



Missouri Real Estate Laws

3 Hours Correspondence Continuing Education

Missouri Real Estate Laws

This course is designed with review questions throughout the material. These review questions are not graded; they are asked to help you judge your comprehension of the material. There will be a 30 question final exam at the end of the course.

The final exam will cover the following topics:

- General Rules
- Licenses
- Educational Requirements
- Business Conduct and Practice
- Disciplinary Proceedings

You need a 75% or greater to pass the exam. If you pass the exam, you will receive your certificate of completion within 2 business days via email or within 10 business days via first-class mail.

If you fail the exam, you can retake an alternate exam at no charge.

Please be aware that this course is approved by the Missouri Real Estate Commission from __/__/____ to __/__/____.

Course Introduction

The purchase and sale of real estate is a business regulated by Federal and state law. It is essential for individuals in the business of buying and/or selling real estate to have an understanding of the laws regulating their practice.

Participants in this course will attain an understanding of the general rules and regulations governing the transfer of real property in the state of Missouri. Topics covered in this course include:

1. General Rules
2. Licenses
3. Educational Requirements
4. Business Conduct and Practices
5. Disciplinary Proceedings

This course is designed to provide real estate licensees with basic knowledge of Missouri law on these topics. The course is by no means exhaustive of any of the topics covered. Real estate licensees who desire more information on the topics covered should seek out the Missouri Rules and Statutes. These can be accessed from the Missouri Real Estate Commission's website here:

<http://pr.mo.gov/realestate-rules-statutes.asp>.

The course will be divided into 5 sections. After each section, participants will be presented with a number of questions designed to check their knowledge of the materials. At the end of the course, participants will be presented with a comprehensive exam designed to test their knowledge of the entire course.

Section One: General Rules

Summary This section of the Missouri statutes defines the activities of person(s) or entity(ies) that require a Missouri real estate license. When negotiating or advertising real estate for another, and for compensation, a real estate license is required.

Exempt from the requirement of licensure are those who are selling their own property, such as for sale, or for rent by owner and licensed attorneys-at-law. An auctioneer employed by the property owner is also exempt from requirements of licensure. Additionally, persons acting as trustees, estate executor or court appointed persons, such guardians, are exempt.

This section of the Missouri statutes also defines verbiage used in the statutes, such as **commission, real estate** and **advertising**.

Definitions 339.010

A **real estate broker** is any person, partnership, limited partnership, limited liability company, association, professional corporation, or corporation, foreign or domestic who, for another, and for a compensation or valuable consideration, does, or attempts to do, any or all of the following:

- Sells, exchanges, purchases, rents, or leases real estate;
- Offers to sell, exchange, purchase, rent or lease real estate;
- Negotiates or offers or agrees to negotiate the sale, exchange, purchase, rental or leasing of real estate;
- Lists or offers or agrees to list real estate for sale, lease, rental or exchange;
- Buys, sells, offers to buy or sell or otherwise deals in options on real estate or improvements thereon;
- Advertises or holds himself or herself out as a licensed real estate broker while engaged in the business of buying, selling, exchanging, renting, or leasing real estate;
- Assists or directs in the procuring of prospects, calculated to result in the sale, exchange, leasing or rental of real estate;
- Assists or directs in the negotiation of any transaction calculated or intended to result in the sale, exchange, leasing or rental of real estate;
- Engages in the business of charging to an unlicensed person an advance fee in connection with any contract whereby the real estate broker undertakes to promote the sale of that person's real estate through its listing in a publication issued for such purpose intended to be circulated to the general public;
- Performs any of the foregoing acts on behalf of the owner of real estate, or interest therein, or improvements affixed thereon, for compensation.

A **real estate salesperson** is any person, partnership, limited partnership, limited liability company, association, professional corporation, or corporation, domestic or foreign who for a compensation or

valuable consideration becomes associated, either as an independent contractor or employee, either directly or indirectly, with a real estate broker to do any of the things above mentioned.

A **real estate broker-salesperson** is any person, partnership, limited partnership, limited liability company, association, professional corporation, or corporation, domestic or foreign, who has a real estate broker license in good standing, who for a compensation or valuable consideration becomes associated, either as an independent contractor or employee, either directly or indirectly, with a real estate broker to do any of the things above mentioned. A real estate broker-salesperson may not also operate as a real estate broker.

Commission as used in sections 339.010 to 339.180 and sections 339.710 to 339.860, Missouri Statutes means the Missouri real estate commission.

Real estate shall mean, and include, leaseholds, as well as any other interest or estate in land, whether corporeal, incorporeal, freehold or nonfreehold, and the real estate is situated in this state.

Advertising shall mean any communication, whether oral or written, between a licensee or other entity acting on behalf of one or more licensees and the public, and shall include, but not be limited to, business cards, signs, insignias, letterheads, radio, television, newspaper and magazine ads, Internet advertising, websites, display or group ads in telephone directories, and billboards.

Exemptions 339.010.7

- The provisions of sections 339.010 to 339.180 and sections 339.710 to 339.860 of the Missouri statutes shall not apply to:
 - Any person, partnership, limited partnership, limited liability company, association, professional corporation, or corporation with property owned or leased by them, or to the regular employees thereof
 - Any licensed attorney-at-law
 - An auctioneer employed by the owner of the property
 - Any person acting as receiver, trustee in bankruptcy, administrator, executor, or guardian or while acting under a court order or under the authority of a will, trust instrument or deed of trust or as a witness in any judicial proceeding or other proceeding conducted by the state or any governmental subdivision or agency
 - Any person employed or retained to manage real property by, for, or on behalf of the agent or the owner of any real estate shall be exempt from holding a license, if the person is limited to one or more of the following activities:
 - Delivery of a lease application, a lease, or any amendment thereof, to any person;
 - Receiving a lease application, lease, or amendment thereof, a security deposit, rental payment, or any related payment, for delivery to, and made payable to, a broker or owner;
 - Showing a rental unit to any person, as long as the employee is acting under the direct instructions of the broker or owner, including the execution of leases or rental agreements;

- Conveying information prepared by a broker or owner about a rental unit, a lease, an application for lease, or the status of a security deposit, or the payment of rent, by any person;
- Assisting in the performance of brokers' or owners' functions, administrative, clerical or maintenance tasks;
- If the person described in this section is employed or retained by, for, or on behalf of a real estate broker, the real estate broker shall be subject to discipline under this chapter for any conduct of the person that violates this chapter or the regulations promulgated thereunder;

Disputes

Summary The purpose of chapter 339 of the Missouri statutes is to protect the public. The commission will not arbitrate commission between licensees. If a real estate agent is a member of a local REALTOR® association, the Realtor® Code of Ethics makes provisions for commission arbitration.

Disputes 20 CSR 2250-2.040

The commission will not enter into disputes between licensees concerning matters of commissions. The license law and these rules are designed to regulate the business conduct of licensees in the interest of the public and to discipline licensees when warranted. The commission has no authority to award money damages, but, as a condition of probation, may order restitution be made to injured parties.

Section One: General Rules Review Questions

Chapter 339 of the Missouri Statutes is

1. Chapter 339 of the Missouri Statutes is

- (A) code of ethics
- (B) license law
- (C) MLS rules
- (D) for commercial agents only

2. Mary is employed by Broker John to show rental properties that he manages. She shows rental units, collects security deposit checks made payable to the owner and delivers leases. Based upon these actions, Mary

- (A) must be a Missouri real estate licensee to perform these duties
- (B) is violating Missouri Real Estate Commission rules
- (C) is creating a criminal offense
- (D) is not required to be a Missouri real estate licensee

3. Broker Mary believes she is due commission from Broker Jim because of a buyer she procured for a listing that closed. Mary files a complaint with the Missouri Real Estate Commission. The MREC will

- (A) fine Broker Jim for commission Broker Mary believes she is due
- (B) dismiss the case
- (C) send the matter to the Administrative Hearing Commission
- (D) hold a hearing and subpoena witnesses to determine if Mary was the procuring cause

4. The purpose of Missouri license law is

- (A) fine licensees for complaints filed on proper forms
- (B) protect licensees from being sued
- (C) protect the public
- (D) collect dues

5. "Real estate," as defined by chapter 339 of Missouri Statutes includes
- (A) freehold, but not leasehold estates located in Missouri
 - (B) leasehold, but not freehold estates located in Missouri
 - (C) leasehold and freehold estates only located in Missouri or adjoining states
 - (D) leaseholds and any other interest or estate in land, freehold or nonfreehold, located in Missouri
6. An auctioneer employed by the owner of a property would be defined as
- (A) someone who is not required to hold a Missouri real estate license
 - (B) someone required to have a valid Missouri real estate license
 - (C) someone required to take two days of continuing education
 - (D) someone who could sell real estate for a broker

Answer Key:

- 1. B. License law
- 2. D. Mary is not required to have a Missouri real estate license.
- 3. B. Dismiss the case.
- 4. C. Protect the public.
- 5. D. Leaseholds and any other interest or estate in land, freehold or nonfreehold, located in Missouri.
- 6. A. Someone who is not required to hold a Missouri real estate license.

Section Two: Licenses

Summary Since the purpose of chapter 339 of the Missouri statutes is to protect the public, the qualifications for licensure provide that applicants be of good moral character, have an honest reputation and are competent to transact business within the parameters of the requirements of the law.

Key Points

- Broker and salesperson applicants must successfully complete the required education from an accredited school and successfully pass the required exam.
- A background check, conducted by the Missouri state police and the FBI is required for new salesperson applicants.
- Missouri brokers must renew their license every two years, on the even year, by June 30. Salespersons must renew every two years, on the even year, by September 30. A salesperson cannot renew his or her license unless the broker has renewed.
- Education requirements for license renewal for both broker and salesperson is twelve hours of continuing education consisting of three hours of core – mandatory law course as approved by the commission and nine hours of elective courses approved by the commission. The commission will not approve courses that focus on salesmanship or advertising. Courses must be consumer-centric.
- If a licensee fails to complete required education to renew his or her license by the specified renewal date, the licensee cannot renew until completing the Missouri Real Estate Practice (MREP) course and paying a delinquent fine of \$50 per month, not to exceed \$200. The licensee has six months from the date on the MREP course to apply for renewal or must requalify as a new agent.
- If a licensee is delinquent in applying for license renewal, but has taken the required education, the licensee is required to pay the delinquent fine of \$50 per month, not to exceed \$200.
- Fictitious names must be registered with the Secretary of State and a copy of the registration provided to the commission within ten days of receipt from the Secretary of State.
- If a broker changes his or her name, home or business address, he or she has ten days from the change to submit the information to the commission.
- When a licensee transfers from one broker to another without changing license type, the licensee shall be deemed transferred at the time the properly completed application is mailed by certified, registered, or overnight delivery.
- Upon termination of a licensee's association with a broker, the listings are to remain with the original broker.
- Licensees on inactive status must renew as inactive, on proper renewal forms, every two years. Inactive licensees may not accept compensation for, or participate in real estate activities requiring an active license.

Qualification for License

Licenses shall be granted only to persons* who present satisfactory proof to the commission that they:

- (1) Are persons of good moral character; and
- (2) Bear a good reputation for honesty, integrity, and fair dealing; and
- (3) Are competent to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public. 339.040.1

* Persons also includes: corporations, associations, partnerships, limited partnerships, limited liability companies, and professional corporations whose officers, managers, associates, general partners, or members who actively participate in such entity's brokerage, broker-salesperson, or salesperson business.

Each applicant for a broker or salesperson license must be at least eighteen years of age and shall pay the broker examination fee or the salesperson examination fee. 339.040.3

Broker Applicant: Each applicant for a broker license shall be required to have satisfactorily completed the salesperson license examination prescribed by the commission. 339.040.4

Each application for a broker license shall include a certificate from the applicant's broker or brokers that the applicant has been actively engaged in the real estate business as a licensed salesperson for at least two years immediately preceding the date of application, and shall include a certificate from a school accredited by the commission under the provisions of section 339.045 that the applicant has, within six months prior to the date of application, successfully completed the prescribed broker curriculum or broker correspondence course offered by such school, except that the commission may waive all or part of the requirements set forth in this subsection when an applicant presents proof of other educational background or experience acceptable to the commission. Each application for a broker-salesperson license shall include evidence of the current broker license held by the applicant. 339.040.5

Salesperson Applicant: Each application for a salesperson license shall include a certificate from a school accredited by the commission under the provisions of section 339.045 that the applicant has, within six months prior to the date of application, successfully completed the prescribed salesperson curriculum or salesperson correspondence course offered by such school, except that the commission may waive all or part of the educational requirements set forth in this subsection when an applicant presents proof of other educational background or experience acceptable to the commission. 339.040.5

Death or Incapacity of Licensed Broker: In the event of the death or incapacity of a licensed broker, whereby the affairs of the broker cannot be carried on, the commission may issue, without examination or fee, to the legal representative or representatives of the deceased or incapacitated individual, or to another individual approved by the commission, a temporary broker license which shall authorize such individual to continue for a period to be designated by the commission to transact business for the sole purpose of winding up the affairs of the broker under the supervision of the commission. 339.040.10

Renewal of License 20 CSR 2250-4.020

The commission may mail to each licensee, at least thirty (30) days prior to license expiration, a notice of the expiration and an application for renewal of license to the licensee's address on file with the commission.

Broker Renewal: Every license issued and every license renewal for a broker, corporation, broker-officer, partnership, broker-partner, association, broker-associate, broker-salesperson, professional corporation (broker-salesperson) or inactive broker license shall expire June 30 in each even-numbered year.

Salesperson Renewal: Every license issued and every license renewal for professional corporation (salesperson), salesperson, or inactive salesperson license shall expire September 30 in each even-numbered year. A renewal license will not be issued until the license of the broker with whom the licensee is associated has been renewed.

Application for Renewal: The commission may issue a new license for each renewal period upon receipt of a properly completed renewal application, including proof of completion of the continuing education requirement pursuant to 20 CSR 2250-10.100, and the biennial fee, if the receipt date as affixed by the United States Postal Service or recognized common carrier, or if hand-delivered to the Missouri Real Estate Commission before the close of business, is no later than the date of license expiration.

Delinquent Renewal Application: Delinquent renewal applications must be accompanied by a delinquent fee of fifty dollars (\$50) per month or partial month elapsed since the date of license expiration. Delinquent fees are not to exceed two hundred dollars (\$200).

Failure to Complete Continuing Education Requirements: Any licensee who fails to complete continuing education requirements during the renewal period must submit with their renewal proof of completion of the Missouri Real Estate Practice Course as identified in 20 CSR 2250-6.060. This course must have been completed no more than six (6) months prior to the receipt date as affixed by the United States Postal Service or recognized common carrier or the date the application is hand-delivered to the Missouri Real Estate Commission during regular business hours.

Fictitious Name 20 CSR 2250-4.030

Any broker doing business under any name other than the broker's legal name or any entity doing business under any name shall register the fictitious name with the secretary of state and shall furnish the commission a copy of the registration within ten (10) days of receipt of the official registration from the secretary of state.

Individual License; Business Name 20 CSR 2250-4.040

A broker shall not conduct business under any other name or at any other address than the one for which the broker's individual license is issued unless the broker first complies with 20 CSR 2250-4.030 (Fictitious Name). If a broker changes his/her name, home or business address, the broker shall notify the commission in writing within ten (10) days after the change becomes effective.

Broker License Status Change 20 CSR 2250-4040.2

When a broker returns his/her license to the commission, the broker must first comply with the provisions of 20 CSR 2250-8.155. The broker shall have six (6) months in which to change status or

reinstate the license. If the application to change status or reinstate the license is not made within the six (6)-month period, the applicant will be required to complete the Missouri Real Estate Practice Course and show proof of satisfactory completion of that course within six (6) months prior to reinstatement of the license. If the license is not reinstated or placed on inactive status within the subsequent renewal period, the licensee will be required to requalify as if an original applicant.

Broker-Salesperson Relationship 20 CSR 2250-4050

A broker whose license is in good standing and who elects to operate under the supervision of a licensed broker shall surrender his/her license to the commission for conversion to a broker-salesperson license. A broker-salesperson license will be issued upon receipt of the properly completed application accompanied by the required fee. No individual holding a broker-salesperson license may have a salesperson licensed under him/her. A broker license may be reinstated upon proper application to the commission accompanied by the required fee.

Transfer of License 20 CSR 2250-4.050

Transfer of Salesperson License or Broker-Salesperson License: Within seventy-two (72) hours of the termination of the association of any broker-salesperson or salesperson, a broker shall notify the commission and shall return to the commission that licensee's license. The broker shall provide a dated and timed receipt to the licensee when the licensee submits a letter of termination to the broker. When a licensee's license is surrendered to the commission, the licensee shall have six (6) months in which to transfer to another broker or change license status. If the application for transfer or change in status is not made within the six (6)-month period, the applicant will be required to complete the required Missouri Real Estate Practice Course and show proof of satisfactory completion of that course within six (6) months prior to reinstatement of the license. If the license is not transferred or placed on inactive status, or if no status change has been made within the subsequent renewal period, the licensee will be required to requalify as if an original applicant.

Transfer of License/Engagement in Real Estate Activities: An original licensee or a licensee changing license status/type shall not be deemed to be entitled to engage in any activity for which a license is required until the new license is received by the broker or until written notification is received from the commission that the application is being processed. When a broker-salesperson or salesperson transfers from one broker to another without changing license type, the licensee shall be deemed transferred at the time the properly completed application is mailed by certified, registered, or overnight delivery, if all materials required to transfer are mailed under one (1) cover. The new broker is responsible for seeing that the application is complete and that the application for transfer is mailed by certified, registered, or overnight delivery to ensure proof of delivery. If the application is deemed incomplete, the transfer will not be effective until the new license is received by the broker or until written notification is received from the commission that the application is being processed.

Licensee's Listings are the Property of the Broker: Upon termination of a licensee's association with a broker, the licensee shall return all property belonging to the broker, including, but not limited to all listing information acquired by the licensee in any manner during the licensee's association with the broker.

Transfer to Inactive Status. No Engagement in Activity Requiring a License: A salesperson whose association with a broker is terminated may request the commission to transfer the license to an inactive status. The request shall be on an application approved by the commission and shall be accompanied by the required fee. A license shall be issued to the salesperson clearly printed with the word inactive and the inactive salesperson shall not be associated with a broker nor engage in any activity for which a license is required.

Inactive License Renewal Requirements/Reactivation Requirements: An inactive salesperson license must be renewed biennially on or before September 30 of each renewal year. A licensee holding an inactive license as described in this rule will not be required to complete the continuing education requirement for license periods during which the license is inactive. A salesperson license which is in an inactive status may not be reactivated until the licensee presents to the commission a certificate from a school accredited by the commission evidencing satisfactory completion by that person, within the preceding six (6) months, of the Missouri Real Estate Practice Course. The holder of an inactive salesperson license may be transferred to active status upon proper application to the commission accompanied by the required fee and the school completion certificate.

Denial of License 339.080

The commission may refuse to examine or issue a license to any person known by it to be guilty of any of the acts or practices specified in subsection 2 of section 339.100, or to any person previously licensed whose license has been revoked. The commission may refuse to issue a license to any association, partnership, corporation, professional corporation, limited partnership, or limited liability company of which such person is a manager, officer or general partner. Additionally the commission may refuse to issue a license if such person is a member, partner or associate who has or exercises a controlling interest either directly or indirectly. Lastly, the commission may refuse to issue a license to any corporation of which such person is an officer or in which as a stockholder such person has or exercises a controlling interest either directly or indirectly.

Applications for License 330.050

Applications for licenses shall be in writing, on blanks furnished by the commission, accompanied by such information and recommendations as it may require. Each application shall contain a statement that it is made under oath or affirmation and that its representations are true and correct to the best knowledge and belief of the person signing same, subject to the penalties of making a false affidavit or declaration.

Licenses shall be granted only to persons who present, and corporations, associations or partnerships whose officers, associates or partners present, satisfactory proof to the commission that they are persons of good moral character; bear a good reputation for honesty, integrity, and fair dealing; and are competent to transact the business of a broker or salesperson in such a manner as to safeguard the interest of the public.

All individuals applying for an original Missouri real estate license must provide acceptable proof of having submitted fingerprints to the Missouri State Highway Patrol's approved vendor for both a Missouri State Highway Patrol and a Federal Bureau of Investigation fingerprint background check. Any fees due to fingerprint background checks shall be paid by the applicant directly to the Missouri State Highway Patrol or its approved vendor.

Section Two: Licenses Review Questions

1. To maintain a license as inactive, a licensee must
 - (A) complete twelve hours of continuing education biennially and renew the license as inactive
 - (B) renew the inactive license biennially prior to the license renewal date
 - (C) complete the 24-hour Missouri Real Estate Practice course every two years
 - (D) obtain the signature of the sponsoring broker on the application form prior to submitting it to the commission

2. Broker Janet Smith is opening her own brokerage but will be use the name "Best Brokerage" as her company name. Broker Janet must
 - (A) send a certified letter to the MREC stating the name of the brokerage as registered with the secretary of state
 - (B) submit a request for name change to the commission, accompanied by proper documentation
 - (C) apply for licensure with the commission, noting the business name, on proper forms
 - (D) furnish the commission a copy of the official registration from the secretary of state

3. A salesperson is transferring to another broker. At what point is the licensee deemed transferred to the new broker?
 - (A) at the time the completed license application is mailed by regular mail
 - (B) at the time the completed license application is received by the commission
 - (C) at the time the completed license application is mailed by trackable mail
 - (D) at the time the new broker signs the license application

4. A broker must return the license of a licensee who has been terminated within _____ of the termination
 - (A) seventy-two hours
 - (B) forty-eight hours
 - (C) ten days
 - (D) twenty-four hours

5. When a salesperson transfers from one broker to another broker, the salesperson's current listings

- (A) will be transferred to the new broker
- (B) are automatically terminated
- (C) could be transferred with the salesperson if the client agrees
- (D) stay with the current broker

6. A salesperson license in an inactive status can be reactivated

- (A) when the applicant provides evidence of completion of the Missouri Real Estate Practice Course, no longer than six months from the completion date on the certificate
- (B) when application for activation is received by the commission
- (C) when the applicant successfully passes the real estate exam
- (D) when the applicant provides evidence of completion of the required twelve hours of continuing education, including nine hours of elective credit and three hours core credit

7. Broker Sam wishes to work under the supervision of Broker Mary at Broker Mary's company. Broker Sam

- (A) will keep his license as broker
- (B) must sign a partnership agreement with Broker Mary
- (C) shall surrender his license to the commission for conversion to broker-salesperson license
- (D) shall surrender his license to the commission for conversion to salesperson license

8. Broker Sandra has managed Twin Oaks Realty for five years. Broker Sandra became ill and decided to step down as manager, but wanted to stay on as a selling agent. Broker Charlotte was hired and received license as the new broker of Twin Oaks Realty. Broker Sandra

- (A) would surrender her broker license to the commission for conversion to broker-salesperson and could no longer have other salespersons licensed under her
- (B) would continue as co-broker with Broker Charlotte and salespersons would be licensed under both brokers
- (C) would be responsible for all brokerage/salespersons activities that occurred while Broker Charlotte was being trained
- (D) would still have the salespersons who were hired during her tenure be licensed under her

Answer Key:

1. B. Renew the inactive license biennially prior to the license renewal date.
2. D. Furnish the commission a copy of the official registration from the secretary of state.
3. C. At the time the completed license application is mailed by trackable mail.
4. A. Seventy-two hours
5. D. Stay with the current broker.
6. A. When the applicant provides evidence of completion of the Missouri Real Estate Practice Course, no longer than six months from the completion date on the certificate.
7. C. Shall surrender his license to the commission for conversion to broker-salesperson license.
8. A. Broker Sandra would surrender her broker license to the commission for conversion to broker-salesperson and could no longer have other salespersons licensed under her.

Section Three: Educational Requirements

Key Points

- Education requirements for license renewal for both broker and salesperson is twelve hours of continuing education consisting of three hours of core – mandatory law course as approved by the commission and nine hours of elective courses approved by the commission. The commission will not approve courses that focus on salesmanship or advertising. Courses must be consumer-centric.

Salesperson Course: Every application for original salesperson license shall be accompanied by proof of successful completion of an approved forty-eight (48)-hour course of study known as “Salesperson Pre-Examination Course.” This course must be completed prior to the date of examination, but no more than six (6) months prior to the receipt date as affixed by the United States Postal Service or recognized common carrier, or the date the application is hand-delivered to the commission during regular business hours.

(Required Examination): Proof of satisfactory completion of both national and state portions of the required examination after the successful completion of the course identified as “Salesperson Pre-Examination Course”; and

(Missouri Real Estate Practice Course): Proof of successful completion of an approved twenty-four (24)-hour course known as “Missouri Real Estate Practice Course” completed after successful completion of the “Salesperson Pre-Examination Course.”

Continuing Education Requirements 20 CSR 2250-10.100

Each real estate licensee who holds an active license shall complete during the two (2)-year license period prior to renewal, as a condition precedent to license renewal, a minimum of twelve (12) hours of real estate instruction approved for continuing education credit by the Missouri Real Estate Commission.

At least three (3) hours of the twelve (12) hours of approved instruction shall be taken in a course identified by the Missouri Real Estate Commission as a core course. Should the commission not identify a topic for the core course, approved schools may submit courses for core consideration in any of the following areas:

- Missouri laws governing the transfer of real property
- Broker supervision and escrow account management
- Fair housing
- Property management
- Commercial brokerage; or
- Agency and brokerage relationships

The balance of the twelve (12) hours of instruction shall consist of courses which have been approved for continuing education credit by the Missouri Real Estate Commission. The commission will approve those courses which are determined by it to be those through which real estate licensees can remain qualified and can become more competent to provide a higher level of public service and public protection, and are based on consumer protection or service concepts which are founded on Missouri or federal laws related to real estate transactions.

Section Three: Educational Requirements Review Questions

1. A salesperson candidate must successfully complete the 48-hour Missouri Salesperson Pre-Examination Course. In addition, the candidate must complete

- (A) 12 hours approved continuing education
- (B) 24 hours Missouri Real Estate Practice Course
- (C) 72 hours Missouri Real Estate Practice Course
- (D) 24 hours approved continuing education

2. The requirement to take the Missouri real estate exam is

- (A) successful completion of 72 hours of approved Missouri pre-license course from an approved provider
- (B) successful completion of 24 hours of approved Missouri Real Estate Practice Course and 48 hours Missouri Salesperson Pre-Examination Course from an approved provider
- (C) successful completion of approved 48-hour Missouri Salesperson Pre-Examination Course from an approved provider
- (D) successful completion of approved 12 hours core (Missouri real estate law) courses from an approved provider

3. License candidate Sam successfully completed the 48-hour Missouri Salesperson Pre-Examination Course from an approved provider on March 1. Sam passed the license examination and completed the 24-hour Missouri Real Estate Practice Course by June 15. He completed the application for his criminal background check. Sam was called out of the country and did not return until October 15. Sam

- (A) must repeat all required courses, examination and background check prior to applying for license
- (B) can petition the MREC to hold a hearing to accept his application for license
- (C) can petition the AHC to hold a hearing to accept his application for license
- (D) must re-take and complete only the 48-hour Missouri Salesperson Pre-Examination Course as the 24-hour Missouri Real Estate Practice Course is valid for two years

4. The MREC may waive all or part of the educational requirements for salesperson licensing
- (A) never. The MREC requires that all applicants complete 72 hours pre-licensing courses
 - (B) if an applicant presents proof of other educational background acceptable to the MREC
 - (C) when the applicant's broker petitions the MREC on behalf of the applicant
 - (D) automatically if the applicant petitions the MREC
5. Which of the following combination of continuation courses would be acceptable for license renewal?
- (A) Six hours elective and three hours core
 - (B) Six hours Missouri real estate law and three hours elective
 - (C) Twelve hours elective
 - (D) Twelve hours elective and three hours core
6. A course approved for continuing education credit in Arkansas
- (A) will automatically be approved for continuing education credit in Missouri
 - (B) will only be approved for continuing education credit in Missouri if it is offered by NAR
 - (C) may be approved for continuing education credit by the MREC if submitted for approval on proper forms
 - (D) would never be approved for continuing education credit by the MREC

Answer Key:

1. B. 24 hours Missouri Real Estate Practice Course.
2. C. Successful completion of approved 48-hour Missouri Salesperson Pre-Examination Course from an approved provider.
3. A. Must repeat all required courses, examination and background check prior to applying for license.
4. B. If an applicant presents proof of other educational background acceptable to the MREC.
5. D. Twelve hours elective and three hours core.
6. C. May be approved for continuing education credit by the MREC if submitted for approval on proper forms.

Section Four: Business Conduct and Practice

Key Points

- A broker cannot let a licensed or unlicensed person pay a fee to use his or her license.
- A broker must have control over the broker's office. No control or only nominal control of the business affairs conducted under the broker's license is not allowed.
- Branch offices must be operated under the same name and license of the main office.
- A broker shall notify the commission, in writing, within ten days after opening or making any change in the address or managing licensee of a branch office.
- Unlicensed persons (clerical workers) shall not do, or attempt to do, any of the activities that require a license.
- Advertising must be in the business name of the broker.
- An advertisement must not appear that it is **not** coming from a licensee/brokerage (giving the impression that it is a for sale by owner when it is not).
- When a licensee is advertising his or her own property and it is not listed through a broker, then all signs, advertising, etc. must read For Sale by
 - Owner-Broker
 - Owner-Salesperson
 - Owner-Agent
- Any written advertisement by a licensee of a guaranteed sales plan shall include a statement advising the seller that if the seller is eligible, costs and conditions may apply and advising the seller to inquire of the licensee as to the terms of the guaranteed sales agreement. This information shall be set forth in print at least one-fourth (1/4) as large as the largest print in the advertisement.
- A licensee may not place a for sale sign on a property without the owner's consent

Improper Use of License and Office 20 CSR 2250.8.010

Place of Business: Every active resident broker, except those not actively engaged in real estate business, shall maintain a regularly established place of business, which shall be open to the public during usual business hours or at regular stated intervals. No salesperson may be associated with a broker not maintaining a regularly established place of business or a broker not actively engaged in the real estate business.

A broker's business sign must be of sufficient size to identify it and bear the name under which the broker or the broker's firm is licensed, or the regular business name, shall be displayed outside of the broker's regular place of business.

Broker Supervision and Improper Use of License and Office 20 CSR 2250-8.020

Individual brokers, designated brokers, and office managers/supervising brokers shall be responsible for supervising the real estate related activities including the protection of any confidential information of all licensed and unlicensed persons associated with them.

A broker shall not permit licensed and unlicensed persons affiliated with the broker to establish and carry on real estate brokerage business for their own benefit, directly or indirectly, where the broker's primary interest is the receipt of a fee or other valuable consideration for the use of the broker's license by others; or where the broker has no control or only nominal control of the business affairs conducted under the broker's license or is only nominally associated with the business.

Branch Offices 20 CSR 2250-8.030

Each branch office shall be operated under the same name and license as the parent office.

A branch office shall be under the direct supervision of either a licensed broker, broker-salesperson, or a broker-partner, broker-associate, or broker-officer of the principal licensed broker; provided that nothing contained in this rule shall be construed to relieve the principal licensed broker from responsibility for all brokerage activities conducted at the branch office. Nothing in this section shall be construed as to prohibit the office manager from engaging in the listing and sale of real estate.

A broker shall notify the commission, in writing, within ten (10) days after opening or making any change in the address or managing licensee of a branch office.

Clerical Personnel 20 CSR 2250-8.050

The activities of unlicensed clerical or office employees of a broker shall be limited to the duties normally attributed to those positions. Unlicensed persons shall not do, or attempt to do, any of the activities that require a license.

Advertising 20 CSR 2250-8.070

A licensee shall not advertise to sell, buy, exchange, rent, lease or manage property in any manner indicating that the offer is being made by a private party not engaged in the real estate business. If any part of the offering, negotiation or completion of a real estate transaction is to be handled by, through or under the direction or supervision of a licensee, directly or indirectly, the licensee shall not advertise or represent to the public in any manner that the property is for sale or lease by the owner.

No real estate advertisement by a licensee shall show only a post office box number, telephone number or street address. Every advertisement of real estate by a licensee shall contain the broker's regular business name or the name under which the broker or the broker's firm is licensed and shall indicate that the party advertising is a real estate broker and not a private party.

Every advertisement of real estate by a licensee where the licensee has no interest in the real estate shall be made under the direct supervision and in the name of the broker or firm who holds the licensee's license. If the licensee's name or telephone number, or both, is used in any advertisement, the advertisement also shall include the name and telephone number of the broker or firm who holds the licensee's license.

No licensee shall advertise to buy, sell, rent, lease, manage or exchange property in any manner that indicates, directly or indirectly, any unlawful discrimination against any individual or group because of race, color, religion, national origin, ancestry, sex, handicap or familial status.

Guaranteed Sales

A guaranteed sales plan includes, but is not limited to: i) any plan in which a seller's real estate is guaranteed to be sold, or ii) any plan where a licensee or anyone affiliated with a licensee will purchase a seller's real estate if it is not purchased by a third party in the specified period of a listing or within some other specified period of time.

Any written advertisement by a licensee of a guaranteed sales plan shall include a statement advising the seller that if the seller is eligible, costs and conditions may apply and advising the seller to inquire of the licensee as to the terms of the guaranteed sales agreement. This information shall be set forth in print at least one-fourth (1/4) as large as the largest print in the advertisement.

Any radio or television advertisement by a licensee of a guaranteed sales plan shall include a conspicuous statement advising if any conditions and limitations apply.

Every guaranteed sales agreement must be in writing and contain all of the conditions and other terms under which the property is guaranteed to be sold or purchased, including the charges or other costs for the service or plan, the price for which the property will be sold or purchased and the approximate net proceeds the seller may reasonably expect to receive.

Advertising Licensee's Own Property

If a licensee advertises to sell, buy, exchange, rent, lease or manage property in which the licensee has an interest, and if the property is not listed by a brokerage entity, the advertisement shall contain, in a prominent fashion, one (1) of the following:

1. By owner-broker;
2. By owner-salesperson; or
3. By owner-agent.

Brokerage Service Agreements 20 CSR 2250-8090

Key Points

- Listings must have an expiration date. There are no automatic renewals.
- A residential property may not be shown without written authorization from the seller.
- Net listings are illegal.
- A for sale sign cannot be placed on a property that is not for sale.
- A for sale sign must be removed immediately upon expiration of the listing.
- The licensee shall give a legible copy of every written listing agreement or other written agreement for brokerage services to the owner of the property at the time the signature of the owner is obtained.
- Addendums and amendments must have the initials of all parties to the transaction.
- A licensee shall not enter into a brokerage service agreement with an owner if the owner is in an exclusive brokerage service agreement with another broker, unless the owner initiates the discussion and provided the licensee has not directly or indirectly solicited the discussion, in which case the licensee may negotiate and enter into an agreement which will take effect after the expiration of the current agreement.

Listings: A licensee shall not advertise or place a sign upon any property offering it for sale or lease to prospective customers without the written consent of the owner or his or her duly authorized agent.

A licensee shall not show residential property unless a broker holds a currently effective written seller's/lessor's agency agreement, seller's/lessor's transaction brokerage agreement, or other written authorization to show.

Seller's/Lessor's Agency (Sale/Lease Listing) Agreement.

Every written listing agreement or other written agreement for brokerage services shall contain all of the following:

1. The price;
2. The commission to be paid (including any and all bonuses);
3. A definite beginning date;
4. An expiration date;
5. The licensee's duties and responsibilities;
6. A statement which permits or prohibits the designated broker from offering subagency;
7. A statement which permits or prohibits the designated broker and/or affiliated licensee from acting as a disclosed dual agent and if permitted, the duties and responsibilities of a dual agent;
8. A statement which permits or prohibits the designated broker and/or affiliated licensee from acting as a transaction broker and if permitted, the duties and responsibilities of a transaction broker;
9. Specification of whether or not the designated broker is authorized to cooperate with and compensate other designated brokers acting pursuant to any other brokerage relationship, including but not limited to buyer's agents and/or transaction brokers;
10. A statement which confirms that the seller/lessor received the Broker Disclosure Form prescribed by the commission: a) on or before the signing of the seller's agency agreement, or b) upon the licensee obtaining any personal or financial information, whichever occurs first;
11. The signatures of all owners and the listing broker or listing agent as authorized by the broker;
12. The type of listing;
13. The legal description or the complete street address of the property, which includes the city where the property is located; or, in the absence of a legal description or address, a clear description which unmistakably identifies the property; and

14. All other terms and conditions under which the property is to be sold, leased, or exchanged.

Additional Listing Requirements

The agreement shall contain no provision requiring an owner to notify the broker of intent to cancel the listing after the expiration date.

Any addendums, riders, endorsements, attachments, or changes to the listing agreement or other written agreement for brokerage services must contain the initials of all parties.

The licensee shall give a legible copy of every written listing agreement or other written agreement for brokerage services to the owner of the property at the time the signature of the owner is obtained.

A licensee shall not negotiate or enter into a brokerage service agreement with an owner if the licensee knows, or has reason to know, that the owner has a written unexpired exclusive brokerage service agreement as to the property with another broker, unless the owner initiates the discussion and provided the licensee has not directly or indirectly solicited the discussion, in which case the licensee may negotiate and enter into an agreement which will take effect after the expiration of the current agreement.

No licensee shall make or enter into a net listing agreement for the sale or lease of real property or any interest in real property; this agreement is defined as one that stipulates a net price to be received by the owner with the excess over that price to be received by the broker as commission.

A listing agreement or other written agreement for brokerage services may not be assigned, sold, or otherwise transferred to another broker without the express written consent of all parties to the original agreement.

Offers 20 CSR 2250-8.100

Key Points

- Written offers shall contain the legal description or property address, or both.
- Every written offer shall be presented promptly, including back-up offers, properly identified.
- Copies of all documents shall be delivered promptly to all parties to the transaction.
- Any change to a contract shall be initialed by all parties to the transaction.

Every licensee shall make certain that all of the terms and conditions authorized by the principal in a transaction are specified and included in an offer to sell or buy and shall not offer the property on any other terms. Every written offer shall contain the legal description or property address, or both, and city where the property is located, or in the absence of, a clear description unmistakably identifying the property.

Every licensee shall promptly tender to the seller or seller's agent every written offer to purchase and shall promptly tender to the buyer or buyer's agent any counteroffer made by the seller, including any

back-up contracts properly identified as such, and upon procuring a proper acceptance of an offer to purchase shall promptly deliver copies of the same, signed by both buyer and seller, to each party to the transaction. A buyer or seller must be promptly advised when an offer or counteroffer has been rejected.

Any change to a contract shall be initialed by all buyers and sellers. Acceptance of each fully executed contract shall include the date at which final agreement was reached either by 1) specific acknowledgement of final acceptance date; or 2) date of the last signature or initial to the contract.

Licensee's Interest in Transactions 20 CSR 2250-8.110

Key Points

- A licensee shall not acquire interest in a property, directly or indirectly, without first making the licensee's status known in writing.
- A licensee shall disclose in writing any ownership, or future ownership to all parties to the transaction.

Relationship with Parties

A licensee shall not acquire an interest in, sell, buy, exchange, rent or lease any real estate, directly or indirectly, without first making the licensee's status as a licensee known in writing to the other parties in the transaction.

Before buying, exchanging, selling or leasing real estate for another party, the licensee shall disclose in writing any ownership which a licensee has or will have and the licensee's status as a licensee to all parties to the transaction.

20 CSR 2250-8.120 Deposits to Escrow or Trust Account

Quick Review: In Missouri, the terms "escrow account" and "trust account" are very similar in meaning. In both cases, these are accounts where money belonging to other persons is deposited and held separately for future disbursement upon completion of a contract.

Brokers use an "escrow account" for depositing buyer's earnest money held as good faith for a transaction. So, the earnest money is considered "escrow money."

A "trust account" is associated with security deposit money held by a property management company. This money is held in trust for the tenant until he or she moves out. It is refunded to the tenant if terms of the lease are fulfilled. The same rules apply for escrow and trust accounts.

Key Points

- Escrow money shall be deposited within ten days following the date of acceptance of a contract.
- Earnest money shall be delivered to the affiliated broker immediately.
- The escrow or trust account shall be a checking account in a bank, savings and loan or credit union.
- If an escrow or trust account is interest bearing, all parties must agree and be notified in writing who will receive the interest.

- A broker shall not commingle personal or business funds with the escrow account without permission from all parties.
- Each check written on an escrow account or each corresponding check stub, or other record of disbursement of funds from the account and each deposit ticket shall indicate the related real estate transaction(s).

All escrow money received by a licensee shall be deposited in the escrow or trust account maintained by the broker no later than ten (10) banking days following the last date on which the signatures or initials, or both, of all the parties to the contract are obtained, unless otherwise provided in the contract. Earnest money received prior to acceptance of a written contract may be deposited into the escrow account by the broker with the written authorization of the party(ies) providing the funds.

A licensee shall immediately deliver to the broker with whom affiliated all money received in connection with a real estate transaction in which the licensee is engaged.

The escrow or trust account maintained by a broker, as required by the license law, shall be a checking account in a bank, savings and loan or credit union. If the escrow or trust account maintained by a broker is an interest-bearing account, the broker shall disclose in writing to all parties to the transaction that the account is interest-bearing and the disclosure shall indicate who is to receive the interest.

Each broker shall deposit into the escrow or trust account all funds coming into the broker's possession including funds in which the broker may have some future interest or claim and including, but not limited to, earnest money deposits, prepaid rents, security deposits, loan proceeds and funds paid by or for the parties upon closing of the transaction. No broker shall commingle personal funds or other funds in the broker's escrow account except with permission of all parties. Commissions payable must be removed from the escrow account at the time the transaction is completed. After the transaction is completed, interest payable shall be disbursed to the appropriate party(ies) from the escrow account no later than ten (10) banking days following the receipt of the next statement of the escrow account.

Each broker shall consent upon the request of the commission or its agent to the examination and audit of the broker's escrow or trust account by the commission or its agent.

Each check written on an escrow account or each corresponding check stub, or other record of disbursement of funds from the account and each deposit ticket shall indicate the related real estate transaction(s).

Earnest and Escrow Money 20 CSR 2250-8.130

Key Points:

- Non-negotiable items may only be accepted as earnest money without the written consent of the owner of the real estate.
- In the event a dispute arises concerning the return or forfeiture of any monies or other valuables held by a broker in escrow, the broker shall retain the funds in escrow until a written release is obtained from all parties consenting to its release or until a civil action is filed to determine its disposition. In the absence of a pending civil action or written release and upon passage of sixty days from the date of the dispute, and after giving fifteen days' written notice

by certified mail to all parties concerned at their last known address, a broker may disburse escrow monies or valuables to either party to the transaction based upon a good faith decision by the broker that the opposite party has failed to perform as agreed.

A broker shall not accept any note, nonnegotiable instrument or anything of value not readily negotiable as earnest money in a transaction without the signed, written consent of the owner of the real estate.

Disputes

In the event a dispute arises concerning the return or forfeiture of any monies or other valuables held by a broker in escrow, the broker shall continue to retain the money or valuables in escrow until a written release is obtained from all parties consenting to its disposition or until a civil action is filed to determine its disposition at which time payment may be made into the court. In the absence of a pending civil action or written release and upon passage of sixty (60) days from the date of the dispute, and after giving fifteen (15) days' written notice by certified mail to all parties concerned at their last known address, a broker may disburse escrow monies or valuables to either party to the transaction based upon a good faith decision by the broker that the opposite party has failed to perform as agreed.

Standard Forms 20 CSR 2250-8.140

When acting as a broker in a transaction, a broker may use current standardized forms including, but not limited to, contracts, agency disclosures, property management agreements, listing agreements, warranty deeds, quit claim deeds, trust deeds, notes, security instruments and leases, prepared or approved by the broker's counsel or by the counsel for a trade association of which the broker is a member or associate member, or by a Missouri state or local bar association and may complete them by filling in blank spaces to show the parties, property description and terms necessary to close the transaction the broker has procured.

A real estate broker shall not make a separate charge for completing any standardized forms and shall not prepare those forms for persons in transactions in which s/he is not acting as a broker, unless the broker is one of the parties to the contract.

Commissions 339.150

No licensee shall pay a commission or any other valuable consideration unless reasonable cause for payment exists or a contractual relationship exists with the licensee. Salespersons shall be paid by their own broker.

Broker Disclosure Form 20 CSR 2250-8.097

In a residential real estate transaction, at the earliest practicable opportunity during or following the first substantial contact by the designated broker or the affiliated licensees with a seller, landlord, buyer, or tenant who has not entered into a brokerage relationship, the licensee shall provide that person with a written copy of the current Broker Disclosure Form prescribed by the Missouri Real Estate Commission. A licensee shall provide the party that has not entered into a brokerage

relationship the Broker Disclosure Form upon obtaining any personal or financial information or before the signing of a brokerage service agreement, whichever occurs first.

Section Four: Business Conduct and Practices Review Questions

1. A broker hires an unlicensed person part-time to help with certain duties while the broker is out doing property showings. This part-time person

- (A) can only be paid as a salaried employee
- (B) can answer general questions about the broker's current listings
- (C) can perform clerical tasks
- (D) can design and print flyers for the broker's listings

2. A broker has left copies of the multiple listing service (MLS) sheets of his listings with his unlicensed assistant in case anyone calls about his listings while he is out of the office. In this situation

- (A) the broker has violated MREC statutes
- (B) the broker has not violated MREC statutes if the assistant reads directly from the MLS sheet and changes no information
- (C) only the unlicensed assistant has violated MREC statutes
- (D) the unlicensed assistant would be fined \$2,500

3. A license candidate has passed his exam, completed the requirements for license application and is waiting for the MREC to send his license to his broker. He posts on his social media page that within two weeks he will be a licensed real estate agent in Missouri and to be sure to watch for updates so he can be hired to assist his friends in purchasing a home. The candidate

- (A) is excellent at marketing himself to the public
- (B) is within the guidelines of Missouri statutes since he says he isn't licensed yet
- (C) has violated Missouri statutes because he didn't advertise his future brokerage name in the post
- (D) has violated Missouri statutes because he is advertising his business before his license application is approved

4. John Allgood is a salesperson with ABC Realty. He decides to sell his home and lists it with his broker. The For Sale sign in John's yard

- (A) must include "ABC Realty"
- (B) must state "for sale by owner-agent"
- (C) must include John's phone number
- (D) must state the price of the home

5. Salesperson Andrea of Marketable Realty lists her client's home for sale. Andrea purchases space on a billboard to advertise the home. Andrea works mostly from her home office, so she orders the billboard to read: "Home for Sale by Andrea of Marketable Realty. Call my mobile: 555-5555." Has Andrea done anything wrong?

- (A) Yes. Andrea must also indicate the address of Marketable Realty
- (B) Yes. Andrea must also indicate the phone number of Marketable Realty
- (C) No. Andrea has properly advertised this property
- (D) No. Andrea was smart to purchase a billboard

6. A listing where a licensee will purchase a seller's real estate if it is not purchased by a third party is known as

- (A) a net listing
- (B) a growth listing
- (C) a generated listing
- (D) a guaranteed listing

7. Any written advertisement by a licensee of a guaranteed sales plan shall include a statement advising the seller of the costs and conditions that apply in print

- (A) at least ten percent as large as the largest print in the advertisement
- (B) at least twenty-five percent as large as the smallest print in the advertisement
- (C) at least one-fourth as large as the largest print in the advertisement
- (D) at least one-eighth as large as the largest print in the advertisement

8. Salesperson Marcus lists his fiancée's home for sale. Salesperson Marcus

(A) shall make his status as a licensee known in writing to the other parties in the transaction

(B) has no obligation to other parties to indicate his status as a licensee because he has no personal interest in the property

(C) owes no fiduciary duty to his fiancée

(D) must indicate on the for sale sign his status as a licensee

Answer Key:

1. C. Can perform clerical tasks. A person must be licensed to market or give information about listings.

2. A. The broker has violated MREC statutes. The assistant would be required to have a license to give out information from the MLS.

3. D. Has violated Missouri statutes because he is advertising his business before his license application is approved.

4. A. Must include "ABC Realty." John would have to include "for sale by owner-agent" only if he were selling his home for sale by owner.

5. B. Andrea must also indicate the phone number of Marketable Realty. When a licensee advertises a listing using her name and phone number or both, the advertisement also shall include the name and phone number of the broker or firm who holds the licensee's license.

6. D. A guaranteed listing.

7. C. At least one-fourth as large as the largest print in the advertisement.

8. A. Shall make his status as a licensee known in writing to the other parties in the transaction. A licensee shall not sell directly or indirectly without first making the licensee's status as a licensee known in writing to the other parties in the transaction.

Section Five: Disciplinary Proceedings

Complaints 20 CSR 2250-9.010

Key Points

- Complaints against a licensee must be in writing, on proper forms and signed by the complainant, or the complaint will be dismissed.
- The commission, upon its own motion, may initiate a complaint against a licensee.
- The complainant will receive acknowledgement of receipt of the complaint.

A complaint against a licensee shall be in writing setting forth in clear and concise language the alleged violation, on forms provided by the commission, sworn to by the person making the complaint and submitted to the commission. Upon its own motion, the commission may initiate a complaint against a licensee.

Each complaint received under this rule shall be acknowledged in writing to the complainant. The complainant shall be notified of the final disposition of the complaint.

This rule shall not be deemed to limit the commission's authority to file a complaint with the Administrative Hearing Commission charging a licensee with any actionable conduct or violation, whether any complaint exceeds the scope of the acts charged in a preliminary complaint filed with the commission and whether any complaint has been filed with the commission.

Investigation 20 CSR 2250-9.020

Key Points

- When the commission receives a complaint on proper forms, the commission will initiate an investigation of the actions of the licensee against whom the complaint is made.
- The licensee may be asked to answer the charges in writing and to produce documentation in addition to being requested to appear before the commission.
- If an investigation finds the licensee innocent, the complaint will be dismissed.
- If the investigation finds the licensee guilty, the matter will be presented to the Administrative Hearing Commission (AHC) for a decision.

Upon receipt of a complaint in proper form, the commission shall investigate the actions of the licensee against whom the complaint is made. In conducting an investigation, the commission, in its discretion, may request the licensee under investigation to answer the charges in writing and to produce relevant documentary evidence and may request the licensee to appear before it. A copy of any written answer of the licensee may be furnished to the complainant if it would assist in the investigation of the matters raised by the complaint.

If an investigation reveals that a complaint does not involve a violation of the license law or these rules of the commission, the complaint will be dismissed by the commission and the parties involved will be so advised.

Violations 20 CSR 2250-9.040

If an investigation discloses a probability that the acts of the licensee may be those to justify disciplinary action, the matter will be presented to the Administrative Hearing Commission for determination.

Action by the Commission 20 CSR 2250-9.050

Key Points

- When the commission finds the licensee guilty of charges, the complaint is sent to the Administrative Hearing Commission (AHC).
- If the Administrative Hearing Commission (AHC) finds the licensee innocent of charges, the complaint will be dismissed.
- If the AHC finds the licensee guilty, the AHC will recommend punishment and send the case back to the commission to determine the punishment.
- The commission may recommend suspension or revocation.
- Any civil penalty imposed by the commission shall not exceed two thousand five hundred dollars for each offense. Each day of a continued violation constitutes a separate offense, with a maximum penalty of twenty-five thousand dollars.
- A violation of the Missouri statutes is a class B misdemeanor.

Upon final ruling by the Administrative Hearing Commission that the acts of a licensee constitute a violation of the license law or these rules, the commission shall proceed to revoke or suspend the license of the offending licensee or take other authorized action as it shall deem appropriate.

The commission may require a person who formerly held a license but had the license placed on probation, suspended or revoked, to meet and perform certain conditions before reinstating or reissuing a license to this person. These conditions may include, but shall not be limited to, satisfactory completion of certain educational requirements, passage of a written examination of the type given to applicants for licensure, personal appearances before and periodic reports to the commission and restitution of money or property.

Penalty for Violation or Practicing without a License 339.205

In actions against unlicensed persons or disciplinary actions against licensed persons, the commission may issue an order imposing a civil penalty. Such penalty shall not be imposed until the findings of facts and conclusions of law by the administrative hearing commission have been delivered to the commission. Further, no civil penalty shall be assessed until a formal meeting and vote by the board has been taken to impose such a penalty.

Any civil penalty imposed by the commission shall not exceed two thousand five hundred dollars for each offense. Each day of a continued violation constitutes a separate offense, with a maximum penalty of twenty-five thousand dollars.

Section Five: Disciplinary Proceedings Review Questions

1. A licensee made a complaint about another licensee to the Missouri Real Estate Commission. What would be the best answer why the MREC started an investigation?
 - (A) The licensee filed the complaint in writing and on proper forms, stating clearly the alleged violation.
 - (B) The licensee sent an email to the MREC clearly stating the violation.
 - (C) The MREC received a phone call from the broker whose licensee felt there was a violation.
 - (D) The licensee filed an anonymous complaint in writing and on proper forms, stating clearly the alleged violation.

2. If the Missouri Real Estate Commission dismissed a complaint because it was not filed on proper forms, the MREC might
 - (A) automatically suspend the license of the complainant
 - (B) dismiss the complaint but initiate a complaint on their own motion
 - (C) file civil penalties against the licensee named in the complaint
 - (D) put the complaint on hold and contact the complainant to complete the proper forms

3. Disciplinary proceedings exist for the benefit of
 - (A) licensees and their brokers
 - (B) brokers whose licensees have violated Missouri statutes
 - (C) members of the public who submit complaints to the MREC
 - (D) the board of Realtors®

4. When a complaint is received by the MREC, the complainant
 - (A) will receive in writing acknowledgement of receipt and of the final disposition of the complaint
 - (B) will receive in writing, within ten days acknowledgement of receipt
 - (C) will receive acknowledgement of receipt via certified mail
 - (D) will remain anonymous to the licensee

5. The MREC received a written complaint on proper forms. The MREC shall

- (A) decide whether to start an investigation
- (B) immediately dismiss the case if the MREC feels there is no case
- (C) pending investigation, suspend the licensee's license against whom the complaint is made
- (D) investigate the actions of the licensee against whom the complaint is made

6. When the MREC investigates a licensee

- (A) the complainant is always provided a copy of the licensee's written answer to the complaint
- (B) the licensee's broker will be subpoenaed to provide testimony
- (C) the commission may request the licensee under investigation to answer the charges in writing
- (D) the licensee under investigation will be required to obtain legal counsel

Answer Key:

1. A. The licensee filed the complaint in writing and on proper forms, stating the alleged violation.
2. B. Dismiss the complaint but initiate a complaint on their own motion.
3. C. Members of the public who submit complaints to the MREC.
4. A. Will receive in writing acknowledgement of receipt and of the final disposition of the complaint.
5. D. Investigate the actions of the licensee against whom the complaint is made.
6. C. The commission may request the licensee under investigation to answer the charges in writing.

Course Summary

After participating in this Missouri Real Estate Law course, you should have refreshed your knowledge of the following topics:

1. General Rules
2. Licensing
3. Educational Requirements
4. Business Conduct and Practices
5. Disciplinary Proceedings

To maintain a healthy and successful real estate practice in Missouri, it is important to continually review and refresh your knowledge of these topics. At any time, information from the Missouri Real Estate Commission's rules statutes may be accessed via their website:

<http://pr.mo.gov/realestate-rules-statutes.asp>

Missouri Real Estate Laws Final Exam

1. A seller disputes the return of a buyer's earnest money, held in the brokerage escrow account, after the buyer backed out of the sale 65 days ago. There will be no civil action in this instance. How should the broker proceed in this situation?

(A) The broker can choose to immediately pay the escrow monies to the party opposite the party that failed to perform

(B) The broker can keep the escrow monies in the escrow account for an indefinite period as long as the monies are untouched

(C) The broker can, based on a good-faith decision, pay the escrow monies to the party opposite the party that failed to perform, after all parties have been given 15 days' written notice by certified mail

(D) The broker must insist that the seller sue the buyer for nonperformance

2. The Missouri Real Estate Commission consists of

(A) nine broker members and one public member

(B) six broker members and one public member

(C) twelve broker members

(D) six public members and one broker member

3. Mary is a police officer and is applying for her real estate license. Thirty days ago, Mary completed a background check with her police force. Must Mary apply for a fingerprint background check for her real estate license?

(A) Yes. Mary is required to complete an application for fingerprint background check

(B) No. Mary is exempt because she is a police officer

(C) Mary is exempt from the Missouri State Highway Patrol, but not the Federal Bureau of Investigation background checks

(D) No. Mary is exempt because the background check she completed through her police force falls within the ninety-day timeframe for licensing

4. Candidate Marc received a certificate of successful completion of the 48-hour pre-exam course on February 15. Marc passed his salesperson exam on March 28. He successfully completed the 24-hour Missouri Real Estate Practice Course and applied for his fingerprint background check on August 14 and applied for his license on August 28. What would be the reason Marc's application was denied by the MREC?

- (A) Marc was not a high school graduate
- (B) Marc did not apply for license within ninety days from passing his exam
- (C) Marc failed to apply for license within six months of the date of completion on the certificate for the 48-hour pre-exam course
- (D) Marc did not complete the 24-hour Missouri Real Estate Practice Course within ninety day of completion of the 48-hour pre-exam course

5. An applicant has received a master's degree in real estate from an accredited university. Would the MREC automatically exempt the applicant from completing the 48-hour salesperson pre-exam course prior to taking the exam?

- (A) No. The MREC MAY waive all or part of the education requirements for the applicant
- (B) No. The MREC will never waive any education requirements for the applicant
- (C) Yes. An applicant with a master's degree in real estate is automatically exempt from the pre-exam course requirements
- (D) Yes, however the applicant is only exempt from the national law curriculum and would still be required to complete the state curriculum

6. A salesperson is transferring to another broker. At what point is the licensee deemed transferred to the new broker?

- (A) at the time the completed license application is mailed by regular mail
- (B) at the time the completed license application is received by the commission
- (C) at the time the completed license application is mailed by trackable mail
- (D) at the time the new broker signs the license application

7. An unlicensed partner in a limited partnership has committed an act of moral turpitude in the past. Is it possible a license would NOT be issued to the partnership?

- (A) Since the partner is unlicensed, the act would have no bearing on the licensing of the limited partnership
- (B) As long as the partner disclosed the crime, the MREC would grant the license
- (C) The partner would be restricted from participating in the business, but the license would be issued
- (D) In this instance, it is possible the MREC would deny licensure to the partnership

8. Of the following, which is required when applying for a Missouri salesperson or broker license?

- (A) Missouri driver's license
- (B) Proof of United States citizenship
- (C) Proof the applicant is at least twenty-one years of age
- (D) The applicant must be at least eighteen years of age

9. When renewing a license, a broker must provide evidence of

- (A) completion of twelve hours of continuing education approved by the MREC
- (B) completion of nine hours of continuing education
- (C) completion of both six hours of continuing education and the Missouri Real Estate Practice Course
- (D) completion of at least twelve hours of salesmanship courses

10. Broker Randy owned a real estate company and had two salespersons licensed in the brokerage. Broker Randy died. Randy's son, John, had been previously appointed by Randy as executor of his estate. John petitioned the MREC to issue him a temporary broker's license. The best reason for this is

- (A) to sell the business to another broker
- (B) to make sure the two active salespersons received payment for their active listings
- (C) to wind up the affairs of Broker Randy
- (D) to find buyers for the current listings

11. A broker must notify the commission within _____ after a change of address becomes effective.

- (A) seventy-two hours
- (B) three weeks
- (C) ten days
- (D) five days

12. Broker Bob returned his license to the MREC. Broker Bob has _____ in which to reinstate his license.

- (A) six months
- (B) one year
- (C) ten days
- (D) ninety days

13. A licensee that completes the 12-hour continuing education requirement takes an additional 3-hour course and received elective credit from the school. In this case the licensee

- (A) can carry forward the additional credit to the next renewal period
- (B) cannot carry forward the additional credit to the next renewal period
- (C) can petition the MREC to carry forward the additional credit for the next renewal period
- (C) can ask the school to post-date the certificate to the next renewal period

14. Of the following course offerings, which would most likely not be considered by the commission to meet Missouri continuing education requirements?

- (A) A course on commercial brokerage relationships.
- (B) A course on federal fair housing laws.
- (C) A course on property management escrow accounts.
- (D) A course on building a social media page.

15. A licensed Missouri broker allows a licensed Arkansas salesperson to pay him a fee to assist a client one-time in purchasing a home in Missouri. Is this permissible?

(A) Yes. If the salesperson has a valid Arkansas license, this is acceptable

(B) Yes. This is permissible if the Arkansas salesperson pays the broker a fee

(C) No. This is not permissible because the Arkansas salesperson does not belong to the broker's company

(D) No. This is not permissible because a broker cannot receive a fee for the use of the broker's license by others

16. A real estate brokerage has 1,000 agents split between the main office and one branch office. The branch office is managed by a broker-associate. The broker-associate takes a six-month leave of absence. Because the broker-associate will be returning to his position, the principal broker oversees the operation of the branch office by visiting the branch for an hour every third day, time permitting. In this situation

(A) a principal broker may manage any branch office as well as the main office

(B) the broker only has nominal control over the branch office and is in violation of Missouri statutes

(C) the broker could manage both offices if most of the licensees work from home

(D) the broker can get special permission from the MREC to manage both offices

17. A broker hires an unlicensed receptionist and instructs her to give information regarding listings to anyone who calls during the lunch hour if there are no sales agents in the office. The broker

(A) is in violation of MREC rules by instructing the receptionist to give the listing information

(B) is in violation of MREC rules because all receptionists must be licensed

(C) is not in violation because the broker instructed her to give information only when there are no sales agents in the office

(D) is not in violation because the receptionist is an employee

18. The principal broker of an independent real estate company takes an extended vacation for nine months. The broker appoints her top-selling salesperson to manage the other salespersons while on vacation. Is this acceptable?

- (A) Yes. The broker can appoint anyone she feels is qualified to manage the licensees in her absence
- (B) Yes, but only if the MREC is made aware of the appointment
- (C) No. The company would have to close for the period while the broker is on vacation
- (D) No. A salesperson cannot act in the capacity of a sales manager

19. A broker shall notify the commission, in writing, within _____ after changing the address of a branch office.

- (A) ten days
- (B) 24 hours
- (C) 30 days
- (D) 3 days

20. A broker-salesperson acting as a sales manager for a branch office has terminated his relationship with the principal broker. The principal broker has hired another broker-salesperson as sales manager. How is the commission notified of this change?

- (A) notification is not necessary because it is not the principal broker who is leaving the company
- (B) the broker shall notify the commission within 24 hours, by certified mail, of the change
- (C) the broker shall notify the commission within ten days, in writing, of the change
- (D) the broker is not required to notify the MREC, but is required to notify the AHC that the first sales manager was terminated his relationship

21. The broker of Redland Realty decides to open a branch office on the east side of town because of a sudden rise in real estate sales in that area. She chooses the name Redbird Realty as the branch name so she can differentiate the filing between the two offices. Is this permissible?

- (A) No. The branch office can't have separate files
- (B) No. The branch office must operate under the same name as the main office
- (C) Yes. A branch office can, and should have a different name than the main office
- (D) Yes. The broker must notify the attorney general and the MREC of the name of the branch

22. A broker-associate is the sales manager at a branch office with over fifty sales agents. The main office, managed by the principal broker, has seventy-five sales agents. One of the salespersons working at the branch office has been found guilty of a violation of chapter 339 of the Missouri statutes. Could the principal broker be held responsible for the sales agent's actions?

(A) Yes. Even if the sales agent is not under direct supervision, the principal broker could be held responsible for activities that occur at the branch office

(B) Yes. The principal broker will automatically face the same civil penalties as the salesperson

(C) No. The only one who can be held accountable for the salesperson's actions is the broker-associate sales manager

(D) No. Only the salesperson can be held responsible for his own actions

23. Marva is a receptionist at ABC Realty, where she plans to hold a salesperson's license. She recently passed the licensing exam and made arrangements with the broker at ABC Realty to remain as receptionist after she licensed. The broker signed her license application and Marva mailed the application to the MREC via certified mail. When can Marva start practicing real estate?

(A) as of the date and time stamp on the certified letter with application

(B) ten days after the date on the certified letter with application

(C) when the broker receives her license or work permit from the MREC

(D) immediately, if she is only giving listing information via phone

24. When the MREC approves the license application for salesperson, the license

(A) is mailed to the salesperson at his home address

(B) is mailed to the salesperson at his office address

(C) is mailed via certified mail to the broker

(D) is mailed to the broker

25. Where are the licenses of salespersons held?

(A) In the regular place of business or branch office of the broker

(B) The salesperson is to carry her license at all times

(C) In the broker's own office

(D) On display in the reception area of the company

26. The licenses of all licensees in a brokerage firm shall be

- (A) displayed on the wall in the reception area
- (B) kept in a fireproof safe
- (C) held at the MREC for safekeeping
- (D) displayed to any member of the public on request

27. The Missouri Real Estate Commission, when holding an investigatory hearing to determine violation of Chapter 339 of the Missouri statutes, could

- (A) subpoena any person in the United States to appear before the commission and offer testimony
- (B) subpoena all records that have a bearing on the complaint
- (C) subpoena only persons who are eyewitness to a possible violation of the statutes
- (D) require the licensee under complaint to hire legal counsel for defense

28. After holding an investigation, the MREC has determined that a licensee is guilty of violating Chapter 339 of the Missouri statutes. The MREC would

- (A) immediately impose penalty on the licensee
- (B) immediately suspend the licensee's license
- (C) send the case to the administrative hearing commission for another hearing
- (D) send the case to the administrative hearing to impose punishment

29. A person found guilty of violating chapter 339 of the Missouri statutes law shall

- (A) have his license immediately suspended
- (B) be fined up to \$250 per day of continued violation
- (C) have his license immediately revoked
- (D) be guilty of a class B misdemeanor

30. A broker maintains a balance of five hundred dollars (\$500) of her personal funds in her separate escrow account. Is this considered a violation of Missouri Statutes?

(A) No. A broker may keep up to \$1,000 of her personal funds in the escrow account to cover office expenses.

(B) No. A broker may keep up to \$1,000 of her personal funds in the escrow account to cover bank service charges.

(C) Yes. This is considered commingling personal funds with escrow funds.

(D) Yes. A broker can only keep up to \$100 of personal funds in the escrow.

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