

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to Real Estate Appraiser

4 Licensing and Education

5

6 Rules as Adopted

7 2808.0100 DEFINITIONS.

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

10 Subp. 2. **Applicant.** "Applicant" means an individual who
11 has applied to the commissioner of commerce pursuant to
12 Minnesota Statutes, chapter 82B, for a license as a real estate
13 appraiser.

14 Subp. 3. **Appraisal foundation or foundation.** "Appraisal
15 foundation" or "foundation" means the appraisal foundation
16 established on November 30, 1987, as a nonprofit corporation
17 under the laws of Illinois.

18 Subp. 4. **Appraisal standards board.** "Appraisal standards
19 board" means the independent board of the appraisal foundation
20 responsible for promulgation of minimum appraisal standards for
21 federally related transactions.

22 Subp. 5. **Appraiser qualifications board.** "Appraiser
23 qualifications board" means the independent board of the
24 appraiser foundation responsible for promulgation of
25 qualification criteria for licensure of real estate appraisers
26 authorized to conduct appraisals on federally related
27 transactions, and for issuing or endorsing a uniform state real
28 estate appraiser qualification examination.

29 Subp. 6. **Certified federal residential real property**
30 **appraiser.** "Certified federal residential real property
31 appraiser" means an individual licensed under Minnesota
32 Statutes, section 82B.11, to perform appraisals on one- to
33 four-family residential units or agricultural property
34 regardless of transaction value or complexity.

35 Subp. 7. **Certified federal general real property appraiser.**

1 "Certified federal general real property appraiser" means an
2 individual licensed under Minnesota Statutes, section 82B.11, to
3 perform appraisals on all types of real property.

4 Subp. 8. **Classroom hour.** "Classroom hour" means 60
5 minutes out of each 60-minute segment.

6 Subp. 9. **Commissioner.** "Commissioner" means the
7 commissioner of commerce.

8 Subp. 10. **Coordinator.** "Coordinator" means an individual
9 who is responsible for monitoring real estate appraisal
10 education offerings.

11 Subp. 11. **Federal appraisal subcommittee.** "Federal
12 appraisal subcommittee" means the appraisal subcommittee of the
13 Federal Financial Institutions Examinations Council as set forth
14 under United States Code, title 12, sections 3301 et. seq.

15 Subp. 12. **Federal financial institutions regulatory agency.**
16 "Federal financial institutions regulatory agency" means the
17 Board of Governors of the Federal Reserve System, the Federal
18 Deposit Insurance Corporation, the Office of the Comptroller of
19 the Currency, the Office of Thrift Supervision, or the National
20 Credit Union Administration.

21 Subp. 13. **Federal residential real property appraiser.**
22 "Federal residential real property appraiser" means an
23 individual licensed under Minnesota Statutes, section 82B.11, to
24 perform appraisals on noncomplex one- to four-family residential
25 units or agricultural property having a transactional value of
26 less than \$1,000,000 and complex one- to four-family residential
27 units or agricultural property having a transactional value of
28 less than \$250,000.

29 Subp. 14. **Federally related transaction.** "Federally
30 related transaction" means any real estate-related financial
31 transaction that a federal financial institutions regulatory
32 agency or the federal Resolution Trust Corporation engages in,
33 contracts for, or regulates; and that requires the services of a
34 licensed or certified real estate appraiser.

35 Subp. 15. **Foundation appraisal organization.** "Foundation
36 appraisal organization" means a member private appraisal trade

1 organization of the appraisal foundation including, but not
2 limited to, the following: American Institute of Real Estate
3 Appraisers, American Society of Appraisers, American Society of
4 Farm Managers and Rural Appraisers, International Association of
5 Assessing Officers, International Right of Way Association,
6 National Association of Independent Fee Appraisers, National
7 Society of Real Estate Appraisers, or Society of Real Estate
8 Appraisers.

9 Subp. 16. **Instructor.** "Instructor" means an individual
10 lecturing in a real estate appraisal education offering.

11 Subp. 17. **Person.** "Person" means a natural person, firm,
12 institution, partnership, corporation, or association.

13 Subp. 18. **Real estate appraiser or real property appraiser.**
14 "Real estate appraiser" or "real property appraiser" means a
15 person who develops and communicates appraisals on real property
16 and holds a current, valid license issued under Minnesota
17 Statutes, chapter 82B.

18 Subp. 19. **Real estate-related financial transaction.**
19 "Real estate-related financial transaction" means any
20 transaction involving the sale, lease, purchase, investment in,
21 or exchange of real property, including interests in property,
22 or the financing thereof; the refinancing of real property or
23 interests in real property; and the use of real property or
24 interests in property as security for a loan or investments,
25 including mortgage-backed securities.

26 Subp. 20. **Sponsor.** "Sponsor" means a person offering or
27 providing real estate appraisal education.

28 Subp. 21. **State real property appraiser.** "State real
29 property appraiser" means an individual licensed under Minnesota
30 Statutes, section 82B.11, to perform appraisals on residential
31 real property or agricultural acreage which does not require a
32 net income capitalization analysis under the uniform standards
33 of professional appraisal practice.

34 LICENSING

35 2808.1000 PAYMENT OF FEES.

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

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

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

14 Subp. 3. **Fees to federal appraisal subcommittee.** In
15 addition to the fees required for licensure under Minnesota
16 Statutes, section 82B.09, the commissioner shall collect and
17 remit such other fees as are required by the federal appraisal
18 subcommittee.

19 2808.1100 LICENSE.

20 Subpart 1. **Application for real estate appraiser license.**
21 After successful completion of the appropriate prelicensing
22 education requirements and real estate appraiser licensing
23 examination, an individual shall have one year from the date of
24 the examination to apply for a real estate appraiser license.
25 Application shall be on forms prescribed by the commissioner.

26 Failure to apply for a license will require reexamination.

27 Subp. 2. **Cancellation of license.** A real estate
28 appraiser's license shall be canceled by the commissioner for
29 failure of a licensee to complete continuing education
30 requirements. In this case, the license must be returned to the
31 commissioner within ten days of receipt of notice of
32 cancellation.

33 Subp. 3. **Reinstatement of license.** Within two years of a
34 license cancellation, a person who was previously licensed may
35 reinstate the license without examination by completing the

1 required application, paying the required fee for a new license
2 application, and reporting successful completion of all
3 outstanding continuing education requirements for the period
4 during which the license was canceled. The license shall be
5 reinstated without reexamination by completing the required
6 instruction, filing an application, and paying the fee for the
7 license within two years of the cancellation date.

8 2808.1200 CHANGE OF INFORMATION; NOTICE TO COMMISSIONER.

9 A licensee must notify the commissioner in writing of any
10 change in the information contained in the license application
11 no later than ten days after the change.

12 2808.1300 NONRESIDENT APPOINTMENT OF COMMISSIONER FOR SERVICE OF
13 PROCESS.

14 Subpart 1. Requirement for appointment. Each real estate
15 license applicant who is a nonresident of the state shall
16 appoint the commissioner to serve as attorney for the applicant
17 upon whom may be served all legal process in any action or
18 proceeding to which that person may be a party and which relates
19 to or involves any transaction governed by Minnesota Statutes,
20 chapter 82B.

21 Subp. 2. Form for consent to service of process. The form
22 for appointment of the commissioner as attorney for service of
23 process shall be as provided in this subpart.

24 STATE OF MINNESOTA
25 DEPARTMENT OF COMMERCE
26 LICENSING UNIT
27 133 East Seventh Street
28 Saint Paul, Minnesota 55101
29 INDIVIDUAL APPOINTMENT OF ATTORNEY FOR
30 SERVICE OF PROCESS

31 KNOW ALL PERSONS BY THESE PRESENTS:

32 That in compliance with the Laws of the State of Minnesota,
33, a nonresident, does hereby appoint the
34 Commissioner of Commerce of the State of Minnesota, successor or
35 successors in office as his/her true and lawful attorney upon

1 whom may be served all legal process in any action or proceeding
2 in which he/she may be a party and which relates to or involves
3 any transaction covered by Minnesota Statutes, chapter 82B, and
4 does hereby expressly consent and agree that service upon such
5 attorney shall be as valid and binding as if due and personal
6 service had been made upon him/her and that such appointment
7 shall be irrevocable.

8 IN WITNESS WHEREOF, I have hereunto set my hand this

9 day of, 19..

10

11

12 STATE OF

13 COUNTY OF) SS.

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

20

21 Notary Public, County

22 (NOTARIAL SEAL) My Commission expires

23 2808.1400 WITHDRAWAL OF LICENSE OR APPLICATION.

24 A licensee or license applicant may at any time file with
25 the commissioner a request to withdraw from the status of
26 licensee or to withdraw a pending license application.

27 Withdrawal from the status of licensee or withdrawal of the
28 license application becomes effective upon receipt by the
29 commissioner unless a revocation, suspension, or denial
30 proceeding is pending when the request to withdraw is filed or a
31 proceeding to revoke, suspend, deny, or to impose conditions
32 upon the withdrawal is instituted within 30 days after the
33 request to withdraw is filed. If a proceeding is pending or
34 instituted, withdrawal becomes effective at the time and upon
35 the conditions the commissioner by order determines. If no

1 proceeding is pending or instituted and withdrawal automatically
2 becomes effective, the commissioner shall institute a revocation
3 or suspension proceeding within one year after withdrawal became
4 effective and enter a revocation or suspension order as of the
5 last date on which the license was in effect.

6 2808.1500 FAILURE TO RENEW LICENSE.

7 If a license lapses or becomes ineffective due to the
8 licensee's failure to timely file a renewal application and the
9 licensee continues to conduct business for which a license is
10 required, the commissioner shall institute a revocation or
11 suspension proceeding within two years after the license was
12 last effective and enter a revocation or suspension order as of
13 the last date on which the license was in effect.

14 2808.1600 REVOCATIONS.

15 If the commissioner finds that any licensee or applicant is
16 no longer in existence or has ceased to do business as a real
17 estate appraiser or is subject to an adjudication of mental
18 incompetence or to the control of a committee, conservator, or
19 guardian, or cannot be located after reasonable search, the
20 commissioner may by order revoke the license or deny the
21 application of that person.

22 2808.1700 COURSE COMPLETION CERTIFICATES FOR REAL ESTATE
23 APPRAISER LICENSE.

24 Subpart 1. **Submitting to commissioner.** Applicants for a
25 real estate appraiser license shall submit to the commissioner,
26 along with their application for licensure, a copy of the course
27 completion certificate for all required prelicensing education
28 coursework applicable to the class of license sought.

29 Subp. 2. **Forms.** The real estate appraiser prelicensing
30 education course completion certificate must be on forms
31 provided by the commissioner.

32 Subp. 3. **Copies to be maintained.** Students are
33 responsible for maintaining copies of course completion
34 certificates.

1 EXAMINATION AND EXPERIENCE

2 2808.2000 PASSING GRADE FOR EXAMINATION.

3 A passing grade for a real estate appraiser licensing
4 examination shall be a score of 75 percent or higher.

5 The commissioner shall not accept the scores of a person
6 who has cheated on an examination. Cheating on a real estate
7 appraiser examination shall be grounds for denying an
8 application for an appraiser's license.

9 2808.2100 EXAMINATION REQUIREMENTS.

10 Subpart 1. **State real property appraiser examination.** To
11 qualify for a license as a state real property appraiser, an
12 applicant must pass a current uniform state residential real
13 property appraiser (Level I) examination approved by the
14 appraiser qualifications board. The examination must test the
15 applicant's knowledge of appraisal terms, principles, theories,
16 and ethics as provided in Minnesota Statutes, section 82B.12,
17 and part 2808.7000.

18 Subp. 2. **Federal residential real property appraiser**
19 **examination.** To qualify for a license as a federal residential
20 real property appraiser, an applicant must pass a current
21 uniform state residential real estate appraiser (Level I)
22 examination approved by the appraiser qualifications board. The
23 examination must test the applicant's knowledge of appraisal
24 terms, principles, theories, and ethics as provided in Minnesota
25 Statutes, section 82B.12, and part 2808.7000.

26 Subp. 3. **Certified federal residential real property**
27 **appraiser examination.** To qualify for a license as a certified
28 federal residential real property appraiser, an applicant must
29 pass a current uniform state residential real estate appraiser
30 (Level I) examination approved by the appraiser qualifications
31 board. The examination must test the applicant's knowledge of
32 appraisal terms, principles, theories, and ethics as provided in
33 Minnesota Statutes, section 82B.12, and part 2808.7000.

34 Subp. 4. **Certified federal general real property appraiser**
35 **examination.** To qualify for a license as a certified federal

1 general real property appraiser, an applicant must pass a
2 current uniform state general real estate appraiser (Level II)
3 examination approved by the appraiser qualifications board. The
4 examination must test the applicant's knowledge of appraisal
5 terms, principles, theories, and ethics as provided in Minnesota
6 Statutes, section 82B.12, and part 2808.7100.

7 2808.2200 EXPERIENCE REQUIREMENTS.

8 Subpart 1. **Verification of experience.** Each applicant for
9 licensure as a real estate appraiser who is required to provide
10 evidence of experience before licensing shall do so by affidavit
11 on forms and in a manner prescribed by the commissioner.

12 Subp. 2. **Acceptable appraisal experience.** Acceptable
13 appraisal experience includes, but is not limited to, fee and
14 staff appraisal, ad valorem tax appraisal, review appraisal,
15 appraisal analysis, real estate counseling, highest and best use
16 analysis, feasibility analysis and study, and teaching appraisal
17 courses. Teachers may request credit for either the classroom
18 hour or experience requirement, but not both.

19 Subp. 3. **Education may not substitute.** Education, other
20 than teaching, may not substitute for experience.

21 Subp. 4. **One year equivalent.** For purposes of this part,
22 1,000 cumulative hours constitutes one year of appraisal
23 experience.

24 Subp. 5. **State real property appraiser.** To be eligible
25 for licensure as a state real property appraiser, an applicant
26 need not demonstrate evidence of experience in real estate
27 appraising.

28 Subp. 6. **Federal residential real property appraiser.** To
29 be eligible for licensure as a federal residential real property
30 appraiser, an applicant must provide the commissioner with
31 evidence of at least two years of experience in real estate
32 appraising.

33 Subp. 7. **Certified federal residential real property**
34 **appraiser.** To be eligible for licensure as a certified federal
35 residential real property appraiser, an applicant must provide

1 the commissioner with evidence of at least two years of
2 experience in real estate appraising.

3 Subp. 8. **Certified federal general real property**
4 **appraiser.** To be eligible for licensure as a certified federal
5 general real property appraiser, an applicant must provide the
6 commissioner with evidence of at least two years of experience
7 in real estate appraising. At least 50 percent, or 1,000 hours,
8 must be in nonresidential appraisal work.

9 PRELICENSING EDUCATION

10 2808.3000 PRELICENSE EDUCATION REQUIREMENTS.

11 Subpart 1. **State real property appraiser.** To qualify for
12 a license as a state real property appraiser, an applicant must
13 provide evidence to the commissioner of successful completion of
14 an approved course of prelicense education consisting of 60
15 classroom hours of instruction in appraisal principles and
16 appraisal practices and 15 classroom hours of instruction in
17 appraisal ethics and the uniform standards of professional
18 appraisal practice. Applicants for licensure must demonstrate
19 that their education involved coverage of all topics listed in
20 part 2808.7200

21 Subp. 2. **Federal residential real property appraiser.** To
22 qualify for a license as a federal residential real property
23 appraiser, an applicant must provide evidence to the
24 commissioner of successful completion of an approved course of
25 prelicense education consisting of 60 classroom hours of
26 instruction in appraisal principles and appraisal practices and
27 15 classroom hours of instruction in appraisal ethics and the
28 uniform standards of professional appraisal practice.
29 Applicants for licensure must demonstrate that their education
30 involved coverage of all topics listed in part 2808.7200.

31 Each applicant is required to successfully complete all
32 required coursework prior to taking a licensing examination.

33 Subp. 3. **Certified federal residential real property**
34 **appraiser.** To qualify for a license as a certified federal
35 residential real property appraiser, an applicant must provide

1 evidence to the commissioner of successful completion of an
2 approved course of prelicensing education consisting of 165
3 classroom hours of instruction in appraisal principles and
4 appraisal practices, and include, at least, 15 classroom hours
5 of instruction in appraisal ethics and the uniform standards of
6 professional appraisal practice. Applicants for licensure must
7 demonstrate that their education involved particular emphasis on
8 the appraisal of one- to four-family residential units and
9 included coverage of all topics listed in part 2808.7300.

10 Each applicant is required to successfully complete all
11 required coursework prior to taking a licensing examination.

12 **Subp. 3a. Education requirement prior to January 1, 1994.**
13 Prior to January 1, 1994, an approved course of prelicensing
14 education for licensure as a certified federal residential real
15 property appraiser shall consist of 105 classroom hours of
16 instruction in appraisal principles and appraisal practices, and
17 include, at least, 15 classroom hours of instruction in
18 appraisal ethics and the uniform standards of professional
19 appraisal practice. Applicants for licensure must demonstrate
20 that their education involved an emphasis on the appraisal of
21 one- to four-family residential units and included coverage of
22 the topics listed in part 2808.7300.

23 Each applicant is required to successfully complete all
24 required coursework prior to taking a licensing examination.

25 **Subp. 4. Certified federal general real property**
26 **appraiser.** To qualify for a license as a certified federal
27 general real property appraiser, an applicant must provide
28 evidence to the commissioner of successful completion of an
29 approved course of prelicensing education consisting of 165
30 classroom hours of instruction in appraisal principles and
31 appraisal practices, and include, at least, 15 hours of
32 instruction in appraisal ethics and the uniform standard of
33 professional appraisal practice. Applicants must demonstrate
34 that their education involved an emphasis on the appraisal of
35 nonresidential properties and included coverage of the topics
36 listed in part 2808.7400.

1 Each applicant is required to successfully complete all
2 required coursework prior to taking a licensing examination.

3 Subp. 5. **Approval of course offerings.** Sponsors must
4 submit their courses to the commissioner for approval at least
5 30 days prior to the date on which the course is to be held.
6 Each application for approval of a course offering must be
7 accompanied by the application for approval of the instructor
8 unless the instructor has already been approved. Applications
9 must be submitted on forms prescribed by the commissioner.

10 Subp. 6. **Approval of subsequent offerings.** If approval
11 has been granted for the initial offering of a course, approval
12 for subsequent offerings shall be granted without requiring a
13 new application if a "Notice of Subsequent Offering" is filed
14 with the commissioner at least 30 days in advance of the date
15 the course is to be held.

16 Subp. 7. **Approval of courses not submitted for approval.**
17 Licensees may receive credit for courses attended which have not
18 been submitted for approval by a coordinator. Requests for
19 approval of these courses must be submitted on forms prescribed
20 by the commissioner.

21 Subp. 8. **Successful completion of prelicensing education.**
22 Successful completion of prelicensing education requires
23 full-time classroom attendance throughout the course, completion
24 of required assignments or reading materials, and passage of a
25 written examination designated by the sponsor that is
26 sufficiently comprehensive to measure the student's knowledge of
27 all aspects of the course.

28 Subp. 9. **Additional course content.** Prelicensing courses
29 may include coverage of subject matter not prescribed in this
30 part; however, the subject matter must be presented in addition
31 to, and may not be substituted for, the course content or hours
32 specified in this part.

33 Subp. 10. **Textbooks.** Each real estate appraiser
34 prelicensing course must require the use of a text or other
35 written materials. Texts and materials must be approved by the
36 commissioner prior to initiation of the course. The

1 commissioner may also require the use of additional materials as
2 appropriate to assure thorough coverage of the topic areas
3 prescribed in this part.

4 Subp. 11. **Prelicensing education courses; access.** All
5 prelicensing education course offerings shall be open to any
6 interested individual. Access may be restricted by the sponsor
7 based on class size only, not by membership in any group or on
8 any other basis.

9 Subp. 12. **Fees.** Fees for courses shall be reasonable and
10 clearly identified to students.

11 Reasonable discounts of tuition may be offered ~~on-the-basis~~
12 ~~approved-by-the-department-in-the-course-approval.~~

13 If a course is postponed for any reason, students shall be
14 given the choice of attending the course at a later date or
15 having their tuition refunded in full. The fees must be
16 refunded within ten days of postponement unless the student has
17 notified the sponsor that the student has chosen to attend the
18 later course.

19 If a course is canceled for any reason, all fees shall be
20 promptly refunded within ten days of cancellation.

21 A sponsor may have a refund policy addressing cancellation
22 by students or student failure to complete a course, so long as
23 the policy is clear to potential students.

24 Subp. 13. **Adequate facilities to be used.** Each course of
25 study shall be conducted in a classroom or other facility that
26 is conducive to learning and is adequate to comfortably
27 accommodate the faculty and the number of students enrolled.
28 The sponsor may limit the number of students enrolled in a
29 course. Approved courses shall not be held on the premises of a
30 real estate brokerage, appraisal firm, franchise, or affiliate
31 thereof.

32 Subp. 14. **Limitation on use toward continuing education.**
33 Prelicensing education courses may not be taken for credit
34 toward continuing education requirements unless the student is
35 currently licensed as a real estate appraiser and has not taken
36 the same prelicensing education course within the prior

1 five-year period.

2 2808.3100 CERTIFICATION OF COURSE COMPLETION.

3 Subpart 1. **Forms.** Applicants for real estate appraiser
4 licensure must provide evidence of successful completion of all
5 required prelicensing instruction at the time of license
6 application.

7 Certification of successful course completion of
8 prelicensing education must be provided on forms prescribed by
9 the commissioner.

10 Subp. 2. **Certification after completion.** A certificate of
11 prelicensing education course completion issued prior to the
12 last scheduled class meeting for the course will not be accepted
13 by the commissioner.

14 Subp. 3. **Records maintained.** Sponsors of real estate
15 appraiser prelicensing education courses must maintain copies of
16 all applicants' grades and attendance records on file for five
17 years from the beginning date of the courses.

18 Grade and attendance records must be made available to the
19 commissioner upon request.

20 Subp. 4. **Examinations maintained.** Sponsors of real estate
21 appraiser prelicensing education courses must maintain a master
22 copy of each course examination, answer key, course date, and
23 instructor's name on file for two years from the date of
24 completion of the course.

25 Examination files must be made available to the
26 commissioner upon request.

27 2808.3200 PRELICENSING EDUCATION COORDINATORS.

28 Each course of real estate appraisal licensing education
29 must have at least one coordinator, approved by the
30 commissioner, who is responsible for supervising the education
31 program and assuring compliance with the statutes and rules
32 governing the offering of real estate appraisal education
33 courses.

34 Part 2808.4100 constitutes the general requirements for
35 real estate appraiser prelicensing education coordinators.

1 2808.3300 PRELICENSING EDUCATION INSTRUCTORS.

2 Subpart 1. General requirement. Each course of real
3 estate appraisal prelicensing education must be taught by an
4 instructor, approved by the commissioner, who is qualified by
5 education, training, or experience to assure competent
6 instruction. Failure to have only approved instructors teach at
7 an approved prelicensing education offering will result in loss
8 of course approval. If, after approval of a course, the
9 instructor named in the application for course approval is
10 unable to teach the course and there is insufficient time to
11 obtain approval of a substitute instructor, credit for the parts
12 of a course taught by an unapproved instructor may be obtained
13 if the requirements in items A and B are met.

14 A. Within 15 business days after the course is taught
15 by an unapproved instructor, a request for approval of the
16 instructor is filed with the department. The request must be
17 made on forms prescribed by the commissioner.

18 B. Notice of the use of an unapproved instructor must
19 be given to all enrollees as soon as that fact is known and
20 again prior to the commencement of the course. The notice must
21 state that an instructor for this course is not an approved
22 instructor as required by the Department of Commerce. If
23 approval is not obtained:

24 (1) no credit may be earned for the course;

25 (2) a full refund will be given if the enrollee
26 decides not to attend the course; and

27 (3) if the enrollee does attend the course and
28 does not earn credit for the course, a refund will be
29 automatically made. The refund will be made when the
30 department's determination is made as to the disapproval of the
31 substitute instructor.

32 Subp. 2. Instructor qualifications. To qualify for
33 approval by the commissioner, an instructor must meet the
34 requirements in items A and B.

35 A. An instructor who teaches prelicensing education

1 to persons seeking licensure as either state real property
2 appraisers or federal residential real property appraisers must
3 have completed 75 classroom hours of real estate appraiser
4 education, have two years of full-time experience as a real
5 estate appraiser within the preceding seven years, and be
6 licensed as a real estate appraiser.

7 B. An instructor who teaches prelicensing education
8 to persons seeking licensure as either certified residential
9 real property appraisers or certified federal general real
10 property appraisers must have completed 165 classroom hours of
11 real estate appraiser education, have five years of full-time
12 experience as a real estate appraiser within the previous seven
13 years with at least 50 percent of the experience being in income
14 property appraising, and be licensed as a certified residential
15 real property appraiser or a certified federal general real
16 property appraiser.

17 Subp. 3. **Responsibilities.** Approved instructors must:

18 A. comply with all laws and rules pertaining to real
19 estate appraiser prelicensing education;

20 B. provide students with current and accurate
21 information;

22 C. maintain an atmosphere conducive to learning in a
23 classroom; and

24 D. provide assistance to the students and respond to
25 questions relating to course material.

26 Subp. 4. **Waiver.** The commissioner may approve as an
27 instructor an individual who through education, training, or
28 experience possesses qualifications equivalent to those required
29 by this part.

30 **REAL ESTATE APPRAISER CONTINUING EDUCATION**

31 **2808.4000 GENERAL CONTINUING EDUCATION REQUIREMENTS.**

32 Subpart 1. **Continuing education requirements.** To be
33 eligible for continuous licensing, each real estate appraiser
34 licensee is required to successfully complete 15 classroom hours
35 of continuing education within the 12-month period immediately

1 preceding license renewal.

2 Subp. 2. Courses approved for continuing education
3 credit. Only courses which impart substantive and procedural
4 knowledge relating to the real estate appraisal field will be
5 approved for credit. The burden of demonstrating that courses
6 impart substantive or procedural knowledge in the real estate
7 appraisal field is on the person seeking approval or credit.

8 Credit will be granted for educational offerings that cover
9 the real estate-related appraisal topics in part 2808.7400.

10 Subp. 3. Courses not approved for continuing education.

11 Courses that include the following topics will not be approved
12 for continuing education credit:

13 A. courses designed to prepare students for a license
14 examination, except as permitted by part 2808.3000, subpart 14;

15 B. courses in mechanical office or business skills,
16 including typing, speed-reading, or use of calculators or other
17 machines or equipment;

18 C. courses in sales promotion, including meetings
19 held in conjunction with the general business of the licensee;

20 D. courses in motivation, salesmanship, psychology,
21 time management, or communication;

22 E. courses related to office management or intended
23 to improve the operation of the licensee's business;

24 F. courses that can be completed by the student at
25 home or outside the classroom without the supervision of an
26 instructor approved by the Department of Commerce; or

27 G. courses that do not otherwise offer substantive or
28 procedural knowledge in the field of real estate appraisal as
29 determined by the Department of Commerce.

30 Subp. 4. Approval of course offerings. Sponsors must
31 submit their courses to the commissioner for approval at least
32 30 days before the date on which the course is to be held. Each
33 application for approval of a course offering must be
34 accompanied by the application for approval of the instructor
35 unless the instructor has already been approved. Applications
36 must be submitted on forms prescribed by the commissioner.

1 Subp. 5. Approval of subsequent offerings. If approval
2 has been granted for the initial offering of a course, approval
3 for subsequent offerings shall be granted without requiring a
4 new application if a "Notice of Subsequent Offering" is filed
5 with the commissioner at least 30 days in advance of the date
6 the course is to be held.

7 Subp. 6. Approval of continuing education courses not
8 submitted for approval. Licensees may receive continuing
9 education credit for courses attended which have not been
10 submitted for approval by a coordinator. Requests for approval
11 of these courses must be submitted on forms prescribed by the
12 commissioner.

13 Subp. 7. Credit hours. Credit toward satisfaction of
14 continuing education requirements will only be granted where
15 course offerings are at least one-half hour in length. The
16 number of hours approved will only include time spent on
17 educational activities.

18 Continuing education courses must be attended in their
19 entirety in order for a licensee to receive full credit.
20 Sponsors may not issue certificates of completion to students
21 who have not attended a continuing education course in its
22 entirety. Proportional credit may not be given for partial
23 attendance at a continuing education course. Certificates of
24 completion, however, may be issued to students who have
25 completed the entire course even if the student did so by
26 attending more than one offering of the course.

27 Upon completion of approved courses, students shall receive
28 credit for the number of hours approved for the course based on
29 one hour of credit for each classroom hour of attendance.

30 The approved instructor for a continuing education course
31 shall earn 1-1/2 hours of continuing education credit for each
32 classroom hour of instruction of approved continuing education
33 courses.

34 Neither students nor instructors may earn continuing
35 education credit for attending or instructing at any subsequent
36 offering of the same continuing education course for three years

1 after attending or teaching the course.

2 Subp. 8. **Examinations.** Course examinations will not be
3 required for continuing education courses unless the sponsor
4 requires an examination.

5 Subp. 9. **Textbooks.** Textbooks are not required for real
6 estate appraiser continuing education courses. If textbooks are
7 not used, students must be provided with a syllabus containing,
8 at a minimum, the course title, the times and dates of the
9 course offering, the names and addresses or telephone numbers of
10 the course coordinator and instructor, and a detailed outline of
11 the subject matter to be covered. A textbook or syllabus must
12 be available for the use of each student during the course. Any
13 printed material disbursed to the students must be of a readable
14 quality. Any textbook required must contain accurate and
15 current information relating to the subject being taught.

16 Subp. 10. **Continuing education courses; access.**
17 Continuing education course offerings must be open to any
18 interested individuals. Access may be restricted by the sponsor
19 based on class size only, not on membership in any group or on
20 any other basis.

21 Subp. 11. **Fees.** Fees for courses shall be reasonable and
22 clearly identified to students.

23 Reasonable discounts of tuition may be offered.

24 If a course is canceled for any reason, all fees shall be
25 promptly refunded within ten days of cancellation.

26 If a course is postponed for any reason, students shall be
27 given the choice of attending the course at a later date or
28 having their tuition refunded in full. Fees must be refunded
29 within ten days of postponement unless the student has notified
30 the sponsor that the student has chosen to attend the later
31 course.

32 A sponsor may have a refund policy addressing cancellation
33 by students or a student's failure to complete a course, as long
34 as that policy is clear to potential students.

35 Subp. 12. **Adequate facility to be used.** Each course of
36 study shall be conducted in a classroom or other facility that

1 is conducive to learning and adequate to comfortably accommodate
2 the faculty and the number of students enrolled. The sponsor
3 may limit the number of students enrolled in a course. Approved
4 courses shall not be held on the premises of a real estate
5 brokerage, appraisal firm, franchise, or an affiliate thereof.

6 **Subp. 13. National examination preparatory course.**

7 Courses offered in preparation for a recognized national
8 appraisal organization accreditation examination shall be
9 assigned continuing education credit hours in the same manner as
10 other courses.

11 **Subp. 14. Extensions.** Upon appropriate showing of a bona

12 fide financial or medical hardship, the commissioner shall
13 extend, for up to 90 days, the time period during which the
14 continuing education must be successfully completed. Loss of
15 income from either attendance at courses or cancellation of a
16 license is not a bona fide financial hardship.

17 Requests for extensions must be submitted in writing no

18 later than June 1 of the year due and shall include an
19 explanation with verification of the hardship, plus verification
20 of enrollment at an approved course of study.

21 **Subp. 15. Waiver of continuing education classroom**

22 **requirement.** If a licensee provides satisfactory documentation
23 to the commissioner that the licensee is unable, and will
24 continue to be unable, to attend actual classroom course work
25 because of a physical handicap, medical condition, or similar
26 reason, classroom attendance at continuing education courses
27 shall be waived for a period not to exceed one year.

28 The commissioner shall require that the individual read a
29 sufficient number of real estate appraisal textbooks or listen
30 to a sufficient number of real estate appraisal-related tapes as
31 would be necessary for the licensee to satisfy the licensee's
32 educational credit hour needs. The commissioner shall award the
33 licensee credit hours for reading books or listening to tapes by
34 determining how many credit hours would be granted to a
35 classroom course involving the same material and giving the
36 licensee the same number of credit hours.

1 The licensee may apply each year for a new waiver upon the
2 same terms and conditions as were necessary to secure the
3 original waiver. The commissioner may request the documentation
4 of the condition upon which the request for waiver is based as
5 shall be necessary to satisfy the commissioner of the existence
6 of the condition and that the condition does preclude attendance
7 at continuing education courses.

8 2808.4100 CONTINUING EDUCATION COURSE COORDINATOR.

9 Subpart 1. **General requirement.** Each course of study
10 shall have at least one coordinator, approved by the
11 commissioner, who is responsible for supervising the program and
12 assuring compliance with the statutes and rules governing the
13 offering of real estate appraiser education courses. Assistants
14 may be hired by the sponsor; however, the approved coordinator
15 remains responsible for compliance with the laws.

16 Subp. 2. **Qualifications.** Course coordinators shall
17 possess one of the following qualifications:

18 A. a minimum of five years of experience during the
19 immediately preceding five-year period as a full-time real
20 estate appraiser;

21 B. at least three years of practical experience
22 during the immediately preceding five-year period in the
23 administration of an education program; or

24 C. a degree in education plus at least two years of
25 practical real estate appraisal experience during the
26 immediately preceding five-year period.

27 Subp. 3. **Applications; forms.** Applications for
28 coordinator approval shall be submitted on forms prescribed by
29 the commissioner.

30 Subp. 4. **Responsibilities.** The coordinator must:

31 A. assure compliance with all laws and rules
32 pertaining to real estate appraiser education;

33 B. notify the commissioner of any material change in
34 applications for course or instructor approval;

35 C. assure that students are provided with current and

1 accurate information;

2 D. supervise and evaluate courses and instructors.

3 The commissioner may request written evaluations of courses
4 and/or instructors either by students or coordinators;

5 E. investigate written complaints relating to course
6 offerings and/or instructors, and forward a copy of the written
7 complaints to the Department of Commerce;

8 F. maintain accurate records relating to course
9 offerings, instructors, and student attendance for a period of
10 five years from the date the course was completed. If the
11 coordinator leaves the employ of the sponsor, the records must
12 be turned over to the replacement coordinator or an officer of
13 the sponsor. If a sponsor ceases operation, the coordinator is
14 responsible for maintaining the records or providing a custodian
15 of the records acceptable to the commissioner. In order to be
16 acceptable, custodians must agree to make copies of student
17 records available to students at a reasonable fee. Under no
18 circumstances will the commissioner act as custodian of the
19 records;

20 G. be available to instructors and students
21 throughout the course offerings, and provide the name of the
22 coordinator and a telephone number at which the coordinator can
23 be reached; and

24 H. provide students with a course completion
25 certificate, on a form prescribed by the commissioner, within 30
26 days of completion of the course. However, a coordinator may
27 require payment of the course tuition as a condition for
28 receiving the course completion certificate.

29 2808.4200 CONTINUING EDUCATION INSTRUCTORS.

30 Subpart 1. General requirements. Each course of real
31 estate appraiser continuing education must be taught by an
32 instructor who is qualified by education, training, or
33 experience to ensure competent instruction. Failure to have
34 only approved instructors teach at an approved continuing
35 education offering will result in loss of course approval.

1 If, after approval of a course, the instructor named in the
2 application for course approval is unable to teach the course
3 and there is insufficient time to obtain approval of a
4 substitute instructor, proportional credit will be given for
5 those parts of the course taught by approved instructors.

6 Credit for the parts of a course taught by an unapproved
7 instructor may be obtained if the requirements in items A and B
8 are met.

9 A. Within 15 business days after the course is taught
10 by an unapproved instructor, a request for approval of the
11 instructor is filed with the department. The request must be
12 made on forms prescribed by the commissioner.

13 B. Notice of the use of an unapproved instructor must
14 be given to all enrollees as soon as that fact is known and
15 again prior to the commencement of the course. The notice must
16 state that an instructor for this course is not an approved
17 instructor as required by the Department of Commerce. If
18 approval is not obtained:

19 (1) no credits or fewer credit hours may be
20 earned for the course than the course was originally approved
21 for;

22 (2) a full refund will be given if the enrollee
23 decides not to attend the course;

24 (3) if the enrollee does attend the course and
25 does not earn the number of credit hours for which the course
26 was originally approved, a refund will automatically be made in
27 proportion to the reduction in credit hours earned. The refund
28 will be paid when the department's determination is made as to
29 the approval of the substitute instructor.

30 Subp. 2. Instructor qualifications. The provisions in
31 items A to D apply to the approval and qualification of
32 continuing education instructors. Continuing education
33 instructors must have:

34 A. a degree in any area plus two years of practical
35 experience in the subject area being taught;

36 B. five years of practical experience in the subject

1 area being taught;

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

4 D. held an appraiser's license for three years or
5 have three years of practical experience in the subject area
6 being taught. These individuals shall also have completed at
7 least 60 hours of approved continuing education in the subject
8 area being taught.

9 Subp. 3. **Responsibilities.** Approved instructors must:

10 A. comply with all laws and rules pertaining to real
11 estate appraiser continuing education;

12 B. provide students with current and accurate
13 information;

14 C. maintain an atmosphere conducive to learning in a
15 classroom; and

16 D. provide assistance to the students and respond to
17 questions relating to course material.

18 Subp. 4. **Waiver.** The commissioner may approve as an
19 instructor an individual who through education, training, or
20 experience possesses qualifications equivalent to those required
21 by this part.

22 Subp. 5. **Guest lecturers.** Guest lecturers who do not meet
23 the requirements of subpart 2 may be used to teach up to
24 one-third of any course, provided the guest lecturer possesses
25 training or experience directly related to the particular
26 subject matter covered in the course. Coordinators have the
27 responsibility for assuring that the requirements of this
28 subpart are met.

29 GENERAL REQUIREMENTS FOR

30 PRELICENSING AND CONTINUING EDUCATION

31 2808.5000 ADVERTISING OF COURSES.

32 Subpart 1. **Truth in advertising.** Advertising of course
33 offerings must be truthful and not deceptive or misleading.
34 Courses may not be advertised in any manner as being approved
35 unless approval has been granted, in writing, by the

1 commissioner.

2 Subp. 2. **Approval statement.** No advertisement, pamphlet,
3 circular, or other similar materials pertaining to an approved
4 course offering may be circulated or distributed in this state
5 unless one of the following statements is prominently displayed
6 on the cover of the materials used to advertise education
7 courses:

8 A. for prelicense education courses, "This course has
9 been approved by the Minnesota Commissioner of Commerce for
10 (number) hours of real estate appraiser prelicensing education";

11 B. for continuing education courses, "This course has
12 been approved by the Minnesota Commissioner of Commerce for
13 (number) hours of real estate appraiser continuing education."

14 Subp. 3. **Course hours approved.** The number of hours for
15 which a course has been approved or for which approval is
16 pending shall be displayed as provided in subpart 2 on any
17 advertisement for the course. If a course offering involves
18 attendance for a period that is longer than the number of hours
19 of credit approved, the advertisement must clearly state that
20 credit will not be earned for the entire course.

21 Subp. 4. **Advertising pending approval.** Upon submission of
22 a request for prelicensing or continuing education course
23 approval, a sponsor may also request permission to use the term
24 "approval pending" in course advertisements. Upon receipt of
25 the request, the commissioner will grant written permission for
26 use of the term. When used, the words "approval pending" must
27 be clearly visible in the advertisement.

28 Subp. 5. **Nonapproved courses to be distinguished.**
29 Advertising of approved courses must be clearly distinguishable
30 from the advertisement of other nonapproved courses and services.

31 2808.5100 MANDATORY NOTICE TO STUDENTS.

32 At the beginning of each approved real estate appraiser
33 education offering, one of the following notices, as
34 appropriate, shall be read to the students:

35 A. for prelicensing education courses, "This course

1 has been approved by the Minnesota Commissioner of Commerce for
2 (number) hours of real estate appraiser prelicensing education
3 credit. If you have any comments about this offering, please
4 provide them in writing to the Commissioner of Commerce, 133
5 East Seventh Street, Saint Paul, Minnesota 55101"; or

6 B. for continuing education courses, "This course has
7 been approved by the Minnesota Commissioner of Commerce for
8 (number) hours of real estate appraiser continuing education
9 credit. If you have any comments about this offering, please
10 provide them in writing to the Commissioner of Commerce, 133
11 East Seventh Street, Saint Paul, Minnesota 55101."

12 2808.5200 EDUCATION REPORTING REQUIREMENTS.

13 Subpart 1. Requirement; forms. Real estate appraiser
14 education credit must be reported by the licensee on forms and
15 in a manner prescribed by the commissioner.

16 Forms will not be accepted unless they reflect completion
17 of all required hours. Licensees are encouraged to submit the
18 appropriate forms as soon as they have completed the required
19 hours of real estate appraiser education. Incomplete forms will
20 be returned to the licensee.

21 Subp. 2. Continuing education reporting deadlines. Forms
22 for reporting completion of continuing education requirements
23 must be received by the commissioner no later than August 31 of
24 the year due.

25 Forms submitted between June 15 and August 31 must be
26 accompanied by the appropriate application and fees for license
27 renewal. Forms that are personally submitted or postmarked no
28 later than August 1 shall be considered timely received and the
29 licensee shall be considered to be continuously licensed
30 regardless of whether a renewed license is issued to the
31 licensee before August 31. Persons who have failed to make a
32 timely application for renewal of a license and who have not
33 received the renewal license as of September 1 are unlicensed
34 until the time the license has been issued by the commissioner
35 and is received.

1 Forms submitted by mail must be addressed to Minnesota
2 Department of Commerce, Licensing Unit, 133 East Seventh Street,
3 Saint Paul, Minnesota 55101.

4 Subp. 3. **New licensees; waiver of reporting requirement.**
5 Persons licensed for the first time on or after June 1 in any
6 year shall not be subject to the continuing education
7 requirements of Minnesota Statutes, section 82B.19, subdivision
8 1, until the next annual reporting period begins.

9 2808.5300 FALSIFICATION OF REPORTS.

10 A licensee or applicant found to have falsified a real
11 estate appraiser education report to the commissioner shall be
12 considered to have violated Minnesota Statutes, section 82B.13
13 or 82B.19, and shall be subject to suspension or revocation of
14 the licensee's real estate appraiser license or denial of the
15 applicant's application for licensing.

16 2808.5400 GENERAL POWERS OF COMMISSIONER.

17 Subpart 1. **Action against approval.** The commissioner may
18 deny, censure, suspend, or revoke the approval of a coordinator,
19 instructor, or course if any is determined not to be in
20 compliance with the statutes or rules governing the offering of
21 real estate appraiser education courses. The commissioner may
22 also refuse to approve courses by specific sponsors if it is
23 determined that past offerings have not been in compliance with
24 real estate appraiser education laws and rules.

25 Subp. 2. **Right to audit.** The commissioner has the right
26 to audit an education course offering with or without notice to
27 the sponsor.

28 2808.5500 MANAGEMENT RESPONSIBILITY OF SPONSORS.

29 Sponsors of real estate appraisal education courses are
30 responsible for the actions of the coordinators and instructors.

31 2808.5600 PROHIBITED PRACTICES FOR SPONSORS, COORDINATORS, AND
32 INSTRUCTORS.

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

1 A. recommend or promote the services or practices of
2 a particular real estate appraiser or appraisal firm, real
3 estate brokerage, franchise, coordinator, instructor, or
4 sponsor;

5 B. encourage or recruit individuals to engage the
6 services of, or become associated with, a particular real estate
7 appraiser, appraisal firm, real estate brokerage, or franchise;

8 C. use materials, clothing, or other evidence of
9 affiliation with a particular real estate appraiser, appraisal
10 firm, real estate brokerage, or franchise;

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

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

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

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

21 Subp. 2. **Notification of misconduct.** Coordinators and
22 instructors must notify the commissioner within ten days after
23 the occurrence of any of the following:

24 A. a felony or gross misdemeanor conviction of or
25 disciplinary action taken against the real estate appraiser
26 license or other occupational license held by the coordinator or
27 instructor, which may be grounds for denying or revoking
28 instructor or coordinator approval; and

29 B. any change of information contained in an
30 application for approval as a coordinator or instructor.

31 **STANDARDS OF APPRAISER CONDUCT**

32 2808.6000 **STANDARDS OF CONDUCT.**

33 Subpart 1. **Compliance with the uniform standards of**
34 **professional appraisal practice.** In addition to an act
35 compelled or prohibited by Minnesota Statutes, chapter 82B, or

1 this chapter, an appraiser must act in accordance with the
2 standards of professional appraisal practice as defined in
3 Minnesota Statutes, section 82B.02, subdivision 12.

4 Subp. 2. Disclosure requirements. In addition to the
5 requirements of the standards of professional appraisal practice
6 as defined by Minnesota Statutes, section 82B.02, subdivision
7 12, an appraiser must, prior to performing any appraisal service
8 which requires licensing pursuant to Minnesota Statutes, chapter
9 82B, disclose in writing to the person contracting for the
10 appraisal service the information identified in item D. In
11 addition, an appraiser must prepare a written disclosure
12 providing the information identified in items A to M. The
13 written disclosure must be included as part of the final written
14 appraisal report. As specified in this subpart, an appraiser
15 must:

16 A. disclose who has employed the appraiser;

17 B. disclose who the appraisal is rendered for, if not
18 the person who employed the appraiser;

19 C. disclose the purpose of the appraisal, including
20 an explanation of the difference between the appraisal being
21 given and an appraisal of fee simple market valuation;

22 D. disclose any conflict of interest or situation
23 which might reasonably be perceived to be a conflict of interest
24 which shall include, but not be limited to, the following
25 situations:

26 (1) whether the appraiser has any ownership
27 interest in the subject property or contiguous properties;

28 (2) whether there is an ownership interest by a
29 spouse, parent, or child of the appraiser in the property or
30 contiguous properties; and

31 (3) whether the appraiser has a continuing
32 business relationship with one of the parties, for example, any
33 part-time or full-time employment of the appraiser, spouse,
34 children living at home, or dependent children.

35 Failure to promptly give notification of a conflict shall
36 be considered a violation of the standards of professional

1 appraisal practice;

2 E. disclose that the appraisal is a reevaluation and
3 identify the areas of difference between the two appraisals and
4 the justification for the changes;

5 F. disclose any facts concerning the valuation needed
6 for loan purposes or similar information that was provided to
7 the appraiser before or during the appraisal;

8 G. disclose that the appraiser has not performed
9 appraisals of the type requested or for the type of property to
10 be appraised as a regular part of the appraiser's business in
11 the preceding five-year period, provided that if the appraiser
12 asserts qualification by training or related experience to
13 perform the appraisal, the appraiser shall set forth the
14 training or experience and how it is applicable to the
15 appraisal;

16 H. disclose the license classification of the
17 appraiser and the types of appraisals that the appraiser is
18 authorized to conduct under the licensure;

19 I. disclose any lack of experience or training that
20 would affect the ability of the appraiser to perform the
21 appraisal or could cause rejection of the appraisal by the party
22 requiring the appraisal;

23 J. disclose any appraisal on the same property made
24 by the appraiser in the last three years;

25 K. disclose all pertinent assumptions upon which a
26 valuation based upon income from the property is derived such as
27 expected occupancy rates, rental rates, construction of future
28 improvements, roads, or highways;

29 L. prior to performing the appraisal, disclose
30 whether the appraiser has previously been to the property; and

31 M. disclose any other fact or circumstance that could
32 bring the reliability of the appraisal or the impartiality of
33 the appraiser into question.

34 Subp. 3. **Additional requirements.** In addition to the
35 requirements of subparts 1 and 2, an appraiser must:

36 A. not knowingly make any of the following

1 unacceptable appraisal practices:

2 (1) include inaccurate or misleading factual data
3 about the subject neighborhood, site, improvements, or
4 comparable sales;

5 (2) fail to comment on negative factors with
6 respect to the subject neighborhood, subject property, or
7 proximity of the subject property to adverse influences;

8 (3) unless otherwise disclosed in the appraisal
9 report, use comparables in the valuation process that the
10 appraiser has not at least personally inspected from the
11 exterior by driving by them;

12 (4) select and use inappropriate comparable sales
13 or fail to use comparables that are physically and by location
14 the most similar to the subject property;

15 (5) use data, particularly comparable sales data,
16 that was provided by parties who have a financial interest in
17 the sale or financing of the subject property without the
18 appraiser's verification of the information from a disinterested
19 source. For example, it would be inappropriate for an appraiser
20 to use comparable sales provided by the real estate broker who
21 is handling the sale of the subject property, unless the
22 appraiser verifies the accuracy of the data provided through
23 another source and makes an independent investigation to
24 determine that the comparables provided were the best ones
25 available;

26 (6) use adjustments to the comparable sales that
27 do not reflect the market's reaction to the differences between
28 the subject property and the comparables, or fail to make
29 adjustments when they are clearly indicated;

30 (7) develop a valuation conclusion that is based
31 either partially or completely on factors identified in
32 Minnesota Statutes, chapter 363, including race, color, creed,
33 religion, sex, marital status, status with regard to public
34 assistance, disability, familial status of the owner or
35 occupants of nearby property, or national origin of either the
36 prospective owners or occupants of the properties in the

1 vicinity of the subject property; or

2 (8) develop a valuation conclusion that is not
3 supported by available market data;

4 B. provide a resume, current within six months of the
5 date it is provided, to anyone who employs the appraiser,
6 indicating all professional degrees and licenses held by the
7 appraiser;

8 C. prior to performing the appraisal, view the entire
9 property, inside and out, as well as confirm the existence of
10 any contiguous highways, buildings, or other factors that affect
11 the valuation of the property; and

12 D. reject any request by the person who has employed
13 the appraiser that is in conflict with the requirements of
14 Minnesota law or this chapter and withdraw from the appraisal
15 assignment if the employing party persists in the request.

16 Subp. 4. **Enforcement.** Failure to comply with the
17 provisions of this part is a prohibited practice under Minnesota
18 Statutes, section 82B.20, subdivision 2, clause (17).

19 2808.7000 NATIONAL UNIFORM EXAMINATION CONTENT OUTLINE

20 RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION (1-4 Units)

| | | % WEIGHT | LEVEL OF DIFFICULTY |
|----|---|----------|----------------------------|
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | I. INFLUENCES ON REAL ESTATE VALUE | 3-4% | Conceptual |
| 25 | A. Physical and Environmental | | |
| 26 | B. Economic | | |
| 27 | C. Governmental and Legal | | |
| 28 | D. Social | | |
| 29 | | | |
| 30 | II. LEGAL CONSIDERATIONS IN APPRAISAL | 6-8% | Conceptual, Definitions |
| 31 | A. Real estate vs. real property | | |
| 32 | B. Real property vs. personal property | | |
| 33 | C. Limitations on real estate ownership | | |
| 34 | 1. Private | | |
| 35 | a. Deed restrictions | | |
| 36 | b. Leases | | |
| 37 | c. Mortgages | | |
| 38 | d. Easements | | |
| 39 | e. Liens | | |
| 40 | f. Encroachments | | |
| 41 | 2. Public | | |
| 42 | a. Police power | | |
| 43 | (1) Zoning | | |
| 44 | (2) Building and fire codes | | |
| 45 | (3) Environmental regulations | | |
| 46 | b. Taxation | | |
| 47 | (1) Property tax | | |
| 48 | (2) Special assessments | | |
| 49 | c. Eminent domain | | |
| 50 | d. Escheat | | |

- 1 D. Legal rights and interests
 2 1. Fee simple estate
 3 2. Life estate
 4 3. Leasehold interest
 5 4. Leased fee interest
 6 5. Other legal interests
 7 a. Easement
 8 b. Encroachment
 9 E. Forms of property ownership
 10 1. Individual
 11 2. Tenancies and undivided interests
 12 3. Special ownership forms
 13 a. Condominiums
 14 b. Cooperative
 15 c. Timesharing
 16 F. Legal descriptions
 17 1. Metes and bounds
 18 2. Government survey
 19 3. Lot and block
 20 G. Transfer of title
 21 1. Basic types of deeds
 22 2. Recordation
 23
 24 III. TYPES OF VALUE 3-5% Conceptual,
 25 A. Market Value or Value in Exchange Definitions
 26 B. Price
 27 C. Cost
 28 D. Investment Value
 29 E. Value in Use
 30 F. Assessed Value
 31 G. Insurable Value
 32
 33 IV. ECONOMIC PRINCIPLES 7-9% Conceptual,
 34 A. Anticipation Definitions
 35 B. Balance
 36 C. Change
 37 D. Competition
 38 E. Conformity
 39 F. Contribution
 40 G. Increasing and Decreasing Returns
 41 H. Substitution
 42 I. Supply and Demand
 43 J. Surplus Productivity
 44
 45 V. REAL ESTATE MARKETS AND ANALYSIS 5-7% Conceptual
 46 A. Characteristics of real estate
 47 markets
 48 1. Availability of information
 49 2. Changes in supply vs. demand
 50 3. Immobility of real estate
 51 4. Segmented markets
 52 5. Regulations
 53 B. Absorption analysis
 54 1. Demographic data
 55 2. Competition
 56 3. Absorption
 57 4. Forecasts
 58 C. Role of money and capital markets
 59 1. Competing investments
 60 2. Sources of capital
 61 D. Real estate financing
 62 1. Mortgage terms and concepts
 63 a. Mortgagor
 64 b. Mortgagee
 65 c. Principal and Interest
 66 2. Mortgage payment plans
 67 a. Fixed rate, level payment
 68 b. Adjustable rate
 69 c. Buydown
 70 d. Other
 71 3. Types of mortgages

- 1 a. Conventional
2 b. Insured
3
- 4 VI. VALUATION PROCESS 4-6% Conceptual
5 A. Definition of the problem
6 1. Purpose and use of appraisal
7 2. Interests to be appraised
8 3. Type of value to be estimated
9 4. Date of the value estimate
10 5. Limiting conditions
11 B. Collection and analysis of data
12 1. National and regional trends
13 2. Economic base
14 3. Local area and neighborhood
15 a. Employment
16 b. Income
17 c. Trends
18 d. Access
19 e. Locational convenience
20 4. Site and improvements
21 C. Analysis of highest and best use
22 D. Application and limitations of each
23 approach to value
24 1. Sales comparison
25 2. Cost
26 3. Income capitalization
27 E. Reconciliation and final value
28 estimate
29 F. The appraisal report
30
- 31 VII. PROPERTY DESCRIPTION 2-4% Conceptual,
32 A. Site Description Definitions
33 1. Utilities
34 2. Access
35 3. Topography
36 4. Size
37 B. Improvement description
38 1. Size
39 2. Condition
40 3. Utility
41 C. Basic construction and design
42 1. Techniques and materials
43 a. Foundations
44 b. Framing
45 c. Finish (exterior and interior)
46 2. Functional utility
47
- 48 VIII. HIGHEST AND BEST USE ANALYSIS 5-7% Conceptual,
49 A. Four tests Definitions,
50 1. Physically possible Analysis/
51 2. Legally permitted Application
52 3. Economically feasible
53 4. Maximally productive
54 B. Vacant site or as if vacant
55 C. As improved
56 D. Interim use
57
- 58 IX. APPRAISAL STATISTICAL CONCEPTS 1-3% Conceptual,
59 A. Mean Analysis/
60 B. Median Application
61 C. Mode
62 D. Range
63 E. Standard deviation
64
- 65 X. SALES COMPARISON APPROACH 21-24% Conceptual,
66 A. Research and selection of Definitions,
67 comparables Analysis/
68 1. Data sources Application
69 2. Verification
70 3. Units of comparison
71 a. Data sources

- | | | | |
|----|--|------|--------------|
| 1 | 2. Interests to be appraised | | |
| 2 | 3. Type of value to be estimated | | |
| 3 | 4. Date of the value estimate | | |
| 4 | 5. Limiting conditions | | |
| 5 | B. Collection and analysis of data | | |
| 6 | 1. National and regional trends | | |
| 7 | 2. Economic base | | |
| 8 | 3. Local area and neighborhood | | |
| 9 | a. Employment | | |
| 10 | b. Income | | |
| 11 | c. Trends | | |
| 12 | d. Access | | |
| 13 | e. Locational convenience | | |
| 14 | 4. Site and improvements | | |
| 15 | C. Analysis of highest and best use | | |
| 16 | D. Application and limitations of each | | |
| 17 | approach to value | | |
| 18 | 1. Sales comparison | | |
| 19 | 2. Cost | | |
| 20 | 3. Income capitalization | | |
| 21 | E. Reconciliation and final value | | |
| 22 | estimate | | |
| 23 | F. The appraisal report | | |
| 24 | | | |
| 25 | VII. PROPERTY DESCRIPTION | 2-4% | Conceptual, |
| 26 | A. Site Description | | Definitions |
| 27 | 1. Utilities | | |
| 28 | 2. Access | | |
| 29 | 3. Topography | | |
| 30 | 4. Size | | |
| 31 | B. Improvement description | | |
| 32 | 1. Size | | |
| 33 | 2. Condition | | |
| 34 | 3. Utility | | |
| 35 | C. Basic construction and design | | |
| 36 | 1. Techniques and materials | | |
| 37 | a. Foundations | | |
| 38 | b. Framing | | |
| 39 | c. Finish (exterior and interior) | | |
| 40 | d. Mechanical | | |
| 41 | 2. Functional utility | | |
| 42 | | | |
| 43 | VIII. HIGHEST AND BEST USE ANALYSIS | 5-7% | Conceptual, |
| 44 | A. Four tests | | Definitions, |
| 45 | 1. Physically possible | | Analysis/ |
| 46 | 2. Legally permitted | | Application |
| 47 | 3. Economically feasible | | |
| 48 | 4. Maximally productive | | |
| 49 | B. Vacant site or as if vacant | | |
| 50 | C. As improved | | |
| 51 | D. Interim use | | |
| 52 | | | |
| 53 | IX. APPRAISAL MATH AND STATISTICS | 3-5% | Conceptual, |
| 54 | A. Compound interest concepts | | Analysis/ |
| 55 | 1. Future value of \$1 | | Application |
| 56 | 2. Present value of \$1 | | |
| 57 | 3. Future value of an annuity | | |
| 58 | of \$1 per period | | |
| 59 | 4. Present value of an annuity | | |
| 60 | of \$1 per period | | |
| 61 | 5. Sinking fund factor | | |
| 62 | 6. Installment to amortize \$1 | | |
| 63 | (loan constant) | | |
| 64 | B. Statistical concepts used in | | |
| 65 | appraisal | | |
| 66 | 1. Mean | | |
| 67 | 2. Median | | |
| 68 | 3. Mode | | |
| 69 | 4. Range | | |
| 70 | 5. Standard deviation | | |
| 71 | | | |

- | | | | | |
|----|------|--------------------------------------|--------|--------------|
| 1 | X. | SALES COMPARISON APPROACH | 10-12% | Conceptual, |
| 2 | | A. Research and selection | | Definitions, |
| 3 | | of comparables | | Analysis/ |
| 4 | | 1. Data sources | | Application |
| 5 | | 2. Verification | | |
| 6 | | 3. Units of comparison | | |
| 7 | | a. Income | | |
| 8 | | (1) Potential gross | | |
| 9 | | income multiplier | | |
| 10 | | (2) Effective gross | | |
| 11 | | income multiplier | | |
| 12 | | (3) Overall rate | | |
| 13 | | b. Size | | |
| 14 | | (1) Square foot | | |
| 15 | | (2) Acres | | |
| 16 | | (3) Other | | |
| 17 | | c. Utility (examples only) | | |
| 18 | | (1) Motel and apartment units | | |
| 19 | | (2) Theater seats | | |
| 20 | | (3) Other | | |
| 21 | | B. Elements of comparison | | |
| 22 | | 1. Property rights conveyed | | |
| 23 | | a. Easements | | |
| 24 | | b. Leased fee/Leasehold | | |
| 25 | | c. Mineral rights | | |
| 26 | | d. Others | | |
| 27 | | 2. Financing terms and cash | | |
| 28 | | equivalency | | |
| 29 | | a. Loan payment | | |
| 30 | | b. Loan balance | | |
| 31 | | 3. Conditions of sale | | |
| 32 | | a. Arms length sale | | |
| 33 | | b. Personalty | | |
| 34 | | 4. Market conditions at time | | |
| 35 | | of contract and closing | | |
| 36 | | 5. Location | | |
| 37 | | 6. Physical characteristics | | |
| 38 | | 7. Tenant improvements | | |
| 39 | | C. Adjustment process | | |
| 40 | | 1. Sequence of adjustments | | |
| 41 | | 2. Dollar adjustments | | |
| 42 | | 3. Percentage adjustments | | |
| 43 | | 4. Paired sales analysis | | |
| 44 | | D. Application of sales comparison | | |
| 45 | | approach | | |
| 46 | | | | |
| 47 | XI. | SITE VALUE | 3-5% | Conceptual, |
| 48 | | A. Sales comparison | | Definitions, |
| 49 | | B. Land residual | | Analysis/ |
| 50 | | C. Allocation | | Application |
| 51 | | D. Extraction | | |
| 52 | | E. Ground rent capitalization | | |
| 53 | | F. Subdivision analysis | | |
| 54 | | 1. Development cost: direct | | |
| 55 | | and indirect | | |
| 56 | | 2. Contractor's overhead and | | |
| 57 | | profit | | |
| 58 | | 3. Forecast absorption and | | |
| 59 | | gross sales | | |
| 60 | | 4. Entrepreneurial profit | | |
| 61 | | 5. Discounted value conclusion | | |
| 62 | | G. Plottage and Assemblage | | |
| 63 | | | | |
| 64 | XII. | COST APPROACH | 9-12% | Conceptual, |
| 65 | | A. Steps in cost approach | | Definitions, |
| 66 | | 1. Reproduction vs. replacement cost | | Analysis/ |
| 67 | | a. Comparative unit method | | Application |
| 68 | | b. Unit-in-place method | | |
| 69 | | c. Quantity survey method | | |
| 70 | | d. Cost service index | | |
| 71 | | 2. Accrued depreciation | | |

- 1 a. Types of depreciation
2 (1) Physical deterioration
3 (a) Curable
4 (b) Incurable
5 (c) Short-lived
6 (d) Long-lived
7 (2) Functional obsolescence
8 (a) Curable
9 (b) Incurable
10 (3) External obsolescence
11 (a) Locational
12 (b) Economic
13 b. Methods of estimating
14 depreciation
15 (1) Age-life method
16 (2) Breakdown method and
17 sequence of deductions
18 (3) Market extraction of
19 depreciation
20 B. Application of the cost approach
21
22 XIII. INCOME APPROACH 20-24% Conceptual,
23 A. Estimation of income and expenses Definitions,
24 1. Gross market income Analysis/
25 2. Effective gross income Application
26 a. Vacancy
27 b. Collection loss
28 3. Operating expenses
29 a. Fixed expenses
30 b. Variable expenses
31 c. Reserve for replacements
32 4. Net operating income
33 B. Operating statement ratios
34 1. Operating expense ratio
35 2. Net income ratio
36 3. Break-even ratio
37 C. Direct capitalization
38 1. Relevance and limitations
39 2. Overall capitalization rate
40 3. Gross income multiplier and
41 net income ratio
42 4. Band of investment
43 (mortgage equity) techniques
44 5. Residual techniques
45 a. Land (building value given)
46 b. Building (land value given)
47 c. Equity (mortgage value given)
48 D. Cash flow estimates (before tax only)
49 1. Operating years
50 a. Estimating NOI with
51 a change in NOI
52 b. Estimating NOI using lease
53 information
54 c. Cash flow (NOI less mortgage
55 payment)
56 2. Reversion
57 a. Estimating resale with
58 a change in value
59 b. Estimating resale with
60 a terminal capitalization rate
61 c. Cash flow (sale price less
62 mortgage balance)
63 d. Deductions for costs of
64 sale and legal fees to arrive
65 at a net reversion
66 E. Measures of cash flow
67 1. Equity dividend rate
68 (cash on cash rate)
69 2. Debt coverage ratio
70 F. Discounted cash flow analysis (DCF)
71 1. Relevance and limitations

- 1 2. Potential gross income and expense
- 2 estimate
- 3 a. Market vs. contract rents
- 4 b. Vacancy and lease commissions
- 5 c. Tenant improvements
- 6 and concessions
- 7 3. Discount rates and yield rates
- 8 (definition and concept but no
- 9 calculations of yield rate)
- 10 4. Discounting cash flows
- 11 (from operations and reversion
- 12 where all cash flows projected
- 13 in dollar amounts and tables
- 14 or calculators can be used)

- 15
- 16 XIV. VALUATION OF PARTIAL INTERESTS 4-6% Conceptual,
- 17 A. Interests created by a lease Definitions,
- 18 1. Leased fee Analysis/
- 19 2. Leasehold Application
- 20 3. Subleasehold
- 21 4. Renewal options
- 22 5. Tenant improvements
- 23 6. Concessions
- 24 B. Lease Provisions
- 25 1. Overage rent
- 26 2. Expense stops
- 27 3. Net leases
- 28 4. Minimum rent
- 29 5. Percentage rent
- 30 6. CPI adjustments
- 31 7. Excess rent
- 32 C. Valuation considerations
- 33 1. Identifying the cash flows,
- 34 to the different interests,
- 35 including turnover ratios
- 36 2. Discount rate selection for
- 37 different interests
- 38 3. Relationship between the values
- 39 of the interests
- 40 D. Other partial interests
- 41 1. Life estates
- 42 2. Undivided interest in commonly
- 43 held property
- 44 3. Easements
- 45 4. Timeshares
- 46 5. Cooperatives

47

48 XV. APPRAISAL STANDARDS AND ETHICS 7-11% Conceptual,

49 Definitions

50 2808.7200 CERTIFIED STATE AND FEDERAL REAL PROPERTY APPRAISER

51 INITIAL EDUCATION.

52 Various appraisal courses may be credited toward the 75

53 classroom hour education requirement. Applicants must

54 demonstrate that their education involved coverage of all topics

55 listed below with particular emphasis on the appraisal of one to

56 four unit residential properties:

- 57 A. influences on real estate value;
- 58 B. legal considerations in appraisal;
- 59 C. types of value;
- 60 D. economic principles;

- 1 E. real estate markets and analysis;
- 2 F. valuation process;
- 3 G. property description;
- 4 H. highest and best use analysis;
- 5 I. appraisal statistical concepts;
- 6 J. sales comparison approach;
- 7 K. site value;
- 8 L. cost approach;
- 9 M. income approach;
- 10 (1) gross rent multiplier analysis;
- 11 (2) estimation of income and expenses; and
- 12 (3) operating expense ratios;
- 13 N. valuation of partial interests; and
- 14 O. appraisal standards and ethics.

15 2808.7300 CERTIFIED FEDERAL RESIDENTIAL REAL PROPERTY APPRAISER
 16 INITIAL EDUCATION.

17 Various appraisal courses may be credited toward the 165
 18 classroom hour education requirement. Applicants must
 19 demonstrate that their education involved coverage of all topics
 20 listed below with particular emphasis on the appraisal of one to
 21 four unit residential properties:

- 22 A. influences on real estate value;
- 23 B. legal considerations in appraisal;
- 24 C. types of value;
- 25 D. economic principles;
- 26 E. real estate markets and analysis;
- 27 F. valuation process;
- 28 G. property description;
- 29 H. highest and best use analysis;
- 30 I. appraisal statistical concepts;
- 31 J. sales comparison approach;
- 32 K. site value;
- 33 L. cost approach;
- 34 M. income approach;
- 35 (1) gross rent multiplier analysis;

- 1 (2) estimation of income and expenses;
- 2 (3) operating expense ratios; and
- 3 (4) direct capitalization;
- 4 N. valuation of partial interests;
- 5 O. appraisal standards and ethics; and
- 6 P. narrative report writing.

7 2808.7400 CERTIFIED FEDERAL GENERAL REAL PROPERTY APPRAISER
 8 INITIAL EDUCATION.

9 Various appraisal courses may be credited toward the 165
 10 classroom hour education requirement. Applicants must
 11 demonstrate that their education included coverage of all topics
 12 listed below with particular emphasis on the appraisal of one to
 13 four unit residential properties:

- 14 A. influences on real estate value;
- 15 B. legal considerations in appraisal;
- 16 C. types of value;
- 17 D. economic principles;
- 18 E. real estate markets and analysis;
- 19 F. valuation process;
- 20 G. property description;
- 21 H. highest and best use analysis;
- 22 I. appraisal math and statistics;
- 23 J. sales comparison approach;
- 24 K. site value;
- 25 L. cost approach;
- 26 M. income approach;
- 27 (1) estimation of income and expenses;
- 28 (2) operating statement ratios;
- 29 (3) direct capitalization;
- 30 (4) cash flow estimates;
- 31 (5) measures of cash flow; and
- 32 (6) discounted cash flow analysis;
- 33 N. valuation of partial interests;
- 34 O. appraisal standards and ethics; and
- 35 P. narrative report writing.

12/22/92

[REVISOR] PMM/KK AR2135

1 REPEALER. Minnesota Rules, part 2808.3000, subpart 3a, is
2 repealed on January 1, 1994. Minnesota Rules, part 2808.3000,
3 subpart 7, is repealed on December 1, 1995.