

SUBSTITUTE FOR  
SENATE BILL NO. 641

A bill to amend 1980 PA 299, entitled "Occupational code," by amending sections 2502a, 2504, and 2508 (MCL 339.2502a, 339.2504, and 339.2508), section 2502a as added by 2002 PA 611, section 2504 as amended by 2003 PA 196, and section 2508 as amended by 1988 PA 16, and by adding section 2504a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 2502a. ~~(1) Beginning November 1, 2003, the~~ **THE** department  
2 shall issue a license for **A** real estate broker, associate real  
3 estate broker, and real estate salesperson for a term of 3 years.  
4           **(2) THE DEPARTMENT SHALL RENEW A LICENSE FOR A REAL ESTATE**  
5 **BROKER, ASSOCIATE REAL ESTATE BROKER, OR REAL ESTATE SALESPERSON IF**  
6 **THE DEPARTMENT RECEIVES AN APPLICATION FOR RENEWAL ON A FORM**

1 PRESCRIBED BY THE DEPARTMENT, AND PAYMENT OF THE APPROPRIATE FEES,  
2 WITHIN THE TIME PERIOD DESCRIBED IN SECTION 411(1) OR (2), AND THE  
3 APPLICABLE REQUIREMENTS OF SECTION 2504A ARE MET.

4 (3) THE DEPARTMENT MAY RELICENSE WITHOUT EXAMINATION A PERSON  
5 THAT FAILS TO RENEW A LICENSE ISSUED UNDER THIS ARTICLE WITHIN THE  
6 TIME PERIOD DESCRIBED IN SUBSECTION (2) IF ALL OF THE FOLLOWING ARE  
7 MET:

8 (A) THE PERSON APPLIES WITHIN 3 YEARS AFTER THE EXPIRATION  
9 DATE OF THE PERSON'S LAST LICENSE.

10 (B) THE PERSON PAYS AN APPLICATION PROCESSING FEE, THE LATE  
11 RENEWAL FEE, AND THE PER-YEAR LICENSE FEE FOR THE UPCOMING  
12 LICENSURE PERIOD.

13 (C) PROOF OF THE PERSON'S COMPLETION OF 6 CLOCK HOURS OF  
14 CONTINUING EDUCATION FOR EACH YEAR AND PARTIAL YEAR THAT HAVE  
15 ELAPSED SINCE THE EXPIRATION OF THE PERSON'S LAST LICENSE, ON THE  
16 TOPICS DESCRIBED IN SECTION 2504A(1), IS SUBMITTED TO THE  
17 DEPARTMENT BY THE PROVIDER OF THOSE HOURS OF CONTINUING EDUCATION.

18 (4) THE DEPARTMENT MAY RELICENSE A PERSON THAT FAILED TO RENEW  
19 A REAL ESTATE BROKER LICENSE WITHIN 3 YEARS AFTER THE EXPIRATION  
20 DATE OF THE PERSON'S LAST LICENSE IF THE PERSON PAYS AN APPLICATION  
21 PROCESSING FEE, THE LATE RENEWAL FEE, AND THE PER-YEAR LICENSE FEE  
22 FOR THE UPCOMING LICENSURE PERIOD AND SUBMITS PROOF THAT THE  
23 PERSON, IF THE PERSON IS AN INDIVIDUAL, OR THE INDIVIDUAL  
24 DESIGNATED AS THE PERSON'S PRINCIPAL UNDER SECTION 2505 IF THE  
25 PERSON IS NOT AN INDIVIDUAL, MEETS ANY OF THE FOLLOWING:

26 (A) HAS COMPLETED A TOTAL OF 6 CLOCK HOURS OF CONTINUING  
27 EDUCATION FOR EACH YEAR AND PARTIAL YEAR THAT HAVE ELAPSED SINCE

1 THE EXPIRATION OF THE PERSON'S LAST LICENSE, ON THE TOPICS  
2 DESCRIBED IN SECTION 2504A(1).

3 (B) HAS COMPLETED 90 CLOCK HOURS OF PRELICENSURE COURSES  
4 DESCRIBED IN SECTION 2504(3).

5 (C) HAS PASSED THE EXAMINATION REQUIRED FOR A REAL ESTATE  
6 BROKER LICENSE UNDER SECTION 2505(5).

7 (5) THE DEPARTMENT MAY RELICENSE AN INDIVIDUAL WHO FAILED TO  
8 RENEW A REAL ESTATE SALESPERSON LICENSE WITHIN 3 YEARS AFTER THE  
9 EXPIRATION DATE OF HIS OR HER LAST LICENSE IF HE OR SHE PAYS AN  
10 APPLICATION PROCESSING FEE, THE LATE RENEWAL FEE, AND THE PER-YEAR  
11 LICENSE FEE FOR THE UPCOMING LICENSURE PERIOD AND SUBMITS PROOF  
12 THAT HE OR SHE MEETS ANY OF THE FOLLOWING:

13 (A) HAS COMPLETED A TOTAL OF 6 CLOCK HOURS OF CONTINUING  
14 EDUCATION FOR EACH YEAR AND PARTIAL YEAR THAT HAVE ELAPSED SINCE  
15 THE EXPIRATION OF HIS OR HER LAST LICENSE, ON THE TOPICS DESCRIBED  
16 IN SECTION 2504A(1).

17 (B) HAS COMPLETED 40 CLOCK HOURS OF PRELICENSURE COURSES  
18 DESCRIBED IN SECTION 2504(3).

19 (C) HAS PASSED THE EXAMINATION REQUIRED FOR A REAL ESTATE  
20 SALESPERSON LICENSE UNDER SECTION 2505(5).

21 Sec. 2504. (1) ~~Before receiving~~ BOTH OF THE FOLLOWING MUST BE  
22 MET BEFORE AN APPLICANT RECEIVES a real estate broker's license ~~and~~  
23 ~~an applicant shall~~ UNDER THIS ARTICLE:

24 (A) THE APPLICANT MUST submit an application ~~as described in~~  
25 UNDER section 2505. ~~and shall have successfully completed not less~~  
26 ~~than~~

27 (B) THE APPLICANT, IF THE APPLICANT IS AN INDIVIDUAL, OR THE

1 INDIVIDUAL DESIGNATED AS THE PRINCIPAL OF THE APPLICANT UNDER  
2 SECTION 2505 IF THE APPLICANT IS NOT AN INDIVIDUAL, MUST  
3 SUCCESSFULLY COMPLETE AT LEAST 90 clock hours of approved  
4 PRELICENSURE classroom courses in real estate, of which ~~not less~~  
5 ~~than~~ **AT LEAST** 9 clock hours ~~shall be~~ **IS** instruction on civil rights  
6 law and equal opportunity in housing. The 90 hours ~~shall be~~ **ARE** in  
7 addition to the hours required to obtain a real estate  
8 salesperson's license.

9 (2) Before ~~being~~ **HE OR SHE IS** permitted to take the real  
10 estate salesperson's examination, ~~an~~ **THE** applicant ~~shall~~ **MUST** show  
11 proof ~~of successful completion of not less than~~ **THAT HE OR SHE HAS**  
12 **SUCCESSFULLY COMPLETED AT LEAST** 40 clock hours of **APPROVED**  
13 **PRELICENSURE** classroom courses in principles of real estate, of  
14 which ~~not less than~~ **AT LEAST** 4 clock hours ~~shall be~~ **IS** instruction  
15 on civil rights law and equal opportunity in housing.

16 (3) For purposes of subsections (1) and (2), approved  
17 **PRELICENSURE** courses may be on the following topics:

18 (a) Real estate license law and related regulatory laws.

19 (b) Real property law, including property interests and  
20 restrictions.

21 (c) Federal, state, and local tax laws affecting real  
22 property.

23 (d) Conveyances, including contracts, deeds, and leases.

24 (e) Financing, including mortgages, land contracts,  
25 foreclosure, and limits on lending procedures and interest rates.

26 (f) Appraisal of real property.

27 (g) Design and construction.

1 (h) Marketing, exchanging, and counseling.

2 (i) The law of agency.

3 (j) Sales and office management, including listing and selling  
4 techniques.

5 (k) Real estate securities and syndications.

6 (l) Investments, including property management.

7 ~~—— (4) Except as otherwise provided in this subsection, before~~  
8 ~~being permitted to renew an active real estate broker's or real~~  
9 ~~estate salesperson's license, a licensee shall have successfully~~  
10 ~~completed, within the preceding 12 months, not less than 6 clock~~  
11 ~~hours of continuing education approved by the department involving~~  
12 ~~any topics relevant to the management, operation, and practice of~~  
13 ~~real estate and covering changes in economic conditions, law,~~  
14 ~~rules, court cases, and interpretations, or any combination of~~  
15 ~~those changes, relating to real property which are pertinent to the~~  
16 ~~activities of a real estate broker or real estate salesperson.~~  
17 ~~Beginning November 1, 2003, a licensee shall complete not less than~~  
18 ~~18 hours of continuing education per 3 year license cycle. A~~  
19 ~~licensee shall complete at least 6 hours of the required 18 hours~~  
20 ~~of continuing education courses during the time period from~~  
21 ~~November 1, 2003 and ending on December 31, 2004. During calendar~~  
22 ~~year 2005, a licensee shall complete at least 6 hours of the~~  
23 ~~required 18 hours of continuing education courses. During calendar~~  
24 ~~year 2006, a licensee shall complete at least 4 hours of the~~  
25 ~~required 18 hours of continuing education courses. During calendar~~  
26 ~~year 2007 and thereafter, a licensee shall complete at least 2~~  
27 ~~hours per calendar year of the required 18 hours of continuing~~

~~1 education courses. Any education successfully completed by a  
2 licensee for further professional designation and approved by the  
3 department as continuing education may be counted toward the total  
4 continuing education credits required for the 3 year license cycle.  
5 Each licensee, in completing the appropriate number of clock hours,  
6 will have the option of selecting the education courses in that  
7 licensee's area of expertise, as long as the education courses are  
8 approved by the department and as long as at least 2 hours of an  
9 education course per calendar year involve law, rules, and court  
10 cases regarding real estate. Notwithstanding the provisions of this  
11 subsection, the department may renew the license of a licensee who  
12 has completed not less than 18 hours of continuing education in the  
13 subject matter areas required by this subsection during the 3 year  
14 license cycle but has not otherwise met the requirements of this  
15 section if the licensee provides evidence satisfactory to the  
16 department that he or she has good cause for not complying with the  
17 requirements in this subsection.~~

~~18 ——— (5) The department may relicense without examination a  
19 licensee whose license has lapsed for less than 3 years if the  
20 licensee shows proof of completion of not less than 6 clock hours  
21 of continuing education for each year the license was lapsed, on  
22 topics as described in subsection (4).~~

~~23 ——— (6) The department may relicense a broker whose license has  
24 lapsed for 3 or more continuous years if the licensee provides  
25 proof of the successful completion of 1 of the following:~~

~~26 ——— (a) Six clock hours of continuing education for each of the  
27 years the license was lapsed on topics described in subsection (4).~~

1 ~~—— (b) Ninety clock hours of instruction described in subsections~~  
2 ~~(1) and (3).~~

3 ~~—— (c) Passing the examination required for licensure as a broker~~  
4 ~~as provided for in section 2505(5).~~

5 ~~—— (7) A salesperson whose license has been lapsed for 3 or more~~  
6 ~~continuous years may be relicensed if the licensee provides proof~~  
7 ~~of the successful completion of 1 of the following:~~

8 ~~—— (a) Six clock hours of continuing education for each of the~~  
9 ~~years the license was lapsed on topics described in subsection (4).~~

10 ~~—— (b) Forty clock hours of instruction described in subsections~~  
11 ~~(2) and (3).~~

12 ~~—— (c) Passing the examination required for licensure as a~~  
13 ~~salesperson as provided in section 2505(5).~~

14 ~~—— (8) The department shall not apply the course credits used to~~  
15 ~~meet continuing education requirements provided in subsections (4)~~  
16 ~~through (7) towards the real estate broker's license education~~  
17 ~~requirements provided in subsection (1), and course credits taken~~  
18 ~~under real estate broker's license education requirements shall not~~  
19 ~~be applied towards the continuing education requirements. The~~  
20 ~~department shall apportion the approved course credits eligible for~~  
21 ~~education requirements in subsection (1) and subsections (4)~~  
22 ~~through (7) to meet either requirement upon the licensee's request.~~

23 ~~—— (9) For real estate brokers, associate brokers, and~~  
24 ~~salespersons who receive a license issued in the second or third~~  
25 ~~years of a 3 year license cycle, continuing education shall be in~~  
26 ~~compliance with subsection (4), except for the following:~~

27 ~~—— (a) A real estate broker, associate broker, or salesperson who~~

1 ~~receives a license issued in the second year of the 3 year license~~  
2 ~~cycle is required to complete 12 hours of continuing education to~~  
3 ~~renew his or her license.~~

4 ~~—— (b) A real estate broker, associate broker, or salesperson who~~  
5 ~~receives a license issued in the third year of the 3 year licensing~~  
6 ~~cycle is required to complete 6 hours of continuing education to~~  
7 ~~renew his or her license.~~

8 (4) ~~(10)~~ A person ~~who~~ **THAT** offers or conducts a course or  
9 courses of study represented to meet the educational requirements  
10 of this article first shall obtain approval from the department and  
11 shall comply with the rules of the department concerning  
12 curriculum, instructor qualification, grading system, and other  
13 related matters. In addition to other requirements imposed under  
14 rule, in order to receive approval a course shall be designed to be  
15 taught for ~~not less than~~ **AT LEAST** 1 clock hour, not including time  
16 spent on breaks, meals, or other unrelated activities, provided the  
17 course is only approved for less than 2 clock hours if, based ~~upon~~  
18 **ON** the subject matter, course outline, instructional materials,  
19 methodology, and other considerations consistent with rules of the  
20 department, the department determines that the course objectives  
21 can be effectively met in the proposed time period. The department  
22 may suspend or revoke the approval of a person for a violation of  
23 this article or of the rules promulgated under this article. A  
24 person ~~offering or conducting~~ **THAT OFFERS OR CONDUCTS** a course  
25 shall not represent that its students are assured of passing an  
26 examination required by the department. A person shall not  
27 represent that the issuance of departmental approval is a



1 recommendation or indorsement of the person to which it is issued  
2 or of a course of instruction given by it. A ~~pre-licensure~~  
3 **PRELICENSURE** course approved under this ~~article~~-**SECTION** shall be  
4 conducted by a local public school district, a community college,  
5 an institution of higher education authorized to grant degrees, or  
6 a proprietary school licensed by the department ~~of career~~  
7 ~~development~~ under **THE PROPRIETARY SCHOOLS ACT, 1943 PA 148, MCL**  
8 395.101 to 395.103.

9 (5) ~~(11)~~-A person who ~~in operating a school~~-**THAT** violates  
10 subsection ~~(10)~~-**(4) IN OPERATING A SCHOOL THAT PROVIDES 1 OR MORE**  
11 **COURSES DESCRIBED IN THIS SECTION** is subject to the penalties set  
12 forth in article 6.

13 (6) ~~(12)~~-The department may conduct, hold, or assist in  
14 conducting or holding, a real estate clinic, meeting, course, or  
15 institute, which shall be open to a person licensed under this  
16 article, and may incur the necessary expenses in connection with  
17 the clinic, meeting, course, or institute. The department, in the  
18 public interest, may assist educational institutions ~~within~~-**IN** this  
19 state in sponsoring studies, research, and programs for the purpose  
20 of raising the standards of professional practice in real estate  
21 and the competence of a licensee.

22 **SEC. 2504A. (1) WITHIN EACH 3-YEAR LICENSE CYCLE, A LICENSEE**  
23 **SHALL SUCCESSFULLY COMPLETE AT LEAST 18 CLOCK HOURS OF CONTINUING**  
24 **EDUCATION COURSES CONDUCTED BY A PERSON DESCRIBED IN SECTION**  
25 **2504(4) THAT INVOLVE ANY TOPICS THAT ARE RELEVANT TO THE**  
26 **MANAGEMENT, OPERATION, AND PRACTICE OF REAL ESTATE OR THAT ARE**  
27 **OTHERWISE PERTINENT TO THE ACTIVITIES OF A REAL ESTATE BROKER OR**

1 REAL ESTATE SALESPERSON. ALL OF THE FOLLOWING APPLY TO THIS  
2 CONTINUING EDUCATION REQUIREMENT:

3 (A) IN EACH CALENDAR YEAR OF EACH 3-YEAR LICENSE CYCLE, A  
4 LICENSEE SHALL COMPLETE AT LEAST 2 HOURS OF THE REQUIRED 18 HOURS  
5 OF CONTINUING EDUCATION COURSES.

6 (B) IN COMPLETING THE APPROPRIATE NUMBER OF CONTINUING  
7 EDUCATION COURSES, A LICENSEE MAY SELECT EDUCATION COURSES IN HIS  
8 OR HER AREA OF EXPERTISE, BUT AT LEAST 2 HOURS OF THE EDUCATION  
9 COURSES IN A CALENDAR YEAR MUST INVOLVE LAW, RULES, AND COURT CASES  
10 REGARDING REAL ESTATE.

11 (C) AT THE TIME HE OR SHE ATTENDS A CONTINUING EDUCATION  
12 COURSE, A LICENSEE SHALL DO BOTH OF THE FOLLOWING TO CONFIRM HIS OR  
13 HER IDENTITY:

14 (i) PRESENT HIS OR HER POCKET CARD, OR PROVIDE HIS OR HER  
15 LICENSE IDENTIFICATION NUMBER, FROM THE DEPARTMENT TO THE COURSE  
16 PROVIDER.

17 (ii) PRESENT HIS OR HER OPERATOR'S LICENSE OR CHAUFFEUR'S  
18 LICENSE ISSUED UNDER THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL  
19 257.1 TO 257.923, AN OFFICIAL STATE PERSONAL IDENTIFICATION CARD  
20 ISSUED UNDER 1972 PA 222, MCL 28.291 TO 28.300, OR OTHER  
21 GOVERNMENT-ISSUED PHOTO IDENTIFICATION TO THE COURSE PROVIDER.

22 (D) ANY EDUCATION COURSE THAT THE LICENSEE SUCCESSFULLY  
23 COMPLETES TO OBTAIN A PROFESSIONAL DESIGNATION IS COUNTED TOWARD  
24 THE TOTAL CONTINUING EDUCATION CREDITS REQUIRED IN A 3-YEAR LICENSE  
25 CYCLE IF THE COURSES ARE CONDUCTED BY A PERSON DESCRIBED IN SECTION  
26 2504(4).

27 (E) IF A LICENSE SUCCESSFULLY COMPLETES A CONTINUING EDUCATION

1 COURSE WITH A PARTICULAR COURSE TITLE OR COURSE NUMBER, HE OR SHE  
2 DOES NOT EARN ADDITIONAL HOURS TOWARD THE REQUIREMENTS OF THIS  
3 SECTION IF HE OR SHE REPEATS THAT COURSE.

4 (2) AN APPLICANT FOR LICENSE RENEWAL UNDER SECTION 2502A SHALL  
5 CERTIFY COMPLIANCE WITH SUBSECTION (1) TO THE DEPARTMENT. A  
6 LICENSEE SHALL RETAIN EVIDENCE THAT DEMONSTRATES HE OR SHE HAS MET  
7 THE CONTINUING EDUCATION REQUIREMENTS UNDER THIS SECTION FOR AT  
8 LEAST 4 YEARS AFTER THE DATE OF THAT CERTIFICATION AND SHALL  
9 PRODUCE THE RECORD THAT CONTAINS THAT EVIDENCE AT THE REQUEST OF  
10 THE DEPARTMENT.

11 (3) A REAL ESTATE BROKER, ASSOCIATE BROKER, OR SALESPERSON WHO  
12 RECEIVES A LICENSE ISSUED IN THE SECOND OR THIRD YEAR OF A 3-YEAR  
13 LICENSE CYCLE IS REQUIRED TO COMPLY WITH THE CONTINUING EDUCATION  
14 REQUIREMENTS UNDER SUBSECTION (1), EXCEPT AS FOLLOWS:

15 (A) A REAL ESTATE BROKER, ASSOCIATE BROKER, OR SALESPERSON WHO  
16 RECEIVES A LICENSE ISSUED IN THE SECOND YEAR OF THE 3-YEAR LICENSE  
17 CYCLE IS REQUIRED TO COMPLETE 12 HOURS OF CONTINUING EDUCATION.

18 (B) A REAL ESTATE BROKER, ASSOCIATE BROKER, OR SALESPERSON WHO  
19 RECEIVES A LICENSE ISSUED IN THE THIRD YEAR OF THE 3-YEAR LICENSE  
20 CYCLE IS REQUIRED TO COMPLETE 6 HOURS OF CONTINUING EDUCATION.

21 (4) COURSE CREDITS USED TO MEET CONTINUING EDUCATION  
22 REQUIREMENTS UNDER THIS SECTION DO NOT APPLY TOWARD THE REAL ESTATE  
23 BROKER'S LICENSE PRELICENSURE EDUCATION REQUIREMENTS UNDER SECTION  
24 2504, AND COURSE CREDITS SUCCESSFULLY COMPLETED UNDER REAL ESTATE  
25 BROKER'S LICENSE PRELICENSURE EDUCATION REQUIREMENTS UNDER SECTION  
26 2504 DO NOT APPLY TOWARD THE CONTINUING EDUCATION REQUIREMENTS OF  
27 THIS SECTION.

1           Sec. 2508. (1) ~~A~~ **THE DEPARTMENT MAY ISSUE A** real estate  
2 broker's license ~~may be issued to~~ an individual, ~~sole~~  
3 ~~proprietorship,~~ partnership, association, corporation, **LIMITED**  
4 **LIABILITY COMPANY**, common law trust, or a combination of those  
5 entities. A real estate broker's license **THAT IS** issued to an  
6 individual ~~or a sole proprietorship shall entitle~~ **ENTITLES** the  
7 individual named on the license to perform acts regulated ~~by~~ **UNDER**  
8 this article. Subject to subsection (2), a real estate broker's  
9 license issued to a partnership, association, corporation, **LIMITED**  
10 **LIABILITY COMPANY**, common law trust, or a combination of those  
11 entities ~~shall entitle~~ **ENTITLES** those individuals designated as  
12 principals under section 2505(1) to perform acts regulated ~~by~~ **UNDER**  
13 this article. A broker's license issued to a partnership,  
14 association, corporation, **LIMITED LIABILITY COMPANY**, common law  
15 trust, or a combination of those entities is not transferable.

16           (2) Before performing acts regulated under this article, each  
17 principal shall apply for and obtain, and any other individual may  
18 apply for and obtain, an associate real estate broker's license. An  
19 applicant for an associate real estate broker's license ~~shall be~~ **IS**  
20 subject to the same requirements as an applicant for a real estate  
21 broker's license. ~~An~~ **THE DEPARTMENT SHALL ONLY ISSUE AN** associate  
22 real estate broker's license ~~shall only be issued to individuals.~~ **AN**  
23 **INDIVIDUAL.**

24           (3) The associate real estate broker's license of a principal  
25 who ceases to be connected with a partnership, association,  
26 corporation, **LIMITED LIABILITY COMPANY**, common law trust, or a  
27 combination of those entities ~~shall be~~ **IS** suspended automatically.

1           (4) An associate real estate broker's license **THAT IS** issued  
2 to a principal is not transferable. An associate real estate  
3 broker's license issued to a nonprincipal may be transferred in the  
4 same manner as provided in section 2507 for the transfer of a real  
5 estate salesperson's license.

6           (5) ~~Upon the revocation of~~ **IF** a real estate broker's license  
7 **IS REVOKED**, the licenses of all real estate salespersons **WHO ARE**  
8 employed by the real estate broker and all affiliated associate  
9 real estate brokers ~~shall~~ **ARE** automatically ~~be~~ suspended, pending a  
10 change of employer and the issuance of a new license. ~~A~~ **THE**  
11 **DEPARTMENT SHALL ISSUE A** new license ~~shall be issued~~ **UNDER THIS**  
12 **SUBSECTION** without charge, ~~if~~ if the license is issued during the  
13 same term in which the original license was issued.

14           (6) **IN THE EVENT OF THE DEATH OR DISABILITY OF A SOLE**  
15 **PRINCIPAL ASSOCIATE BROKER, THE DEPARTMENT SHALL ALLOW ALL**  
16 **AFFILIATED REAL ESTATE LICENSEES A REASONABLE TIME TO EITHER WIND**  
17 **UP THE BUSINESS OF THE REAL ESTATE BROKER OR DESIGNATE A NEW**  
18 **PRINCIPAL ASSOCIATE BROKER.**