

**SUBSTITUTE FOR  
SENATE BILL NO. 513**

A bill to amend 1980 PA 299, entitled "Occupational code," by amending sections 2601, 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623, 2625, 2627, 2629, 2633, 2635, and 2637 (MCL 339.2601, 339.2603, 339.2605, 339.2607, 339.2609, 339.2611, 339.2613, 339.2615, 339.2617, 339.2619, 339.2621, 339.2623, 339.2625, 339.2627, 339.2629, 339.2633, 339.2635, and 339.2637), section 2601 as amended by 1994 PA 125 and sections 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623, 2625, 2627, 2629, 2633, 2635, and 2637 as added by 1990 PA 269, and by adding sections 2614 and 2636.

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

**1**       Sec. 2601. As used in this article:

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

2

1 (a) "Appraisal" means an opinion, conclusion, or analysis  
2 relating to the value of real property but does not include any  
3 of the following:

4 (i) A market analysis performed by a person licensed under  
5 article 25 solely for the purpose of assisting a customer or  
6 potential customer in determining the potential sale, purchase,  
7 or listing price of real property or the rental rate of real  
8 property as long as a fee or any other valuable consideration is  
9 not charged for that analysis.

10 (ii) A market analysis of real property for a fee performed  
11 by a broker or associate broker licensed under article 25 which  
12 does not involve a federally related transaction if the market  
13 analysis is put in writing and it states in boldface print "This  
14 is a market analysis, not an appraisal and was prepared by a  
15 licensed real estate broker or associate broker, not a licensed  
16 appraiser.". Failure to do so results in the individual being  
17 subject to the penalties set forth in article 6.

18 (iii) An assessment of the value of real property performed  
19 on behalf of a local unit of government authorized to impose  
20 property taxes when performed by an assessor certified under  
21 section 10d of the general property tax act, ~~Act No. 206 of the~~  
22 ~~Public Acts of 1893, being section 211.10d of the Michigan~~  
23 ~~Compiled Laws~~ 1893 PA 206, MCL 211.10D, or an individual  
24 employed in an assessing capacity.

25 (b) "Appraiser" means an individual engaged in or offering  
26 to engage in the development and communication of ~~appraisals of~~  
27 ~~real property~~ AN APPRAISAL.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

3

1 (C) "CERTIFIED GENERAL REAL ESTATE APPRAISER" MEANS AN  
2 INDIVIDUAL WHO IS LICENSED UNDER SECTION 2615 TO APPRAISE ALL  
3 TYPES OF REAL PROPERTY, INCLUDING NONRESIDENTIAL REAL PROPERTY  
4 INVOLVING FEDERALLY RELATED TRANSACTIONS AND REAL ESTATE RELATED  
5 FINANCIAL TRANSACTIONS.

6 (D) "CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER" MEANS AN  
7 INDIVIDUAL WHO IS LICENSED UNDER SECTION 2614 TO APPRAISE ALL  
8 TYPES OF RESIDENTIAL REAL PROPERTY INVOLVING REAL ESTATE RELATED  
9 FINANCIAL TRANSACTIONS AND FEDERALLY RELATED TRANSACTIONS AS  
10 AUTHORIZED BY THE REGULATIONS OF A FEDERAL FINANCIAL INSTITUTION  
11 REGULATORY AGENCY AND RESOLUTION TRUST CORPORATION AS WELL AS ANY  
12 NONRESIDENTIAL, NONFEDERALLY RELATED TRANSACTION FOR WHICH THE  
13 INDIVIDUAL IS QUALIFIED.

14 (E) ~~(c)~~ "Federal financial institution regulatory agency"  
15 means the board of governors of the federal reserve system, the  
16 federal deposit insurance corporation, the office of the comp-  
17 troller of the currency, the office of thrift supervision, or the  
18 national credit union administration.

19 (F) ~~(d)~~ "Federally related transaction" means any real  
20 ~~property~~ ESTATE related financial transaction ~~in which~~ THAT a  
21 federal financial institution regulatory agency or the resolution  
22 trust corporation engages in, contracts for, or regulates ~~,~~ and  
23 ~~which~~ THAT requires the services of an appraiser under any of  
24 the following:

25 (i) 12 C.F.R. part 323, adopted by the federal deposit  
26 insurance corporation.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513 as amended May 13, 1999

4

1       (ii) 12 C.F.R. parts 208 and 225, adopted by the board of  
2 governors of the federal reserve system.

3       (iii) 12 C.F.R. parts 701, 722, and 741, adopted by the  
4 national credit union administration.

5       (iv) 12 C.F.R. part 34, adopted by the office of the comp-  
6 troller of the currency.

7       (v) 12 C.F.R. parts 506, 545, 563, 564, and 571, adopted by  
8 the office of thrift supervision.

9       (vi) 12 C.F.R. part 1608, adopted by the resolution trust  
10 corporation.

11       (G) "LIMITED REAL ESTATE APPRAISER" MEANS AN INDIVIDUAL  
12 LICENSED UNDER SECTION 2611 TO PERFORM APPRAISALS OF REAL PROP-  
13 ERTY NOT INVOLVING REAL ESTATE RELATED FINANCIAL TRANSACTIONS OR  
14 FEDERALLY RELATED TRANSACTIONS THAT REQUIRE THE SERVICES OF A STATE  
LICENSED REAL ESTATE APPRAISER, CERTIFIED RESIDENTIAL REAL ESTATE  
APPRAISER, OR CERTIFIED GENERAL REAL ESTATE APPRAISER.

15       (H) ~~(e)~~ "Real estate valuation specialist" means an indi-  
16 vidual licensed under section 2611 to perform appraisals of real  
17 property not involving federally related transactions OR REAL  
18 ESTATE RELATED FINANCIAL TRANSACTIONS THAT REQUIRE THE SERVICES OF A  
STATE LICENSED REAL ESTATE APPRAISER, CERTIFIED RESIDENTIAL REAL  
ESTATE APPRAISER, OR CERTIFIED GENERAL REAL ESTATE APPRAISER.

19       (I) "REAL ESTATE RELATED FINANCIAL TRANSACTION" MEANS ANY OF  
20 THE FOLLOWING:

21       (i) A SALE, LEASE, PURCHASE, INVESTMENT IN, OR EXCHANGE OF  
22 REAL PROPERTY OR THE FINANCING OF REAL PROPERTY.

23       (ii) A REFINANCING OF REAL PROPERTY.

24       (iii) THE USE OF REAL PROPERTY AS SECURITY FOR A LOAN OR  
25 INVESTMENT, INCLUDING MORTGAGE-BACKED SECURITIES.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

5

1       (J) ~~(f)~~ "Real property" means an identified tract or  
2 parcel of land, including improvements on that land, as well as  
3 any interests, benefits, or rights inherent in the land.

4       ~~(g) "Real property related financial transaction" means any~~  
5 ~~of the following:~~

6       ~~(i) A sale, lease, purchase, investment in, or exchange of~~  
7 ~~real property or the financing of real property.~~

8       ~~(ii) A refinancing of real property.~~

9       ~~(iii) The use of real property as security for a loan or~~  
10 ~~investment, including mortgage-backed securities.~~

11       (K) ~~(h)~~ "Residential real property" means real property  
12 used as a residence containing a dwelling that has not more than  
13 4 living units.

14       ~~(i) "State certified real estate appraiser" means an indi-~~  
15 ~~vidual who is licensed under section 2615 to appraise all types~~  
16 ~~of real property, including nonresidential real property involv-~~  
17 ~~ing federally related transactions.~~

18       (l) ~~(j)~~ "State licensed real estate appraiser" means an  
19 individual who is licensed under section 2613 to appraise real  
20 property, including, but not limited to, residential AND  
21 NONRESIDENTIAL real property involving federally related transac-  
22 tions AND REAL ESTATE RELATED FINANCIAL TRANSACTIONS.

23       (M) ~~(k)~~ "Uniform standards of professional appraisal  
24 practice" means those standards relating to real property  
25 ~~published by the appraisal foundation and~~ adopted by the  
26 appraisal foundation on ~~June 5, 1990~~ MARCH 31, 1999, OR AS  
27 ADOPTED BY RULE OF THE DIRECTOR.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

6

1       Sec. 2603. (1) There is created a board of real estate  
2 appraisers.

3       (2) Of those board members who are appraisers, ~~4~~ 3 shall  
4 be ~~state~~ certified GENERAL real estate appraisers, 1 SHALL BE A  
5 CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER, and 2 shall be state  
6 licensed real estate appraisers. At least 1 of those appraisers  
7 shall be employed by a state or nationally chartered bank, a  
8 state or federally chartered savings and loan or savings bank, a  
9 state or federally chartered credit union, an entity of the fed-  
10 erally chartered farm credit system, or an entity regulated under  
11 the mortgage brokers, lenders, and servicers licensing act, ~~Act~~  
12 ~~No. 173 of the Public Acts of 1987, being sections 445.1651 to~~  
13 ~~445.1683 of the Michigan Compiled Laws~~ 1987 PA 173, MCL 445.1651  
14 TO 445.1684.

15       Sec. 2605. (1) At a minimum AND SUBJECT TO SUBSECTION (2),  
16 LICENSEES UNDER THIS ARTICLE SHALL UTILIZE the uniform standards  
17 of professional appraisal practice. ~~shall be used by licensees~~  
18 ~~under this article.~~

19       (2) The ~~board~~ DIRECTOR may supplement or adopt by refer-  
20 ence any amendments to the uniform standards of professional  
21 appraisal practice through the promulgation of rules if ~~it~~ THE  
22 DIRECTOR determines that the amendments or supplemental standards  
23 serve as a basis for the competent development and communication  
24 of an appraisal AND ARE NOT IN CONFLICT WITH FEDERAL  
25 REQUIREMENTS.

26       (3) The ~~board~~ DIRECTOR through promulgation of a rule may  
27 supplement or adopt by reference any changes promulgated by a

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

7

1 federal financial institution regulatory agency relative to  
2 standards for a federally related transaction.

3       Sec. 2607. (1) A PERSON SHALL NOT ACT AS OR OFFER TO ACT AS  
4 AN APPRAISER UNLESS LICENSED UNDER THIS ARTICLE OR EXEMPT FROM  
5 LICENSURE UNDER THIS ARTICLE.

6       (2) ~~(1)~~ An individual shall not represent himself or her-  
7 self to be a state licensed real estate appraiser, a ~~state~~ cer-  
8 tified GENERAL real estate appraiser, A CERTIFIED RESIDENTIAL  
9 REAL ESTATE APPRAISER, A LIMITED REAL ESTATE APPRAISER, or a real  
10 estate valuation specialist unless that individual is licensed  
11 under this article in the appropriate capacity.

12       (3) ~~(2)~~ The terms "state licensed real estate appraiser",  
13 ~~state~~ "certified GENERAL real estate appraiser", "CERTIFIED  
14 RESIDENTIAL REAL ESTATE APPRAISER", "LIMITED REAL ESTATE  
15 APPRAISER", or "real estate valuation specialist" or any similar  
16 term tending to connote licensure under this article shall refer  
17 only to an individual licensed under this article and shall not  
18 refer to or be used in connection with the name or signature of a  
19 person that is not an individual licensed under this article.

20       (4) ~~(3)~~ An individual licensed as a ~~state~~ certified  
21 GENERAL real estate appraiser may perform the appraisal of real  
22 property of any type or value, including appraisals required for  
23 federally related transactions AND REAL ESTATE RELATED FINANCIAL  
24 TRANSACTIONS.

25       (5) AN INDIVIDUAL LICENSED AS A CERTIFIED RESIDENTIAL REAL  
26 ESTATE APPRAISER MAY PERFORM THE APPRAISAL OF RESIDENTIAL REAL  
27 PROPERTY AND ANY OTHER RESIDENTIAL OR NONRESIDENTIAL APPRAISAL

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513 as amended May 13, 1999

8

1 REQUIRED FOR A FEDERALLY RELATED TRANSACTION FOR WHICH A  
2 CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER IS AUTHORIZED UNDER  
3 SECTIONS 1113 AND 1114 OF TITLE XI OF THE FINANCIAL INSTITUTIONS  
4 REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989, PUBLIC LAW 101-73,  
5 12 U.S.C. 3342 AND 3343, REAL ESTATE RELATED FINANCIAL TRANSAC-  
6 TIONS, AND ANY NONFEDERALLY RELATED TRANSACTION FOR WHICH THE  
7 LICENSEE IS QUALIFIED.

8       (6) ~~-(4)-~~ An individual licensed as a state licensed real  
9 estate appraiser may INDEPENDENTLY perform the appraisal of resi-  
10 dential real property and any other RESIDENTIAL OR NONRESIDENTIAL  
11 appraisal required for a federally related transaction for which  
12 a state licensed real estate appraiser is authorized under  
13 ~~sections 1113 and 1114~~ TITLE XI of the financial institutions  
14 reform, recovery, and enforcement act of 1989, Public Law 101-73,  
15 12 U.S.C. 3342 and 3343, REAL ESTATE RELATED FINANCIAL TRANSAC-  
16 TIONS, AND ANY NONFEDERALLY RELATED TRANSACTION FOR WHICH THE  
17 LICENSEE IS QUALIFIED.

18       (7) ~~-(5)-~~ An individual licensed as a real estate valuation  
19 specialist OR A LIMITED REAL ESTATE APPRAISER may perform  
20 INDEPENDENTLY only those appraisals

21 ~~not involving federally related transactions~~  
22 RELATED TO TRANSACTIONS NOT REQUIRING, UNDER FEDERAL LAW OR  
REGULATIONS, THE SERVICES OF A STATE LICENSED REAL ESTATE APPRAISER,  
CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER, OR CERTIFIED GENERAL  
REAL ESTATE APPRAISER. THE APPRAISAL MUST CONTAIN THE SUPERVISORY  
SIGNATURE OF THE STATE LICENSED REAL ESTATE APPRAISER, CERTIFIED  
RESIDENTIAL REAL ESTATE APPRAISER, OR CERTIFIED GENERAL REAL ESTATE  
APPRAISER AND MUST ALSO CONTAIN THE SIGNATURE OF THE REAL ESTATE  
VALUATION SPECIALIST OR LIMITED REAL ESTATE APPRAISER ONLY WHERE THE  
APPRAISAL IS PERFORMED BY THE REAL ESTATE VALUATION SPECIALIST OR  
LIMITED REAL ESTATE APPRAISER UNDER THE PROVISIONS OF THIS  
SUBSECTION.

23       Sec. 2609. An appraisal shall be in writing and shall do  
24 all of the following:

25       (a) Disclose any limitations on the type of analysis, valua-  
26 tion, or opinion.



**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

9

1 (b) Be independently and impartially prepared and conform to  
2 the uniform standards of professional appraisal practice and any  
3 other standards adopted by the ~~board~~ DIRECTOR.

4 (c) Include an opinion of defined value of adequately  
5 described real property as of a specific date and be supported by  
6 the presentation and analysis of relevant market information.

7 (D) INDICATE ON EVERY APPRAISAL REPORT THE LICENSE NUMBER  
8 AND LEVEL OF LICENSURE OF THE APPRAISER.

9 Sec. 2611. (1) The department shall license as a LIMITED  
10 real estate ~~valuation specialist~~ APPRAISER an individual who is  
11 AT LEAST 18 YEARS OF AGE, IS of good moral character, and ~~meets~~  
12 ~~either or both of the following:~~

13 ~~(a) Certifies that he or she possesses at least 2,000 hours~~  
14 ~~of experience meeting the requirements of section 2621 in~~  
15 ~~appraising real property.~~

16 ~~(b) Provides~~ PROVIDES proof of having completed not less  
17 than ~~40 clock~~ 75 CLASSROOM hours of ~~classroom~~ courses related  
18 to developing and communicating appraisals of real property, at  
19 least 15 of which relate to the uniform standards of professional  
20 appraisal practice.

21 (2) BEGINNING THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT  
22 ADDED THIS SUBSECTION, THE DEPARTMENT SHALL NOT ACCEPT AN APPLI-  
23 CATION FOR A REAL ESTATE VALUATION SPECIALIST. THE DEPARTMENT  
24 SHALL CONVERT LICENSES FOR REAL ESTATE VALUATION SPECIALISTS TO  
25 LIMITED REAL ESTATE APPRAISER LICENSES UPON THE NEXT LICENSE  
26 RENEWAL CYCLE.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

10

1       Sec. 2613. The department shall license as a state licensed  
2 real estate appraiser an individual who ~~submits evidence~~  
3 ~~showing~~ DEMONSTRATES, to the satisfaction of the department,  
4 that he or she meets all of the following conditions:

5       (a) ~~Completion of~~ HAS COMPLETED not less than ~~75 clock~~  
6 90 CLASSROOM hours of ~~classroom~~ courses emphasizing the  
7 appraisal of residential real property and meeting the standards  
8 of section 2617. The courses shall cover all of the following:

- 9       (i) Influences on real estate value.  
10       (ii) Legal considerations in appraisal.  
11       (iii) Types of value.  
12       (iv) Economic principles OF APPRAISALS.  
13       (v) Real estate markets and analysis.  
14       (vi) Valuation process.  
15       (vii) Property description.  
16       (viii) Highest and best use analysis.  
17       (ix) Appraisal statistical concepts.  
18       (x) Sales comparison approach.  
19       (xi) Site value.  
20       (xii) Cost approach.  
21       (xiii) Income approach.  
22       (xiv) Valuation of partial interests.  
23       (xv) The uniform standards of professional appraisal prac-  
24 tice and ethics.

25       (b) ~~Certifies that he or she possesses~~ POSSESSES at least  
26 2,000 hours of experience meeting the standards of section 2621,  
27 AT LEAST 1,500 HOURS OF WHICH ARE in appraising residential real

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

11

1 property AND COMPLETED OVER 24 OR MORE MONTHS. Acceptable  
2 experience includes, but is not limited to, the following IN COM-  
3 PLIANCE WITH ANY APPLICABLE FEDERAL STANDARDS:

- 4 (i) Fee and staff appraisal.
- 5 (ii) Ad valorem tax appraisal.
- 6 (iii) ~~Review~~ TECHNICAL REVIEW appraisal.
- 7 (iv) Appraisal analysis.
- 8 (v) Real estate ~~counseling~~ CONSULTING.
- 9 (vi) Highest and best use analysis.
- 10 (vii) Feasibility analysis or study.
- 11 (viii) ~~Teaching of appraisal courses~~ CONDEMNATION  
12 APPRAISAL.

13 (ix) Market analysis.

14 (c) ~~The passing of~~ HAS PASSED an examination as described  
15 in section 2619.

16 (d) ~~Being~~ IS of good moral character.

17 (E) IS AT LEAST 18 YEARS OF AGE.

18 SEC. 2614. THE DEPARTMENT SHALL LICENSE AS A CERTIFIED RES-  
19 IDENTIAL REAL ESTATE APPRAISER AN INDIVIDUAL WHO DEMONSTRATES, TO  
20 THE SATISFACTION OF THE DEPARTMENT, THAT HE OR SHE MEETS ALL OF  
21 THE FOLLOWING CONDITIONS:

22 (A) POSSESSES AT LEAST 2,500 HOURS OF EXPERIENCE MEETING THE  
23 STANDARDS OF SECTION 2621 IN APPRAISING REAL PROPERTY, AT LEAST  
24 2,000 HOURS OF WHICH SHALL BE IN APPRAISING RESIDENTIAL REAL  
25 PROPERTY, COMPLETED OVER 24 OR MORE MONTHS. ACCEPTABLE  
26 EXPERIENCE INCLUDES, BUT IS NOT LIMITED TO, THE FOLLOWING IN  
27 COMPLIANCE WITH ANY APPLICABLE FEDERAL STANDARDS:

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

12

- 1        (i) FEE AND STAFF APPRAISAL.
  - 2        (ii) AD VALOREM TAX APPRAISAL.
  - 3        (iii) TECHNICAL REVIEW APPRAISAL.
  - 4        (iv) APPRAISAL ANALYSIS.
  - 5        (v) REAL ESTATE CONSULTING.
  - 6        (vi) HIGHEST AND BEST USE ANALYSIS.
  - 7        (vii) FEASIBILITY ANALYSIS OR STUDY.
  - 8        (viii) CONDEMNATION APPRAISAL.
  - 9        (ix) MARKET ANALYSIS.
- 10       (B) HAS COMPLETED NOT LESS THAN 120 CLASSROOM HOURS OF
- 11 COURSES MEETING THE STANDARDS OF SECTION 2617 AND EMPHASIZING ALL
- 12 TYPES AND VALUES OF RESIDENTIAL REAL PROPERTY APPRAISALS. AN
- 13 APPLICANT MAY APPLY THE CLASSROOM HOURS USED TO OBTAIN A PRIOR
- 14 REAL ESTATE APPRAISER LICENSE TOWARD THE REQUIREMENT OF THE 90
- 15 CLASSROOM HOURS USED TO OBTAIN LICENSURE AS A CERTIFIED RESIDEN-
- 16 TIAL REAL ESTATE APPRAISER. THE REMAINING CLASSROOM HOURS SHALL
- 17 RELATE TO THE APPRAISAL OF RESIDENTIAL REAL PROPERTY OR ADDRESS
- 18 BOTH RESIDENTIAL AND COMMERCIAL REAL PROPERTY. THE COURSES SHALL
- 19 COVER ALL OF THE FOLLOWING TOPICS:
- 20        (i) INFLUENCES ON REAL ESTATE VALUE.
  - 21        (ii) LEGAL CONSIDERATIONS IN APPRAISAL.
  - 22        (iii) TYPES OF VALUE.
  - 23        (iv) ECONOMIC PRINCIPLES OF APPRAISAL.
  - 24        (v) REAL ESTATE MARKETS AND ANALYSIS.
  - 25        (vi) VALUATION PROCESS.
  - 26        (vii) PROPERTY DESCRIPTION.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

13

- 1 (viii) HIGHEST AND BEST USE ANALYSIS.  
2 (ix) APPRAISAL MATH AND STATISTICS.  
3 (x) SALES COMPARISON APPROACH.  
4 (xi) SITE VALUE.  
5 (xii) COST APPROACH.  
6 (xiii) INCOME APPROACH.  
7 (xiv) VALUATION OF PARTIAL INTERESTS.  
8 (xv) THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE AND ETHICS.  
9  
10 (xvi) NARRATIVE REPORT WRITING.  
11 (C) HAS PASSED AN EXAMINATION AS REQUIRED IN SECTION 2619.  
12 (D) IS OF GOOD MORAL CHARACTER.  
13 (E) IS AT LEAST 18 YEARS OF AGE.  
14 Sec. 2615. The department shall license as a ~~state~~ certi-  
15 fied GENERAL real estate appraiser an individual who ~~submits~~  
16 ~~evidence satisfactory to~~ DEMONSTRATES, TO THE SATISFACTION OF  
17 the department, ~~of meeting~~ THAT HE OR SHE MEETS all of the fol-  
18 lowing conditions:  
19 (a) ~~Certifies that he or she possesses~~ POSSESSES at least  
20 ~~2,000~~ 3,000 hours of experience, ~~meeting the standards of~~  
21 ~~section 2621 in appraising real property,~~ at least ~~1,000~~ 1,500  
22 hours of which shall be in appraising nonresidential real prop-  
23 erty COMPLETED OVER AT LEAST 30 OR MORE MONTHS PRECEDING APPLICA-  
24 TION FOR LICENSURE. Acceptable experience includes, but is not  
25 limited to, the following IN COMPLIANCE WITH ANY APPLICABLE FED-  
26 ERAL STANDARDS:

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

14

- 1 (i) Fee and staff appraisal.
- 2 (ii) Ad valorem tax appraisal.
- 3 (iii) ~~Review~~ TECHNICAL REVIEW appraisal.
- 4 (iv) Appraisal analysis.
- 5 (v) Real estate ~~counseling~~ CONSULTING.
- 6 (vi) Highest and best use analysis.
- 7 (vii) Feasibility analysis or study.
- 8 (viii) ~~Teaching of~~ CONDEMNATION appraisal. ~~courses.~~
- 9 (b) ~~Completion of 165 clock~~ HAS COMPLETED 180 CLASSROOM
- 10 hours of ~~classroom~~ courses meeting the standards of
- 11 section 2617 and emphasizing all types and values of real prop-
- 12 erty appraisals. An applicant may apply the ~~75 clock~~ 90
- 13 CLASSROOM hours used to obtain ~~licensure as a state licensed~~ A
- 14 PRIOR real estate appraiser LICENSE toward the requirement of
- 15 ~~165 clock~~ 180 CLASSROOM hours, but shall be able to demonstrate
- 16 that the remaining 90 ~~clock~~ CLASSROOM hours relate to the
- 17 appraisal of nonresidential real property. The courses shall
- 18 cover ALL OF the following topics:
- 19 (i) Influences on real estate value.
- 20 (ii) Legal considerations in appraisal.
- 21 (iii) Types of value.
- 22 (iv) Economic principles OF APPRAISAL.
- 23 (v) Real estate markets and analysis.
- 24 (vi) Valuation process.
- 25 (vii) Property description.
- 26 (viii) Highest and best use analysis.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

15

- 1 (ix) Appraisal math and statistics.
- 2 (x) Sales comparison approach.
- 3 (xi) Site value.
- 4 (xii) Cost approach.
- 5 (xiii) Income approach.
- 6 (xiv) Valuation of partial interests.
- 7 (xv) The uniform standards of professional appraisal prac-
- 8 tice and ethics.
- 9 (xvi) NARRATIVE REPORT WRITING.
- 10 (c) ~~The passing of~~ HAS PASSED an examination as required
- 11 in section 2619.
- 12 (D) IS OF GOOD MORAL CHARACTER.
- 13 (E) IS AT LEAST 18 YEARS OF AGE.
- 14 Sec. 2617. (1) The ~~board~~ DIRECTOR may promulgate rules
- 15 regulating the offering of educational courses required under
- 16 this article, including the type and conditions of instruction,
- 17 the qualification of instructors, the methods of grading, the
- 18 means of monitoring and reporting attendance, and the representa-
- 19 tions made by course sponsors.
- 20 (2) All ~~classroom~~ EDUCATIONAL courses required under this
- 21 article shall be COURSES offered by 1 of the following:
- 22 (a) An institution of higher education authorized to grant
- 23 degrees, being a college, university, or community or junior
- 24 college.
- 25 (b) A private school licensed by the department of education
- 26 under ~~Act No. 148 of the Public Acts of 1943, being~~
- 27 ~~sections 395.101 to 395.103 of the Michigan Compiled Laws~~ 1943

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

16

1 PA 148, MCL 395.101 TO 395.103, OR AUTHORIZED TO OPERATE IN ANY  
2 OTHER STATE OR JURISDICTION.

3 (c) A state or federal agency or commission.

4 (d) A nonprofit association related to real property or real  
5 property appraisal.

6 (3) Prelicensure courses, being those courses offered as a  
7 qualification for licensure, shall meet the following minimum  
8 requirements:

9 (a) Be not less than 15 ~~clock~~ CLASSROOM hours in length, a  
10 ~~clock~~ CLASSROOM hour being at least 50 minutes.

11 (b) Include an examination at the end of the course requir-  
12 ing an individual taking the course to demonstrate mastery of the  
13 course content.

14 (c) Be completed at any time prior to sitting for the exami-  
15 nation described in section 2619.

16 (4) An applicant who received credit for completion of a  
17 prelicensure course by successfully passing a challenge examina-  
18 tion may be given credit for such courses passed prior to July 1,  
19 1990, upon review by the department of the course content and  
20 examination given.

21 (5) Continuing education courses required to be completed  
22 under this article shall meet the following minimum  
23 requirements:

24 (a) Be not less than 2 ~~clock~~ CLASSROOM hours in length, a  
25 ~~clock~~ CLASSROOM hour being at least 50 minutes.



**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

17

1 (b) Be completed at any time following the EXPIRATION OF THE  
2 licensee's ~~last~~ PREVIOUS license ~~renewal~~ and the time the  
3 licensee applies for renewal.

4 (c) Be designed to maintain and improve the licensee's  
5 skill, knowledge, and competency in the appraisal of real  
6 estate.

7 ~~(6) Prelicensure courses shall not be used to fulfill con-~~  
8 ~~tinuing education requirements~~ COURSES TAKEN IN SATISFYING THE  
9 QUALIFYING EDUCATION REQUIREMENTS SHOULD NOT BE REPETITIVE IN  
10 NATURE AND SHOULD REPRESENT A PROGRESSION IN WHICH THE  
11 APPRAISER'S KNOWLEDGE IS INCREASED, AS DETERMINED BY THE DEPART-  
12 MENT AND BOARD.

13 ~~(7) Continuing education courses shall not be used to ful-~~  
14 ~~fill prelicensure requirements.~~

15 Sec. 2619. (1) Except as otherwise provided in  
16 section 2623, an individual seeking licensure under this article  
17 as a state licensed ~~or state~~ REAL ESTATE APPRAISER, certified  
18 GENERAL REAL ESTATE APPRAISER, OR CERTIFIED RESIDENTIAL real  
19 estate appraiser shall first successfully pass ~~a written~~  
20 ~~examination~~ THE APPRAISER QUALIFICATION BOARD ENDORSED UNIFORM  
21 REAL PROPERTY APPRAISER EXAMINATION OR ITS EQUIVALENT AS APPRO-  
22 PRIATE TO THE LEVEL OF LICENSURE SOUGHT AND THAT IS acceptable to  
23 the board and the department. ~~in subjects including, but not~~  
24 ~~limited to, the following:~~

25 ~~(a) Technical terms used in or related to real property~~  
26 ~~appraisals.~~

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

18

1 ~~(b) Economic concepts and valuation theories applicable to~~  
2 ~~real property.~~

3 ~~(c) The processes and procedures used in conducting an~~  
4 ~~appraisal.~~

5 ~~(d) Problems likely to be encountered in gathering, inter-~~  
6 ~~preting, and processing information in the development of an~~  
7 ~~appraisal.~~

8 ~~(e) The standards used for the development and communication~~  
9 ~~of appraisals.~~

10 ~~(f) Basic real property law.~~

11 ~~(g) Misconduct regarding the appraisal process.~~

12 (2) The board and department may adopt an examination pre-  
13 pared or approved by a professional entity or organization  
14 INCLUDING, BUT NOT LIMITED TO, THE APPRAISAL QUALIFICATION BOARD  
15 if the department and the board determine that the examination  
16 serves as a basis for determining whether an individual has the  
17 knowledge and skills to perform with competence.

18 (3) EXAMINATION SCORES ARE CONSIDERED VALID FOR 3 YEARS FROM  
19 THE DATE OF THE EXAMINATION.

20 Sec. 2621. Experience required of applicants for licensure  
21 under this article shall meet the following requirements:

22 ~~(a) Be obtained at any time prior to sitting for the exami-~~  
23 ~~nation required of license applicants.~~

24 (A) ~~(b)~~ Consist of at least ~~2,000~~ THE REQUIRED NUMBER OF  
25 hours of appraisal experience obtained over not less than ~~2 cal-~~  
26 ~~endar years~~ THE REQUIRED NUMBER OF MONTHS.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

19

1 (B) ~~(c)~~ Be experience obtained while properly licensed or  
2 exempt from licensure under the standards applicable at the time  
3 the experience was obtained.

4 (C) ~~(d)~~ Be capable of being documented in writing by the  
5 applicant or licensee upon the request of the department in the  
6 form of reports, file memoranda, or affidavits of a supervisor.

7 ~~(e) Be obtained while an appraiser, a manager of an  
8 appraisal firm or department, or an instructor of courses meeting  
9 the requirements for prelicensure courses under this article.~~

10 Sec. 2623. The department shall issue a ~~state~~ certified  
11 GENERAL REAL ESTATE APPRAISER, CERTIFIED RESIDENTIAL REAL ESTATE  
12 APPRAISER, or state licensed real estate appraiser license with-  
13 out examination to an individual who, at the time of application,  
14 is licensed, registered, certified, or otherwise regulated by  
15 another state at that level if the requirements of that state, as  
16 determined by the board and the department, are at least equal to  
17 the requirements of this article.

18 Sec. 2625. (1) A nonresident of this state may become  
19 licensed under this article by conforming with this article. The  
20 nonresident shall file an irrevocable consent to service of pro-  
21 cess which consent shall be signed by the licensee. A process or  
22 pleading served upon the department shall be sufficient service  
23 upon the licensee. A process or pleading served upon the depart-  
24 ment under this section shall be in duplicate. The department  
25 shall immediately serve by first-class mail a copy of the process  
26 or pleading to the licensee's last known address as determined by  
27 the records of the department.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

20

1           (2) THE DEPARTMENT MAY ISSUE A TEMPORARY PERMIT, VALID FOR  
2 180 DAYS, TO A NONRESIDENT OF THIS STATE WHO HOLDS A VALID  
3 LICENSE FROM ANOTHER STATE OR UNITED STATES JURISDICTION LICENS-  
4 ING OR REGULATING APPRAISERS AND IS TEMPORARILY IN THIS STATE TO  
5 CONDUCT AN APPRAISAL INVOLVING A FEDERALLY RELATED TRANSACTION OR  
6 A REAL ESTATE RELATED FINANCIAL TRANSACTION. THE APPLICATION  
7 SHALL BE ACCOMPANIED BY PROOF OF LICENSURE OR REGULATION IN THE  
8 OTHER STATE OR JURISDICTION, A CONSENT TO THE SERVICE OF PROCESS  
9 AS DESCRIBED IN SUBSECTION (1), AND A WRITTEN DESCRIPTION OF THE  
10 NATURE OF THE TEMPORARY ASSIGNMENT. THE HOLDER OF A TEMPORARY  
11 PERMIT MAY APPLY IN WRITING FOR 1 EXTENSION OF THE TEMPORARY  
12 PERMIT FOR NOT MORE THAN 180 DAYS. THE HOLDER OF A TEMPORARY  
13 PERMIT IS NOT REQUIRED TO COMPLETE CONTINUING EDUCATION.

14           Sec. 2627. (1) As a condition for the renewal of licensure  
15 as a ~~state~~ certified GENERAL real estate appraiser, A CERTIFIED  
16 RESIDENTIAL REAL ESTATE APPRAISER, or a state licensed real  
17 estate appraiser, a licensee shall complete ~~10 clock~~ 14  
18 CLASSROOM hours of continuing education meeting the standards of  
19 section 2617 for each year since ~~his or her last renewal~~ THE  
20 EXPIRATION OF HIS OR HER PREVIOUS LICENSE.

21           (2) Effective the third year of licensure as a real estate  
22 valuation specialist OR AS A LIMITED REAL ESTATE APPRAISER, an  
23 individual licensed as a real estate valuation specialist OR AS A  
24 LIMITED REAL ESTATE APPRAISER shall complete not less than ~~10~~  
25 ~~clock~~ 14 CLASSROOM hours of continuing education for each year  
26 since the ~~last license renewal~~ EXPIRATION OF HIS OR HER

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

21

1 PREVIOUS LICENSE. This continuing education shall meet the  
2 standards of section 2617.

3 ~~(3) Continuing education for a state licensed real estate~~  
4 ~~appraiser shall focus primarily on residential real property~~  
5 ~~appraisals. Continuing education for a state certified real~~  
6 ~~estate appraiser shall cover both residential and nonresidential~~  
7 ~~real property.~~

8 (3) ~~(4)~~ Courses for which continuing education credit may  
9 be obtained may include, but not be limited to, the following:

10 (a) Ad valorem taxation.

11 (b) Arbitrations.

12 (c) Business courses related to real ~~property~~ ESTATE  
13 appraisal.

14 (d) Construction OR DEVELOPMENT COST estimating.

15 (e) Ethics and standards of professional practice.

16 (f) Land use planning, zoning, and taxation.

17 ~~(g) Litigation.~~

18 (G) ~~(h) Management~~ REAL ESTATE MANAGEMENT, leasing, bro-  
19 kerage, and time-sharing.

20 (H) ~~(i)~~ Property development.

21 (I) ~~(j)~~ Real ~~property~~ ESTATE appraisal (valuations and  
22 evaluations).

23 (J) ~~(k)~~ Real ~~property~~ ESTATE financing and investment.

24 (K) ~~(l)~~ Real ~~property~~ ESTATE law.

25 (l) ~~(m)~~ Real ~~property~~ ESTATE litigation.

26 (M) ~~(n)~~ Real ~~property~~ ESTATE appraisal related computer  
27 applications.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

22

1 (N) ~~(O)~~ Real ~~property~~ ESTATE securities and  
2 syndication.

3 (O) ~~(P)~~ Real ~~property~~ ESTATE exchange.

4 (4) ~~(5)~~ An individual who has authored a textbook, pre-  
5 pared and taught a prelicensure or continuing education course,  
6 or has undertaken some other activity which he or she believes  
7 may meet the continuing education requirements of this section  
8 may request continuing education credit for that activity from  
9 the department. AN INDIVIDUAL WHO HAS COMPLETED CONTINUING EDU-  
10 CATION REQUIRED FOR THE RENEWAL OF AN APPRAISER LICENSE IN  
11 ANOTHER STATE OR JURISDICTION MAY SUBMIT PROOF OF THE ACCEPTANCE  
12 OF THAT CONTINUING EDUCATION BY THAT STATE AS EVIDENCE OF MEETING  
13 THE CONTINUING EDUCATION REQUIREMENTS IN THIS STATE.

14 (5) A COURSE COVERING THE UNIFORM STANDARDS OF PROFESSIONAL  
15 APPRAISAL PRACTICE MUST BE COMPLETED AS PART OF THE CONTINUING  
16 EDUCATION REQUIREMENT EVERY THIRD LICENSING PERIOD.

17 Sec. 2629. (1) Notwithstanding section 411(4), relicensure  
18 of an individual whose license as a ~~state~~ certified GENERAL  
19 real estate appraiser, A CERTIFIED RESIDENTIAL REAL ESTATE  
20 APPRAISER, or a state licensed real estate appraiser under this  
21 article has lapsed for 3 or more continuous years shall require  
22 that the applicant complete the licensing examination for the  
23 type of license sought.

24 ~~(2) The continuing education requirements of section 2627~~  
25 ~~shall not be applied to the requirements for initial licensure~~  
26 ~~under this article. The courses taken under the initial~~

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

23

1 ~~licensure requirements shall not be applied toward the continuing~~  
2 ~~education requirements.~~

3       (2) ~~(3)~~ The continuing education requirements of section  
4 2627 do not apply to an individual renewing his or her license in  
5 the year in which the original license is issued.

6       Sec. 2633. A licensee shall do all of the following:

7       (a) Include, in any appraisal or report provided to a  
8 client, the following statement: "Appraisers are required to be  
9 licensed and are regulated by the Michigan Department of  
10 ~~Licensing and Regulation~~ CONSUMER AND INDUSTRY SERVICES,  
11 P.O. Box 30018, Lansing, Michigan 48909."

12       (b) Maintain an actual place of business whose address shall  
13 be used as the licensee address and in all advertising.

14       (c) Maintain a system of books and records open to the  
15 department upon request during normal business hours. The books  
16 and records shall be maintained in accordance with the uniform  
17 standards of professional appraisal practice, the requirements of  
18 this article, and any requirements imposed by rules promulgated  
19 under this article. The books and records shall ~~be~~  
20 ~~cross-referenced to~~ show all appraisals undertaken by name of  
21 client ~~—~~ AND THE address or description of the property  
22 appraised. ~~—, and the name of the property owner.~~ IN ADDITION,  
23 APPLICANTS FOR LICENSURE AS A STATE LICENSED REAL ESTATE APPRAIS-  
24 ER, A CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER, OR A CERTIFIED  
25 GENERAL REAL ESTATE APPRAISER MUST ALSO PROVIDE AN APPRAISAL LOG  
26 WHICH INCLUDES, AT A MINIMUM, THE FOLLOWING FOR EACH APPRAISAL:

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

24

- 1       (i) TYPE OF PROPERTY.
- 2       (ii) DATE OF REPORT.
- 3       (iii) ADDRESS OF APPRAISED PROPERTY.
- 4       (iv) DESCRIPTION OF WORK PERFORMED.
- 5       (v) NUMBER OF WORK HOURS.
- 6       (d) Advertise only the services authorized to be rendered
- 7 according to the type of license issued and only in the name and
- 8 address under which the individual is licensed. THE LICENSEE
- 9 SHALL INDICATE ON EVERY APPRAISAL REPORT THE LICENSE NUMBER AND
- 10 LEVEL OF LICENSURE.

11       Sec. 2635. A licensee who does 1 or more of the following

12 shall be subject to the penalties set forth in article 6:

13       (a) Violates any of the standards for the development and

14 communication of real property appraisals as provided in this

15 article or a rule promulgated pursuant to this article.

16       (b) Fails or refuses without good cause to exercise reason-

17 able diligence in developing or communicating an appraisal.

18       (c) Demonstrates incompetence in developing or communicating

19 an appraisal.

20       (d) Fails to make available to the department upon request

21 books and records required to be kept under this article.

22       (e) Performs, attempts to perform, or offers to perform

23 appraisal services for which the individual is not licensed under

24 this article.

25       (f) AIDS OR ABETS ANOTHER TO COMMIT A VIOLATION OF THIS ACT

26 OR THE RULES PROMULGATED UNDER THIS ACT.



**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

25

1 (G) USES THE LICENSE OF ANOTHER INDIVIDUAL OR KNOWINGLY  
2 ALLOWS ANOTHER INDIVIDUAL TO USE HIS OR HER LICENSE.

3 (H) ~~(f)~~ If a real estate valuation specialist ~~, failing~~  
4 OR A LIMITED REAL ESTATE APPRAISER FAILS to disclose to the  
5 client, ~~prior to~~ BEFORE making an appraisal, that the  
6 licensee's appraisal cannot be used in a ~~federally-related real~~  
7 ~~property financial~~ FEDERALLY RELATED transaction.

8 SEC. 2636. (1) A SANCTION AGAINST AN INDIVIDUAL LICENSED  
9 UNDER THIS ARTICLE IN THIS STATE BY ANOTHER STATE OR JURISDICTION  
10 MAY BE GROUNDS FOR DISCIPLINARY ACTION IN THIS STATE IF THE  
11 OFFENSE IS SUBSTANTIALLY SIMILAR TO A VIOLATION OF THIS ACT OR  
12 RULES PROMULGATED UNDER THIS ACT.

13 (2) A LICENSEE SHALL REPORT TO THE DEPARTMENT SANCTIONS  
14 TAKEN BY ANOTHER STATE OR JURISDICTION AGAINST HIS OR HER  
15 APPRAISAL LICENSE ISSUED BY THAT OTHER STATE WITHIN 30 DAYS AFTER  
16 THE FINAL ORDER IMPOSING DISCIPLINARY ACTION.

17 Sec. 2637. Not less than ~~once per calendar year~~ MONTHLY,  
18 the department shall compile a list of CERTIFIED GENERAL REAL  
19 ESTATE APPRAISER, CERTIFIED REAL ESTATE APPRAISER, AND STATE  
20 LICENSED REAL ESTATE APPRAISER licensees under this article,  
21 ~~and~~ provide it to the APPRAISAL SUBCOMMITTEE OF THE federal  
22 financial institutions examination council as required by  
23 section 1109 of the financial institutions reform, recovery, and  
24 enforcement act of 1989, Public Law 101-73, 12 U.S.C. 3338, AND  
25 REMIT THE APPROPRIATE FEE FOR EACH YEAR THE INDIVIDUAL IS  
26 LICENSED UNDER SECTION 38 OF THE STATE LICENSE FEE ACT, 1979 PA  
27 152, MCL 338.2238.

**SB 513, As Passed Senate, May 18, 1999**

Senate Bill No. 513

26

1        Enacting section 1. This amendatory act does not take  
2 effect unless Senate Bill No. 514 of the 90th Legislature is  
3 enacted into law.