

82.295 EDUCATION; COURSE CURRICULUM.

Subdivision 1. **Preliminary education.** Preliminary education for a real estate salesperson must consist of Course I, Course II, and Course III as described in this section. Preliminary education for a real estate broker must consist of the broker course as described in this section.

Subd. 2. **Course I.** (a) Introduction to Real Estate, one hour:

- (1) overview of course I:
 - (i) course goals;
 - (ii) attendance breaks;
 - (iii) examination policy; and
 - (iv) course and instructor evaluation;
 - (2) scope of industry;
 - (3) areas of specialization;
 - (4) industry terminology;
 - (5) professional standards and ethics; and
 - (6) broker/salesperson relationship.
- (b) Title Closing, six hours:
- (1) examination of title:
 - (i) history;
 - (ii) examination of abstract;
 - (iii) title insurance:
 - (A) owners;
 - (B) purchasers; and
 - (C) mortgage; and
 - (iv) title registration (torrens);
 - (2) closing:
 - (i) closing checklist;
 - (ii) methods of closing:
 - (A) closing through escrow; and

- (B) other;
- (iii) delivery of deed;
- (iv) responsibilities of buyer and seller;
- (A) taxes and liens;
- (B) reduction certificate (assumption statement);
- (C) insurance;
- (D) leases;
- (E) bill of sale;
- (F) title search;
- (G) survey;
- (H) certificate of occupancy;
- (I) violations (ordinances); and
- (J) apportionments;
- (v) adjournment of closing (settlement);
- (vi) Real Estate Settlement Procedures Act (RESPA):
 - (A) lender requirements;
 - (B) truth in lending (regulation Z); and
 - (C) settlement (closing);
- (vii) responsibilities of broker;
- (viii) deeds:
 - (A) parts of a deed:
 1. parties;
 2. consideration;
 3. words of conveyance;
 4. property description;
 5. appurtenances;
 6. habendum (estate);

- 7. execution and acknowledgment; and
- 8. seal;
- (B) delivery;
- (C) recording;
- (D) types of deeds:
 - 1. quitclaim;
 - 2. warranty deed and covenants;
 - 3. special warranty deed; and
 - 4. other;
- (E) covenants running with the land; and
- (F) validity;
- (3) search and examination of title:
 - (i) object of search:
 - (A) chain of title; and
 - (B) recording acts;
 - (ii) grantor-grantee system of indexing:
 - (A) running the chain of title;
 - (B) grantors;
 - (C) mortgages;
 - (D) lis pendens;
 - (E) judgments;
 - (F) liens;
 - (G) taxes;
 - (H) court with probate jurisdiction; and
 - (I) special assessments; and
 - (iii) lot and block indexing.
- (c) Real Estate Law, eight hours:

- (1) real estate license law:
 - (i) purpose of law and rules;
 - (ii) administration of law:
 - (A) Department of Commerce; and
 - (B) penalties for violation; and
 - (iii) substantive provisions of law:
 - (A) trust accounts;
 - (B) prohibition of fraudulent, deceptive, or dishonest practices;
 - (C) standards of conduct;
 - (D) Real Estate Research and Recovery Fund; and
 - (E) licensing and education requirements;
- (2) laws relating to agency;
- (3) subdivided land act:
 - (i) scope of law;
 - (ii) registration provisions; and
 - (iii) licensing requirements;
- (4) Securities Act-potential applicability to real estate; and
- (5) appraiser licensing law.
- (d) Basic Law of Contracts, three hours:
 - (1) definition;
 - (2) essentials;
 - (3) breach-remedies;
 - (4) types of real estate contracts:
 - (i) purchase agreement-parties to;
 - (ii) listing agreement-parties to;
 - (iii) contract for deed;
 - (iv) options; and

- (v) lease; and
- (5) cancellation.
- (e) Principles of Financing, five hours:
 - (1) types:
 - (i) FHA;
 - (ii) VA;
 - (iii) Conventional/insured conventional;
 - (iv) ARM;
 - (v) other; and
 - (vi) points;
 - (2) sources of mortgage funds:
 - (i) lenders;
 - (ii) secondary mortgage market; and
 - (iii) owner financing; and
 - (3) usury.
- (f) Types and Classifications of Property, four hours:
 - (1) residential construction, government regulation;
 - (2) land development and use:
 - (i) city planning; and
 - (ii) zoning; and
 - (3) condominiums, cooperatives, planned unit developments, common interest communities, manufactured housing:
 - (i) definitions;
 - (ii) financing;
 - (iii) licenses required to sell;
 - (iv) homeowner's associations; and
 - (v) bylaws.

(g) Environmental Issues, three hours.

Subd. 3. **Course II.** (a) Valuation, three hours:

(1) evaluation vs. appraisal;

(2) methods of valuation:

(i) market approach;

(ii) cost approach; and

(iii) income approach; and

(3) tax value.

(b) Financing Applications, seven hours:

(1) review of course I financing;

(2) mortgages:

(i) legal elements;

(ii) theories:

(A) lien; and

(B) title;

(iii) mortgage note; and

(iv) assumption; and

(3) foreclosure/default.

(c) Contracts, 16 hours:

(1) review of course I contracts;

(2) purchase agreement, essential elements;

(3) listing agreement:

(i) employment contract - broker; and

(ii) essential elements; and

(4) contract for deed, essential elements.

(d) Fair Housing, three hours:

(1) Federal fair housing laws; and

(2) state fair housing laws.

(e) Real Estate Specialties, one hour.

Subd. 4. **Course III.** Course III must be a 30-hour course consisting of one of the courses in paragraphs (a) to (j).

(a) Real Estate Appraisal:

(1) nature, importance, and purposes of appraisals;

(2) nature, importance, and characteristics of property and value;

(3) principles controlling real estate value;

(4) the appraisal process;

(5) economic and neighborhood analysis;

(6) considerations and fundamentals of site evaluation;

(7) construction methods and materials;

(8) architectural styles and utility;

(9) cost approach; estimating costs and accrued depreciation;

(10) analysis;

(11) market data approach;

(12) income approach; income and expense analysis, capitalization theory and techniques;

(13) reconciliation and final value estimate;

(14) writing the report;

(15) USPAP; and

(16) course examination.

(b) Closing Procedures:

(1) overview of closing; persons present, protocol, timeliness;

(2) review of purchase agreement, supplements, addendum;

(3) compilation of data needed to prepare a closing file;

(4) legal documents;

(5) abstracts, title procedures;

- (6) review of settlement costs; buyer, seller;
- (7) closing statement; prorations and other math;
- (8) review of sample cases;
- (9) follow-up procedures; and
- (10) course examination.
- (c) Farm and Ranch Brokerage:
 - (1) responsibilities of broker to seller and buyer;
 - (2) selling options;
 - (3) sources of financing;
 - (4) factors in selecting a farm or ranch;
 - (5) advantages and disadvantages of irrigation systems;
 - (6) determination of farm and ranch value;
 - (7) consideration in the constructing of purchase agreements; and
 - (8) course examination.
- (d) Real Estate Finance:
 - (1) introduction to the mortgage market;
 - (2) sources of mortgage money;
 - (3) real estate investment trusts and syndication;
 - (4) mortgage banking;
 - (5) financing residential properties;
 - (6) financing income producing properties;
 - (7) construction and land development loans;
 - (8) special techniques used in financing real estate;
 - (9) junior mortgages;
 - (10) land contracts;
 - (11) financing long-term leases; and
 - (12) course examination.

(e) Real Estate Investment:

- (1) real estate investments;
- (2) discounted cash flow analysis;
- (3) measuring investment returns;
- (4) estimation of real estate cash flows;
- (5) real estate financing;
- (6) the tax process;
- (7) acquisitions and operations;
- (8) dispositions and exchanges;
- (9) after-tax investment analysis;
- (10) speculative land investment;
- (11) multiple exchanges; and
- (12) course examination.

(f) Real Estate Law:

- (1) the process of real estate law;
- (2) real estate brokerage;
- (3) contract for the sale of real estate;
- (4) property conveyance;
- (5) title insurance and closing;
- (6) property ownership and taxes;
- (7) estates in land and landlord/tenant relationships;
- (8) cooperatives, condominiums, and planned unit developments;
- (9) real estate lending and land use regulations; and
- (10) course examination.

(g) Real Estate Management:

- (1) overview and economics of real estate management;
- (2) government involvement;

- (3) the management plan;
- (4) owner relations and record keeping;
- (5) marketing and leasing;
- (6) property operations:
 - (i) tenant administration;
 - (ii) physical plant maintenance; and
 - (iii) staffing and employee relations;
- (7) residential management:
 - (i) rental housing; and
 - (ii) condominiums and cooperatives;
- (8) commercial management:
 - (i) office building and special purpose properties; and
 - (ii) shopping centers and retail properties;
- (9) the management office;
- (10) creative property management; and
- (11) course examination.
- (h) Business Brokerage:
 - (1) business financial statements;
 - (2) financial statement ratio analysis;
 - (3) cash flow, rate of return, and break-even analysis;
 - (4) competitive market analysis;
 - (5) valuation of the business;
 - (6) developing the business plan;
 - (7) qualifying the buyer;
 - (8) terms of the purchase agreement;
 - (9) financing the business opportunity;
 - (10) evaluation of business risk; and

- (11) course examination.
- (i) Commercial Real Estate:
 - (1) types of commercial properties;
 - (2) introduction to commercial real estate sales;
 - (3) office leasing;
 - (4) industrial leasing;
 - (5) retail leasing;
 - (6) business opportunity sales; and
 - (7) course examination.
- (j) Residential Architecture and Construction:
 - (1) architectural styles and designs;
 - (2) blueprints and plans;
 - (3) construction basics;
 - (4) exteriors;
 - (5) interiors;
 - (6) mechanical systems; and
 - (7) course examination.

A combination course must consist of no more than three of the preceding ten subjects and must devote at least ten hours to each subject. An education provider that proposes to offer a combination course III must submit to the commissioner, as part of the application for approval, an outline setting forth the subjects to be addressed and the number of hours proposed to be devoted to each topic.

Subd. 5. **Broker course.** The required course for real estate brokers must consist of the subject hours in paragraphs (a) to (j).

- (a) Broker Licensing Requirements, three hours:
 - (1) ownership and operational forms; and
 - (2) Minnesota license law review.
- (b) Trust Account Requirements, two hours:

- (1) opening the trust account;
- (2) deposit requirements; and
- (3) trust account records.
- (c) Agency, five hours:
 - (1) current statutes and agency law; and
 - (2) statutory addenda and disclosures.
- (d) Antidiscrimination, three hours:
 - (1) federal fair housing;
 - (2) Americans with Disabilities Act; and
 - (3) Minnesota Human Rights Act.
- (e) Real Estate Principles Update, one hour:
 - (1) land improvement, estates;
 - (2) legal descriptions;
 - (3) governmental rights; and
 - (4) property taxation and special assessments.
- (f) Real Estate Sale, Lease, and Transfer, two hours:
 - (1) purchase agreement and addenda;
 - (2) lease types and terms;
 - (3) deed types and clauses; and
 - (4) contract for deed.
- (g) Financing and Valuation Update, three hours:
 - (1) sources of financing;
 - (2) foreclosure law;
 - (3) principles of value; and
 - (4) methods of valuation.
- (h) Broker's Role in Closing, three hours:
 - (1) prorating;

- (2) closing statements;
- (3) closing documents; and
- (4) deposit requirements.
- (i) Income Taxation, three hours:
 - (1) tax rules of home ownership;
 - (2) investment tax issues; and
 - (3) sale of personal residence.
- (j) Employment Laws and Insurance, three hours:
 - (1) Fair Labor Standards Act;
 - (2) tax laws, withholding, reports;
 - (3) independent contractor vs. employee;
 - (4) State and Federal Unemployment Tax Act; and
 - (5) errors and omissions insurance.
- (k) Final Exam.

History: 2009 c 63 s 59

NOTE: This section as added by Laws 2009, chapter 63, section 59, is effective July 1, 2010. Laws 2009, chapter 63, section 78.