

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes changes to the provisions regarding real estate licensing. Most significantly, it makes some modifications to the required disclosures, and places additional requirements on the commissioner of commerce in investigating alleged violations of licensing statutes or rules.

Section

- 1 **Exclusive agreements.** Adds language prohibiting licensees from inducing other parties to violate agreements or contracts they have entered into.
- 2 **Agency disclosure.** Changes a reference from "nonagency" to "facilitator."
- 3 **Scope and effect.** Existing law provides that if statutorily required disclosures are made regarding agency relationships, then those disclosures are adequate to satisfy disclosures that are required under common law. This section would provide that disclosures of material facts about the property would be treated the same way.
- 4 **Agency disclosure form.** Makes changes to the form disclosures that must be made by licensees, primarily to conform to the language found elsewhere in statute.
- 5 **Material facts.** This section concerns the facts that licensees are required to disclose. The current definition refers to "all material facts," and this section limits that to those facts "pertaining to adverse physical conditions in the property." This would remove any obligation to report other types of material facts. The section goes on to specifically remove any liability for failure to disclose certain facts, such as the proximity of nursing homes and other facilities, or the fact that the property was the site of a homicide, suicide, or felony.
- 6 **Continuing education.** Removes a limitation on the amount of continuing education that can be earned in programs operated by real estate companies or programs conducted electronically.
- 7 **Retention.** Requires brokers to retain representation and facilitator services contracts, and modifies the date that the retention period starts to run.

- 8 **Request for information; investigations and subpoenas.** Requires the commissioner of commerce to cite the specific statute or rule that has potentially been violated at the time an investigation begins. The licensee would then have 15 days to respond to any request for information from the commissioner.
- 9 **Closure of investigation.** Requires the commissioner to complete all investigations within 180 days of when they are commenced.
- 10 **Monetary settlements.** Prohibits the commissioner from involvement in the encouragement or negotiation of monetary settlements between licensees and consumers.