure of lenders. The loan broker shall provide to each customer at the expiration of the contract a list of the lenders or loan sources to whom loan applications were submitted on behalf of the customer.

History: 2004 c 203 art 2 s 56; 2005 c 118 s 14

82.37 NEGOTIATIONS.

Subdivision 1. Written offers. All written offers to purchase or lease shall be promptly submitted in writing to the seller or lessor.

Subd. 2. Nondisclosure of terms of offer. A licensee shall not disclose the terms of an offer to another prospective buyer or the licensee representing or assisting the buyer prior to the presentation of the offer to the seller.

Subd. 3. Closing costs. Licensees shall disclose to a buyer or a seller at or before the time an offer is written or presented that the buyer or seller may be required to pay certain closing costs, which may effectively reduce the proceeds from the sale or increase the cash outlay at closing.

Subd. 4. Required documents. Licensees shall furnish to the parties to the transaction at the time the documents are signed or become available a true and accurate copy of listing agreements, earnest money receipts, purchase agreements, contracts for deed, option agreements, closing statements, truth-in-housing forms, energy audits, and any other record, instrument, or document that is material to the transaction and that is in the licensee's possession.

Subd. 5. Closing statement. The listing broker or his or her designee shall deliver to the seller, at the time of closing, a complete and detailed closing statement setting forth all of the

receipts and disbursements handled by the broker for the seller. The listing broker shall also deliver to the buyer, at the time of closing, a complete and detailed statement setting forth the disposition of all money received in the transaction from the buyer.

History: 2004 c 203 art 2 s 57

82.38 NONRESIDENT SERVICE OF PROCESS.

Subdivision 1. Appointment of agent. Every nonresident, before being licensed as a real estate broker, real estate salesperson, or real estate closing agent shall appoint the commissioner and a successor or successors in office as true and lawful attorney, upon whom may be served all legal process in any action or proceedings against such person, or in which such person may be a party, in relation to or involving any transaction covered by this chapter or any rule or order hereunder, which appointment shall be irrevocable. Service upon such attorney shall be as valid and binding as if due and personal service had been made upon such person. Any such appointment shall be effective upon the issuance of the license in connection with which the appointment was filed.

Subd. 2. Violation as appointment. The commission of any act which constitutes a violation of this chapter or rule or order hereunder by any nonresident person who has not theretofore appointed the commissioner as attorney in compliance with subdivision 1 shall be conclusively deemed an irrevocable appointment by such person of the commissioner and a successor or successors in any action or proceedings against the nonresident or in which the nonresident may be a party in relation to or involving such violation; and such violation shall be a signification of agreement that all such legal process which is so served shall be as valid and binding upon the nonresident as if due and personal service thereof had been made.

Subd. 3. How made. Service of process under this section shall be made in compliance with section 45.028, subdivision 2.

History: 1973 c 410 s 15; 1978 c 674 s 60; 1980 c 420 s 1; 1984 c 640 s 32; 1986 c 444; 1989 c 347 s 34; 1992 c 564 art 2 s 13; 2004 c 203 art 2 s 61

82.39 NOTICE TO COMMISSIONER.

Subdivision 1. Notice. Notice in writing shall be given to the commissioner by each licensee of any change in personal name, trade name, address or business location not later than ten days after such change. The commissioner shall issue a new license if required for the unexpired period.

Subd. 2. Mandatory. Licensees shall notify the commissioner of the facts in subdivisions 3 to 5.

Subd. 3. Civil judgment. Licensees must notify the commissioner in writing within ten days of a final adverse decision or order of a court, whether or not the decision or order is appealed, regarding any proceeding in which the licensee was named as a defendant, and which alleged fraud, misrepresentation, or the conversion of funds, if the final adverse decision relates to the allegations of fraud, misrepresentation, or the conversion of funds.

Subd. 4. Disciplinary action. The licensee must notify the commissioner in writing within ten days of the suspension or revocation of the licensee's real estate or other occupational license issued by this state or another jurisdiction.

Subd. 5. Criminal offense. The licensee must notify the commissioner in writing within ten days if the licensee is charged with, adjudged guilty of, or enters a plea of guilty or nolo contendere to a charge of any felony, or of any gross misdemeanor alleging fraud, misrepresentation, conversion of funds, or a similar violation of any real estate licensing law.

History: 1973 c 410 s 4; 1976 c 197 s 2,3; 1977 c 215 s 1; 1982 c 424 s 130; 1982 c 478 s 1; 1984 c 552 s 8,9; 1985 c 251 s 8; 1986 c 444; 1989 c 347 s 10-16; 1990 c 364 s 1; 1991 c 20 s 1; 1993 c 309 s 10; 1994 c 632 art 4 s 32,33; 1995 c 68 s 4; 1995 c 202 art 1 s 25; 1996 c 439 art 1 s 10; 1997 c 222 s 34; 2002 c 387 s 7; 2004 c 203 art 2 s 31-34,61

82.40 PENALTY.

Any person who violates any provision of this chapter, or any rule or order of the commissioner, shall be guilty of a gross misdemeanor.

History: 1973 c 410 s 16; 2004 c 203 art 2 s 61

82.41 PROHIBITIONS.

Subdivision 1. **License required.** No person shall act as a real estate broker, salesperson, or real estate closing agent unless licensed as herein provided.

Subd. 2. **Misrepresenting status as licensee.** No persons shall advertise or represent themselves to be real estate brokers, salespeople, or closing agents unless licensed as herein provided.

Subd. 3. **Commission-splitting, rebates, and fees.** No real estate broker, salesperson, or closing agents shall offer, pay, or give, and no person shall accept, any compensation or other thing of value from any real estate broker, salesperson, or closing agents by way of commission-splitting, rebate, finder's fees, or otherwise, in connection with any real estate or business opportunity transaction. This subdivision does not apply to transactions (1) between a licensed real estate broker or salesperson and the parties to the transaction, (2) among persons licensed as provided herein, (3) between a licensed real estate broker or salesperson and persons from other jurisdictions similarly licensed in that jurisdiction, (4) involving timeshare or other recreational lands where the amount offered or paid does not exceed \$150, and payment is not conditioned upon any sale but is made merely for providing the referral and the person paying the fee is bound by any representations the person receiving the fee makes, and (5) involving a person who receives a referral fee from a person or an agent of a person licensed under this section, provided that in any 12-month period, no recipient may earn more than the value of one month's rent, that the recipient is a resident of the property or has lived there within 60 days of the payment of the fee, and that the person paying the fee is bound by any representations made by the recipient of the fee. A licensed real estate broker or salesperson may assign or direct that commissions or other compensation earned in connection with any real estate or business opportunity transaction be paid to a corporation, limited liability company, or sole proprietorship of which the licensed real estate broker or salesperson is the sole owner.

Subd. 4. **Authorizing or engaging unlicensed person to act on licensee's behalf.** No real estate broker, salesperson, or closing agent shall engage or authorize any person, except one licensed as provided herein, to act as a real estate broker, salesperson, or closing agent on the engager's or authorizer's behalf.

Subd. 5. **Self-serving provision prohibited.** No purchase agreement, earnest money contract, or similar contract for the purchase, rental, or lease of real property may contain any hold harmless clause or arbitration clause which addresses the rights or liabilities of persons required to be licensed pursuant to this chapter unless the person required to be licensed is a principal in the transaction.

This does not prohibit separate and independent written agreements between any of the parties and persons required to be licensed pursuant to this chapter.

Subd. 6. **Disclosure regarding representation of parties.** (a) No person licensed pursuant to this chapter or who otherwise acts as a real estate broker or salesperson shall fail to provide at the first substantive contact with a consumer in a residential real property transaction an agency disclosure form as set forth in section 82.22.

(b) The seller may, in the listing agreement, authorize the seller's broker to disburse part of the broker's compensation to other brokers, including the buyer's brokers solely representing the buyer.

Subd. 7. **Closing agents.** A real estate closing agent may not charge a fee for closing services to a borrower, and a borrower may not be required to pay such a fee at settlement, if the fee was not previously disclosed in writing at least one business day before the settlement. This disclosure requirement will be considered satisfied if a disclosure is made or an estimate given under section 507.45.

Subd. 8. **Securities sold by businesses outside scope of licensing.** A license issued under this chapter does not allow a licensee to engage in the business of buying, selling, negotiating, brokering, or otherwise dealing in vendor's interests in contracts for deed, mortgagee's interests in mortgages, or other evidence of indebtedness regarding real estate, except that a licensee may, if there is no compensation in addition to the brokerage commission or fee, and if the licensee represents the seller, buyer, lessor, or lessee in the sale, lease, or exchange of real estate, arrange for the sale of a contract, mortgage, or similar evidence of indebtedness for the subject property.

Subd. 9. **Closing services.** No real estate broker, salesperson, or closing agent shall require a person to use any particular lender, licensed attorney, real estate broker, real estate salesperson, real estate closing agent, or title company in connection with a residential real estate closing.

Subd. 10. **Exclusive agreements.** (a) Except as provided in paragraph (c), a licensee shall not negotiate the sale, exchange, lease, or listing of any real property directly with the owner or lessor knowing that the owner or lessor has executed a written contract granting exclusive representation or assistance in connection with the property to another real estate broker, buyer, or lessee, nor shall a licensee negotiate the purchase, lease, or exchange of real property knowing that the buyer or lessee has executed a written contract granting exclusive representation or assistance for the purchase, lease, or exchange of the real property with another real estate broker.

(b) Licensees shall not induce any party to a contract of sale, purchase, lease, or option, or to an exclusive listing agreement or buyer's agreement, or facilitator services agreement, to breach the contract, option, or agreement.

(c) A licensee may discuss the terms upon which a listing or buyer representation contract or a contract for facilitator services may be entered into after expiration of any existing exclusive contract when the inquiry or discussion is initiated by the owner, lessor, buyer, or lessee. The licensee must inquire of the owner, lessor, buyer, or lessee whether such an exclusive contract exists.

Subd. 11. **Prohibition on guaranteeing future profits.** Licensees shall not, with respect to the sale or lease of real property, guarantee or affirmatively encourage another person to guarantee future profits or earnings that may result from the purchase or lease of the real property in question unless the guarantee and the assumptions upon which it is based are fully disclosed and contained in the contract, purchase agreement, or other instrument of sale or lease.

Subd. 12. **Prohibition against discouraging use of attorney.** Licensees shall not discourage prospective parties to a real estate transaction from seeking the services of an attorney.

Subd. 13. **Fraudulent, deceptive, and dishonest practices.** (a) **Prohibitions.** For the purposes of section 82.35, subdivision 1, clause (b), the following acts and practices constitute fraudulent, deceptive, or dishonest practices:

(1) act on behalf of more than one party to a transaction without the knowledge and consent of all parties;

(2) act in the dual capacity of licensee and undisclosed principal in any transaction;

(3) receive funds while acting as principal which funds would constitute trust funds if received by a licensee acting as an agent, unless the funds are placed in a trust account. Funds need not be placed in a trust account if a written agreement signed by all parties to the transaction specifies a different disposition of the funds, in accordance with section 82.35, subdivision 1;

(4) violate any state or federal law concerning discrimination intended to protect the rights of purchasers or renters of real estate;

(5) make a material misstatement in an application for a license or in any information furnished to the commissioner;

MINNESOTA STATUTES 2006

2917

REAL ESTATE BROKERS AND SALESPERSONS 82.41

(6) procure or attempt to procure a real estate license for himself or herself or any person by fraud, misrepresentation, or deceit;

(7) represent membership in any real estate-related organization in which the licensee is not a member;

(8) advertise in any manner that is misleading or inaccurate with respect to properties, terms, values, policies, or services conducted by the licensee;

(9) make any material misrepresentation or permit or allow another to make any material misrepresentation;

(10) make any false or misleading statements, or permit or allow another to make any false or misleading statements, of a character likely to influence, persuade, or induce the consummation of a transaction contemplated by this chapter;

(11) fail within a reasonable time to account for or remit any money coming into the licensee's possession which belongs to another;

(12) commingle with his or her own money or property trust funds or any other money or property of another held by the licensee;

(13) demand from a seller a commission to compensation which the licensee is not entitled, knowing that he or she is not entitled to the commission compensation;

(14) pay or give money or goods of value to an unlicensed person for any assistance or information relating to the procurement by a licensee of a listing of a property or of a prospective buyer of a property (this item does not apply to money or goods paid or given to the parties to the transaction);

(15) fail to maintain a trust account at all times, as provided by law;

(16) engage, with respect to the offer, sale, or rental of real estate, in an anticompetitive activity;

(17) represent on advertisements, cards, signs, circulars, letterheads, or in any other manner, that he or she is engaged in the business of financial planning unless he or she provides a disclosure document to the client. The document must be signed by the client and a copy must be left with the client. The disclosure document must contain the following:

(i) the basis of fees, commissions, or other compensation received by him or her in connection with rendering of financial planning services or financial counseling or advice in the following language:

“My compensation may be based on the following:

(a) ... commissions generated from the products I sell you;

(b) ... fees; or

(c) ... a combination of (a) and (b). [Comments]”;

(ii) the name and address of any company or firm that supplies the financial services or products offered or sold by him or her in the following language:

“I am authorized to offer or sell products and/or services issued by or through the following firm(s):

[List]

The products will be traded, distributed, or placed through the clearing/trading firm(s) of:

[List]”;

(iii) the license(s) held by the person under this chapter or chapter 60A or 80A in the following language:

“I am licensed in Minnesota as a(n):

(a) ... insurance agent;

(b) ... securities agent or broker/dealer;

(c) ... real estate broker or salesperson;

(d) ... investment adviser”;

(iv) the specific identity of any financial products or services, by category, for example mutual funds, stocks, or limited partnerships, the person is authorized to offer or sell in the following language:

“The license(s) entitles me to offer and sell the following products and/or services:

- (a) ... securities, specifically the following: [List];
- (b) ... real property;
- (c) ... insurance; and
- (d) ... other: [List].”

(b) **Determining violation.** A licensee shall be deemed to have violated this section if the licensee has been found to have violated sections 325D.49 to 325D.66, by a final decision or order of a court of competent jurisdiction.

(c) **Commissioner’s authority.** Nothing in this section limits the authority of the commissioner to take actions against a licensee for fraudulent, deceptive, or dishonest practices not specifically described in this section.

History: 1973 c 410 s 3; 1975 c 38 s 2; 1985 c 148 s 1; 1985 c 251 s 6,7; 1986 c 358 s 8; 1986 c 444; 1989 c 347 s 5–9; 1992 c 555 art 1 s 2; 1993 c 309 s 4–6; 1993 c 375 art 5 s 1; 1995 c 68 s 2; 1996 c 439 art 3 s 1; 1997 c 73 s 1; 1997 c 222 s 33; 2002 c 286 s 1; 2004 c 203 art 2 s 14–18,61; 2005 c 118 s 15

82.42 PUBLICATION OF INFORMATION.

The commissioner may publish by newspaper, newsletter or otherwise information to assist in the administration of this chapter, or to educate and protect the public regarding fraudulent, deceptive or dishonest practices. The commissioner may also publish materials for the benefit of license applicants.

History: 1973 c 410 s 13; 2004 c 203 art 2 s 61

82.43 REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND.

Subdivision 1. **Administration.** There is established a “real estate education, research and recovery fund” to be administered by the commissioner of commerce. The commissioner of finance shall be the custodian of the fund and shall operate under the direction of the commissioner.

Subd. 2. **Creation.** There is hereby created in the state treasury a real estate education, research and recovery fund which shall be administered by the commissioner in the manner and for the purposes prescribed in this section.

Subd. 3. **Fee for real estate fund.** Each real estate broker, real estate salesperson, and real estate closing agent entitled under this chapter to renew a license shall pay in addition to the appropriate renewal fee a further fee of \$20 per licensing period which shall be credited to the real estate education, research, and recovery fund. Any person who receives an initial license shall pay, in addition to all other fees payable, a fee of \$30.

Subd. 4. **Additional assessment.** If the amount in the fund is at any time less than the commissioner believes is necessary to carry out the purposes of this section every licensee, when renewing a license, shall pay, in addition to the annual renewal fee and the fee set forth in subdivision 3, an assessment not to exceed \$100, said sum having been reasonably determined by the commissioner to be necessary to restore a balance in the fund of an amount adequate to carry out the purposes of this section.

Subd. 5. **Investment of funds.** Any funds shall, upon request of the commissioner, be invested by the state Board of Investment in the class of securities specified in section 11A.24 and acts amendatory thereto. All interest and profits from such investments shall be credited to the real estate education, research and recovery fund. The commissioner of finance shall be the custodian of securities purchased under the provisions of this section.

Subd. 6. **Authorized expenditures.** The commissioner may expend money as appropriated for the following purposes:

- (a) to promote the advancement of education and research in the field of real estate for the benefit of those licensed under this chapter;

(b) to underwrite educational seminars and other forms of educational projects for the benefit of real estate licensees;

(c) to establish a real estate chair or courses at Minnesota state institutions of higher learning for the purpose of making such courses available to licensees and the general public;

(d) to contract for a particular educational or research project in the field of real estate to further the purposes of this chapter;

(e) to pay any reasonable costs and disbursements, excluding attorney's fees, incurred in defending actions against the real estate education, research and recovery fund including the cost of mailing or publication of notice pursuant to subdivision 14; and

(f) to provide information to the public on housing issues, including but not limited to, environmental safety and housing affordability.

Subd. 7. Application for recovery. When any aggrieved person obtains a final judgment in any court of competent jurisdiction regardless of whether the judgment has been discharged by a bankruptcy court against an individual licensed under this chapter, on grounds of fraudulent, deceptive, or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, or performed acts permitted by section 327B.04, subdivision 5, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered. The application shall state with specificity the grounds upon which the application seeks to recover from the fund, and request an order directing payment out of the fund of the amount of actual and direct out of pocket loss in the transaction, but excluding any attorney's fees, interest on the loss and on any judgment obtained as a result of the loss, up to the sum of \$150,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$150,000 per claimant, per transaction, subject to the limitations set forth in subdivision 14, regardless of the number of persons aggrieved or parcels of real estate involved in the transaction, provided that regardless of the number of claims against a licensee, nothing in this chapter may obligate the fund for more than \$250,000 per licensee. An aggrieved person who has a cause of action under section 80A.76 shall first seek recovery as provided in section 80A.66(e), before the commissioner may order payment from the recovery fund. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of service filed with the court. For the purpose of this section, "aggrieved person" does not include a government agency, financial institution, or other entity that purchases, guarantees, or insures a loan secured by real estate, and does not include a licensee unless (1) the licensee is acting in the capacity of principal in the sale of interests in real property owned by the licensee; or (2) the licensee is acting in the capacity of principal in the purchase of interests in real property to be owned by the licensee. Under no circumstances shall a licensee be entitled to payment under this section for the loss of a commission or similar fee.

For the purposes of this section, recovery is limited to transactions where the property involved is intended for the direct personal habitation or commercial use of the buyer.

Except for securities permitted to be sold by a licensee pursuant to section 82.41, subdivision 8, for any action commenced after July 1, 1993, recovery under this section is not available where the buyer's participation is for investment purposes only, and is limited to providing capital to fund the transaction.

Subd. 8. Accelerated claims payment. (a) The commissioner shall pay claims from the recovery portion of the fund that do not exceed the jurisdiction limits for conciliation court matters as specified in section 491A.01 on an accelerated basis if all of the requirements in subdivision 7 and paragraphs (b) to (f) have been satisfied.

(b) When any aggrieved person as defined in subdivision 7 obtains a judgment in any court of competent jurisdiction, regardless of whether the judgment has been discharged by a bankruptcy court against a licensee on grounds specified in subdivision 7, the aggrieved per-

son may file a verified application with the commissioner for payment out of the recovery portion of the fund of the amount of actual and direct out-of-pocket loss in the transaction, but excluding any attorney fees, interest on the loss, and on any judgment obtained as a result of the loss, up to the conciliation court jurisdiction limits, of the amount unpaid upon the judgment. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant.

(c) The commissioner shall send the licensee a copy of the verified application by first-class mail to the licensee's address as it appears in the records of the Department of Commerce with a notice that the claim will be paid 15 days from the date of the notice unless the licensee notifies the commissioner before that date of the commencement of an appeal of the judgment, if the time for appeal has not expired, and that payment of the claim will result in automatic suspension of the licensee's license.

(d) If the licensee does not notify the commissioner of the commencement of an appeal, the commissioner shall pay the claim at the end of the 15-day period.

(e) If an appeal is commenced, the payment of the claim is stayed until the conclusion of the appeal.

(f) The commissioner may pay claims which total no more than \$50,000 against the licensee under this accelerated process. The commissioner may prorate the amount of claims paid under this subdivision if claims in excess of \$50,000 against the licensee are submitted. Any unpaid portions of these claims must be satisfied in the manner set forth in subdivision 7.

Subd. 9. Application hearing. The court shall conduct a hearing upon such application 30 days after service of the application upon the commissioner. Upon petition of the commissioner, the court shall continue the hearing up to 60 days further; and upon a showing of good cause may continue the hearing for such further period as the court deems appropriate. At the hearing the aggrieved person shall be required to show that the person:

(a) is not a spouse of debtor, or the personal representative of such spouse;

(b) has complied with all the requirements of this section;

(c) has obtained a judgment as set out in subdivision 7, stating the amount thereof and the amount owing thereon at the date of the application;

(d) has made all reasonable searches and inquiries to ascertain whether the judgment debtor is possessed of real or personal property or other assets, liable to be sold or applied in satisfaction of the judgment;

(e) by such search has discovered no personal or real property or other assets liable to be sold or applied, or has discovered certain of them, describing them, owned by the judgment debtor and liable to be so applied, and has taken all necessary action and proceedings for the realization thereof, and that the amount thereby realized was insufficient to satisfy the judgment, stating the amount so realized and the balance remaining due on the judgment after application of the amount realized;

(f) has diligently pursued remedies against all the judgment debtors and all other persons liable to that person in the transaction for which that person seeks recovery from the real estate education, research and recovery fund;

(g) is making said application no more than one year after the judgment becomes final, or no more than one year after the termination of any review or appeal of the judgment.

Subd. 10. Effect of judgment. Whenever the court proceeds upon an application as set forth in subdivision 7, it shall order payment out of the fund only upon a determination that the aggrieved party has a valid cause of action within the purview of subdivision 7 and has complied with the provisions of subdivision 9. The judgment shall be only prima facie evidence of such cause of action and for the purposes of this section shall not be conclusive. The commissioner may defend any such action on behalf of the fund and shall have recourse to all appropriate means of defense and review including examination of witnesses. The commissioner may move the court at any time to dismiss the application when it appears there are no triable issues and the petition is without merit. The motion may be supported by affidavit of any person or persons having knowledge of the facts, and may be made on the basis that the

petition, and the judgment referred to therein, does not form the basis for a meritorious recovery claim within the purview of subdivision 7; provided, however, the commissioner shall give written notice at least ten days before such motion. The commissioner may, subject to court approval, compromise a claim based upon the application of an aggrieved party but shall not be bound by any prior compromise or stipulation of the judgment debtor.

Subd. 11. Commissioner's duties. The commissioner may defend any such action on behalf of the fund and shall have recourse to all appropriate means of defense and review, including examination of witnesses. The judgment debtor may defend any such action on the debtor's own behalf and shall have recourse to all appropriate means of defense and review, including examination of witnesses. Whenever an applicant's judgment is by default, stipulation, or consent, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant shall have the burden of proving the cause of action for fraudulent, deceptive or dishonest practices, or conversion of trust funds. Otherwise, the judgment shall create a rebuttable presumption of the fraudulent, deceptive or dishonest practices, or conversion of trust funds. This presumption is a presumption affecting the burden of producing evidence.

Subd. 12. Payment order. If the court finds after the hearing that said claim should be levied against the fund, the court shall enter an order directed to the commissioner requiring payment from the fund of whatever sum it shall find to be payable upon the claim pursuant to the provisions of and in accordance with the limitations contained in this section.

Subd. 13. License suspension. Should the commissioner pay from the recovery portion of the fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court as set forth herein authorizing payment from the recovery portion of the fund. No broker, salesperson, or closing agent shall be granted reinstatement until the person has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the person's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of \$40,000. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled thereto, of any amounts received by the real estate broker, salesperson, or closing agent or to protect any aggrieved person from loss resulting from fraudulent, deceptive, or dishonest practices or conversion of trust funds arising out of any transaction when the real estate broker or salesperson was licensed and performed acts for which a license is required under this chapter. The bond shall remain operative for as long as that real estate broker, salesperson, or closing agent is licensed. No payment shall be made from the fund based upon claims against any broker, salesperson, or closing agent who is granted reinstatement pursuant to this subdivision. A discharge in bankruptcy shall not relieve a person from the penalties and disabilities provided in this section.

Subd. 14. Satisfaction of claims. The commissioner shall satisfy all claims against licensees for which an order pursuant to subdivision 12 directing payment from the recovery portion of the fund has become final during the calendar year. Each claim shall be satisfied by the commissioner by July 15 of the calendar year after the year in which the order directing payment of the claim becomes final, subject to the limitations of this section. If, at the end of any calendar year, the commissioner determines that the courts have issued orders that have become final during the year directing payment out of the recovery portion of the fund in a total amount in excess of the funds available for recovery purposes, the commissioner shall allocate the funds available for recovery purposes among all claimants in the ratio that the amount ordered paid to each claimant bears to the aggregate of all amounts ordered paid. The commissioner shall mail notice of the allocation to all claimants not less than 45 days following the end of the calendar year. Any claimant who objects to the plan of allocation shall file a petition in the District Court of Ramsey or Hennepin County within 20 days of the mailing of notice setting forth the grounds for objection. Upon motion of the commissioner, the court shall summarily dismiss the petition and order distribution in accordance with the proposed plan of allocation unless it finds substantial reason to believe that the distribution would be in

violation of the provisions of this section. If a petition is filed, no distribution shall be made except in accordance with a final order of the court. In the event no petition is filed within 20 days of the mailing of notice, the commissioner shall make a distribution in accordance with the plan of allocation. Any distribution made by the commissioner in accordance with this subdivision shall be deemed to satisfy and extinguish the claims of any claimant receiving a distribution against the fund.

Subd. 15. **Appropriation.** Any sums received by the commissioner pursuant to any provisions of this section shall be deposited in the state treasury, and credited to the real estate education, research and recovery fund, and said sums shall be allocated exclusively for the purposes provided in this section. All moneys in the fund are appropriated annually to the commissioner for the purposes of this section.

All money credited to the fund under section 462A.201 may only be used for purposes under subdivision 6, clause (f). Beginning in 1990, the commissioner must, on February 1 of each year, review the amount of money spent or allocated for uses under subdivision 6, clause (f), for the previous calendar year. If the amount spent or allocated is less than the amount credited to the fund under section 462A.201 during the same calendar year, the difference must be transferred from the fund to the housing trust fund account established in section 462A.201. If the fund balance exceeds \$4,000,000, the commissioner may suspend the fee imposed under subdivision 3.

Subd. 16. **Criminal penalty.** It shall be unlawful for any person or the agent of any person to knowingly file with the commissioner any notice, statement, or other document required under the provisions of this section which is false or untrue or contains any material misstatement of fact. Such conduct shall constitute a gross misdemeanor.

Subd. 17. **Right of subrogation.** When, upon the order of the court, the commissioner has paid from the recovery portion of the fund any sum to the judgment creditor, the commissioner shall be subrogated to all of the rights of the judgment creditor to the extent of the amount so paid and the judgment creditor shall assign all right, title and interest in the judgment to the extent of the amount so paid to the commissioner and any amount and interest so recovered by the commissioner on the judgment shall be deposited to the fund.

Subd. 18. **Effect of section on commissioner's authority.** Nothing contained in this section shall limit the authority of the commissioner to take disciplinary action against any licensee under other provisions of this chapter; nor shall the repayment in full of all obligations to the recovery portion of the fund by any licensee nullify or modify the effect of any other disciplinary proceeding brought pursuant to the provisions of this chapter.

Subd. 19. **Periodic report of fund activities.** The commissioner shall, on or before October 1 in each even-numbered year, prepare and file in the Office of the Governor for the preceding two fiscal years ending June 30 a report on the activities of the real estate education, research and recovery fund; noting the amount of money received by the fund, the amount of money expended and the purposes therefor.

History: 1973 c 410 s 18; 1974 c 355 s 5; 1977 c 215 s 5; 1980 c 516 s 2; 1980 c 607 art 14 s 46; 1980 c 614 s 76; 1981 c 280 s 1; 1983 c 284 s 16; 1983 c 289 s 114 subd 1; 1984 c 552 s 15; 1984 c 655 art 1 s 92; 1986 c 444; 1987 c 336 s 25; 1987 c 384 art 2 s 1; 1988 c 654 s 3,4; 1989 c 347 s 36-41; 1992 c 555 art 1 s 4-10; 1993 c 309 s 20,21; 1994 c 632 art 4 s 38; 1995 c 68 s 5; 1995 c 186 s 20; 1996 c 439 art 1 s 11; 2001 c 208 s 17,18; 2002 c 220 art 12 s 11; 2003 c 112 art 2 s 50; 2004 c 203 art 2 s 61; 2004 c 228 art 1 s 18; 2006 c 196 art 2 s 3

NOTE: The amendment to subdivision 7 by Laws 2006, chapter 196, article 2, section 3, is effective August 1, 2007. Laws 2006, chapter 196, article 1, section 52.

82.44 RECIPROCITY.

The requirements of sections 82.29, subdivision 8, and 82.32 may be waived for individuals of other jurisdictions, provided: (1) a written reciprocal licensing agreement is in effect between the commissioner and the licensing officials of that jurisdiction, (2) the individ-

ual is licensed in that jurisdiction, and (3) the licensing requirements of that jurisdiction are substantially similar to the provisions of this chapter.

History: 1973 c 410 s 6; 1975 c 38 s 3,4; 1976 c 197 s 4; 1977 c 215 s 2,3; 1979 c 144 s 3; 1983 c 284 s 14; 1983 c 328 s 9; 1984 c 552 s 11-14; 1985 c 251 s 9; 1986 c 358 s 9-11; 1986 c 444; 1Sp1986 c 1 art 7 s 5; 1987 c 336 s 23; 1989 c 347 s 18-22; 1991 c 75 s 1,2; 1991 c 233 s 48-51; 1992 c 555 art 1 s 3; 1993 c 309 s 13,14; 1994 c 632 art 4 s 36,37; 1996 c 439 art 3 s 9; 1997 c 222 s 35; 2000 c 483 s 44; 2001 c 208 s 14; 2002 c 387 s 8,9; 2004 c 203 art 2 s 47,61

82.45 RECORDS.

Subdivision 1. **Delivery.** Each real estate broker, real estate salesperson, or closing agent shall furnish parties to a transaction a true and accurate copy of any document pertaining to their interests as the commissioner through appropriate rules may require.

Subd. 2. **Examination of records.** The commissioner may make examinations within or without this state of each broker's or closing agent's records at such reasonable time and in such scope as is necessary to enforce the provisions of this chapter.

Subd. 3. **Retention.** A licensed real estate broker shall retain for three years copies of all listings, buyer representation and facilitator services contracts, deposit receipts, purchase money contracts, canceled checks, trust account records, and such other documents as may reasonably be related to carrying on a real estate brokerage business. The retention period shall run from the date of the closing of the transaction, or from the date of the document if the document is not consummated. The following documents need not be retained:

(1) agency disclosure forms provided to prospective buyers or sellers, where no contractual relationship is subsequently created and no services are provided by the licensee; and

(2) facilitator services contracts or buyer representation contracts entered into with prospective buyers, where the prospective buyer abandons the contractual relationship before any services have been provided by the licensee.

History: 1973 c 410 s 7; 1989 c 347 s 23,24; 2002 c 286 s 5; 2004 c 203 art 2 s 61

82.46 RENTAL SERVICES.

Subdivision 1. **License.** A rental service shall obtain a real estate broker's license before engaging in business or holding itself out as being engaged in business. No person shall act as a real estate salesperson on behalf of a rental service without first obtaining a real estate salesperson's license on behalf of the rental service.

Subd. 2. **Dissemination of unit information.** A rental service shall not provide information regarding a rental unit without the express authority of the owner of the unit.

Subd. 3. **Advertising.** A rental service shall not advertise in a manner that is misleading with regards to fees charged, services provided, the availability of rental units, or rental terms or conditions.

History: 2004 c 203 art 2 s 58

82.47 RULEMAKING POWERS.

The commissioner may promulgate such rules as are reasonably necessary to carry out and make effective the provisions and purposes of this chapter.

History: 1973 c 410 s 12; 1985 c 248 s 70; 2004 c 203 art 2 s 61

82.48 STANDARDS OF CONDUCT.

Subdivision 1. **Access to governing statutes and rules.** Every real estate office and branch office shall have a current copy of this chapter and chapter 83 and the rules adopted under those chapters, available for the use of licensees. Access to the statutes and rules required by this section may be made available through an electronic agent.

Subd. 2. **Penalty for noncompliance.** The methods, acts, or practices set forth in subdivisions 1 and 3 and sections 82.19; 82.22; 82.27; 82.31, subdivision 6; 82.37; and 82.41, sub-

division 11, are standards of conduct governing the activities of real estate brokers and salespersons. Failure to comply with these standards shall constitute grounds for license denial, suspension, or revocation, or for censure of the licensee.

Subd. 3. Responsibilities of brokers. (a) **Supervision of personnel.** Brokers shall adequately supervise the activities of their salespersons and employees. Supervision includes the ongoing monitoring of listing agreements, purchase agreements, other real estate-related documents which are prepared or drafted by the broker's salespersons or employees or which are otherwise received by the broker's office, and the review of all trust account books and records. If an individual broker maintains more than one place of business, each place of business shall be under the broker's direction and supervision. If a partnership or corporate broker maintains more than one place of business, each place of business shall be under the direction and supervision of an individual broker licensed to act on behalf of the partnership or corporation.

The primary broker shall maintain records specifying the name of each broker responsible for the direction and supervision of each place of business. If an individual broker, who may be the primary broker, is responsible for supervising more than one place of business, the primary broker shall, upon written request of the commissioner, file a written statement specifying the procedures which have been established to ensure that all salespersons and employees are adequately supervised. Designation of another broker to supervise a place of business does not relieve the primary broker of the ultimate responsibility for the actions of licensees.

(b) **Preparation and safekeeping of documents.** Brokers shall be responsible for the preparation, custody, safety, and accuracy of all real estate contracts, documents, and records, even though another person may be assigned these duties by the broker.

(c) **Documentation and resolution of complaints.** Brokers shall investigate and attempt to resolve complaints made regarding the practices of any individual licensed to them and shall maintain, with respect to each individual licensed to them, a complaint file containing all material relating to any complaints received in writing for a period of three years.

(d) **Disclosure of listed property information.** A broker may allow any unlicensed person, who is authorized by the broker, to disclose any factual information pertaining to the properties listed with the broker, if the factual information is provided to the unlicensed person in written form by the broker representing or assisting the seller(s).

History: 2004 c 203 art 2 s 59,61

82.49 TABLE FUNDING.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Closing agent" has the meaning given in section 82.17, subdivision 3.

(c) "Collected funds" means funds deposited, finally settled, and credited to the closing agent's escrow account.

(d) "Established business relationship" means that the closing agent has performed at least 25 residential closings on behalf of the lender.

(e) "Federally insured financial institution" means an institution in which monetary deposits are insured by the Federal Deposit Insurance Corporation or National Credit Union Administration.

(f) "Lender" means a person who makes residential mortgage loans including a person who engages in table funding. "Lender" does not include any organization described in section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended, if the organization is exempt from tax under section 501(a) of the Internal Revenue Code of 1986, as amended. "Lender" does not include a state or any political subdivision of a state.

(g) "Qualified loan funds" means funds in one of the following forms:

- (1) lawful money of the United States;
- (2) wired funds when unconditionally held by the closing agent;

(3) cashier's checks, certified checks, bank money orders, or teller's checks issued by a federally insured financial institution and unconditionally held by the closing agent; and

(4) United States treasury checks, Federal Reserve Bank checks, federal home loan bank checks, and state of Minnesota warrants.

(h) "Table funding" means a closing or settlement at which a mortgage loan is funded by a lender by a contemporaneous advance of mortgage loan funds and an assignment of the mortgage loan to the lender advancing the funds.

Subd. 2. Requirements. (a) A closing agent shall not make disbursements out of an escrow, security deposit, settlement, or closing account unless the funds received from the lender are collected funds or qualified loan funds. This subdivision does not prohibit a closing agent from electing to disburse out of an escrow, security deposit, settlement, or closing account, other than with collected funds or qualified loan funds, if the closing agent has an established business relationship with the lender on whose behalf the closing is being conducted.

(b) A lender, using the closing services of a closing agent, shall at or before the time of the closing deliver loan funds to the closing agent either in the form of collected funds or qualified loan funds.

History: 1998 c 344 s 1; 2004 c 203 art 2 s 61

82.50 TRUST ACCOUNT REQUIREMENTS.

Subdivision 1. Generally. All trust funds received by a broker or the broker's salespeople or closing agents shall be deposited forthwith upon receipt in a trust account, maintained by the broker for such purpose in a bank, savings association, credit union, or an industrial loan and thrift company with deposit liabilities designated by the broker or closing agent, except as such money may be paid to one of the parties pursuant to express written agreement between the parties to a transaction. The depository bank shall be a Minnesota bank or trust company or any foreign bank and shall authorize the commissioner to examine its records of such deposits upon demand by the commissioner. The industrial loan and thrift company shall be organized under chapter 53. The savings association or credit union shall be organized under the laws of any state or the United States.

Subd. 2. Licensee acting as principal. A licensee acting in the capacity of principal in a real estate transaction where the seller retains any liability, contingent or otherwise, for the payment of an obligation on the property shall deposit in a Minnesota bank or trust company, any foreign bank which authorizes the commissioner to examine its records of the deposits, a savings association, credit union, or an industrial loan and thrift company organized under chapter 53 with deposit liabilities, in a trust account, those parts of all payments received on contracts that are necessary to meet any amounts concurrently due and payable on any existing mortgages, contracts for deed or other conveyancing instruments, and reserve for taxes and insurance or any other encumbrance on the receipts. The deposits must be maintained until disbursement is made under the terms of the encumbrance and proper accounting on the property made to the parties entitled to an accounting. The provisions of this subdivision relating to rental of interests in real estate apply only to residential property.

Subd. 3. Nondeposable items. In the event earnest money or other down payments in a real estate transaction are received by the broker or salesperson in the form of a nondeposable item such as a note, bond, stock certificate, treasury bill, or any other instrument or equity or thing of value received by a broker, salesperson, or closing agent received in lieu of cash shall be deposited immediately with an authorized escrow agent, whose authority is evidenced by a written agreement executed by the offeror and the escrow agent. A receipt shall be issued to the buyer for the value of the nondeposable item.

In the event the broker acts as the escrow agent, the broker shall obtain written authority from the buyer and seller to hold such items in escrow. In all cases, the parties shall be advised of the details relative to the nondeposable item, including the nature of the item, the amount, and in whose custody such item is being held. The fact that such an item is being held by the broker shall be duly recorded in the broker's trust account records.

Subd. 4. **Commingling funds.** A broker, salesperson, or closing agent shall deposit only trust funds in a trust account and shall not commingle personal funds or other funds in a trust account, except that a broker, salesperson, or closing agent may deposit and maintain a sum in a trust account from personal funds, which sum shall be specifically identified and used to pay service charges or satisfy the minimum balance requirements relating to the trust account.

Subd. 5. **Trust accounts.** (a) Each broker or closing agent shall maintain and retain records of all trust funds and trust accounts. The commissioner may prescribe information to be included in the records by appropriate rules.

(b) Unless otherwise agreed upon in writing by the parties to a transaction, the broker with whom trust funds are to be deposited in satisfaction of subdivision 1 shall be the listing broker.

(c) A check received from a potential buyer shall be deposited into the listing broker's trust account not later than the third business day after delivery of the check to the broker, except that the check may be held by the listing broker until acceptance or rejection of the offer if:

(1) the check by its terms is not negotiable by the broker or if the potential buyer has given written instructions that the check shall not be deposited nor cashed until acceptance or shall be immediately returned if the offer is rejected; and

(2) the potential seller is informed that the check is being so held before or at the time the offer is presented to that person for acceptance.

If the offer is accepted, the check shall be deposited in a neutral escrow depository or the trust fund account of the listing broker not later than the third business day following acceptance of the offer unless the broker has received written authorization from all parties to the transaction to continue to hold the check. If the offer is rejected, the check shall be returned to the potential buyer not later than the next business day after rejection.

(d) Trust funds must be maintained in a trust account until disbursement is made in accordance with the terms of the applicable agreements and proper accounting is made to the parties entitled to an accounting.

Disbursement must be made within a reasonable time following the consummation or termination of a transaction if the applicable agreements are silent as to the time of disbursement.

Subd. 6. **Notice of trust account status.** The names of the banks, savings associations, credit unions, and industrial loan and thrift companies and the trust account numbers used by a broker or closing agent shall be provided to the commissioner at the time of application for the broker's or closing agent's license. The broker shall immediately report to the commissioner any change of trust account status including changes in banks, savings associations, credit unions, and industrial loan and thrift companies, account numbers, or additional accounts in the same or other banks, savings associations, credit unions, and industrial loan and thrift companies. A broker or closing agent shall not close an existing trust account without giving ten days' written notice to the commissioner.

Subd. 7. **Interest bearing accounts.** Notwithstanding the provisions of this chapter, a real estate broker may establish and maintain interest bearing accounts for the purpose of receiving deposits in accordance with the provisions of section 504B.178.

Subd. 8. **Accrued interest.** (a) Each broker shall maintain a pooled interest-bearing trust account for deposit of client funds. The interest accruing on the trust account, less reasonable transaction costs, must be paid to the commissioner of finance for deposit in the housing trust fund account created under section 462A.201 unless otherwise specified pursuant to an expressed written agreement between the parties to a transaction.

(b) For an account created under paragraph (a), each broker shall direct the financial institution to:

(1) pay the interest, less reasonable transaction costs, computed in accordance with the financial institution's standard accounting practice, at least quarterly, to the commissioner of finance; and

(2) send a statement to the commissioner of finance showing the name of the broker for whom the payment is made, the rate of interest applied, the amount of service charges deducted, and the account balance for the period in which the report is made.

The commissioner of finance shall credit the amount collected under this subdivision to the housing trust fund account established in section 462A.201.

(c) The financial institution must promptly notify the commissioner if a draft drawn on the account is dishonored. A draft is not dishonored if a stop payment order is requested by an issuer who has a good faith defense to payment on the draft.

Subd. 9. Consent to place in special account. Trust funds may be placed by the broker in a special account which may be an interest-bearing account or certificate of deposit if the buyer and the seller consent in writing to the special account and to the disposition of the trust funds, including any interest thereon.

Subd. 10. Licensee as principal. Funds which would constitute trust funds if received by a licensee acting as an agent must, if received by a licensee acting as principal, be placed in a trust account unless a written agreement signed by all parties to the transaction specifies a different disposition of the funds. The written agreement shall state that the funds would otherwise be placed in a real estate trust account.

Subd. 11. Trust account records. (a) Every broker shall keep a record of all trust funds received, including notes, savings certificates, uncashed or uncollected checks, or other similar instruments. Said records shall set forth:

- (1) date funds received;
- (2) from whom received;
- (3) amount received;
- (4) with respect to funds deposited in a trust account, the date of said deposit;
- (5) with respect to funds previously deposited in a trust account, the check number or date of related disbursements; and
- (6) a monthly balance of the trust account.

Each broker shall maintain a formal trust cash receipts journal and a formal cash disbursement journal, or similar records, in accordance with generally accepted accounting principles. All records and funds shall be subject to inspection by the commissioner or an agent of the commissioner at any time.

(b) Each broker shall keep a separate record for each beneficiary or transaction, accounting for all funds therein which have been deposited in the broker's trust bank account. These records shall set forth information sufficient to identify the transaction and the parties thereto. At a minimum, each record shall set forth:

- (1) the date funds are deposited;
- (2) the amount deposited;
- (3) the date of each related disbursement;
- (4) the check number of each related disbursement;
- (5) the amount of each related disbursement; and
- (6) a description of each disbursement.

History: 1973 c 410 s 8; 1975 c 38 s 5; 1984 c 473 s 8-10; 1985 c 248 s 70; 1985 c 251 s 10; 1986 c 358 s 12; 1986 c 444; 1Sp1986 c 3 art 2 s 48; 1987 c 105 s 4-6; 1987 c 336 s 24; 1988 c 654 s 2; 1989 c 347 s 25-30; 1993 c 309 s 15; 1994 c 461 s 2; 1995 c 202 art 1 s 25; 1997 c 222 s 36; 1999 c 199 art 2 s 2; 2001 c 208 s 15; 2003 c 112 art 2 s 50; 2004 c 203 art 2 s 49-53,61; 2006 c 212 art 3 s 5

MINNESOTA STATUTES 2006

82.51 UNCLAIMED PROPERTY ACT COMPLIANCE.

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 of compliance with the requirements set forth in chapter 345 relating to unclaimed property.

History: *2004 c 203 art 2 s 60*