

ARTICLE 6. REAL ESTATE SCHOOLS; PRELICENSING EDUCATION; EXAMINATION

Rule 1. Definitions; General Provisions

876 IAC 6-1-1 Scope

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 1. (a) This rule and 876 IAC 6-2 through 876 IAC 6-5 establish requirements for the education of applicants for licensure as a broker and establish requirements for broker courses under IC 25-34.1-5.

(b) The definitions in this rule apply throughout this article. (*Indiana Real Estate Commission; 876 IAC 6-1-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-2 "Course session" defined

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 2. "Course session" means a particular broker course conducted by a real estate school. (*Indiana Real Estate Commission; 876 IAC 6-1-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-3 "Real estate school" defined

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 3. "Real estate school" means any person or other entity that has, or is seeking to have, broker course approval from the commission under IC 25-34.1-5 and this article. (*Indiana Real Estate Commission; 876 IAC 6-1-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-4 "School" defined

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 4. "School" means real estate school. (*Indiana Real Estate Commission; 876 IAC 6-1-4; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-5 "School director" defined

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 5. "School director" means the individual responsible for real estate school administrative matters such as the following:

- (1) Program development.
- (2) Scheduling of classes.
- (3) Advertising.
- (4) Maintaining facilities and equipment.
- (5) Record keeping.
- (6) General supervision of the instructional program.

(*Indiana Real Estate Commission; 876 IAC 6-1-5; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-6 Violations of statute and rules

Authority: IC 25-34.1-2-5

Affected: IC 4-21.5-3; IC 4-21.5-4; IC 25-34.1-5-7

Sec. 6. (a) Failure of a real estate school to comply with the provisions of IC 25-34.1-5 and this article shall subject it to denial of course approval or revocation or suspension of course approval as appropriate.

(b) If a real estate school fails to meet the requirements for course approval renewal established in IC 25-34.1-5-7 and 876 IAC 6-2-5, the renewal shall be denied.

(c) Under subsections (a) and (b), real estate schools shall be responsible for the actions of their employees and other agents.

(d) Notices of denials of course approval or renewals and administrative review of such denials are governed by IC 4-21.5-3-4 and IC 4-21.5-3-7.

(e) Institution of proceedings to revoke or suspend course approval is governed by IC 4-21.5-3-8. Emergency suspensions may be issued, where appropriate, under IC 4-21.5-4. (*Indiana Real Estate Commission; 876 IAC 6-1-6; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-7 Revocation, suspension, or denial of renewal of course approval; completion of courses

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 7. In the event it suspends, revokes, or denies renewal of course approval, the commission may, at its discretion, allow any course already in progress to be completed. (*Indiana Real Estate Commission; 876 IAC 6-1-7; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-8 Bonding

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 8. A real estate school shall submit a bond meeting the requirements of IC 25-34.1-5. (*Indiana Real Estate Commission; 876 IAC 6-1-8; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-9 Payments of bond proceeds

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 9. (a) If the commission does not allow completion of a course under section 7 of this rule or if a course cannot be completed by the school for any other reason, each student enrolled in the course, who has a valid legal cause of action against the school, would be entitled to reimbursement for the enrollment fee and the cost of any required text or material if not included in the enrollment fee (provided the student presents proof of payment in connection with the uncompleted course) from the school's bond proceeds if said money cannot be recovered from the school.

(b) Because the commission is obligee under the bonds of schools, payments from the proceeds of the bond shall be distributed to qualifying students by direction of the commission. (*Indiana Real Estate Commission; 876 IAC 6-1-9; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-1-10 Application for course approval; content

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-2; IC 25-34.1-5-15

Sec. 10. (a) Any real estate school seeking approval of a broker course shall make written application for approval and shall submit such documents, statements, and forms as required by IC 25-34.1-5-2 and this article, and as may be reasonably necessary

to establish whether the school complies with the requirements of IC 25-34.1-5 and this article.

(b) The application shall state the name and address of the school's owner.

(c) The application shall list all instructors who will be teaching the course.

(d) The course approval under IC 25-34.1-5 and this article, and the real estate school permit under IC 25-34.1-5-15, shall be considered one and the same. (*Indiana Real Estate Commission; 876 IAC 6-1-10; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

Rule 2. Real Estate Schools; General Requirements

876 IAC 6-2-1 School directors

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 1. (a) Each school shall designate one (1) individual as its school director.

(b) A real estate school is prohibited from hiring or retaining in its employ, a school director who has:

(1) had his or her real estate license revoked or suspended by any jurisdiction;

(2) obtained or used, or attempted to obtain or use, in any manner, Indiana real estate licensing examination questions to be used on future examinations, unless authorized by law;

(3) been convicted of a crime that has a direct bearing on the individual's ability to competently be a school director including, but not necessarily limited to, violations of real estate laws and abuse of fiduciary responsibilities;

(4) falsely certified hours of attendance or grades for any student;

(5) violated 876 IAC 6-5-1 concerning recruiting during the educational process; or

(6) unless authorized by law, refused to appear or testify under oath, or both, at any hearing held by the commission.

(c) The school director must satisfy one (1) of the following qualification standards:

(1) Hold a bachelor's degree in education, real estate, or business.

(2) Have at least two (2) years experience within the past ten (10) years as an instructor or school administrator.

(d) A person may serve as a school director without meeting the requirements of subsection (c) only where the commission determines that the person possesses substantially similar qualifications.

(e) School directors employed before January 1, 1989, are exempt from the requirements of subsection (c). (*Indiana Real Estate Commission; 876 IAC 6-2-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-2 Unavailability of school director

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-8

Sec. 2. If a school director:

(1) dies;

(2) becomes incapacitated; or

(3) leaves the employ of the school;

all course sessions then in session may be completed. However, further course sessions may not be commenced until there is a new school director (who has been approved by the commission under IC 25-34.1-5-8 and section 8 of this rule). (*Indiana Real Estate Commission; 876 IAC 6-2-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-3 Student fees; cancellation of course sessions

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 3. (a) The cost of textbooks, supplemental texts, and required materials shall be included in the course fee. However, colleges or universities of learning (institutions offering two (2) or four (4) year courses of study culminating in the issuance of

an associate's or bachelor's degree) offering the broker course for undergraduate or graduate credit may follow their normal institutional procedures and charge separately for tuition and books and required materials. Disclosure of the full cost of the course (including tuition and books and required materials) must be made to the student before enrollment.

(b) Each approved course shall establish a refund policy that is included in all printed material related to the offering of the course. The refund policy shall be available for review and acceptance by the student at the time of enrollment.

(c) If a course session is cancelled, the school must notify all individuals who have enrolled in it at least three (3) days in advance of the first scheduled class. (*Indiana Real Estate Commission; 876 IAC 6-2-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-4 Course records

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-4

Sec. 4. As specified in IC 25-34.1-5-4(a)(7), each school offering approved courses must maintain records of students who successfully complete and pass the course of study for a minimum of five (5) years. The records must include attendance records, examination score records, and duplicate copies of completion certificates or the ability to reproduce duplicate completion certificates. (*Indiana Real Estate Commission; 876 IAC 6-2-4; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-5 Course renewal

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 5. The approval of courses and the real estate school permit expire on December 31 of each calendar year. To obtain renewal of course approval, the school must submit the following to the commission:

(1) A letter requesting renewal.

(2) A bond that is in the amount of twenty percent (20%) of the preceding year's gross tuition but not less than ten thousand dollars (\$10,000) or more than fifty thousand dollars (\$50,000).

(3) An annual report.

(4) The fee established by 876 IAC 5-3-1.

(*Indiana Real Estate Commission; 876 IAC 6-2-5; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-6 Annual report

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 6. (a) The annual report shall include the following:

(1) A written list of the current textbooks and other resource and study materials utilized in the course.

(2) A list of all approved course locations.

(3) A list of all instructors teaching the course.

(b) As part of its annual report to the commission, a school may be required to provide specific information, answer questions, or appear before the commission or its designee for the purpose of determining compliance with IC 25-34.1-5 and this article. (*Indiana Real Estate Commission; 876 IAC 6-2-6; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-7 Review and investigation of real estate schools

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 7. (a) In addition to its review or investigation, or both, of a school for annual renewal of its broker course approval, the commission or its designee may, at any time, review or investigate, or both, any matter concerning an approved course, or applicant for course approval to determine compliance with IC 25-34.1-5 and this article.

(b) The method of review shall be determined by the commission in each case and will generally consist of the following:

(1) Consideration of information available from federal, state, or local agencies, private organizations or agencies, or interested persons.

(2) Conferences with the school director and other representatives of the school involved, or with former students of the school.

(c) The commission may require a background check on school personnel, including a criminal history check. (*Indiana Real Estate Commission; 876 IAC 6-2-7; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-8 Significant changes in course

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-8

Sec. 8. (a) The following shall be deemed significant changes in broker courses under IC 25-34.1-5-8:

(1) Any change in the ownership of a real estate school.

(2) Any change in the location, including classroom location, of an approved real estate course.

(3) A new school director.

(4) Any new instructor.

(5) Any change in the curriculum or delivery method.

(b) Significant proposed changes shall be submitted in writing for commission approval and shall include such information that may be necessary to establish whether the proposed change will be in compliance with IC 25-34.1-5 and this article. (*Indiana Real Estate Commission; 876 IAC 6-2-8; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-2-9 Facilities

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-4

Sec. 9. (a) Real estate schools shall use classroom facilities and shall be conducive to classroom environment.

(b) There shall be at all times adequate:

(1) space;

(2) seating;

(3) equipment; and

(4) instructional material;

to accommodate the number of students enrolled.

(c) The premises, equipment, and facilities of the school shall comply with all:

(1) local;

(2) city;

(3) county;

(4) state; and

(5) federal;

regulations, such as fire, building, sanitation codes, and accessibility for the disabled.

(d) Real estate schools shall prohibit the serving or obtaining of alcoholic beverages in the classroom and any other area that the student would have access to during the time class is in session, including breaks, such as the restroom and hallways. (*Indiana Real Estate Commission; 876 IAC 6-2-9; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

Rule 3. Instructors

876 IAC 6-3-1 Instructors; compliance with rule required

Authority: IC 25-34.1-2-5; IC 25-34.1-5-13

Affected: IC 25-34.1-5

Sec. 1. (a) Instructors who teach courses given by real estate schools must hold an instructor permit as required by IC 25-34.1-5-13 and meet the requirements of this rule.

(b) Guest speakers shall be allowed in a broker course. However, the instructor shall be present at all times the guest speaker is presenting and shall supervise the guest speaker. A guest speaker shall not be required to hold an instructor permit. (*Indiana Real Estate Commission; 876 IAC 6-3-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-3-2 Instructors; examination

Authority: IC 25-34.1-2-5; IC 25-34.1-5-13

Affected: IC 25-34.1-5

Sec. 2. In addition to the requirements of IC 25-34.1-5-13, an individual shall have passed an instructor assessment program examination as specified by the commission with a score of seventy-five percent (75%) or higher in order to qualify for an instructor permit. (*Indiana Real Estate Commission; 876 IAC 6-3-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-3-3 Instructors; prohibitions

Authority: IC 25-34.1-2-5; IC 25-34.1-5-13

Affected: IC 25-34.1-5

Sec. 3. A real estate school is prohibited from hiring or retaining in its employ, an instructor who has:

- (1) had his or her real estate license revoked or suspended by any jurisdiction;
- (2) obtained or used, or attempted to obtain or use, in any manner, Indiana real estate licensing examination questions to be used on future examinations, unless authorized by law;
- (3) been convicted of a crime that has a direct bearing on the individual's ability to competently instruct including, but not necessarily limited to, violations of real estate laws and abuse of fiduciary responsibilities;
- (4) falsely certified hours of attendance or grades for any student;
- (5) violated 876 IAC 6-5-1 concerning recruiting during the educational process; or
- (6) unless allowed by law, refused to appear or testify under oath, or both, at any hearing held by the commission.

(*Indiana Real Estate Commission; 876 IAC 6-3-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

Rule 4. Conduct of Courses

876 IAC 6-4-1 Real estate broker courses; hours of classroom instruction

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 1. (a) A real estate broker course shall consist of at least ninety (90) hours of classroom instruction with required topics and hours spent on those topics as provided for in this section.

(b) An approved real estate broker course shall include instruction in real estate basics and law and consist of the following:

- (1) One (1) hour in introduction to real estate law and course review.
- (2) Three (3) hours in basic real estate concepts to include the following:
 - (A) Types of real property.
 - (B) Real estate market.
 - (C) Real and personal property.
 - (D) Surface, air, and subsurface rights.

- (E) Concepts of homeownership.
- (3) Four (4) hours in property ownership and interests to include the following:
 - (A) Bundle of rights.
 - (B) Estates.
 - (C) Forms of ownership.
 - (D) Encumbrances, liens, and other interests.
 - (E) Governmental powers.
- (4) Four (4) hours in transfer of title to real property and title records to include the following:
 - (A) Title.
 - (B) Private and public ownership.
 - (C) Transfer of title.
 - (D) Voluntary alienation.
 - (E) Involuntary alienation.
 - (F) Deeds.
 - (G) Conveyance of decedent's property.
 - (H) Title records, searches, and title insurance.
- (5) Two (2) hours in land use controls and property development to include the following:
 - (A) Public restrictions.
 - (B) Comprehensive plans and zoning.
 - (C) Building codes.
 - (D) Environmental issues.
 - (E) Private restrictions.
 - (F) Subdivision and development.
- (6) Two (2) hours in real estate brokerage to include the following:
 - (A) Brokerage industry.
 - (B) Managing broker and affiliation of brokers.
 - (C) Independent contractor status.
 - (D) Compensation.
 - (E) Antitrust laws.
 - (F) Do not call registry.
- (7) Two (2) hours in law of agency to include the following:
 - (A) History of law of agency.
 - (B) Definitions.
 - (C) Creation of agency relationship.
 - (D) Compensation.
 - (E) Fiduciary responsibilities.
 - (F) Termination of agency relationship.
 - (G) Single and limited (dual) agency.
 - (H) Disclosures.
 - (I) Minimum requirements.
- (8) Twelve (12) hours in real estate contracts to include the following:
 - (A) Essential elements of contract.
 - (B) Consent.
 - (C) Statute of frauds.
 - (D) Discharge.
 - (E) Assignment.
 - (F) Interpretation of contracts.
 - (G) Remedies for breach of contract.
 - (H) Listing contracts.

- (I) Multiple listing services.
 - (J) Installment land contracts.
 - (K) Options.
 - (L) Property management.
- (9) Two (2) hours in landlord and tenant to include the following:
- (A) Definitions.
 - (B) Nonfreehold estates.
 - (C) Types of leases.
 - (D) Provisions of leases.
 - (E) Statutory obligations.
 - (F) Enforcement of obligations.
 - (G) Remedies for breach of lease.
 - (H) Federal regulation.
- (10) One (1) hour in legal descriptions to include the following:
- (A) Definitions.
 - (B) Metes and bounds.
 - (C) Rectangular (government) survey system.
 - (D) Lot-and-block (recorded plat) system.
 - (E) Land measurement.
- (11) Six (6) hours in closing real estate transactions to include the following:
- (A) Definitions.
 - (B) Parties to a closing.
 - (C) Inspections and surveys.
 - (D) Title requirements.
 - (E) Insurance.
 - (F) Necessary documents.
 - (G) Proration calculations.
 - (H) Closing statements.
 - (I) Funds at closing and financing considerations.
 - (J) Practice completion of closing statements.
- (12) One (1) hour in federal income taxation of real estate to include the following:
- (A) Definitions.
 - (B) Income tax deductions.
 - (C) Mortgage interest credit.
 - (D) Sale of personal residence.
- (13) Ten (10) hours in Indiana real estate license law and real estate commission rules to include the following:
- (A) Definitions.
 - (B) Indiana real estate commission.
 - (C) Transactions requiring real estate license.
 - (D) License requirements.
 - (E) Inactive licenses.
 - (F) Managing broker.
 - (G) Recovery fund.
 - (H) Agency relationships.
 - (I) Professional standards and incompetent practice.
 - (J) Sanctions for violations.
 - (K) Evidence of licensure.
 - (L) Supervision of office.
 - (M) License association transfer.

- (N) Commission splitting.
 - (O) Unlicensed associates.
 - (P) Listing agreements.
 - (Q) Offers to purchase.
 - (R) Closing statements.
 - (S) Escrow or trust accounts.
 - (T) Reporting of convictions.
 - (U) Broker interest in property.
 - (V) Referral of real estate business.
 - (W) Fee appraisals by brokers.
 - (X) Continuing education.
- (14) One (1) hour in fair housing law to include the following:
- (A) Fair Housing Act of 1968.
 - (B) Discrimination in sale or rental of property.
 - (C) Exemptions.
 - (D) Enforcement and penalties.
- (15) One (1) hour in property insurance and home warranties to include the following:
- (A) Definitions.
 - (B) Concepts.
 - (C) Standardized forms.
 - (D) Standard contents.
 - (E) Home warranty.
- (16) Three (3) hours in basic house construction and architecture to include the following:
- (A) Types of construction.
 - (B) Architectural style.
 - (C) Trends in building.
 - (D) HUD standards.
 - (E) Energy issues and trends.
- (17) One (1) hour in securities law aspects of real estate transactions to include the following:
- (A) Definitions.
 - (B) Securities in real estate.
 - (C) Securities Act of 1933.
 - (D) Securities Exchange Act of 1934.
- (18) Three (3) hours in inspections to include:
- (A) Property inspection by buyer.
 - (B) Termite inspection.
 - (C) Common inspection issues.
 - (D) Environmental issues.
- (c) An approved real estate broker course shall include instruction in real estate brokerage operation and consist of the following:
- (1) Three (3) hours in real estate brokerage to include the following:
- (A) Definitions.
 - (B) Managing broker and affiliation of brokers.
 - (C) Compensation.
 - (D) Procuring cause.
 - (E) Independent contractor status.
 - (F) Minimum level of service.
 - (G) Antitrust laws.
 - (H) Real estate management.

- (2) Two (2) hours in earnest money and trust accounts to include the following:
 - (A) Definitions.
 - (B) Trust account requirements.
 - (C) Earnest money deposits.
 - (D) Tenant security deposits.
 - (E) Rents.
 - (F) Down payments.
 - (G) Final settlement.
 - (H) Other non-trust funds.
 - (I) Funds from transactions.
 - (J) Disbursement.
 - (K) Record keeping requirements.
- (3) Two (2) hours in property management to include the following:
 - (A) Sources of business.
 - (B) Agreement.
 - (C) Responsibilities.
 - (D) Rental rates.
 - (E) Marketing.
 - (F) Selection of tenants.
 - (G) Maintenance.
 - (H) Federal laws regarding property management.
 - (I) Risk management.
 - (J) Environmental issues.
 - (K) Compensation.
- (d) An approved real estate broker course shall include instruction in real estate finance and consist of the following:
 - (1) One (1) hour in introduction to real estate finance to include the following:
 - (A) Definitions.
 - (B) Theories of ownership.
 - (C) Elements of mortgage.
 - (D) Mortgage vs. deed of trust.
 - (E) Other financing instruments.
 - (F) Real estate finance history.
 - (G) Financial markets.
 - (H) Federal reserve system.
 - (2) One (1) hour in sources of mortgage funds to include the following:
 - (A) Definitions.
 - (B) Direct sources or lenders.
 - (C) Indirect sources or investors.
 - (D) Loan programs.
 - (3) One (1) hour in the secondary mortgage market to include the following:
 - (A) Definitions.
 - (B) Secondary mortgage market.
 - (C) Private mortgage insurance.
 - (4) Four (4) hours in financing instruments and loan products to include the following:
 - (A) Definitions.
 - (B) Financing options.
 - (C) Other financing instruments.
 - (D) Note provisions.
 - (E) Rights of borrowers.

- (F) Rights of lenders.
- (G) Purchase.
- (5) Three (3) hours in real estate loan underwriting to include the following:
 - (A) Definitions.
 - (B) Borrower analysis.
 - (C) Property analysis.
 - (D) Loan analysis.
 - (E) Income property underwriting.
- (6) One (1) hour in consumer legislation affecting real estate financing to include the following:
 - (A) Definitions.
 - (B) Truth in lending.
 - (C) Equal credit opportunity act.
 - (D) Real Estate Settlement Procedures Act (RESPA).
 - (E) Wall Street Reform and Consumer Protection Act (Dodd-Frank).
- (7) Two (2) hours in property tax to include the following:
 - (A) Tax rate and calculations.
 - (B) Property subject to taxation.
 - (C) Listing property for taxation.
 - (D) Appraisal and assessment.
 - (E) Timetable for listing and tax collection.
 - (F) Property tax liens.
 - (G) Special priority of tax liens.
 - (H) Exemptions.
 - (I) Records.
 - (J) Payment.
- (8) Two (2) hours in real property valuation/Uniform Standards of Professional Appraisal Practice (USPAP) to include the following:
 - (A) Indiana licensing of fee appraisers.
 - (B) Purpose of appraisal.
 - (C) Approaches.
 - (D) Factors influencing value.
 - (E) Depreciation.
 - (F) Appraisal procedure.
 - (G) Competitive market analysis.
 - (H) Introduction to USPAP.
- (9) Three (3) hours in current and geographic real estate topics, which may include the following:
 - (A) Current trends in real estate industry.
 - (B) Legislative issues affecting real estate industry.
 - (C) Commission news and findings.

The topics may not include MLS use and rules, brokerage or company internal rules or policy, or industry association rules or policy.

(e) The examinations required under section 4 of this rule may count toward up to six (6) hours of the ninety (90) hours required by subsection (a). (*Indiana Real Estate Commission; 876 IAC 6-4-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-4-2 Breaks

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 2. There shall be at least a ten (10) minute break after every two (2) hours of instruction. (*Indiana Real Estate Commission; 876 IAC 6-4-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-4-3 Attendance

Authority: IC 25-34.1-2-5
Affected: IC 25-34.1-5

Sec. 3. (a) A student in a broker course session who is not in attendance for at least eighty percent (80%) of the required hours shall not be permitted to complete the course.

(b) A student may receive attendance credit under subsection (a) by attending another class that covers the same material as a missed class, and is sponsored by the same school that offered the missing class; shall not be permitted to complete the course.

(c) Each instructor shall maintain accurate attendance records and report to the school director when any student has exceeded the maximum number of absences. (*Indiana Real Estate Commission; 876 IAC 6-4-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-4-4 Examinations

Authority: IC 25-34.1-2-5
Affected: IC 25-34.1-5

Sec. 4. (a) A broker course shall be required to have three (3) written examinations with each examination consisting of one hundred (100) questions. A total of two hundred twenty-five (225) points from the three (3) examinations is required to pass the broker course.

(b) Dates of all examinations must be announced to the students at least one (1) day in advance, and examinations shall be evenly spaced throughout the course.

(c) All examinations must be administered in the scheduled class session under the supervision of the course instructor. Take home examinations may not be credited toward the required passing score in the course.

(d) The total score to pass a course can be based only on scores earned on the required in-class examinations. Class recitations and quizzes cannot be used to supplement or take the place of examination grades.

(e) Total security shall be provided for all examinations prior to, during, and after administration. Questions may not be distributed to students or discussed in class in advance. Students shall be prohibited from copying an examination after it has been administered.

(f) Any examination and the answers for each student shall be retained by the sponsoring school for at least one (1) year. Examinations may be made available to students only for personal review in a supervised situation after the examinations have been graded and scores recorded.

(g) Examinations administered in broker courses shall not be taken from the school premises under any circumstances.

(h) Administration of makeup examinations shall be at the discretion of the course instructor. If makeup examinations are permitted, and the student is taking the examination prior to other students in the class, the same examination that will be used for the class shall be administered. If the student will be taking a makeup examination after other students in the class, a different examination shall be used; however, the examination must cover the same subject content.

(i) Each real estate school shall establish a written policy prohibiting cheating in its approved courses. (*Indiana Real Estate Commission; 876 IAC 6-4-4; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-4-5 Course evaluations

Authority: IC 25-34.1-2-5
Affected: IC 25-34.1-5

Sec. 5. (a) Schools are required to survey their students at the end of each course session or after the students have taken the state licensing examination.

(b) The survey should include information regarding the quality of instruction, appropriateness of materials, and other information that will properly evaluate the course.

(c) Evaluations must be made available for inspection by the commission upon request. (*Indiana Real Estate Commission; 876 IAC 6-4-5; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

Rule 5. Real Estate Schools; Miscellaneous Prohibitions

876 IAC 6-5-1 Recruiting; prohibitions

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 1. (a) No broker, representative of a broker, school, representative of a school, or instructor shall engage in recruiting within the classroom and any other area that the student would have access to during the time class is in session, including breaks, such as the restroom and hallway. For purposes of this rule, "recruiting" means any solicitation of a broker or prospective broker for employment or association by any licensed individual, partnership, or corporation, or the promotion of such an entity to induce employment or association.

(b) The distribution of any material that would identify a broker constitutes a violation of subsection (a).

(c) Responding to an inquiry from a student does not constitute a violation of subsection (a).

(d) If any individual violates subsection (a), schools and instructors shall order violators to stop recruiting and report the activity to the commission for possible action against the violator. (*Indiana Real Estate Commission; 876 IAC 6-5-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-5-2 Requirements concerning recruiting

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 2. (a) The school shall distribute the following statement in writing to each student at the beginning session of the course: "No recruiting for employment or association opportunities for any real estate broker is allowed in this class. You may report any effort to recruit to (name of school director) at (telephone number and/or office address) or the Indiana real estate commission."

(b) Before beginning any duties on behalf of the school, all employees, including instructors, shall be required to sign a nonrecruiting agreement, on a form obtained from the commission, agreeing not to violate section 1 of this rule. The nonrecruitment agreement shall be retained by the school and available to the commission upon request. (*Indiana Real Estate Commission; 876 IAC 6-5-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-5-3 Student lists

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 3. Unless required by law, no school may provide any name or e-mail address or list of names or e-mail addresses of any potential broker or brokers or student or students whether potential or enrolled in any real estate school to anyone other than the commission, without the individual's written consent. (*Indiana Real Estate Commission; 876 IAC 6-5-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-5-4 Advertising; requirements

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 4. (a) Schools shall not engage in false or misleading advertising.

(b) If a school's advertisement contains representations concerning the number or percentage of its students who pass the commission's broker examination, the school shall retain information including the raw data and the calculation substantiating the accuracy of the representations and make it available to the commission upon request.

(c) The method of calculation of passing percentage under subsection (b) shall be as follows:

(1) Advertisement must state the period for which passing percentages are reported.

(2) Percentages must be based on first-time candidates taking the state licensing examinations for the period reported.

(Indiana Real Estate Commission; 876 IAC 6-5-4; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)

876 IAC 6-5-5 Real estate schools; prohibitions

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5

Sec. 5. Real estate schools are prohibited from the following:

(1) Giving materially inaccurate or misleading information in an application for course approval or annual report.

(2) Deliberately falsifying or misrepresenting any information supplied to the commission or public.

(3) Possessing, claiming to possess, revealing, or distributing any questions used in the commission's broker or salesperson examinations.

(4) Having substantially failed to comply with the provisions of any contract or agreement entered into with a student.

(5) Failing to allow the commission or its designee to inspect the school or its records or failing to make available such information as required by IC 25-34.1-5 and this article.

(6) Having been convicted, or one (1) of its owners having been convicted, of a crime that has a direct bearing on the school's ability to conduct a real estate course including, but not necessarily limited to, violation of real estate laws and abuse of fiduciary responsibilities.

(7) Violating IC 25-34.1 or this title.

(8) Failing to notify the commission within thirty (30) days of the termination of its relationship with an instructor for cause.

(9) Paying or receiving a rebate or referral fee to any broker to recruit students.

(Indiana Real Estate Commission; 876 IAC 6-5-5; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)

876 IAC 6-5-6 Real estate schools; performance standard

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-9

Sec. 6. (a) For any approved course, a school shall not have a percentage of its students in any year who pass the broker or salesperson course in their first attempt at a rate of less than fifty percent (50%) of the performance record of all first-time examinees.

(b) The method of calculation of a passing percentage under subsection (a) shall be the percentage of first-time candidates taking the state licensing examination for the year reported.

(c) If a school is in violation of subsection (a), it shall be given notice of the discovered violation and shall have six (6) months to come into compliance with subsection (a), before any action is taken under IC 25-34.1-5-9. *(Indiana Real Estate Commission; 876 IAC 6-5-6; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)*

Rule 6. Licensing Examination

876 IAC 6-6-1 Requirements for admission to examination

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-3-4.1

Sec. 1. (a) Prior to sitting for the broker examination, an applicant for a broker license must have completed the educational requirements established by IC 25-34.1-3-4.1(a)(3) and 876 IAC 6-1 through 876 IAC 6-5.

(b) An applicant who does not pass the applicable examination within one (1) year of completion of the broker course must again comply with the educational requirements established by IC 25-34.1-3-4.1(a)(3) and 876 IAC 6-1 through 876 IAC 6-5 before being entitled to any further taking of the examination. (*Indiana Real Estate Commission; 876 IAC 6-6-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-6-2 Application for examination; fee

Authority: IC 25-1-8-2; IC 25-34.1-2-5
Affected: IC 25-34.1-3-4.1

Sec. 2. Applicants for licensure as a broker who have completed all requirements for licensure except passing the applicable examination may take the examination upon payment of the applicant's cost of purchasing the examination, payable to the examination service. (*Indiana Real Estate Commission; 876 IAC 6-6-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-6-3 Examinations; passing score

Authority: IC 25-34.1-2-5
Affected: IC 25-34.1-3-3.1; IC 25-34.1-3-4.1

Sec. 3. (a) The broker examination shall be a standardized examination for the testing of real estate brokers. The examination required of all applicants for licensure shall be divided into the following two (2) sections:

- (1) General real estate practices.
- (2) Indiana licensure law.

(b) Applicants for licensure by reciprocity shall only be required to take and pass the Indiana licensure law section of the broker examination.

(c) The examination will be electronically administered by the commission's duly appointed agent. However, individuals who are unable to take the electronically administered examination because of a disability may apply to take it on paper.

(d) An applicant shall be deemed to have passed the examination upon attaining a score of at least seventy-five percent (75%) on each section.

(e) If the applicant passes one (1) section of the examination, the applicant is credited for the section the applicant has passed and is not required to retake the section of the examination unless the applicant is retaking the examination after having to again comply with the education requirement in section 1(b) of this rule. (*Indiana Real Estate Commission; 876 IAC 6-6-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

Rule 7. Transition Requirements for Certain Inactive Brokers to Activate and Certain Referral Status Brokers to be Removed from Referral Status

876 IAC 6-7-1 License transition; scope of rule

Authority: IC 25-34.1-2-5
Affected: IC 25-34.1-3-10; IC 25-34.1-3-10.5

Sec. 1. (a) As used in this section, "referral status" has the meaning set forth in IC 25-34.1-3-10.5(a).

(b) As used in this section, "salesperson" has the meaning set forth in IC 25-34.1-3-10.5(b).

(c) This rule establishes the educational and examination requirements for brokers who held:

- (1) an inactive salesperson license on June 30, 2014, that became an inactive broker license on July 1, 2014, under IC 25-34.1-3-10(e); or
- (2) a salesperson license on referral status on June 30, 2014, that became a broker license on referral status on July 1, 2014, under IC 25-34.1-3-10.5(d);

to activate the inactive license or remove the license from referral status.

(d) The provisions of this rule apply to brokers and broker course providers as applicable. (*Indiana Real Estate Commission;*

876 IAC 6-7-1; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)

876 IAC 6-7-2 Educational requirements

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-4.5

Sec. 2. (a) This section and sections 3 and 4 of this rule establish the educational requirements for brokers described in section 1(c) of this rule.

(b) The educational course shall be twenty-four (24) hours as provided for in this rule. (*Indiana Real Estate Commission; 876 IAC 6-7-2; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-7-3 Applicability of broker course provisions

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-5-4; IC 25-34.1-5-8

Sec. 3. (a) The broker course requirements stated in 876 IAC 6-1 through 876 IAC 6-5 shall apply to the twenty-four (24) hour educational course under this rule except for the following, which shall not apply:

(1) 876 IAC 6-4-1.

(2) 876 IAC 6-4-4.

(3) 876 IAC 6-5-6.

(b) 876 IAC 6-4-3 shall apply except that the attendance requirement in 876 IAC 6-4-3(a) shall be one hundred percent (100%) for the twenty-four (24) hour educational course.

(c) The limitation in IC 25-34.1-5-4(a)(2) to thirty-five (35) students per instructor per classroom does not apply to the twenty-four (24) hour educational course under this rule.

(d) Except for real estate schools that are applying after the effective date of this rule for initial approval, approval of broker courses under this rule shall be considered significant changes under IC 25-34.1-5-8 and 876 IAC 6-2-8. (*Indiana Real Estate Commission; 876 IAC 6-7-3; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014*)

876 IAC 6-7-4 Education course; subject matter and hour requirements

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-4.5

Sec. 4. The subject matter and hour requirements for the twenty-four (24) hour educational course under this rule are as follows:

	Subject Area	Number of Hours
BROKERAGE OPERATIONS		
	Broker Business Operations/Relationships	2
	Agency Relationships	1
	Law of Contract	2
	Listing/Purchase Agreements/Other Forms	2
	Closing the Transaction/Procedures/Issues	2
	Trust Account Management	1
FINANCING AND APPRAISING		
	Broker Price Opinion (BPO)/Uniform Standards of Professional Appraisal Practice	2
	Financing and Lending Markets	1
	Mortgage Fraud	1
	Loan Types: Mortgage Markets	1
	Credit Scoring	1

GOVERNMENT REGULATIONS

Consumer Legislation	1
Land Use Controls/Environmental Issues	1

INDIANA LICENSE LAW AND PROFESSIONAL STANDARDS

Indiana Real Estate License Law	4
Ethics in Real Estate	2

(Indiana Real Estate Commission; 876 IAC 6-7-4; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)

876 IAC 6-7-5 Examination

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-4.5

Sec. 5. (a) 876 IAC 6-6 shall not apply to examinations under this rule.

(b) The examination under this rule shall be an examination for the testing of real estate brokers.

(c) The examination will be administered by the commission's duly appointed agent.

(d) Prior to sitting for the examination under this rule, a broker must have completed the twenty-four (24) hour course under this rule.

(e) An applicant shall be deemed to have passed the examination upon attaining a score of at least seventy percent (70%).

(f) An applicant who does not pass the examination under this rule in three (3) attempts must again complete the course under this rule. *(Indiana Real Estate Commission; 876 IAC 6-7-5; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)*

876 IAC 6-7-6 Application

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-3-4.1

Sec. 6. To activate an inactive license or remove a license from referral status, the broker must:

(1) file an application establishing that the broker meets the requirements of this rule and IC 25-34.1-3-4.1; and

(2) pay the activation of an inactive license fee under 876 IAC 5-3-1.

(Indiana Real Estate Commission; 876 IAC 6-7-6; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)

876 IAC 6-7-7 Miscellaneous provisions

Authority: IC 25-34.1-2-5

Affected: IC 25-34.1-4.5

Sec. 7. (a) An applicant under this rule must have completed either the:

(1) twenty-four (24) hour educational course; or

(2) broker transitional course under 876 IAC 2-15.1 (before its repeal);

no later than one (1) year before the date of application.

(b) At the applicant's option, the applicant may take the ninety (90) hour broker course under this article instead of the twenty-four (24) hour educational course under this rule. The one (1) year limitation in subsection (a) shall also apply under this subsection. *(Indiana Real Estate Commission; 876 IAC 6-7-7; filed May 22, 2014, 11:50 a.m.: 20140618-IR-876140061FRA, eff Jul 1, 2014)*

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