

**SUBSTITUTE FOR
SENATE BILL NO. 26**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 105, 204, 2501, 2502a, 2503, 2504, 2504a,
2505, 2506, 2507, 2509, 2510, 2512, and 2512d (MCL 339.105,
339.204, 339.2501, 339.2502a, 339.2503, 339.2504, 339.2504a,
339.2505, 339.2506, 339.2507, 339.2509, 339.2510, 339.2512, and
339.2512d), sections 105, 204, and 2507 as amended by 1988 PA 463,
sections 2501 and 2512 as amended and section 2512d as added by
2008 PA 90, sections 2502a and 2504 as amended and section 2504a as
added by 2014 PA 106, section 2503 as amended by 1990 PA 269,
section 2505 as amended by 2003 PA 196, section 2506 as amended by
2011 PA 33, and section 2509 as amended by 1988 PA 16, and by
adding sections 2502b, 2512e, 2512f, 2516, 2516a, and 2516b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 105. (1) "License" means the document issued to a person
2 under this act ~~which will enable that~~ **ENABLES THE** person to use a
3 designated title and practice an occupation, which practice would
4 otherwise be prohibited by this act. License includes a document
5 issued by the department ~~which~~ **THAT** permits a school, institution,
6 or person to offer training or education in an occupation or ~~which~~
7 **THAT** permits the operation of a facility, establishment, or
8 institution in which an occupation is practiced. License includes a
9 permit or approval.

10 (2) "Licensee" means ~~a person who has been issued a license~~
11 ~~under this act.~~ **ANY OF THE FOLLOWING, AS APPLICABLE:**

12 **(A) IN ARTICLES 1 TO 6, A PERSON THAT IS LICENSED OR REQUIRED**
13 **TO BE LICENSED UNDER THIS ACT.**

14 **(B) IN A SPECIFIC ARTICLE OF THIS ACT, A PERSON THAT IS**
15 **LICENSED OR REQUIRED TO BE LICENSED UNDER THAT ARTICLE.**

16 (3) "Limitation" means a condition, stricture, constraint,
17 restriction, or probation attached to a license or registration
18 relative to the scope of practice, including the following:

19 (a) A requirement that the licensee or registrant perform only
20 specified functions of the licensee's or registrant's occupation.

21 (b) A requirement that the licensee or registrant perform the
22 licensee's or registrant's occupation only for a specified period
23 of time.

24 (c) A requirement that the licensee or registrant perform the
25 licensee's or registrant's occupation only within a specified
26 geographical area.

1 (d) A requirement that restitution be made or certain work be
2 performed before a license or registration is issued, renewed, or
3 reinstated.

4 (e) A requirement that a financial statement certified by a
5 ~~person~~**AN INDIVIDUAL WHO IS** licensed as a certified public
6 accountant be filed with the department at regular intervals.

7 (f) A requirement ~~which~~**THAT** reasonably assures a licensee's
8 or registrant's competence to perform the licensee's or
9 registrant's occupation.

10 (g) A requirement that **AN ATTORNEY REVIEW** all contracts of a
11 licensee or registrant. ~~be reviewed by an attorney.~~

12 (h) A requirement that a licensee or registrant have on file
13 with the department a bond **THAT IS** issued by a surety insurer
14 approved by the department or cash in an amount determined by the
15 department.

16 (i) A requirement that a licensee or registrant deposit money
17 received in an escrow account which can be disbursed only under
18 certain conditions as determined by the licensee or registrant and
19 another party.

20 (j) A requirement that a licensee or registrant file reports
21 with the department at intervals determined by the department.

22 (4) "Occupation" means a field of endeavor regulated ~~by~~**UNDER**
23 this act.

24 (5) "Person" means ~~an~~**ANY OF THE FOLLOWING:**

25 (A) **AN** individual. ~~7~~

26 (B) **A** sole proprietorship, partnership, association,
27 corporation, **LIMITED LIABILITY COMPANY, OR** common law trust. ~~7 or a~~

1 ~~combination of those legal entities. Person includes a~~

2 (C) **A COMBINATION OF PERSONS DESCRIBED IN SUBDIVISION (A) OR**
3 **(B).**

4 (D) **A** department, board, school, institution, establishment,
5 or governmental entity.

6 (6) "Physical dominion" means control and possession.

7 (7) "Physician" means that term as defined in ~~section~~**SECTIONS**
8 17001 and ~~section~~17501 of the public health code, ~~Act No. 368 of~~
9 ~~the Public Acts of 1978, being sections 333.17001 and 333.17501 of~~
10 ~~the Michigan Compiled Laws.~~**1978 PA 368, MCL 333.17001 AND**
11 **333.17501.**

12 (8) "Probation" means a sanction ~~which~~**THAT** permits a board to
13 evaluate over a period of time a licensee's or registrant's fitness
14 to practice an occupation regulated ~~by~~**UNDER** this act.

15 (9) "Public access" means the right of a person to view and
16 copy files ~~pursuant to~~**UNDER** the freedom of information act, ~~Act~~
17 ~~No. 442 of the Public Acts of 1976, as amended, being sections~~
18 ~~15.231 to 15.246 of the Michigan Compiled Laws.~~**1976 PA 442, MCL**
19 **15.231 TO 15.246.**

20 (10) "Registrant" means a person ~~who~~**THAT** is registered under
21 this act.

22 (11) "Registration" means the document issued to a person
23 under this act ~~which will enable~~ that **ENABLES THE** person to use a
24 designated title, which use would be otherwise prohibited by this
25 act.

26 (12) "Rule" means a rule promulgated under this act and
27 ~~pursuant to~~**UNDER** the administrative procedures act of 1969, ~~Act~~

1 ~~No. 306 of the Public Acts of 1969, as amended, being sections~~
 2 ~~24.201 to 24.328 of the Michigan Compiled Laws.1969 PA 306, MCL~~
 3 ~~24.201 TO 24.328.~~

4 (13) "State" means the District of Columbia or a commonwealth,
 5 state, or territory of the United States.

6 Sec. 204. (1) Unless otherwise provided in this act and
 7 subject to the limitations ~~set forth in~~ **UNDER** this section, the
 8 department shall renew the license or registration of a person ~~who~~
 9 ~~fulfills~~ **THAT DOES** all of the following: ~~requirements:~~

10 (a) ~~Has applied~~ **APPLIES** to the department on a form provided
 11 by the department for renewal of a license or registration. The
 12 **APPLICANT MUST DELIVER THE** application for renewal ~~shall be~~
 13 ~~received by~~ **TO** the department on or before the **EXPIRATION** date
 14 ~~prescribed by the department for the expiration of the~~ **PERSON'S**
 15 current license or registration.

16 (b) ~~Has paid~~ **PAYS** the appropriate fees ~~prescribed in~~ **UNDER**
 17 article 4.

18 (c) ~~Has met~~ **MEETS** the renewal requirements set forth in a
 19 specific article ~~,~~ **OR A** rule ~~,~~ or an order issued under this act.

20 (2) Except as otherwise provided in this act, ~~the department~~
 21 ~~may renew the license or registration of a person who does not meet~~
 22 ~~the requirements for renewal, if the person demonstrates to the~~
 23 ~~satisfaction of the department and a board that the requirements~~
 24 ~~for renewal as set forth in an article or rule do not constitute a~~
 25 ~~fair and adequate measure of the person's knowledge and skills or~~
 26 ~~that the requirements for renewal do not serve as an adequate basis~~
 27 ~~for determining whether a person could continue to perform an~~

~~1 occupation with competence. However, a requirement of attendance in~~
~~2 a continuing education program shall not be waived as a requirement~~
~~3 for the renewal. The procedure to be followed in obtaining a review~~
~~4 of requirements for renewal by the director and a board is~~
~~5 prescribed in article 5. The department shall not issue a license~~
~~6 or registration under this subsection until the person seeking~~
~~7 renewal pays the appropriate fees as prescribed in article 4.A~~
8 BOARD THAT REQUIRES EVIDENCE OF ATTENDANCE IN A CONTINUING
9 EDUCATION PROGRAM AS A CONDITION TO LICENSE RENEWAL MAY WAIVE THAT
10 REQUIREMENT IF, AFTER RECEIVING A WRITTEN APPLICATION, THE BOARD
11 FINDS THE FAILURE OF THE LICENSEE TO ATTEND WAS DUE TO THE
12 LICENSEE'S DISABILITY, MILITARY SERVICE, OR ABSENCE FROM THE
13 CONTINENTAL UNITED STATES OR DUE TO CIRCUMSTANCES BEYOND THE
14 CONTROL OF THE LICENSEE THAT THE BOARD CONSIDERS SUFFICIENT CAUSE
15 TO WAIVE THE REQUIREMENT.

16 (3) Except as otherwise provided in article 7, THE DEPARTMENT
17 MAY RENEW a license or registration ~~renewed under this section may~~
~~18 be renewed~~ **UNDER THIS ACT** with a limitation. The department shall
19 notify the appropriate board of the department's intent to impose a
20 limitation on the renewal of a license of a person seeking license
21 renewal in the occupation for which the board serves. The
22 department may impose the limitation only with the approval of the
23 notified board. However, if the notified board, within 30 days
24 after receipt of the notification by the department, ~~neither~~
25 ~~approves nor disapproves~~ **DOES NOT APPROVE OR DISAPPROVE** the
26 imposition of a limitation, the department may impose the
27 limitation. A person ~~who~~ **THAT** receives a license or registration

1 renewed with a limitation may receive a review of that limitation
2 ~~as provided in~~ UNDER section 519.

3 (4) It is the responsibility of the licensee or registrant to
4 renew a license or registration. The department shall send a
5 renewal application to the last known address of a licensee or
6 registrant on file with the department. The failure of a licensee
7 or registrant to notify the department of a change of address ~~shall~~
8 **DOES** not extend the expiration date of a license or registration
9 and may result in disciplinary action.

10 (5) A LICENSEE OR REGISTRANT SHALL REPORT TO THE DEPARTMENT A
11 CHANGE IN NAME OR MAILING ADDRESS, OR A CHANGE OF ELECTRONIC MAIL
12 ADDRESS IF THE LICENSEE OR REGISTRANT HAS PROVIDED AN ELECTRONIC
13 MAIL ADDRESS UNDER SUBSECTION (6), NOT LATER THAN 30 DAYS AFTER THE
14 CHANGE OCCURS.

15 (6) IF THE DEPARTMENT IS REQUIRED OR PERMITTED UNDER THIS ACT
16 TO DELIVER OR SERVE A NOTICE OR OTHER COMMUNICATION TO A LICENSEE
17 OR REGISTRANT BY MAIL, THE DEPARTMENT MAY DELIVER OR SERVE THE
18 NOTICE OR COMMUNICATION BY ELECTRONIC MAIL RATHER THAN BY FIRST-
19 CLASS MAIL IF THE LICENSEE OR REGISTRANT HAS PROVIDED AN ELECTRONIC
20 MAIL ADDRESS TO THE DEPARTMENT, AUTHORIZED THE DEPARTMENT IN
21 WRITING TO DELIVER OR SERVE NOTICES AND COMMUNICATIONS TO THE
22 LICENSEE OR REGISTRANT AT THE ELECTRONIC MAIL ADDRESS, AND AGREED
23 IN WRITING THAT THE LICENSEE OR REGISTRANT CONSENTS TO THE SERVICE
24 OF ANY NOTICE OR COMMUNICATION SENT TO THE ELECTRONIC MAIL ADDRESS
25 THAT THE DEPARTMENT WOULD OTHERWISE SERVE BY MAIL.

26 Sec. 2501. As used in this article:

27 (A) "ASSOCIATE BROKER" OR "ASSOCIATE REAL ESTATE BROKER" MEANS

1 AN INDIVIDUAL WHO MEETS THE REQUIREMENTS FOR LICENSURE AS A REAL
2 ESTATE BROKER UNDER THIS ARTICLE AND WHO IS LICENSED AS AN
3 ASSOCIATE REAL ESTATE BROKER UNDER SECTION 2505 TO PROVIDE REAL
4 ESTATE BROKERAGE SERVICES AS AN EMPLOYEE OR INDEPENDENT CONTRACTOR
5 OF A REAL ESTATE BROKER.

6 (B) "BUSINESS ENTITY" MEANS A PERSON DESCRIBED IN SECTION
7 105(5) (B) OR (C), EXCEPT A SOLE PROPRIETORSHIP.

8 (C) "CLASSROOM COURSE" MEANS AN EDUCATIONAL COURSE OF
9 INSTRUCTION THAT IS PROVIDED AT EITHER OF THE FOLLOWING:

10 (i) A PHYSICAL LOCATION WHERE INSTRUCTION IS OFFERED AND
11 STUDENTS AND AN INSTRUCTOR ARE PRESENT.

12 (ii) A LOCATION WHERE A STUDENT RECEIVES INSTRUCTION PROVIDED
13 BY DISTANCE LEARNING.

14 (D) "CLOCK HOUR" MEANS EITHER OF THE FOLLOWING:

15 (i) FOR A CLASSROOM COURSE AT A LOCATION DESCRIBED IN
16 SUBDIVISION (C) (i), A PERIOD OF 50 TO 60 MINUTES OF ACTUAL
17 CLASSROOM INSTRUCTION, NOT INCLUDING OUTSIDE ASSIGNMENTS AND
18 READING.

19 (ii) FOR A CLASSROOM COURSE AT A LOCATION DESCRIBED IN
20 SUBDIVISION (C) (ii), THE PERIOD REQUIRED FOR A STUDENT TO PROCESS
21 THE AMOUNT OF MATERIAL PROVIDED IN 50 MINUTES OF DISTANCE LEARNING
22 INSTRUCTION.

23 (E) "CONTROL PERSON" MEANS AN INDIVIDUAL WHO IS A SOLE
24 PROPRIETOR, IS A PARTNER IN A PARTNERSHIP OR LIMITED PARTNERSHIP,
25 IS AN OFFICER, DIRECTOR, OR SHAREHOLDER IN A CORPORATION, IS A
26 MEMBER OR MANAGER IN A LIMITED LIABILITY COMPANY, OR HOLDS A
27 RESPONSIBLE POSITION IN ANY OTHER FORM OF BUSINESS ENTITY

1 AUTHORIZED UNDER THE LAWS OF THIS STATE OR THE STATE IN WHICH THE
2 ENTITY IS ORGANIZED OR FORMED.

3 (F) "DISTANCE LEARNING" MEANS THE TECHNOLOGY AND EDUCATIONAL
4 PROCESS USED TO PROVIDE INSTRUCTION TO A STUDENT WHEN THE STUDENT
5 AND THE INSTRUCTOR ARE NOT NECESSARILY PHYSICALLY PRESENT AT THE
6 SAME TIME OR PLACE. THE TERM INCLUDES, BUT IS NOT LIMITED TO,
7 INSTRUCTION PROVIDED THROUGH AN INTERACTIVE CLASSROOM, COMPUTER
8 CONFERENCING, OR AN INTERACTIVE COMPUTER SYSTEM.

9 (G) ~~(a)~~—"Employ" or "employment" means the relationship
10 between a real estate broker and an associate **REAL ESTATE** broker or
11 a real estate salesperson which may include an independent
12 contractor relationship. The existence of an independent contractor
13 relationship between a real estate broker and an individual
14 licensed to the real estate broker ~~shall~~**DOES** not relieve the real
15 estate broker of the responsibility to supervise acts of the
16 licensee **THAT ARE** regulated ~~by~~**UNDER** this article.

17 (H) ~~(b)~~—"Independent contractor relationship" means a
18 relationship between a real estate broker and an associate **REAL**
19 **ESTATE** broker or real estate salesperson that satisfies both of the
20 following conditions:

21 (i) A written agreement exists in which the real estate broker
22 does not consider the associate **REAL ESTATE** broker or real estate
23 salesperson as an employee for federal and state income tax
24 purposes.

25 (ii) ~~Not less than~~**AT LEAST** 75% of the annual compensation
26 paid by the real estate broker to the associate **REAL ESTATE** broker
27 or real estate salesperson is from commissions from the sale of

1 real estate.

2 (I) "LICENSE CYCLE" MEANS THE TERM OF A LICENSE ISSUED UNDER
3 THIS ARTICLE.

4 (J) ~~(e)~~—"Limited service agreement" means a written service
5 provision agreement by which ~~the~~A real estate broker and client
6 establish an agency relationship in which certain enumerated
7 services, as set forth in section 2512d(3)(b), (c), and (d), are
8 knowingly waived in whole or part by the client.

9 (K) "NEGOTIATE THE MORTGAGE OF REAL ESTATE" MEANS ENGAGING IN
10 ACTIVITY IN CONNECTION WITH A MORTGAGE THAT IS NOT REGULATED UNDER
11 THE MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT, 1987 PA
12 173, MCL 445.1651 TO 445.1684, THE SECONDARY MORTGAGE LOAN ACT,
13 1981 PA 125, MCL 493.51 TO MCL 493.81, OR THE MORTGAGE LOAN
14 ORIGINATOR LICENSING ACT, 2009 PA 75, MCL 493.131 TO 493.171.

15 (L) A "NONPRINCIPAL" OF A REAL ESTATE BROKER MEANS A CONTROL
16 PERSON WHO IS LICENSED AS AN ASSOCIATE REAL ESTATE BROKER UNDER
17 THIS ARTICLE, BUT IS NOT DESIGNATED AS A PRINCIPAL UNDER SECTION
18 2505(1).

19 (M) "PLACE OF BUSINESS" MEANS A PHYSICAL LOCATION THAT A REAL
20 ESTATE BROKER, BY ADVERTISEMENT, SIGNAGE, OR OTHERWISE, REPRESENTS
21 TO THE PUBLIC IS A PLACE WHERE CLIENTS AND CUSTOMERS MAY CONSULT OR
22 DO BUSINESS WITH A LICENSEE.

23 (N) "POCKET CARD" MEANS THE POCKET CARD THAT CONTAINS
24 INFORMATION ABOUT THE LICENSE THAT THE DEPARTMENT PROVIDES UNDER
25 SECTION 2506 WHEN IT ISSUES A LICENSE UNDER THIS ARTICLE.

26 (O) "PRELICENSURE COURSE" MEANS A COURSE THAT IS REPRESENTED
27 TO THE PUBLIC AS FULFILLING, IN WHOLE OR IN PART, THE REQUIREMENTS

1 OF SECTION 2504.

2 (P) A "PRINCIPAL" OF A REAL ESTATE BROKER MEANS A CONTROL
3 PERSON WHO IS LICENSED AS AN ASSOCIATE REAL ESTATE BROKER AND IS
4 DESIGNATED AS A PRINCIPAL UNDER SECTION 2505(1).

5 (Q) ~~(d)~~-"Professional designation" means a certification from
6 a real estate professional association ~~demonstrating attainment of~~
7 **THAT DEMONSTRATES THAT AN INDIVIDUAL HAS ATTAINED** proven skills or
8 education in a real estate occupational area and may include the
9 right to use a title or letters after the licensee's name that
10 represent the designation ~~bestowed~~ **AWARDED** by the certifying
11 entity.

12 (R) ~~(e)~~-"Property management" means ~~the~~ leasing or renting, or
13 ~~the~~ offering to lease or rent, ~~of~~ real property of others for a
14 fee, commission, compensation, or other valuable consideration
15 pursuant to a property management employment contract.

16 (S) ~~(f)~~-"Property management account" means an interest-
17 bearing or noninterest-bearing account or instrument used in the
18 operation of property management.

19 (T) ~~(g)~~-"Property management employment contract" means ~~the~~ **A**
20 written agreement **THAT IS** entered into between a real estate broker
21 and client concerning the real estate broker's employment as a
22 property manager for the client; ~~setting forth~~ **THAT DESCRIBES** the
23 real estate broker's duties, responsibilities, and activities as a
24 property manager; and ~~setting forth~~ **THAT DESCRIBES** the handling,
25 management, safekeeping, investment, disbursement, and use of
26 property management money, funds, and accounts.

27 (U) ~~(h)~~-"Real estate broker" means an individual, ~~sole~~

1 ~~proprietorship, partnership, association, corporation, common law~~
 2 ~~trust, or a combination of those entities who~~ **OR BUSINESS ENTITY**
 3 **THAT**, with intent to collect or receive a fee, compensation, or
 4 valuable consideration, sells or offers for sale, buys or offers to
 5 buy, provides or offers to provide market analyses **OF**, lists or
 6 offers or attempts to list, or negotiates the purchase, ~~or~~ sale, or
 7 exchange ~~or mortgage~~ of real estate; ~~or~~ **THAT NEGOTIATES THE**
 8 **MORTGAGE OF REAL ESTATE; THAT** negotiates for the construction of a
 9 building on real estate; ~~who~~ **THAT** leases or offers or rents or
 10 offers for rent real estate or the improvements on the real estate
 11 for others, as a whole or partial vocation; ~~who~~ **THAT** engages in
 12 property management as a whole or partial vocation; ~~who~~ **THAT** sells
 13 or offers for sale, buys or offers to buy, leases or offers to
 14 lease, or negotiates the purchase or sale or exchange of a
 15 business, business opportunity, or the goodwill of an existing
 16 business for others; or ~~who~~ **THAT**, as owner or otherwise, engages
 17 in the sale of real estate as a principal vocation.

18 (V) ~~(i)~~ "Real estate salesperson" means ~~a person~~ **AN INDIVIDUAL**
 19 who for compensation or valuable consideration is employed either
 20 directly or indirectly by a licensed real estate broker to sell or
 21 offer to sell, ~~to~~ buy or offer to buy, ~~to~~ provide or offer to
 22 provide market analyses **OF**, ~~to~~ list or offer or attempt to list, or
 23 ~~to~~ negotiate the purchase, ~~or~~ sale, or exchange ~~or mortgage~~ of real
 24 estate; ~~or~~ **TO NEGOTIATE THE MORTGAGE OF REAL ESTATE;** to negotiate
 25 for the construction of a building on real estate, or to lease or
 26 offer to lease, **OR** rent or offer for rent, real estate; ~~who~~ is
 27 employed by a real estate broker to engage in property management;

1 ~~or~~ who sells or offers for sale, buys or offers to buy, leases or
2 offers to lease, or negotiates the purchase or sale or exchange of
3 a business, business opportunity, or the goodwill of an existing
4 business for others, as a whole or partial vocation.

5 (W) ~~(j)~~ "Service provision agreement" means a buyer agency
6 agreement or listing agreement **THAT IS** executed by a real estate
7 broker and a client ~~that~~ **AND** establishes an agency relationship.

8 (X) "SPONSOR" MEANS A PERSON THAT REPRESENTS TO THE PUBLIC
9 THAT THE COURSES IT CONDUCTS FOR PURPOSES OF THIS ARTICLE FULFILL
10 THE REQUIREMENTS OF SECTION 2504A FOR CONTINUING EDUCATION.

11 Sec. 2502a. (1) The department ~~shall issue~~ **BY RULE SHALL**
12 **ESTABLISH THE TERM OF THE LICENSE CYCLE FOR** a license for a real
13 estate broker, associate real estate broker, and real estate
14 salesperson ~~for a term of 3 years.~~ **GRANTED UNDER THIS ARTICLE. THE**
15 **DEPARTMENT SHALL NOT ISSUE A LICENSE TO AN INDIVIDUAL WHO IS UNDER**
16 **THE AGE OF 18 YEARS.**

17 (2) The department shall renew a license for a real estate
18 broker, associate real estate broker, or real estate salesperson if
19 the department receives an application for renewal on a form
20 prescribed by the department, and payment of the appropriate fees,
21 within the time period described in section 411(1) or (2), and the
22 applicable requirements of section 2504a are met.

23 (3) **THE DEPARTMENT MAY RELICENSE A BUSINESS ENTITY THAT FAILS**
24 **TO RENEW A REAL ESTATE BROKER'S LICENSE ISSUED UNDER THIS ARTICLE**
25 **WITHIN THE TIME PERIOD DESCRIBED IN SUBSECTION (2) IF THE BUSINESS**
26 **ENTITY PAYS AN APPLICATION PROCESSING FEE, THE LATE RENEWAL FEE,**
27 **AND THE PER-YEAR LICENSE FEE FOR THE UPCOMING LICENSE PERIOD AND**

1 **DESIGNATES A PRINCIPAL UNDER SECTION 2505(1)(D).**

2 ~~(4) (3)~~—The department may relicense without examination a
3 ~~person that~~ **AN INDIVIDUAL WHO** fails to renew a license issued under
4 this article within the time period described in subsection (2) if
5 all of the following are met:

6 (a) The ~~person~~ **INDIVIDUAL** applies within 3 years after the
7 expiration date of the person's last license.

8 (b) The ~~person~~ **INDIVIDUAL** pays an application processing fee,
9 the late renewal fee, and the per-year license fee for the upcoming
10 licensure period.

11 (c) The ~~person~~ **INDIVIDUAL** completes 6 clock hours of
12 continuing education for each year and partial year that have
13 elapsed since the expiration of ~~the person's~~ **HIS OR HER** last
14 license, on the topics described in section 2504a(1).

15 ~~(5) (4)~~—The department may relicense a ~~person that~~ **AN**
16 **INDIVIDUAL WHO** failed to renew a real estate broker **OR ASSOCIATE**
17 **BROKER** license within 3 years after the expiration date of ~~the~~
18 ~~person's last~~ **HIS OR HER LAST REAL ESTATE BROKER OR ASSOCIATE**
19 **BROKER** license if ~~the person~~ **HE OR SHE** pays an application
20 processing fee, the late renewal fee, and the per-year license fee
21 for the upcoming licensure period and submits proof that ~~the~~
22 ~~person, if the person is an individual, or the individual~~
23 ~~designated as the person's principal under section 2505 if the~~
24 ~~person is not an individual,~~ **HE OR SHE** meets any of the following:

25 (a) Has completed a total of 6 clock hours of continuing
26 education for each year and partial year that have elapsed since
27 the expiration of ~~the person's last~~ **HIS OR HER LAST REAL ESTATE**

1 **BROKER OR ASSOCIATE REAL ESTATE BROKER** 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) **IN THE 12-MONTH PERIOD PRECEDING THE**
5 **DATE OF THE APPLICATION.**

6 (c) Has passed the examination required for a real estate
7 broker license under section 2505(5).

8 **(6) ~~(5)~~**—The department may relicense an individual who failed
9 to renew a real estate salesperson license within 3 years after the
10 expiration date of his or her last license if he or she pays an
11 application processing fee, the late renewal fee, and the per-year
12 license fee for the upcoming licensure period and submits proof
13 that he or she meets any of the following:

14 (a) Has completed a total of 6 clock hours of continuing
15 education for each year and partial year that have elapsed since
16 the expiration of his or her last license, on the topics described
17 in section 2504a(1).

18 (b) Has completed 40 clock hours of prelicensure courses
19 described in section 2504(3) **IN THE 12-MONTH PERIOD PRECEDING THE**
20 **DATE OF THE APPLICATION.**

21 (c) Has passed the examination required for a real estate
22 salesperson license under section 2505(5).

23 **(7) AN INDIVIDUAL WHOSE LICENSE IS REVOKED SHALL NOT APPLY FOR**
24 **A NEW LICENSE FOR AT LEAST 3 YEARS AFTER THE SERVICE OF THE FINAL**
25 **ORDER OF THE REVOCATION. TO BE CONSIDERED FOR A LICENSE FOLLOWING A**
26 **REVOCATION, AN APPLICANT SHALL MEET ALL EDUCATIONAL AND EXAMINATION**
27 **REQUIREMENTS IN EFFECT AT THE TIME OF APPLICATION, AND THE**

1 APPLICANT SHALL NOT RECEIVE CREDIT FOR EDUCATION OR EXPERIENCE
2 ACQUIRED, OR EXAMINATIONS PASSED, BEFORE THE REVOCATION.

3 SEC. 2502B. (1) UNLESS THE OWNER ENGAGES THE SERVICES OF A
4 REAL ESTATE BROKER IN CONNECTION WITH THOSE SALES, AN INDIVIDUAL
5 WHO IS THE OWNER OF REAL ESTATE MUST OBTAIN A LICENSE AS A REAL
6 ESTATE BROKER TO ENGAGE IN THE SALE OF THAT REAL ESTATE AS A
7 PRINCIPAL VOCATION. FOR PURPOSES OF THIS SUBSECTION, EACH OF THE
8 FOLLOWING IS CONSIDERED ENGAGING IN THE SALE OF REAL ESTATE AS A
9 PRINCIPAL VOCATION:

10 (A) ENGAGING IN MORE THAN 5 REAL ESTATE SALES IN ANY 12-MONTH
11 PERIOD.

12 (B) REPRESENTING TO THE PUBLIC THAT HE OR SHE IS PRINCIPALLY
13 ENGAGED IN THE SALE OF REAL ESTATE.

14 (C) DEVOTING OVER 50% OF HIS OR HER WORKING TIME, OR MORE THAN
15 15 HOURS PER WEEK IN ANY 6-MONTH PERIOD, TO THE SALE OF REAL
16 ESTATE.

17 (D) IF HE OR SHE IS A REAL ESTATE SALESPERSON, A SALE OF REAL
18 ESTATE OTHER THAN HIS OR HER PRINCIPAL RESIDENCE.

19 (2) A SALE OF REAL ESTATE THAT IS OWNED BY, OR UNDER OPTION
20 TO, A REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE BROKER IS SUBJECT
21 TO THE PROVISIONS OF THIS ARTICLE.

22 (3) IF A LICENSEE IS SELLING PROPERTY THAT IS OWNED BY THE
23 LICENSEE OR IN WHICH THE LICENSEE HAS AN INTEREST, THE LICENSEE
24 SHALL REVEAL THE FACTS OF THE LICENSEE'S OWNERSHIP OR INTEREST AND
25 THE LICENSEE'S LICENSURE TO THE PURCHASER, IN WRITING, BEFORE AN
26 OFFER TO PURCHASE IS SIGNED. A LICENSEE SHALL PROVIDE WRITTEN PROOF
27 OF THIS DISCLOSURE THAT IS SATISFACTORY TO THE DEPARTMENT ON

1 **REQUEST BY THE DEPARTMENT.**

2 Sec. 2503. (1) This article ~~shall~~**DOES** not apply to an
3 ~~individual, partnership, association, or corporation, who~~ **A PERSON**
4 **THAT**, as owner, sells or offers for sale a detached, single family
5 dwelling, duplex, triplex, or quadruplex, ~~which~~**THAT** has never been
6 occupied and ~~which~~**THAT** was built by the ~~individual, partnership,~~
7 ~~association, or corporation~~**PERSON** while licensed under article 24.
8 This article does not apply to an ~~individual, partnership,~~
9 ~~association, or corporation, who as owner or lessor, or as~~ **AN**
10 attorney-in-fact acting under a duly executed and recorded power of
11 attorney from the owner or lessor, or ~~who has been~~ **A PERSON**
12 appointed by a court, **THAT** performs an act as a real estate broker
13 or real estate salesperson with reference to property owned by it,
14 unless performed as a principal vocation not through a licensed
15 real estate broker.

16 (2) This article ~~shall~~**DOES** not ~~include the services rendered~~
17 ~~by~~ **APPLY TO** an ~~attorney at law~~ **ATTORNEY-AT-LAW WHO IS RENDERING**
18 **SERVICES** as an ~~attorney at law, nor shall it include~~ **ATTORNEY-AT-**
19 **LAW; TO** a receiver, trustee in bankruptcy, administrator, executor,
20 a person selling real estate under order of a court; ~~nor~~ **OR TO** a
21 trustee selling under a deed of trust, ~~. This exemption of a~~
22 ~~trustee shall not apply to~~ **UNLESS THE TRUSTEE MAKES** repeated or
23 successive sales of real estate ~~by the trustee, unless the sale is~~
24 ~~made~~ **NOT** through a licensed real estate broker.

25 (3) This article does not apply to a person ~~who~~ **THAT** is
26 regulated under the mortgage brokers, lenders, and servicers
27 licensing act, ~~Act No. 173 of the Public Acts of 1987, being~~

1 ~~sections 445.1651 to 445.1683 of the Michigan Compiled Laws, 1987~~
2 **PA 173, MCL 445.1651 TO 445.1684,** and ~~who~~ **THAT** does not perform any
3 other act requiring a license as a real estate broker, associate
4 broker, or real estate salesperson.

5 ~~—— (4) For the purposes of this article, "negotiate the mortgage~~
6 ~~of real estate" as described in section 2501, means engaging in~~
7 ~~activity not regulated under Act No. 173 of the Public Acts of~~
8 ~~1987.~~

9 Sec. 2504. (1) Both of the following must be met before an
10 applicant receives a real estate broker's license under this
11 article:

12 (a) The applicant must submit an application under section
13 2505.

14 (b) The applicant, if the applicant is an individual, or the
15 individual designated as the principal of the applicant under
16 section 2505 if the applicant is ~~not an individual,~~ **A BUSINESS**
17 **ENTITY,** must successfully complete at least 90 clock hours of
18 approved prelicensure classroom courses in real estate. ~~, of which~~
19 ~~at~~ **ALL OF THE FOLLOWING APPLY TO THESE 90 HOURS OF INSTRUCTION:**

20 (i) **AT** least 9 clock hours ~~is~~ **MUST BE** instruction on civil
21 rights law and ~~equal opportunity in~~ **FAIR** housing **LAW.**

22 (ii) The 90 hours are in addition to the hours required to
23 obtain a real estate salesperson's license.

24 (iii) **THE APPLICANT MUST COMPLETE THE 90 HOURS WITHIN THE 36-**
25 **MONTH PERIOD PRECEDING THE DATE OF THE APPLICATION UNLESS THE**
26 **APPLICANT HAS HELD AN ACTIVE LICENSE AS A REAL ESTATE SALESPERSON**
27 **FOR THAT PERIOD.**

1 (iv) THE DEPARTMENT BY RULE MAY DETERMINE THAT POSSESSION OF 1
2 OR MORE OF THE FOLLOWING CREDENTIALS IS THE EQUIVALENT TO
3 COMPLETING PRELICENSURE CLASSROOM COURSES DESCRIBED IN THIS
4 SUBDIVISION, AND THE APPROPRIATE NUMBER OF CLOCK HOURS OF CREDIT
5 THAT AN APPLICANT OR PRINCIPAL OF AN APPLICANT, AS APPLICABLE,
6 RECEIVES FOR POSSESSING EACH CREDENTIAL:

7 (A) A LAW DEGREE.

8 (B) A BACHELOR'S DEGREE IN BUSINESS OR FINANCE FROM A DEGREE-
9 OR CERTIFICATE-GRANTING PUBLIC OR INDEPENDENT NONPROFIT COLLEGE OR
10 UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY COLLEGE.

11 (C) A MASTER'S DEGREE IN BUSINESS OR FINANCE FROM A DEGREE- OR
12 CERTIFICATE-GRANTING PUBLIC OR INDEPENDENT NONPROFIT COLLEGE OR
13 UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY COLLEGE.

14 (D) ANY OTHER EDUCATIONAL CREDENTIAL THAT THE DEPARTMENT, IN
15 CONSULTATION WITH THE BOARD, DETERMINES IS THE EQUIVALENT TO
16 COMPLETING PRELICENSURE CLASSROOM COURSES DESCRIBED IN THIS
17 SUBDIVISION.

18 (2) Before he or she is permitted to take the real estate
19 salesperson's examination, ~~the~~ AN applicant must show proof that he
20 or she has successfully completed at least 40 clock hours of
21 approved prelicensure classroom courses in principles of real
22 estate, ~~of which~~ INCLUDING at least 4 clock hours ~~is~~ OF instruction
23 on civil rights law and equal opportunity in housing. **THE APPLICANT**
24 **MUST COMPLETE THE 40 HOURS OF PRELICENSURE EDUCATION WITHIN THE 36-**
25 **MONTH PERIOD PRECEDING THE DATE OF THE APPLICATION.**

26 (3) For purposes of subsections (1) and (2), AN approved
27 prelicensure ~~courses may be on~~ COURSE IS A CLASSROOM COURSE THAT

1 MEETS ALL OF THE FOLLOWING:

2 (A) MEETS CRITERIA ESTABLISHED BY THE DEPARTMENT. THE
3 DEPARTMENT MAY PROMULGATE RULES TO ESTABLISH THESE CRITERIA.

4 (B) COVERS 1 OR MORE OF the following topics:

5 (i) ~~(a)~~—Real estate license law and related regulatory laws.

6 (ii) ~~(b)~~—Real property law, including property interests and
7 restrictions.

8 (iii) ~~(c)~~—Federal, state, and local tax laws affecting real
9 property.

10 (iv) ~~(d)~~—Conveyances, including contracts, deeds, and leases.

11 (v) ~~(e)~~—Financing, including mortgages, land contracts,
12 foreclosure, and limits on lending procedures and interest rates.

13 (vi) ~~(f)~~—Appraisal of real property.

14 (vii) ~~(g)~~—Design and construction.

15 (viii) ~~(h)~~—Marketing, exchanging, and counseling.

16 (ix) ~~(i)~~—The law of agency.

17 (x) ~~(j)~~—Sales and office management, including listing and
18 selling techniques.

19 (xi) ~~(k)~~—Real estate securities and syndications.

20 (xii) ~~(l)~~—Investments, including property management.

21 (4) A person that offers or conducts a prelicensure course or
22 courses of study **THAT ARE** represented to meet the educational
23 requirements of this section shall first obtain approval from the
24 department and shall comply with the rules of the department
25 concerning curriculum, instructor qualification, grading system,
26 and other related matters. A course shall be designed to be taught
27 for at least 1 clock hour, not including time spent on breaks,

1 meals, or other unrelated activities. The department may suspend or
 2 revoke the approval of a person **APPROVED UNDER THIS SUBSECTION** for
 3 a violation of this article or of the rules promulgated under this
 4 article. A person that offers or conducts a course shall not
 5 represent that its students are assured of passing an examination
 6 required by the department. A person shall not represent that the
 7 issuance of departmental approval **UNDER THIS SUBSECTION** is a
 8 recommendation or ~~indorsement~~ **ENDORSEMENT** of the person to which it
 9 is issued or of a course of instruction given by it. A prelicensure
 10 course approved under this section shall be conducted by ~~a~~ **1 OF THE**
 11 **FOLLOWING:**

12 (A) A local public school district. ~~an~~

13 (B) A community college. ~~an~~

14 (C) **AN** institution of higher education authorized to grant
 15 degrees. ~~or a proprietary school licensed by the department under~~
 16 ~~the proprietary schools act, 1943 PA 148, MCL 395.101 to 395.103.~~

17 (D) **ANY OTHER EDUCATION PROVIDER APPROVED BY THE DEPARTMENT**
 18 **UNDER THIS SUBSECTION, IF THAT PROVIDER MEETS ANY REQUIREMENTS FOR**
 19 **PRELICENSURE EDUCATION PROVIDERS ESTABLISHED BY THE DEPARTMENT BY**
 20 **RULE, IN CONSULTATION WITH THE BOARD.**

21 (5) A person that violates subsection (4) in operating a
 22 school that provides 1 or more courses described in this section is
 23 subject to the penalties set forth in article 6.

24 (6) The department may conduct, hold, or assist in conducting
 25 or holding, a real estate clinic, meeting, course, or institute,
 26 which shall be open to a person licensed under this article, and
 27 may incur the necessary expenses in connection with the clinic,

1 meeting, course, or institute. The department, in the public
 2 interest, may assist educational institutions in this state in
 3 sponsoring studies, research, and programs for the purpose of
 4 raising the standards of professional practice in real estate and
 5 the competence of a licensee.

6 (7) FOR PURPOSES OF SUBSECTION (3) (B), THE DEPARTMENT MAY
 7 CONTRACT UNDER SECTION 210 WITH A STATEWIDE REAL ESTATE ASSOCIATION
 8 THAT HAS A MEMBERSHIP REPRESENTING MORE THAN 18,000 LICENSEES TO DO
 9 ANY OF THE FOLLOWING:

10 (A) REVIEW PRELICENSURE COURSES AND MAKE RECOMMENDATIONS TO
 11 THE DEPARTMENT OF WHETHER THE DEPARTMENT SHOULD APPROVE A
 12 PRELICENSURE COURSE, BASED ON CRITERIA ESTABLISHED BY THE
 13 DEPARTMENT.

14 (B) REVIEW PRELICENSURE COURSES TO DETERMINE WHETHER THE
 15 SUBJECT MATTER OF THE COURSES IS RELEVANT TO THE PRACTICE OF REAL
 16 ESTATE.

17 Sec. 2504a. (1) ~~Within~~ **IN** each ~~3-year~~ **YEAR OF A** license cycle,
 18 **SUBJECT TO SUBSECTION (7)**, a licensee shall successfully complete
 19 at least ~~18-6~~ clock hours of **ELIGIBLE** continuing education courses.
 20 ~~that involve any subjects that are relevant to the management,~~
 21 ~~operation, and practice of real estate or any other subject that~~
 22 ~~contributes to the professional competence of a licensee or~~
 23 ~~applicant.~~

24 (2) All of the following apply to ~~this~~ **THE** continuing
 25 education requirement **DESCRIBED IN SUBSECTION (1)**:

26 ~~—(a) In each calendar year of each 3-year license cycle, a~~
 27 ~~licensee shall complete at least 2 hours of the required 18 hours~~

1 ~~of continuing education courses.~~

2 (A) ~~(b)~~—In completing the appropriate number of **ELIGIBLE**
3 continuing education courses, a licensee may select education
4 courses in his or her area of expertise, but at least 2 hours of
5 the education courses in ~~a calendar year~~ **EACH YEAR OF A LICENSE**
6 **CYCLE** must involve law, rules, and court cases regarding real
7 estate.

8 (B) ~~(c)~~—At the time he or she attends ~~a~~ **AN ELIGIBLE** continuing
9 education course, a licensee shall do both of the following to
10 confirm his or her identity:

11 (i) Present his or her pocket card, or provide his or her
12 license identification number, from the department to the course
13 provider.

14 (ii) Present his or her operator's license or chauffeur's
15 license issued under the Michigan vehicle code, 1949 PA 300, MCL
16 257.1 to 257.923, an official state personal identification card
17 issued under 1972 PA 222, MCL 28.291 to 28.300, or other
18 government-issued photo identification to the course provider.

19 (C) ~~(d)~~—Any education course that the licensee successfully
20 completes to obtain a professional designation is counted toward
21 the total continuing education credits required in a ~~3-year~~ license
22 cycle.

23 (D) ~~(e)~~—If a licensee successfully completes ~~a~~ **AN ELIGIBLE**
24 continuing education course, he or she does not earn additional
25 hours toward the requirements of this section if he or she repeats
26 that course.

27 (3) ~~(2)~~—An applicant for license renewal under section 2502a

1 shall certify compliance with ~~subsection~~ **SUBSECTIONS (1) AND (2)** to
 2 the department. A licensee shall retain evidence acceptable to the
 3 department that demonstrates he or she has met the continuing
 4 education requirements under this section, for at least 4 years
 5 after the date of that certification, ~~and shall produce the record~~
 6 ~~that contains that evidence at the request of the department. The~~
 7 ~~department shall consider the following as acceptable evidence~~
 8 ~~under this subsection.~~ **AND SHALL PRODUCE THE FOLLOWING INFORMATION**
 9 **AT THE REQUEST OF THE DEPARTMENT:**

10 (a) The name and contact information of the continuing
 11 professional education program sponsor.

12 (b) The participant's name.

13 (c) The course title and course field of study.

14 (d) The date the course was offered or completed.

15 (e) If applicable, the location of the course.

16 ~~(f) The type of instruction or delivery method used for~~
 17 ~~presenting the course.~~

18 **(F)** ~~(g)~~ Verification by a representative of the continuing
 19 professional education program sponsor of the participant's
 20 completion of the course.

21 **(G)** ~~(h)~~ A time statement from the continuing professional
 22 education program sponsor that states that continuing professional
 23 education credits for the course were granted on a 50-minute hour.

24 **(4)** ~~(3)~~ An applicant for license renewal under section 2502a
 25 is subject to audit by the department for compliance with
 26 ~~subsection~~ **SUBSECTIONS (1) or (6) AND (2), OR (7)**, and may be
 27 required to submit the documentation described in subsection ~~(2)~~

1 (3) to the department on request.

2 (5) ~~(4)~~—If the department finds as the result of an audit
 3 under subsection ~~(3)~~—(4) that an applicant for license renewal
 4 under section 2502a ~~has not completed~~ **DID NOT COMPLETE** sufficient
 5 hours of **ELIGIBLE** continuing education **COURSES** to renew his or her
 6 license, ~~the department may allow the applicant to renew his or her~~
 7 ~~license by completing~~ **ANY PENALTY IMPOSED BY THE DEPARTMENT SHALL**
 8 **INCLUDE A REQUIREMENT THAT THE LICENSEE MUST COMPLETE** both of the
 9 following, if applicable:

10 (a) A sufficient number of additional hours of continuing
 11 education to fulfill the requirements for the period determined by
 12 audit to be deficient.

13 (b) If the period determined by the audit to be deficient is
 14 at least 60 days, additional hours of continuing education in 1 of
 15 the following amounts:

16 (i) If the deficiency period is at least 60 days and less than
 17 120 days, 4 hours.

18 (ii) If the deficiency period is 120 days or more, 8 hours.

19 (6) ~~(5)~~—Hours of additional continuing education required
 20 under subsection ~~(4)(b)~~—(5) (B) do not apply toward continuing
 21 education required in ~~the next 3 year~~ **EACH YEAR OF A** license cycle.
 22 The department may waive the requirement for additional hours under
 23 subsection ~~(4)(b)~~—(5) (B) if the applicant demonstrates to the
 24 department that the additional hours would present an undue
 25 hardship on the applicant.

26 (7) ~~(6)~~—A **IF A** real estate broker, associate **REAL ESTATE**
 27 broker, or salesperson ~~who receives a license issued in the second~~

1 ~~or third year of a 3 year license cycle is required to comply with~~
 2 ~~the continuing education requirements under subsection (1), except~~
 3 ~~as follows:~~ **THAT IS ISSUED AFTER THE BEGINNING OF THE CURRENT**
 4 **LICENSE CYCLE FOR THAT LICENSE, THE DEPARTMENT MAY PRORATE THE**
 5 **NUMBER OF HOURS OF ELIGIBLE CONTINUING EDUCATION THAT LICENSEE IS**
 6 **REQUIRED TO COMPLETE UNDER SUBSECTIONS (1) AND (2) FOR THE YEAR OF**
 7 **THE LICENSE CYCLE IN WHICH THE LICENSE IS ISSUED.**

8 ~~—— (a) A real estate broker, associate broker, or salesperson who~~
 9 ~~receives a license issued in the second year of the 3 year license~~
 10 ~~cycle is required to complete 12 hours of continuing education.~~

11 ~~—— (b) A real estate broker, associate broker, or salesperson who~~
 12 ~~receives a license issued in the third year of the 3 year license~~
 13 ~~cycle is required to complete 6 hours of continuing education.~~

14 (8) ~~(7)~~ Course credits used to meet continuing education
 15 requirements under this section do not apply toward the real estate
 16 broker's license prelicensure education requirements under section
 17 2504, and course credits successfully completed under real estate
 18 broker's license prelicensure education requirements under section
 19 2504 do not apply toward the continuing education requirements of
 20 this section.

21 (9) **AS USED IN THIS SECTION, "ELIGIBLE CONTINUING EDUCATION**
 22 **COURSE" MEANS A CONTINUING EDUCATION COURSE THAT MEETS THE**
 23 **STANDARDS ESTABLISHED BY THE DEPARTMENT BY RULE UNDER SUBSECTION**
 24 **(1) AND, IF SUCCESSFULLY COMPLETED BY A LICENSEE, IS COUNTED TOWARD**
 25 **THE LICENSEE'S CONTINUING EDUCATION REQUIREMENTS UNDER THIS**
 26 **SECTION.**

27 Sec. 2505. (1) An ~~applicant~~ **INDIVIDUAL OR BUSINESS ENTITY THAT**

1 **IS APPLYING** for a real estate broker's license shall file an
2 application ~~setting forth~~ **WITH THE DEPARTMENT. ALL OF THE FOLLOWING**
3 **APPLY TO AN APPLICATION FOR A REAL ESTATE BROKER'S LICENSE:**

4 (A) **THE APPLICATION MUST INCLUDE** the applicant's ~~present~~
5 ~~address, both of business and~~ **CURRENT BUSINESS ADDRESS; IF THE**
6 **APPLICANT IS AN INDIVIDUAL, THE ADDRESS OF HIS OR HER** residence;
7 **AND** the complete address of each former place where the applicant
8 ~~has resided or been~~ **WAS** engaged in business, or acted as a real
9 estate salesperson, for a period of 60 days or more, during the 5
10 years immediately preceding the date of application. ~~An applicant~~
11 ~~for a real estate broker's license shall state~~

12 (B) **THE APPLICATION MUST INCLUDE** the name of the ~~individual,~~
13 ~~sole proprietorship, partnership, association, corporation, limited~~
14 ~~liability company, common law trust, or a combination of those~~
15 ~~entities and~~ **INDIVIDUAL OR BUSINESS ENTITY THAT IS THE PROPOSED**
16 **LICENSEE;** the location of the place for which the license is
17 ~~desired,~~ **SOUGHT;** and ~~set forth~~ the period of time **IN** which the
18 applicant has been engaged in the business. ~~The application shall~~
19 ~~be executed by the person, or by an officer or member of the~~
20 ~~applicant. An applicant for a real estate broker's license which is~~
21 ~~a partnership, association, corporation, limited liability company,~~
22 ~~common law trust, or a combination of those entities~~

23 (C) **THE APPLICATION MUST BE EXECUTED BY THE APPLICANT, IF THE**
24 **APPLICANT IS AN INDIVIDUAL, OR BY A PRINCIPAL OF THE APPLICANT IF**
25 **THE APPLICANT IS A BUSINESS ENTITY.**

26 (D) **IF THE APPLICANT IS A BUSINESS ENTITY, THE APPLICATION**
27 shall designate which individuals who are ~~officers or members of~~

1 ~~the partnership, association, limited liability company, or~~
2 ~~corporation~~ **CONTROL PERSONS OF THE ENTITY** will be performing acts
3 regulated by this article as principals. **AN APPLICANT SHALL NOT**
4 **DESIGNATE A CONTROL PERSON AS A PRINCIPAL UNLESS THAT CONTROL**
5 **PERSON IS LICENSED AS AN ASSOCIATE REAL ESTATE BROKER UNDER THIS**
6 **ARTICLE.**

7 (2) The department shall not issue a real estate broker's
8 license to a ~~new applicant~~ **AN INDIVIDUAL** who has been convicted of
9 embezzlement or misappropriation of funds.

10 (3) A real estate broker shall maintain a place of business in
11 this state. If a real estate broker maintains more than 1 place of
12 business ~~within the state, a branch office license shall be secured~~
13 ~~by the real estate broker for each branch office maintained. A~~
14 ~~branch office maintained in excess of 25 miles from the city limits~~
15 ~~in which the broker maintains a main office shall be under the~~
16 ~~personal, direct supervision of an associate broker.~~ **IN THIS STATE,**
17 **THE REAL ESTATE BROKER MUST OBTAIN A BRANCH OFFICE LICENSE FOR EACH**
18 **OF THOSE ADDITIONAL PLACES OF BUSINESS. IF A BRANCH OFFICE IS**
19 **LOCATED MORE THAN 25 MILES FROM THE NEAREST BOUNDARY OF THE**
20 **MUNICIPALITY IN WHICH THE MAIN OFFICE OF THE REAL ESTATE BROKER IS**
21 **LOCATED, THE BROKER SHALL ENSURE THAT THE BRANCH OFFICE IS UNDER**
22 **THE DIRECT SUPERVISION OF AN ASSOCIATE BROKER. AS USED IN THIS**
23 **SUBSECTION, "DIRECT SUPERVISION" MEANS THAT AN ASSOCIATE BROKER IS**
24 **PHYSICALLY PRESENT AT THE BRANCH OFFICE ON A REGULAR BASIS TO**
25 **SUPERVISE AND MANAGE THE BUSINESS DURING ORDINARY BUSINESS HOURS.**

26 (4) An ~~applicant~~ **APPLICATION** for a **REAL ESTATE** salesperson's
27 license shall ~~set forth the period of time during which the~~

1 ~~individual has been engaged in the business, stating the name of~~
2 ~~the applicant's last employer and the name and the place of~~
3 ~~business of the individual, partnership, association, limited~~
4 ~~liability company, corporation, common law trust, or combination of~~
5 ~~those entities then employing the applicant or in whose employ the~~
6 ~~applicant is to enter. The application shall be signed by the real~~
7 ~~estate broker in whose~~ **THAT WILL** employ the applicant. ~~is to~~
8 ~~enter.~~ **THE DEPARTMENT SHALL ONLY ISSUE A REAL ESTATE SALESPERSON'S**
9 **LICENSE TO AN INDIVIDUAL.**

10 (5) Before issuing a license, the department may require and
11 procure satisfactory proof of the business experience, competence,
12 and good moral character of an applicant for a ~~real estate broker's~~
13 ~~or salesperson's license or of an officer or member of an~~
14 ~~applicant. The department shall require an applicant for a broker's~~
15 ~~or salesperson's license to~~ **LICENSE UNDER THIS ARTICLE IF THE**
16 **APPLICANT IS AN INDIVIDUAL OR OF EACH PRINCIPAL IF THE APPLICANT IS**
17 **A BUSINESS ENTITY. SUBJECT TO SUBSECTION (6), THE DEPARTMENT SHALL**
18 **REQUIRE THAT EACH OF THOSE INDIVIDUALS** pass an examination
19 developed by the department or contracted for with a recognized
20 outside testing agency ~~establishing,~~ **THAT ESTABLISHES,** in a manner
21 satisfactory to the department, that ~~the applicant~~ **HE OR SHE** has a
22 fair knowledge of the English language, including reading, writing,
23 spelling, and elementary arithmetic; a satisfactory understanding
24 of the fundamentals of real estate practice and of the laws and
25 principles of real estate conveyancing, deeds, mortgages, land
26 contracts, and leases; the obligations of a broker to the public
27 and a principal; and the law defining, regulating, and licensing

1 real estate brokers and salespersons. The department may require
2 written examination or written reexamination of ~~a broker or~~
3 ~~salesperson, and in that case~~ **AN INDIVIDUAL DESCRIBED IN THIS**
4 **SUBSECTION, AND IF THE DEPARTMENT DOES REQUIRE A WRITTEN**
5 **EXAMINATION OR REEXAMINATION UNDER THIS SUBSECTION, THE DEPARTMENT**
6 **SHALL NOT ISSUE A LICENSE UNLESS THE INDIVIDUAL TAKING THE**
7 **EXAMINATION OR REEXAMINATION ACHIEVES** a passing score satisfactory
8 to the department. ~~is required as a condition precedent to~~
9 ~~relicensure of a broker or salesperson.~~

10 (6) **ALL OF THE FOLLOWING APPLY TO THE WRITTEN EXAMINATION**
11 **REQUIREMENT DESCRIBED IN SUBSECTION (5):**

12 (A) **THE DEPARTMENT MAY RELICENSE WITHOUT EXAMINATION AN**
13 **INDIVIDUAL WHO IS APPLYING FOR A REAL ESTATE BROKER'S OR ASSOCIATE**
14 **REAL ESTATE BROKER'S LICENSE; HAS PREVIOUSLY HELD A REAL ESTATE**
15 **BROKER'S OR ASSOCIATE REAL ESTATE BROKER'S LICENSE THAT HAS LAPSED;**
16 **AND HAS BEEN CONTINUOUSLY LICENSED AS A REAL ESTATE SALESPERSON**
17 **SINCE THE LAPSE OF THE PREVIOUS LICENSE.**

18 (B) **A PASSING SCORE ON AN EXAMINATION, OR ON A PORTION OF AN**
19 **EXAMINATION IF THE EXAMINATION IS GIVEN IN SEPARATE PARTS, IS VALID**
20 **FOR 1 YEAR FROM THE DATE OF THE EXAMINATION.**

21 (7) The department shall require proof that each applicant for
22 a real estate broker's license, **IF THE APPLICANT IS AN INDIVIDUAL,**
23 **OR EACH PRINCIPAL IF THE APPLICANT IS A BUSINESS ENTITY,** has the
24 equivalent of 3 years of full-time experience in the business of
25 real estate. ~~or in a field that is determined by the department to~~
26 ~~be relevant and related to the business of real estate.~~ **ALL OF THE**
27 **FOLLOWING APPLY IN DETERMINING WHETHER AN INDIVIDUAL MEETS THIS**

1 EXPERIENCE REQUIREMENT:

2 (A) IF STATE LAW REQUIRES THAT A PERSON HOLD A LICENSE TO BE
3 LICENSED TO PERFORM AN ACTIVITY THAT IS CONSIDERED THE BUSINESS OF
4 REAL ESTATE, AN INDIVIDUAL SHALL NOT RECEIVE CREDIT FOR EXPERIENCE
5 PERFORMING THAT ACTIVITY WITHOUT PROPER LICENSURE.

6 (B) FOR PURPOSES OF CALCULATING WHETHER AN INDIVIDUAL HAS THE
7 EQUIVALENT OF 3 YEARS OF EXPERIENCE, THE DEPARTMENT SHALL GRANT THE
8 FOLLOWING CREDIT OR CREDITS TOWARD THAT 3-YEAR REQUIREMENT:

9 (i) IF THE INDIVIDUAL IS A REAL ESTATE SALESPERSON, 1 YEAR OF
10 CREDIT FOR EACH 12-MONTH PERIOD OF LICENSURE IN WHICH HE OR SHE
11 CLOSED 5 OR MORE REAL ESTATE TRANSACTIONS.

12 (ii) IF THE INDIVIDUAL IS A BUILDER, 1 YEAR OF CREDIT FOR EACH
13 12-MONTH PERIOD IN WHICH HE OR SHE BUILT AND PERSONALLY SOLD OR
14 LEASED AT LEAST 5 RESIDENTIAL UNITS, COMMERCIAL UNITS, OR
15 INDUSTRIAL UNITS OR A COMBINATION OF THOSE TYPES OF UNITS.

16 (iii) IF THE INDIVIDUAL IS A REAL ESTATE INVESTOR, 6 MONTHS OF
17 CREDIT FOR EACH 5 REAL PROPERTY TRANSACTIONS PERSONALLY NEGOTIATED
18 FOR A PURCHASE OR SALE BY THE INDIVIDUAL FOR HIS OR HER OWN
19 ACCOUNT, WITH A MAXIMUM OF 1 YEAR OF CREDIT ALLOWED. HOWEVER, AN
20 INDIVIDUAL SHALL NOT RECEIVE CREDIT UNDER THIS SUBDIVISION IF HE OR
21 SHE ENGAGED IN MORE THAN 5 SALES IN ANY 12-MONTH PERIOD IN
22 VIOLATION OF SECTION 2502B.

23 (iv) IF THE INDIVIDUAL IS A LAND OR CONDOMINIUM DEVELOPER, 1
24 YEAR OF CREDIT FOR EACH 2 DEVELOPMENTS OR SUBDIVISIONS THAT CONTAIN
25 AT LEAST 10 UNITS OR PARCELS THAT HE OR SHE BOUGHT, SUBDIVIDED, AND
26 IMPROVED FOR SALE AS LOTS OR DWELLINGS.

27 (v) IF THE INDIVIDUAL IS AN ATTORNEY, 1 YEAR OF CREDIT FOR

1 EACH YEAR IN WHICH HE OR SHE ACTED AS THE ATTORNEY FOR AT LEAST 6
2 REAL ESTATE TRANSACTIONS.

3 (vi) IF THE INDIVIDUAL IS A REAL ESTATE APPRAISER WHO IS
4 LICENSED UNDER ARTICLE 26, 1 YEAR OF CREDIT FOR EACH PERIOD
5 EQUIVALENT TO AT LEAST 40 HOURS PER WEEK, AND AT LEAST 48 WEEKS PER
6 YEAR, IN WHICH HE OR SHE ACTED AS A REAL ESTATE APPRAISER.

7 (vii) ONE YEAR OF CREDIT FOR EACH PERIOD EQUIVALENT TO AT
8 LEAST 40 HOURS PER WEEK, AND AT LEAST 48 WEEKS PER YEAR, IN WHICH
9 THE INDIVIDUAL WORKED IN A CAPACITY DIRECTLY RELATED TO THE
10 ACQUISITION, FINANCING, OR CONVEYANCE OF REAL ESTATE, OR IN A
11 POSITION IN WHICH THE INDIVIDUAL WAS DIRECTLY INVOLVED IN A REAL
12 ESTATE BUSINESS, INCLUDING SERVING AS THE DECISION-MAKING AUTHORITY
13 IN ANY OF THE FOLLOWING POSITIONS:

14 (A) A LOAN OR TRUST OFFICER OF A FEDERAL OR STATE-REGULATED
15 DEPOSITORY INSTITUTION.

16 (B) A LOAN OR TRUST OFFICER OF A MORTGAGE COMPANY.

17 (C) A REAL ESTATE OFFICER OF A CORPORATION, AND WHO IS NOT A
18 LICENSED REAL ESTATE BROKER.

19 (D) A TITLE INSURANCE COMPANY OFFICER ENGAGED IN THE CLOSING
20 OF ESCROW ACCOUNTS AND REAL ESTATE CLOSINGS.

21 (viii) CREDIT FOR ANY OTHER EXPERIENCE THAT IS APPROVED BY THE
22 DEPARTMENT BY RULE, IN CONSULTATION WITH THE BOARD, AS EQUIVALENT
23 TO THE EXPERIENCE DESCRIBED IN THIS SUBSECTION.

24 Sec. 2506. (1) EXCEPT AS PROVIDED IN SUBSECTION (5), AN
25 INDIVIDUAL SHALL NOT ACT AS A REAL ESTATE BROKER, ASSOCIATE REAL
26 ESTATE BROKER, OR REAL ESTATE SALESPERSON IF HE OR SHE HAS NOT
27 RECEIVED FROM THE DEPARTMENT HIS OR HER LICENSE AND POCKET CARD OR

1 RECEIVED A TEMPORARY LICENSE. AN INDIVIDUAL LICENSED UNDER THIS
2 ARTICLE SHALL NOT ACT AS A REAL ESTATE BROKER, ASSOCIATE REAL
3 ESTATE BROKER, OR REAL ESTATE SALESPERSON IF HE OR SHE DOES NOT
4 HAVE, ON HIS OR HER PERSON, HIS OR HER POCKET CARD OR TEMPORARY
5 LICENSE OR A PHOTOCOPY OR DIGITAL IMAGE OF THAT POCKET CARD OR
6 TEMPORARY LICENSE.

7 (2) ~~(1)~~—The department shall deliver or mail the license of a
8 real estate salesperson to the real estate broker that employs the
9 real estate salesperson, and the broker shall retain custody and
10 control of the salesperson's certificate of license and deliver the
11 pocket card for that license to the salesperson. ~~A real estate~~
12 ~~salesperson shall provide proof to the broker that employs him or~~
13 ~~her that the real estate salesperson was issued and currently holds~~
14 ~~a real estate salesperson license.~~

15 (3) ~~(2)~~—A licensee shall give written notice to the department
16 of any change of either a principal or branch business location.

17 ~~——(3) As used in this subsection, "pocket card" means the pocket~~
18 ~~card that contains information about the license that the~~
19 ~~department provides when it issues a license under this article.~~

20 (4) IF HE OR SHE RECEIVES NOTICE THAT HIS OR HER LICENSE IS
21 SUSPENDED OR REVOKED, A REAL ESTATE SALESPERSON, OR AN ASSOCIATE
22 REAL ESTATE BROKER THAT IS NOT THE SOLE ASSOCIATE REAL ESTATE
23 BROKER FOR A REAL ESTATE BROKER THAT IS A BUSINESS ENTITY, SHALL
24 IMMEDIATELY FORWARD HIS OR HER POCKET CARD TO THE DEPARTMENT AND
25 THE REAL ESTATE BROKER TO WHICH THE INDIVIDUAL WAS LICENSED SHALL
26 IMMEDIATELY FORWARD THE SALESPERSON'S OR ASSOCIATE REAL ESTATE
27 BROKER'S LICENSE TO THE DEPARTMENT. IF HE OR SHE RECEIVES NOTICE

1 THAT HIS OR HER LICENSE IS SUSPENDED OR REVOKED, A REAL ESTATE
2 BROKER WHO IS AN INDIVIDUAL, OR AN ASSOCIATE REAL ESTATE BROKER WHO
3 IS THE SOLE ASSOCIATE REAL ESTATE BROKER FOR A REAL ESTATE BROKER
4 THAT IS A BUSINESS ENTITY, SHALL IMMEDIATELY FORWARD TO THE
5 DEPARTMENT HIS OR HER LICENSE AND POCKET CARD, THE LICENSES AND
6 POCKET CARDS OF ALL REAL ESTATE SALESPERSONS AND NONPRINCIPAL
7 ASSOCIATE REAL ESTATE BROKERS ISSUED UNDER THE REAL ESTATE BROKER,
8 AND ALL OF THE REAL ESTATE BROKER'S BRANCH OFFICE LICENSES.

9 (5) IF THE DEPARTMENT RECEIVES A COMPLETED APPLICATION UNDER
10 SECTION 2507 OR 2508 FOR TRANSFER OF A REAL ESTATE SALESPERSON'S
11 LICENSE OR AN ASSOCIATE REAL ESTATE BROKER'S LICENSE TO A NEW REAL
12 ESTATE BROKER AND THE APPLICABLE FEES, THE DEPARTMENT SHALL
13 CONSIDER THE POCKET CARD AS PROPER EVIDENCE OF LICENSING FOR 45
14 DAYS FROM THE LATEST DATE WRITTEN ON THE BACK OF THE CARD. IF THE
15 REAL ESTATE SALESPERSON OR ASSOCIATE REAL ESTATE BROKER WHO IS
16 APPLYING FOR THE LICENSE TRANSFER IS NOTIFIED THAT THE APPLICATION
17 IS INCOMPLETE, OR THE REAL ESTATE BROKER TO WHICH HE OR SHE IS
18 TRANSFERRING HIS OR HER LICENSE IS NOT LICENSED, HIS OR HER POCKET
19 CARD IS NO LONGER VALID AND THE APPLICANT MUST WAIT UNTIL THE NEW
20 BROKER RECEIVES HIS OR HER WALL LICENSE AND POCKET CARD BEFORE
21 ENGAGING IN ACTIVITIES THAT ARE REGULATED UNDER THIS ARTICLE.

22 Sec. 2507. (1) If a real estate salesperson is discharged or
23 terminates employment with a real estate broker by giving the
24 employer a written notice of the termination, the real estate
25 broker shall deliver or mail by certified mail to the department,
26 within 5 days, the real estate salesperson's license. If a written
27 notice of termination of employment is not served ~~upon~~ ON the real

1 estate broker by the real estate salesperson, **THE DEPARTMENT SHALL**
2 **NOTIFY THE REAL ESTATE BROKER IN WRITING THAT IT HAS RECEIVED** an
3 application ~~to the department~~ for a transfer of license by the real
4 estate salesperson. ~~shall be communicated in writing by the~~
5 ~~department to the real estate broker.~~ As of the date of the
6 communication, ~~the notice~~ **NOTIFICATION, THE NOTIFICATION** shall
7 operate as if a written notice were served by the real estate
8 salesperson ~~upon~~ **OR** the real estate broker. ~~The~~

9 (2) **A** real estate broker, at the time of ~~mailing the~~ **IT**
10 **DELIVERS OR MAILS A** real estate salesperson's license to the
11 department **UNDER SUBSECTION (1)**, shall ~~address a communication~~
12 **NOTIFY THE REAL ESTATE SALESPERSON IN WRITING, DELIVERED OR MAILED**
13 to the last known residence address of the real estate salesperson,
14 ~~which communication shall advise~~ **THAT ADVISES** the real estate
15 salesperson that the ~~license~~ **REAL ESTATE BROKER** has been delivered
16 or mailed **THE LICENSE** to the department. A copy of the
17 communication to the real estate salesperson shall accompany the
18 license when **THE LICENSE IS** mailed or delivered to the department.
19 **A**

20 (3) **EXCEPT AS PROVIDED IN SECTION 2506(5), A** real estate
21 salesperson shall not perform an act regulated by this article
22 either directly or indirectly under authority of the license after
23 the date of ~~the department's receipt of the license from a broker.~~
24 ~~Another license shall not be issued to a real estate salesperson~~
25 ~~until the person returns the former pocket card to the department~~
26 ~~or satisfactorily accounts to the department for the pocket card.~~
27 ~~Not~~ **HIS OR HER TERMINATION FROM A REAL ESTATE BROKER UNDER THIS**

1 SECTION.

2 (4) THE DEPARTMENT SHALL NOT ISSUE more than 1 license shall
3 be issued to a real estate salesperson for the same period of time.

4 Sec. 2509. (1) ~~A principal may be issued~~ THE DEPARTMENT MAY
5 ISSUE more than 1 associate real estate broker's license TO
6 PRINCIPALS OF A REAL ESTATE BROKER.

7 (2) ~~A nonprincipal shall not be issued~~ AN INDIVIDUAL SHALL NOT
8 HOLD more than 1 associate real estate broker's license as a
9 nonprincipal, but AN INDIVIDUAL may hold 1 or more associate real
10 estate broker's licenses as a principal.

11 ~~—— (3) As used in this section and section 2508.~~

12 ~~—— (a) "Nonprincipal" means an individual who is licensed as an~~
13 ~~associate real estate broker, but has not been designated as a~~
14 ~~principal under section 2505(1).~~

15 ~~—— (b) "Principal" means an individual designated as a principal~~
16 ~~under section 2505(1).~~

17 Sec. 2510. (1) A real estate salesperson shall not accept from
18 a person other than the real estate salesperson's employer a
19 commission or valuable consideration for the performance of an act
20 specified in this article FROM ANY PERSON OTHER THAN THE REAL
21 ESTATE BROKER THAT EMPLOYS THE SALESPERSON.

22 (2) IF AN INDIVIDUAL EARNED COMMISSIONS OR OTHER INCOME WHILE
23 EMPLOYED BY A REAL ESTATE BROKER, IT IS NOT GROUNDS FOR
24 DISCIPLINARY ACTION UNDER SECTION 2512 FOR THAT BROKER TO PAY THOSE
25 COMMISSIONS OR INCOME TO THAT INDIVIDUAL, REGARDLESS OF WHETHER
26 THAT INDIVIDUAL IS NOW EMPLOYED BY ANOTHER REAL ESTATE BROKER OR IS
27 NO LONGER LICENSED.

1 Sec. 2512. (1) A licensee ~~who~~ **THAT** commits 1 or more of the
2 following is subject to the penalties set forth in article 6:

3 (a) Except in a case involving property management, acts for
4 more than 1 party in a transaction without the knowledge of the
5 parties.

6 (b) Fails to provide a written agency disclosure to a
7 prospective buyer or seller in a real estate transaction as defined
8 in section 2517.

9 (c) ~~Represents~~ **IF THE LICENSEE IS AN ASSOCIATE REAL ESTATE**
10 **BROKER OR REAL ESTATE SALESPERSON, REPRESENTS** or attempts to
11 represent a real estate broker other than ~~the~~ **HIS OR HER** employer
12 without the express knowledge and consent of the employer.

13 (d) Fails to account for or to remit money ~~coming~~ **THAT COMES**
14 into the licensee's possession ~~which~~ **THAT** belongs to others.

15 (e) Changes a business location without notification to the
16 department.

17 (f) ~~In the case of~~ **IF THE LICENSEE IS** a real estate broker,
18 fails to return a real estate salesperson's license within 5 days
19 ~~as provided in~~ **UNDER** section 2507.

20 (g) ~~In the case of a~~ **IF THE** licensee engaged in property
21 management, violates section 2512c(2), (5), or (6).

22 (h) Except as provided in section ~~2512b,~~ **2510(2)**, shares or
23 pays a fee, commission, or other valuable consideration to a person
24 **THAT IS** not licensed under this article, including payment to any
25 person ~~providing the names~~ **THAT PROVIDES THE NAME** of, or any other
26 information regarding, a potential seller or purchaser of real
27 estate but excluding payment for the purchase of **A** commercially

1 prepared ~~lists~~ **LIST** of names. However, a licensed real estate
 2 broker may pay a commission to a ~~licensed~~ real estate broker of
 3 **THAT IS LICENSED BY** another state if the nonresident real estate
 4 broker does not conduct in this state a negotiation for which a
 5 commission is paid.

6 (i) Conducts or develops a market analysis ~~not in compliance~~
 7 **THAT DOES NOT COMPLY** with section 2601(a) (ii).

8 (j) Fails to provide the minimum services ~~as specified in~~
 9 **UNDER** section 2512d(3) when providing services ~~pursuant to~~ **UNDER** a
 10 service provision agreement unless expressly waived in writing by
 11 the client under section ~~2517(3)~~ **2517(2)**.

12 (k) Except in the ~~case of~~ **CONNECTION WITH A** property
 13 management accounts, **ACCOUNT**, fails to deposit in the real estate
 14 broker's custodial trust or escrow account money belonging to
 15 others coming into the hands of the licensee in compliance with the
 16 following: **MONEY IN ITS POSSESSION THAT BELONGS TO ANOTHER PERSON IN**
 17 **A CUSTODIAL TRUST OR ESCROW ACCOUNT THAT IS MAINTAINED BY THE REAL**
 18 **ESTATE BROKER, IN A MANNER THAT COMPLIES WITH ALL OF THE FOLLOWING:**

19 (i) A real estate broker shall retain a deposit or other money
 20 made payable to a person, ~~partnership, corporation, or association~~
 21 ~~holding~~ **THAT HOLDS** a real estate broker's license under this
 22 article pending consummation or termination of the transaction
 23 involved and shall account for the full amount of the money at the
 24 time of the consummation or termination of the transaction.

25 (ii) A real estate salesperson shall pay ~~over~~ **OR DELIVER** to
 26 the real estate broker, ~~upon~~ **ON** receipt, a deposit or other money
 27 ~~on~~ **PAID IN CONNECTION WITH** a transaction in which the real estate

1 salesperson is engaged on behalf of the real estate broker.

2 (iii) A real estate broker shall not **DEPOSIT OR** permit **THE**
3 **DEPOSIT OF** an advance payment of ~~funds belonging~~ **MONEY THAT BELONGS**
4 to others ~~to be deposited~~ in the real estate broker's business or
5 personal account or ~~to be commingled~~ **COMMINGLE OR PERMIT THE**
6 **COMMINGLING OF THAT MONEY** with funds on deposit ~~belonging~~ **THAT**
7 **BELONG** to the real estate broker.

8 (iv) **A REAL ESTATE BROKER MAY MAINTAIN MORE THAN 1 TRUST**
9 **ACCOUNT. A REAL ESTATE BROKER MAY DEPOSIT NOT MORE THAN \$2,000.00**
10 **OF ITS OWN MONEY IN EACH TRUST ACCOUNT TO COVER BANK SERVICE**
11 **CHARGES AND BANK MINIMUM BALANCE REQUIREMENTS OR TO AVOID THE**
12 **CLOSING OF THE ACCOUNT BECAUSE THERE IS NO MONEY IN THE ACCOUNT.**
13 **THE REAL ESTATE BROKER SHALL ACCOUNT FOR ANY OF ITS OWN MONEY IN A**
14 **TRUST ACCOUNT IN THE RECORDS DESCRIBED IN SUBPARAGRAPH (vi) .**

15 (v) ~~(iv)~~—A real estate broker shall deposit, within 2 banking
16 days after the broker has received notice that an offer to purchase
17 is accepted by all parties, money ~~belonging~~ **THAT BELONGS** to others
18 **AND IS** made payable to the real estate broker into a separate
19 custodial trust or escrow account maintained by the real estate
20 broker with a bank, savings and loan association, credit union, or
21 recognized depository until the transaction involved is consummated
22 or terminated, at which time the real estate broker shall account
23 for the full amount received.

24 (vi) ~~(v)~~—A real estate broker shall keep records of ~~funds~~
25 **MONEY** deposited in its custodial trust or escrow account, ~~which~~ **AND**
26 **INDICATE CLEARLY IN THOSE** records ~~shall indicate clearly~~ the date
27 and from whom the money was received, the date deposited, the date

1 of withdrawal, and other pertinent information concerning the
 2 transaction, ~~and shall show clearly for whose account the money is~~
 3 deposited and to whom the money belongs. The records ~~shall be~~ **ARE**
 4 subject to inspection by the department. A real estate broker's
 5 separate custodial trust or escrow account shall designate the real
 6 estate broker as trustee, and the custodial trust or escrow account
 7 shall provide for withdrawal of funds without previous notice. This
 8 article and the rules promulgated ~~pursuant to~~ **UNDER** this article do
 9 not prohibit the deposit of money accepted under this section in a
 10 noninterest bearing account of a state or federally chartered
 11 savings and loan association or a state or federally chartered
 12 credit union.

13 **(vii)** ~~(vi)~~ If a purchase agreement signed by a seller and
 14 purchaser provides that ~~a deposit be held by~~ an escrowee other than
 15 a real estate broker **SHALL HOLD A DEPOSIT**, a licensee in possession
 16 of ~~such a~~ **THAT** deposit shall cause the deposit to be delivered to
 17 the named escrowee within 2 banking days after the licensee ~~has~~
 18 ~~received~~ **RECEIVES** notice that an offer to purchase is accepted by
 19 all parties.

20 **(2) A COMPLAINT THAT SEEKS A PENALTY UNDER ARTICLE 5 FOR A**
 21 **VIOLATION OF THIS SECTION MUST BE FILED WITHIN 18 MONTHS AFTER 1 OF**
 22 **THE FOLLOWING DATES, WHICHEVER OCCURS LATER:**

23 **(A) THE DATE OF THE ALLEGED VIOLATION.**

24 **(B) IF THE ALLEGED VIOLATION OCCURS IN CONNECTION WITH A REAL**
 25 **ESTATE TRANSACTION, THE DATE THE TRANSACTION IS COMPLETED.**

26 Sec. 2512d. (1) A ~~real estate broker or real estate~~
 27 ~~salesperson~~ **LICENSEE THAT IS** acting ~~pursuant to~~ **UNDER THE TERMS OF**

1 a service provision agreement shall perform the duties ~~imposed~~
2 **DESCRIBED** in subsection (2). A real estate broker may authorize a
3 designated agent to represent the client, ~~so long as~~ **IF** that
4 authorization is in writing.

5 (2) A ~~real estate broker or real estate salesperson~~ **LICENSEE**
6 **THAT IS** acting pursuant to ~~UNDER THE TERMS OF~~ a service provision
7 agreement owes, at a minimum, the following duties to ~~his or her~~ **A**
8 client:

9 (a) The exercise of reasonable care and skill in representing
10 the client and carrying out the responsibilities of the agency
11 relationship.

12 (b) The performance of the terms of the service provision
13 agreement.

14 (c) Loyalty to the interest of the client.

15 (d) Compliance with the laws, rules, and regulations of this
16 state and any applicable federal statutes or regulations.

17 (e) Referral of the client to other licensed professionals for
18 expert advice related to material matters that are not within the
19 expertise of the ~~licensed agent~~ **BROKER**.

20 (f) An accounting in a timely manner of all money and property
21 received by the ~~agent~~ **BROKER** in which the client has or may have an
22 interest.

23 (g) Confidentiality of all information obtained in the course
24 of the agency relationship, unless disclosed with the client's
25 permission or as provided by law, including the duty not to
26 disclose confidential information to any licensee who is not an
27 agent of the client.

1 (3) A ~~real estate broker or real estate salesperson~~ **LICENSEE**
2 **THAT IS** acting pursuant to ~~UNDER THE TERMS OF~~ a service provision
3 agreement shall provide the following services to ~~his or her~~ **A**
4 client:

5 (a) ~~When~~ **IF** the real estate broker or real estate salesperson
6 is representing a seller or lessor, the marketing of the client's
7 property in the manner agreed upon ~~ON~~ in the service provision
8 agreement.

9 (b) Acceptance of delivery and presentation of offers and
10 counteroffers to buy, sell, or lease the client's property or the
11 property the client seeks to purchase or lease. **AT THE TIME OF**
12 **EXECUTION OF AN OFFER TO PURCHASE, A LICENSEE SHALL RECOMMEND TO**
13 **THE PURCHASER THAT THE PURCHASER REQUIRE THAT THE SELLER PROVIDE A**
14 **FEE TITLE POLICY IN THE AMOUNT OF THE PURCHASE PRICE TO THE**
15 **PURCHASER, ISSUED OR CERTIFIED TO THE APPROXIMATE DATE OF CLOSING**
16 **OF THE REAL ESTATE TRANSACTION.**

17 (c) Assistance in developing, communicating, negotiating, and
18 presenting offers, counteroffers, and related documents or notices
19 until a purchase or lease agreement is executed by all parties and
20 all contingencies are satisfied or waived.

21 (d) After execution of a purchase agreement by all parties,
22 assistance as necessary to complete the transaction under the terms
23 specified in the purchase agreement. **WITHOUT WRITTEN APPROVAL OF**
24 **THE BUYER AND SELLER, A LICENSEE SHALL NOT CLOSE A TRANSACTION ON**
25 **ANY TERMS OR CONDITIONS THAT ARE CONTRARY TO THE TERMS OR**
26 **CONDITIONS OF AN EXECUTED PURCHASE AGREEMENT.**

27 (e) For a **REAL ESTATE** broker or associate **REAL ESTATE** broker

1 ~~who~~ **THAT** is involved at the closing of a real estate or business
2 opportunity transaction, furnishing, or causing to be furnished, to
3 the buyer and seller, a complete and detailed closing statement
4 signed by the broker or ~~associated~~ **ASSOCIATE REAL ESTATE** broker
5 showing each party all receipts and disbursements affecting that
6 party. **HOWEVER, THIS SUBDIVISION DOES NOT APPLY IF THE CLOSING IS**
7 **CONDUCTED BY A TITLE INSURANCE COMPANY, OR A PERSON DESIGNATED TO**
8 **ACT AS THE AGENT OF A TITLE INSURANCE COMPANY, THAT IS LICENSED OR**
9 **AUTHORIZED TO DO BUSINESS IN THIS STATE.**

10 (4) A real estate broker or real estate salesperson **THAT IS**
11 representing a seller under a service provision agreement shall not
12 advertise the property to the public as "for sale by owner" or
13 otherwise mislead the public to believe that the seller is not
14 represented by a real estate broker.

15 (5) The services described in subsection (3)(b), (c), and (d)
16 may be waived in a limited service agreement.

17 **SEC. 2512E. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), ANY**
18 **ADVERTISEMENT TO BUY, SELL, EXCHANGE, RENT, LEASE, OR MORTGAGE REAL**
19 **PROPERTY OR A BUSINESS OPPORTUNITY BY A REAL ESTATE BROKER SHALL**
20 **INCLUDE THE BROKER'S NAME OR THE NAME UNDER WHICH THE BROKER IS**
21 **CONDUCTING BUSINESS; SHALL INCLUDE THE BROKER'S TELEPHONE NUMBER OR**
22 **STREET ADDRESS; AND SHALL STATE THAT THE PERSON DOING THE**
23 **ADVERTISING IS A REAL ESTATE BROKER.**

24 (2) **AN INDIVIDUAL WHO IS LICENSED AS A REAL ESTATE BROKER OR**
25 **ASSOCIATE REAL ESTATE BROKER MAY ADVERTISE REAL PROPERTY THAT HE OR**
26 **SHE PERSONALLY OWNS FOR SALE OR FOR LEASE IN HIS OR HER OWN NAME,**
27 **AND IS NOT REQUIRED TO INCLUDE THE NAME OF THE REAL ESTATE BROKER,**

1 OR THE NAME OF THE REAL ESTATE BROKER THAT EMPLOYS THE ASSOCIATE
2 REAL ESTATE BROKER, AS THE SALES OR LEASING AGENT FOR THE PROPERTY
3 IN THE ADVERTISEMENT. HOWEVER, THE ADVERTISING SHALL INDICATE
4 AFFIRMATIVELY THAT THE INDIVIDUAL WHO IS SELLING OR LEASING THE
5 REAL PROPERTY IS A LICENSED REAL ESTATE BROKER OR ASSOCIATE REAL
6 ESTATE BROKER.

7 (3) EXCEPT AS PROVIDED IN SUBSECTION (2) OR (4), A REAL ESTATE
8 SALESPERSON OR AN ASSOCIATE BROKER SHALL ONLY ADVERTISE TO BUY,
9 SELL, EXCHANGE, RENT, LEASE, OR MORTGAGE REAL PROPERTY OR A
10 BUSINESS OPPORTUNITY UNDER THE SUPERVISION OF, AND IN THE LICENSED
11 NAME OF, THE REAL ESTATE BROKER THAT EMPLOYS HIM OR HER. ANY
12 ADVERTISING DISPLAYED OR PUBLISHED ON OR AFTER JANUARY 1, 2018,
13 THAT INCLUDES THE NAME OF AN ASSOCIATE BROKER, A SALESPERSON, OR A
14 COOPERATING GROUP OF ASSOCIATE BROKERS OR SALESPERSONS EMPLOYED BY
15 THE SAME REAL ESTATE BROKER, SHALL INCLUDE, IN EQUAL OR GREATER
16 TYPE SIZE, THE BUSINESS NAME AND TELEPHONE NUMBER, OR THE BUSINESS
17 NAME AND ADDRESS, OF THE EMPLOYING BROKER.

18 (4) A REAL ESTATE SALESPERSON SHALL NOT ADVERTISE TO SELL REAL
19 PROPERTY UNDER HIS OR HER OWN NAME UNLESS THE PROPERTY IS THE
20 PRINCIPAL RESIDENCE OF THE SALESPERSON. A REAL ESTATE SALESPERSON
21 SHALL NOT ADVERTISE REAL PROPERTY FOR RENT OR LEASE UNDER HIS OR
22 HER OWN NAME UNLESS THE SALESPERSON IS THE OWNER OF THE PROPERTY.

23 (5) A REAL ESTATE BROKER SHALL NOT CONDUCT BUSINESS OR
24 ADVERTISE UNDER A NAME OTHER THAN THAT IN WHICH THE BROKER'S
25 LICENSE IS ISSUED OR UNDER AN ASSUMED NAME THAT IS AUTHORIZED BY
26 LAW. A REAL ESTATE BROKER SHALL NOTIFY THE DEPARTMENT OF ITS
27 ADOPTION OF AN ASSUMED NAME WITH ITS LICENSE APPLICATION, OR WITHIN

1 30 DAYS AFTER IT ADOPTS AN ASSUMED NAME, WHICHEVER IS EARLIER.

2 SEC. 2512F. (1) A REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE
3 BROKER SHALL SUPERVISE THE WORK OF A REAL ESTATE SALESPERSON. FOR
4 PURPOSES OF THIS SUBSECTION, SUPERVISION OF A REAL ESTATE
5 SALESPERSON INCLUDES AT LEAST ALL OF THE FOLLOWING:

6 (A) DIRECT COMMUNICATION IN PERSON OR BY RADIO, TELEPHONE, OR
7 ELECTRONIC COMMUNICATION, ON A REGULAR BASIS.

8 (B) REVIEW OF THE PRACTICE OF THE SALESPERSON.

9 (C) REVIEW OF THE SALESPERSON'S REPORTS.

10 (D) ANALYSES AND GUIDANCE OF THE SALESPERSON'S PERFORMANCE IN
11 REGULATED ACTIVITIES.

12 (E) PROVIDING WRITTEN OPERATING POLICIES AND PROCEDURES TO THE
13 SALESPERSON.

14 (2) A REAL ESTATE BROKER SHALL NOT CONTRACT WITH AN INDIVIDUAL
15 REAL ESTATE SALESPERSON OR NONPRINCIPAL ASSOCIATE REAL ESTATE
16 BROKER WHO IS EMPLOYED BY THE REAL ESTATE BROKER IN A MANNER THAT
17 LIMITS THE BROKER'S AUTHORITY TO SUPERVISE THE SALESPERSON UNDER
18 SUBSECTION (1).

19 SEC. 2516. (1) IF A LICENSEE BUYS OR OTHERWISE ACQUIRES,
20 DIRECTLY OR INDIRECTLY, AN INTEREST IN REAL PROPERTY, THE LICENSEE
21 SHALL DISCLOSE TO THE OWNER OF THE PROPERTY THAT THE LICENSEE IS
22 LICENSED UNDER THIS PART BEFORE THE OWNER IS ASKED TO SIGN THE
23 PURCHASE AGREEMENT.

24 (2) IF A LICENSEE ACQUIRES, DIRECTLY OR INDIRECTLY, AN OPTION
25 TO PURCHASE REAL PROPERTY FROM AN OWNER THAT REQUESTED THE
26 LICENSEE'S SERVICES AS A REAL ESTATE LICENSEE IN CONNECTION WITH
27 THAT PROPERTY, THE LICENSEE SHALL DISCLOSE TO THE OWNER OF THE

1 PROPERTY THAT THE LICENSEE IS LICENSED UNDER THIS PART BEFORE THE
2 OWNER IS ASKED TO SIGN THE OPTION AGREEMENT.

3 (3) A LICENSEE THAT BUYS OR OTHERWISE ACQUIRES AN INTEREST IN
4 REAL PROPERTY, DIRECTLY OR INDIRECTLY, AND THAT IS OWED A
5 COMMISSION, FEE, OR OTHER VALUABLE CONSIDERATION AS A RESULT OF THE
6 SALE, SHALL DISCLOSE THAT THE LICENSEE IS LICENSED UNDER THIS PART
7 TO THE SELLER OR OWNER TO RECEIVE THE SPECIFIED CONSIDERATION.

8 (4) ON REQUEST OF THE DEPARTMENT, A LICENSEE SHALL PROVIDE
9 WRITTEN PROOF OF ANY DISCLOSURES AND CONSENTS REQUIRED UNDER THIS
10 SECTION TO THE DEPARTMENT.

11 SEC. 2516A. DURING NORMAL BUSINESS HOURS, A LICENSEE SHALL
12 ALLOW ANY AUTHORIZED REPRESENTATIVE OF THE DEPARTMENT TO ENTER ANY
13 OF ITS PLACES OF BUSINESS IN THIS STATE AND INSPECT ANY DOCUMENT OR
14 RECORD THAT THE DEPARTMENT DETERMINES IS REASONABLY NECESSARY FOR
15 AN INVESTIGATION OF THE LICENSEE OR A REVIEW OF THE BUSINESS
16 ACTIVITIES OF THE LICENSEE, THE ADMINISTRATION OF THIS ACT, OR THE
17 ADMINISTRATIVE RULES PROMULGATED UNDER THIS ARTICLE.

18 SEC. 2516B. R 339.22205 TO R 339.22301, R 339.22309 TO R
19 339.22311, R 339.22317 TO R 339.22319, R 339.22323 TO R 339.22329,
20 AND R 339.22339 TO R 339.22405 OF THE MICHIGAN ADMINISTRATIVE CODE
21 ARE RESCINDED.

22 Enacting section 1. This amendatory act takes effect January
23 1, 2017.