

1 Department of Commerce

2

3 Adopted Permanent Rules Relating to the Consolidation of  
4 Prelicensing and Continuing Education Requirements For  
5 Appraisers, Building Contractors, Real Estate, and Insurance  
6 Licensees

7

8 Rules as Adopted

9 2809.0010 DEFINITIONS.

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

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

19 Subp. 3. **Classroom hour.** "Classroom hour" means a  
20 50-minute hour. Breaks may not be accumulated in order to  
21 dismiss the class early. Classes shall not be offered by a  
22 provider to any one student for longer than eight hours in one  
23 day, excluding meal breaks.

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

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

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

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

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

35 Subp. 9. **Person.** "Person" means a natural person, firm,



1 institution, partnership, corporation, limited liability  
2 company, limited liability partnership, or association.

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

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

9 2809.0020 PAYMENT OF FEES.

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

14 Subp. 2. **Refunds.** An overpayment of a course or  
15 coordinator approval fee must be refunded within 90 days after a  
16 letter requesting the refund is received by the commissioner and  
17 signed by the person making the overpayment.

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

22 2809.0030 FORMS.

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

28 2809.0040 TEXTBOOKS REQUIRED.

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

32 2809.0050 INITIAL EDUCATION.

33 Subpart 1. **Content.** Successful completion of prelicense  
34 education includes full-time classroom attendance throughout the

1 course, completion of required assignments or reading materials  
2 if applicable, and passage of an examination designed by the  
3 sponsor that is sufficiently comprehensive to measure the  
4 student's knowledge of all aspects of the course.

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

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

15 2809.0060 CONTINUING EDUCATION.

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

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

34       Subp. 3. **Textbooks.** Textbooks are not required to be used  
35 for continuing education courses unless the course is also

1 approved as a prelicense course. If textbooks are not used,  
2 students are to be provided with a syllabus containing, at a  
3 minimum, the course title, the times and dates of the course  
4 offering, the names and addresses or telephone numbers of the  
5 course coordinator and instructor, and a detailed outline of the  
6 subject materials to be covered. Any written or printed  
7 material given to students must be of readable quality and  
8 contain accurate and current information.

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

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

21 Subp. 5. **Nonapproved courses for continuing education.**

22 The following will not be approved for credit:

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

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

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

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

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

1 courses.

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

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

11 Subp. 7. Course approval.

12 A. Courses must be approved by the commissioner in  
13 advance and will be approved or disapproved on the basis of  
14 their compliance with the provisions of laws and rules relating  
15 to the appropriate industry. The commissioner shall make the  
16 final determination as to accreditation and assignment of credit  
17 hours for courses. Courses must be at least one hour in length.

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

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

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

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

34 Subp. 8. Courses open to all. All course offerings must  
35 be open to any interested individuals. Access may be restricted  
36 by the sponsor based on class size only. Courses must not be

1 approved if attendance is restricted to any particular group of  
2 people, except for company sponsored courses allowed by statute.

3 2809.0070 COURSE COORDINATOR.

4 Subpart 1. **Requirement.** Each course of study shall have  
5 at least one coordinator, approved by the commissioner, who is  
6 responsible for supervising the program and assuring compliance  
7 with all laws and rules. Sponsors may engage an additional  
8 approved coordinator in order to assist the coordinator or to  
9 act as a substitute for the coordinator in the event of an  
10 emergency or illness.

11 Subp. 2. **Approval.** The commissioner shall approve as a  
12 coordinator a person meeting one or more of the following  
13 criteria: at least three years of full-time experience in the  
14 administration of an education program during the five-year  
15 period immediately before the date of application, or a degree  
16 in education plus two years experience during the immediately  
17 preceding five-year period in one of the regulated industries  
18 for which courses are being approved, or a minimum of five years  
19 experience within the previous six years in the regulated  
20 industry for which courses are held.

21 Subp. 3. **Responsibilities.** A coordinator is responsible  
22 for:

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

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

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

33 D. ensuring that instructors are qualified to teach  
34 the course offering;

35 E. furnishing the commissioner, upon request, with

1 copies of course and instructor evaluations and qualifications  
2 of instructors. Evaluations must be completed by students and  
3 coordinators;

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

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

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

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

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

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

3 2809.0080 INSTRUCTORS.

4 Subpart 1. Requirement. Each course of study, except  
5 self-study courses, shall have an instructor who is qualified by  
6 education, training, or experience to ensure competent  
7 instruction. Failure to have only qualified instructors teach  
8 at an approved course offering will result in loss of course  
9 approval. Coordinators are responsible to ensure that an  
10 instructor is qualified to teach the course offering.

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

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

16 B. five years practical experience in the subject  
17 area being taught; or

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

20 Subp. 3. Qualifications for prelicensing instructors.

21 Qualified prelicense instructors must have one of the following  
22 qualifications:

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

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

27 C. a four-year degree with three years full-time  
28 experience in the business or profession relating to the subject  
29 being taught;

30 D. a postgraduate degree and completion of 45 hours  
31 of continuing education in the industry for which the course is  
32 being taught;

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



1 being taught;

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

5 G. a degree or certificate with five years full-time  
6 experience in the business or profession relating to the subject  
7 being taught; or

8 H. eight years of recent experience in the subject  
9 area being taught in the eight years immediately preceding the  
10 first course offering taught.

11 Subp. 4. Responsibilities. Approved instructors are  
12 responsible for:

13 A. compliance with all laws and rules relating to  
14 industry education;

15 B. providing students with current and accurate  
16 information;

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

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

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

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

25 2809.0090 PROHIBITED PRACTICES FOR COORDINATORS AND INSTRUCTORS.

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

28 A. recommend or promote the services or practices of  
29 a particular business;

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

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

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

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

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

6 G. misrepresent any information submitted to the  
7 commissioner;

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

11 I. issue inaccurate course completion certificates.

12 **Subp. 2. Notification of disciplinary action.**

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

20 **Subp. 3. Notification of approval application information.**

21 Coordinators shall notify the commissioner within ten days of  
22 any change in the information set forth in an application for  
23 approval on file with the commissioner.

24 **2809.0100 FEES.**

25 Fees for approved courses and related materials must be  
26 clearly identified to students. In the event that a course is  
27 canceled for any reason, all fees must be returned within 15  
28 days from the date of cancellation. In the event that a course  
29 is postponed for any reason, students shall be given the choice  
30 of attending the course at a later date or of having their fees  
31 refunded in full. If a student is unable to attend a course or  
32 cancels the registration in a course, sponsor policies regarding  
33 refunds shall govern.

34 **2809.0110 FACILITIES.**

35 Each course of study, except self-study courses, must be

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

9 2809.0120 SUPPLEMENTARY MATERIALS.

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

15 2809.0130 ADVERTISING COURSES.

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

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

22 B. No advertisement, pamphlet, circular, or other  
23 similar materials pertaining to an approved offering may be  
24 circulated or distributed in this state, unless one of the  
25 following statements is prominently displayed:

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

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

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

35 D. Courses may not be advertised before approval,

1 unless the course is described in the advertising as "approval  
2 pending" and that is, in fact, the case.

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

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

10 2809.0140 NOTICE TO STUDENTS.

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

18 2809.0150 AUDITS.

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

21 2809.0160 FALSIFICATION OF REPORTS.

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

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

29 2809.0170 DISCIPLINARY ACTION.

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

## 1 2809.0180 WAIVERS AND EXTENSIONS.

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

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

## 34 2809.0190 REPORTING REQUIREMENTS.

35 Required education must be reported in a manner prescribed

1 by the commissioner.

2 2809.0200 REAL ESTATE EDUCATION; REAL ESTATE COURSE CURRICULUM.

3 Subpart 1. Course I.

4 Introduction to real estate - one hour  
 5 Title closing - six hours  
 6 Real estate law - eight hours  
 7 Basic law of contracts - three hours  
 8 Principles of financing - five hours  
 9 Types and classifications of property - four hours  
 10 Environmental issues - three hours

11  
 12

Outline for Course I

- 13 I. Introduction to Real Estate  
 14 A. Overview of Course I  
 15 1. Course goals  
 16 2. Attendance/breaks  
 17 3. Examination policy  
 18 4. Course and instructor evaluation  
 19 B. Scope of Industry  
 20 C. Areas of Specialization  
 21 D. Industry Terminology  
 22 E. Professional Standards and Ethics  
 23 F. Broker/Salesperson Relationship  
 24  
 25 II. Title Closing  
 26 A. Examination of Title  
 27 1. History  
 28 2. Examination of abstract  
 29 3. Title insurance  
 30 a. Owners  
 31 b. Purchasers  
 32 c. Mortgage  
 33 4. Title registration (torrens)  
 34 B. Closing  
 35 1. Closing checklist  
 36 2. Methods of closing  
 37 a. Closing through escrow  
 38 b. Other  
 39 3. Delivery of deed  
 40 4. Responsibilities of buyer and seller  
 41 a. Taxes and liens  
 42 b. Reduction certificate (assumption statement)  
 43 c. Insurance  
 44 d. Leases  
 45 e. Bill of sale  
 46 f. Title search  
 47 g. Survey  
 48 h. Certificate of occupancy  
 49 i. Violations (ordinances)  
 50 j. Apportionments  
 51 5. Adjournment of closing (settlement)  
 52 6. Real Estate Settlement Procedures Act (RESPA)  
 53 a. Lender requirements  
 54 b. Truth in lending (regulation Z)  
 55 c. Settlement (closing)  
 56 7. Responsibilities of broker  
 57 8. Deeds  
 58 a. Parts of a deed  
 59 1. Parties  
 60 2. Consideration  
 61 3. Words of conveyance  
 62 4. Property description  
 63 5. Appurtenances  
 64 6. Habendum (estate)  
 65 7. Execution and acknowledgment  
 66 8. Seal

- 1                   b. Delivery
- 2                   c. Recording
- 3                   d. Types of deeds
  - 4                    1. Quitclaim
  - 5                    2. Warranty deed and covenants
  - 6                    3. Special warranty deed
  - 7                    4. Other
- 8                   e. Covenants running with the land
- 9                   f. Validity
- 10                  C. Search and Examination of Title
  - 11                   1. Object of search
    - 12                    a. Chain of title
    - 13                    b. Recording acts
  - 14                   2. Grantor-grantee system of indexing
    - 15                    a. Running the chain of title
    - 16                    b. Grantors
    - 17                    c. Mortgages
    - 18                    d. Lis pendens
    - 19                    e. Judgments
    - 20                    f. Liens
    - 21                    g. Taxes
    - 22                    h. Probate court
    - 23                    i. Special assessments
  - 24                   3. Lot and block indexing
- 25
- 26                  III. Real Estate Law
  - 27                   A. Real Estate License Law
    - 28                    1. Purpose of law and rules
    - 29                    2. Administration of law
      - 30                    a. Department of Commerce
      - 31                    b. Penalties for violation
    - 32                    3. Substantive provisions of law
      - 33                    a. Trust accounts
      - 34                    b. Prohibition of fraudulent, deceptive,  
35                    or dishonest practices
      - 36                    c. Standards of conduct
      - 37                    d. Real Estate Research and Recovery Fund
      - 38                    e. Licensing and education requirements
  - 39                   B. Laws Relating to Agency
  - 40                   C. Subdivided Land Act
    - 41                    1. Scope of law
    - 42                    2. Registration provisions
    - 43                    3. Licensing requirements
  - 44                   D. Securities Act-Potential Applicability to Real Estate
  - 45                   E. Appraiser Licensing Law
- 46
- 47                  IV. Basic Law of Contracts
  - 48                   A. Definition
  - 49                   B. Essentials
  - 50                   C. Breach-Remedies
  - 51                   D. Types of Real Estate Contracts
    - 52                    1. Purchase agreement-parties to
    - 53                    2. Listing agreement-parties to
    - 54                    3. Contract for deed
    - 55                    4. Options
    - 56                    5. Lease
  - 57                   E. Cancellation
- 58
- 59                  V. Principles of Financing
  - 60                   A. Types
    - 61                    1. FHA
    - 62                    2. VA
    - 63                    3. Conventional/insured conventional
    - 64                    4. ARM
    - 65                    5. Other
    - 66                    6. Points
  - 67                   B. Sources of Mortgage Funds
    - 68                    1. Lenders
    - 69                    2. Secondary mortgage market
    - 70                    3. Owner financing
  - 71                   C. Usury

- 1  
2 VI. Types and Classifications of Property  
3 A. Residential Construction  
4 1. Government regulation  
5 B. Land Development and Use  
6 1. City planning  
7 2. Zoning  
8 C. Condominiums, Cooperatives, PUDs, Common Interest  
9 Communities, Manufactured Housing  
10 1. Definitions  
11 2. Financing  
12 3. Licenses required to sell  
13 4. Homeowner's associations  
14 5. Bylaws

15  
16 VII. Environmental Issues

17  
18 Subp. 2. Course II.

- 19 Valuation - three hours  
20 Financing applications - seven hours  
21 Contracts - sixteen hours  
22 Fair housing - three hours  
23 Real estate specialties - one hour

24  
25 Outline for Course II

26 I. Valuation

- 27 A. Evaluation vs. Appraisal  
28 B. Methods of Valuation  
29 1. Market approach  
30 2. Cost approach  
31 3. Income approach  
32 C. Tax value

33  
34 II. Financing Applications

- 35 A. Review of Course I Financing  
36 B. Mortgages  
37 1. Legal elements  
38 2. Theories  
39 a. Lien  
40 b. Title  
41 3. Mortgage note  
42 4. Assumption  
43 C. Foreclosure/Default

44  
45 III. Contracts

- 46 A. Review of Course I Contracts  
47 B. Purchase Agreement  
48 1. Essential elements  
49 C. Listing Agreement  
50 1. Employment contract - broker  
51 2. Essential elements  
52 D. Contract for Deed  
53 1. Essential elements

54  
55 IV. Fair Housing

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

58  
59 V. Real Estate Specialties

60  
61  
62 Subp. 3. Course III. Course III shall be a 30-hour course

63 consisting of one of the following:

- 64 Real Estate Appraisal  
65 Closing Procedures  
66 Farm and Ranch Brokerage  
67 Real Estate Finance



- 1 Real Estate Investment
- 2 Real Estate Law
- 3 Real Estate Management
- 4 Business Brokerage
- 5 Commercial Real Estate
- 6 Residential Architecture and Construction
- 7 A combination course of no more than three
- 8 of the above subjects
- 9
- 10 I. Real Estate Appraisal
  - 11 A. Nature, importance, and purposes of appraisals
  - 12 B. Nature, importance, and characteristics
  - 13 of property and value
  - 14 C. Principles controlling real estate value
  - 15 D. The appraisal process
  - 16 E. Economic and neighborhood analysis
  - 17 F. Considerations and fundamentals of site evaluation
  - 18 G. Construction methods and materials
  - 19 H. Architectural styles and utility
  - 20 I. Cost approach; estimating costs and
  - 21 accrued depreciation
  - 22 J. Analysis
  - 23 K. Market data approach
  - 24 L. Income approach; income and expense analysis,
  - 25 capitalization theory and techniques
  - 26 M. Reconciliation and final value estimate
  - 27 N. Writing the report
  - 28 O. USPAP
  - 29 P. Course examination
  - 30
- 31 II. Closing Procedures
  - 32 A. Overview of closing; persons present, protocol,
  - 33 timeliness
  - 34 B. Review of purchase agreement, supplements, addendum
  - 35 C. Compilation of data needed to prepare a closing file
  - 36 D. Legal documents
  - 37 E. Abstracts, title procedures
  - 38 F. Review of settlement costs; buyer, seller
  - 39 G. Closing statement; prorations and other math
  - 40 H. Review of sample cases
  - 41 I. Follow-up procedures
  - 42 J. Course examination
  - 43
- 44 III. Farm and Ranch Brokerage
  - 45 A. Responsibilities of broker to seller and buyer
  - 46 B. Selling options
  - 47 C. Sources of financing
  - 48 D. Factors in selecting a farm or ranch
  - 49 E. Advantages and disadvantages of irrigation systems
  - 50 F. Determination of farm and ranch value
  - 51 G. Considerations in the constructing of purchase
  - 52 agreements
  - 53 H. Course examination
  - 54
- 55 IV. Real Estate Finance
  - 56 A. Introduction to the mortgage market
  - 57 B. Sources of mortgage money
  - 58 C. Real estate investment trusts and syndication
  - 59 D. Mortgage banking
  - 60 E. Financing residential properties
  - 61 F. Financing income producing properties
  - 62 G. Construction and land development loans
  - 63 H. Special techniques used in financing real estate
  - 64 I. Junior mortgages
  - 65 J. Land contracts
  - 66 K. Financing long-term leases
  - 67 L. Course examination
  - 68
- 69 V. Real Estate Investment
  - 70 A. Real estate investments
  - 71 B. Discounted cash flow analysis

- 1 C. Measuring investment returns
- 2 D. Estimation of real estate cash flows
- 3 E. Real estate financing
- 4 F. The tax process
- 5 G. Acquisitions and operations
- 6 H. Dispositions and exchanges
- 7 I. After-tax investment analysis
- 8 J. Speculative land investment
- 9 K. Multiple exchanges
- 10 L. Course examination
- 11
- 12 VI. Real Estate Law
- 13 A. The process of real estate law
- 14 B. Real estate brokerage
- 15 C. Contract for the sale of real estate
- 16 D. Property conveyance
- 17 E. Title insurance and closing
- 18 F. Property ownership and taxes
- 19 G. Estates in land and landlord/tenant relationships
- 20 H. Cooperatives, condominiums, and planned unit
- 21 developments
- 22 I. Real estate lending and land use regulations
- 23 J. Course examination
- 24
- 25 VII. Real Estate Management
- 26 A. Overview and economics of real estate management
- 27 B. Government involvement
- 28 C. The management plan
- 29 D. Owner relations and record keeping
- 30 E. Marketing and leasing
- 31 F. Property operations
- 32 1. Tenant administration
- 33 2. Physical plant maintenance
- 34 3. Staffing and employee relations
- 35 G. Residential management
- 36 1. Rental housing
- 37 2. Condominiums and cooperatives
- 38 H. Commercial management
- 39 1. Office building and special purpose properties
- 40 2. Shopping centers and retail properties
- 41 I. The management office
- 42 J. Creative property management
- 43 K. Course examination
- 44
- 45 VIII. Business Brokerage
- 46 A. Business financial statements
- 47 B. Financial statement ratio analysis
- 48 C. Cash flow, rate of return, and break-even analysis
- 49 D. Competitive market analysis
- 50 E. Valuation of the business
- 51 F. Developing the business plan
- 52 G. Qualifying the buyer
- 53 H. Terms of the purchase agreement
- 54 I. Financing the business opportunity
- 55 J. Evaluation of business risk
- 56 K. Course examination
- 57
- 58 IX. Commercial Real Estate
- 59 A. Types of commercial properties
- 60 B. Introduction to commercial real estate sales
- 61 C. Office leasing
- 62 D. Industrial leasing
- 63 E. Retail leasing
- 64 F. Business opportunity sales
- 65 G. Course examination
- 66
- 67 X. Residential Architecture and Construction
- 68 A. Architectural styles and designs
- 69 B. Blueprints and plans
- 70 C. Construction basics
- 71 D. Exteriors

- 1 E. Interiors
- 2 F. Mechanical systems
- 3 G. Course examination

4  
5 A combination course shall consist of no more than three of  
6 the preceding ten subjects and shall devote at least ten hours  
7 to each subject. A sponsor that proposes to offer a combination  
8 course III shall submit to the commissioner, as part of the  
9 application for approval, an outline setting forth the subjects  
10 to be addressed and the number of hours proposed to be devoted  
11 to each topic.

12 Subp. 5. Broker course. The required course for real  
13 estate brokers shall consist of the following subject hours:

- 14 Broker licensing requirements - three hours
- 15 Trust account requirements - two hours
- 16 Agency - five hours
- 17 Antidiscrimination - three hours
- 18 Real estate principles update - one hour
- 19 Real estate sale, lease, and transfer - two hours
- 20 Financing and valuation update - three hours
- 21 Broker's role in closing - three hours
- 22 Income taxation - three hours
- 23 Employment laws and insurance - three hours
- 24 Final exam

- 25
- 26 I. Broker Licensing Requirements
  - 27 A. Ownership and operational forms
  - 28 B. Minnesota License Law Review
- 29
- 30 II. Trust Account Requirements
  - 31 A. Opening the trust account
  - 32 B. Deposit requirements
  - 33 C. Trust account records
- 34
- 35 III. Agency
  - 36 A. Current statutes and agency law
  - 37 B. Statutory addenda and disclosures
- 38
- 39 IV. Antidiscrimination
  - 40 A. Federal fair housing
  - 41 B. Americans with Disabilities Act
  - 42 C. Minnesota Human Rights Act
- 43
- 44 V. Real Estate Principles Update
  - 45 A. Land improvements, estates
  - 46 B. Legal descriptions
  - 47 C. Governmental rights
  - 48 D. Property taxation and special assessments
- 49
- 50 VI. Real Estate Sale, Lease, and Transfer
  - 51 A. Purchase agreement and addenda
  - 52 B. Lease types and terms
  - 53 C. Deed types and clauses
  - 54 D. Contract for deed
- 55
- 56 VII. Financing and Valuation Update
  - 57 A. Sources of financing
  - 58 B. Foreclosure Law
  - 59 C. Principles of value
  - 60 D. Methods of valuation
- 61
- 62 VIII. Broker's Role in Closing

- 1           A. Prorating
- 2           B. Closing statements
- 3           C. Closing documents
- 4           D. Deposit requirements
- 5
- 6 IX. Income Taxation
- 7           A. Tax rules of home ownership
- 8           B. Investment tax issues
- 9           C. Sale of personal residence
- 10
- 11 X. Employment Laws and Insurance
- 12           A. Fair Labor Standards Act
- 13           B. Tax laws, withholding, reports
- 14           C. Independent contractor vs. employee
- 15           D. State and Federal Unemployment Tax Act
- 16           E. Errors and omissions insurance
- 17
- 18 XI. Final Exam
- 19

20 2809.0210 INSURANCE EDUCATION.

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

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

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

- 33                   (1) rules, regulations, and law;
- 34                   (2) basic fundamentals of insurance;
- 35                   (3) property and casualty;
- 36                           (a) types of policies;
- 37                           (b) policy provisions;
- 38                           (c) perils, exclusions, deductibles, and
- 39 liability; and
- 40                           (d) evaluating needs; and
- 41                   (4) life/accident and health;
- 42                           (a) types of policies;
- 43                           (b) policy provisions; and
- 44                           (c) group insurance.

45           B. The second 15 hours of insurance prelicense

1 education shall be composed of courses that consist of either of  
2 the following:

- 3 (1) life/accident and health;
  - 4 (a) types of life insurance policies;
  - 5 (b) types of health insurance policies; and
  - 6 (c) Minnesota laws, rules, and regulations
- 7 pertinent to life/accident and health insurance; and

- 8 (2) property/casualty;
  - 9 (a) personal lines;
  - 10 (b) commercial lines; and
  - 11 (c) Minnesota laws, rules, and regulations
- 12 pertinent to property/casualty insurance.

13 2809.0220 APPRAISER EDUCATION.

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

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

1 N. valuation of partial interests; and

2 O. appraisal standards and ethics.

3 Subp. 2. Certified residential real property appraiser  
4 initial education. Various appraisal courses may be credited  
5 toward the 165 classroom hour education requirements.

6 Applicants must demonstrate that their education involved  
7 coverage of all the following topics, with particular emphasis  
8 on the appraisal of one to four unit residential properties:

9 A. influences on real estate value;

10 B. legal considerations in appraisal;

11 C. types of value;

12 D. economic principles;

13 E. real estate markets and analysis;

14 F. valuation process;

15 G. property description;

16 H. highest and best use analysis;

17 I. appraisal statistical concepts;

18 J. sales comparison approach;

19 K. site value;

20 L. cost approach;

21 M. income approach;

22 (1) gross rent multiplier analysis;

23 (2) estimation of income and expenses;

24 (3) operating expense ratios; and

25 (4) direct capitalization;

26 N. valuation of partial interests;

27 O. appraisal standards and ethics; and

28 P. narrative report writing.

29 Subp. 3. Certified general real property appraiser initial  
30 education. Various appraisal courses may be credited toward the  
31 165 classroom hour education requirement. Applicants must  
32 demonstrate that their education included coverage of all the  
33 following topics, with particular emphasis on the appraisal of  
34 one of four unit residential properties:

35 A. influences on real estate value;

36 B. legal considerations in appraisal;

- 1 C. types of value;  
 2 D. economic principles;  
 3 E. real estate markets and analysis;  
 4 F. valuation process;  
 5 G. property description;  
 6 H. highest and best use analysis;  
 7 I. appraisal math and statistics;  
 8 J. sales comparison approach;  
 9 K. site value;  
 10 L. cost approach;  
 11 M. income approach;  
 12 (1) estimation of income and expenses;  
 13 (2) operating statement ratios;  
 14 (3) direct capitalization;  
 15 (4) cash flow estimates;  
 16 (5) measures of cash flow; and  
 17 (6) discounted cash flow analysis;  
 18 N. valuation of partial interests;  
 19 O. appraisal standards and ethics; and  
 20 P. narrative report writing.

21 2809.0230 BUILDING CONTRACTOR AND REMODELER EDUCATION.

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

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

30 **REPEALER.** Minnesota Rules, parts 2725.0100; 2725.0110;  
 31 2725.0120; 2725.0130; 2725.0140; 2725.0150; 2725.0160;  
 32 2725.0170; 2725.0180; 2725.0190; 2725.0200; 2725.0210;  
 33 2725.0220; 2725.0230; 2800.5100; 2800.5200; 2800.5300;  
 34 2800.5400; 2800.5500; 2800.5600; 2800.5700; 2800.5800;  
 35 2800.5900; 2800.6000; 2800.6100; 2800.6200; 2800.6300;

- 1 2800.6400; 2800.6500; 2800.6600; 2800.6800; 2800.7100;
- 2 2800.7150; 2800.7175; 2800.7200; 2800.7250; 2800.7300;
- 3 2800.7400; 2800.7450; 2800.7500; 2800.7550; 2800.7575;
- 4 2800.7600; 2800.7700; 2800.7800; 2800.7900; 2800.8000;
- 5 2800.8100; 2800.8200; 2800.8300; 2800.8400; 2800.8500;
- 6 2800.8600; 2800.8700; 2800.8750; 2800.9905; 2808.3000;
- 7 2808.3100; 2808.3200; 2808.3300; 2808.4000; 2808.4100;
- 8 2808.4200; 2808.5000; 2808.5100; 2808.5200; 2808.5300;
- 9 2808.5400; 2808.5500; 2808.5600; 2808.7200; 2808.7300;
- 10 2808.7400; 2891.0060; 2891.0070; 2891.0080; 2891.0090;
- 11 2891.0100; 2891.0110; 2891.0120; 2891.0130; 2891.0140;
- 12 2891.0150; 2891.0160; 2891.0170; 2891.0180; 2891.0190;
- 13 2891.0200; 2891.0210; 2891.0220; 2891.0230; 2891.0240;
- 14 2891.0250; 2891.0260; 2891.0270; and 2891.0280, are repealed.