

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1438

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 409, 411, and 2504 (MCL 339.409, 339.411,
and 339.2504), section 409 as added by 1988 PA 463, section 411
as amended by 1989 PA 261, and section 2504 as amended by 1984 PA
413, and by adding section 2502a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 409. (1) ~~A~~ THE DEPARTMENT SHALL NOT ISSUE A LICENSE
2 OR REGISTRATION TO A person who has completed the requirements
3 for a license or registration or who seeks to renew a license or
4 registration ~~shall not be issued a license or registration~~
5 until the person has paid the license or registration fee.

6 (2) License and registration fees shall be prescribed on a
7 per year basis. If licenses and registrations are established by
8 rules promulgated by the department under section 202 as biennial

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1 OR TRIENNIAL renewals, the fee required shall be twice OR 3
2 TIMES, AS APPROPRIATE, the per year amount.

3 (3) Unless otherwise provided by this act or rules promul-
4 gated under this act, all requirements for licensure or registra-
5 tion shall be completed by the applicant within 1 year after
6 receipt of the application by the department or mailing of a
7 notice of an incomplete application to the last known address on
8 file with the department, whichever is later. If the require-
9 ments are not completed, the fees paid shall be forfeited to the
10 department and the application shall be void. A person whose
11 application has been determined to be void under this subsection
12 shall submit a new application and fees and shall meet the stan-
13 dards in effect on the date of receipt BY THE DEPARTMENT of the
14 new application.

15 Sec. 411. (1) Subject to subsection (2), a person who fails
16 to renew a license or registration on or before the expiration
17 date shall not practice the occupation, operate, or use the title
18 after the expiration date printed on the license or
19 registration. A license or registration shall lapse on the day
20 after the expiration date.

21 (2) A person who fails to renew a license or registration on
22 or before the expiration date shall be permitted to renew the
23 license or registration by payment of the required license or
24 registration fee and a late renewal fee within 60 days after the
25 expiration date.

26 (3) Except as otherwise provided in this act, a person who
27 fails to renew a license or registration within the time period

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1 set forth in subsection (2) may be relicensed or reregistered
2 without examination and without meeting additional education or
3 training requirements in force at the time of application for
4 relicensure or reregistration if all of the following conditions
5 are met:

6 (a) The person applies within 3 years after the expiration
7 date of the last license or registration.

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

11 (c) Penalties and conditions imposed by disciplinary action
12 in this state or any other jurisdiction have been satisfied.

13 (d) The person submits proof of having completed the equiva-
14 lent of 1 year of continuing education within the 12 months imme-
15 diately preceding the date of application OR AS OTHERWISE PRO-
16 VIDED IN A SPECIFIC ARTICLE OR BY RULE, if continuing education
17 is required of licensees or registrants under a specific
18 article.

19 (4) Except as otherwise provided in this act, a person may
20 be relicensed or reregistered subsequent to 3 or more years after
21 the expiration date of the last license or registration upon
22 showing that the person meets the requirements for licensure or
23 registration as established by the department in rules or proce-
24 dures which may require a person to pass all or part of a
25 required examination, to complete continuing education require-
26 ments, or to meet current education or training requirements.

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1 (5) Unless otherwise provided in this act, a person who
2 seeks reinstatement of a license or registration shall file an
3 application on a form provided by the department, pay the appli-
4 cation processing fee, and file a petition to the department and
5 the appropriate board stating reasons for reinstatement and
6 including evidence that the person can and is likely to serve the
7 public in the regulated activity with competence and in con-
8 formance with all other requirements prescribed by law, rule, or
9 an order of the department or board. The procedure to be fol-
10 lowed in conducting the review of a petition for reinstatement is
11 prescribed in article 5. If approved for reinstatement, the
12 person shall pay the per year license or registration fee for the
13 upcoming license or registration period, in addition to complet-
14 ing any requirements imposed in accordance with section 203(2).

15 SEC. 2502A. BEGINNING NOVEMBER 1, 2003, THE DEPARTMENT
16 SHALL ISSUE A LICENSE FOR REAL ESTATE BROKER, ASSOCIATE REAL
17 ESTATE BROKER, AND REAL ESTATE SALESPERSON FOR A TERM OF 3 YEARS.

18 Sec. 2504. (1) Before receiving a real estate broker's
19 license, an applicant shall have successfully completed not less
20 than 90 clock hours of approved classroom courses in real estate,
21 of which not less than 9 clock hours shall be instruction on
22 civil rights law and equal opportunity in housing, and shall
23 submit an application as described in section 2505. The 90 hours
24 shall be in addition to the hours required to obtain a real
25 estate salesperson's license.

26 (2) Before being permitted to take the real estate
27 salesperson's examination, an applicant shall show proof of

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1 successful completion of not less than 40 clock hours of
2 classroom courses in principles of real estate, of which not less
3 than 4 clock hours shall be instruction on civil rights law and
4 equal opportunity in housing.

5 (3) For purposes of subsections (1) and (2), approved
6 courses may be on the following topics:

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

8 (b) Real property law, including property interests and
9 restrictions.

10 (c) Federal, state, and local tax laws affecting real
11 property.

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

13 (e) Financing, including mortgages, land contracts, foreclo-
14 sure, and limits on lending procedures and interest rates.

15 (f) Appraisal of real property.

16 (g) Design and construction.

17 (h) Marketing, exchanging, and counseling.

18 (i) The law of agency.

19 (j) Sales and office management, including listing and sell-
20 ing techniques.

21 (k) Real estate securities and syndications.

22 (l) Investments, including property management.

23 (4) ~~Before~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSEC-
24 TION, BEFORE being permitted to renew an active real estate
25 broker's or real estate salesperson's license, a licensee shall
26 have successfully completed, within the preceding 12 months, not
27 less than 6 clock hours of continuing education approved by the

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1 department INVOLVING ANY TOPICS RELEVANT TO THE MANAGEMENT,
2 OPERATION, AND PRACTICE OF REAL ESTATE AND covering changes in
3 economic conditions, law, rules, court cases, and
4 interpretations, OR ANY COMBINATION OF THOSE CHANGES, relating to
5 real property which are pertinent to the activities of a real
6 estate broker or real estate salesperson. BEGINNING NOVEMBER 1,
7 2003, A LICENSEE SHALL COMPLETE NOT LESS THAN 18 HOURS OF CON-
8 TINUING EDUCATION PER 3-YEAR LICENSE CYCLE. A LICENSEE SHALL
9 COMPLETE AT LEAST 6 HOURS OF THE REQUIRED 18 HOURS OF CONTINUING
10 EDUCATION COURSES DURING THE TIME PERIOD FROM NOVEMBER 1, 2003
11 AND ENDING ON DECEMBER 31, 2004. DURING CALENDAR YEAR 2005, A
12 LICENSEE SHALL COMPLETE AT LEAST 6 HOURS OF THE REQUIRED 18 HOURS
13 OF CONTINUING EDUCATION COURSES. DURING CALENDAR YEAR 2006, A
14 LICENSEE SHALL COMPLETE AT LEAST 4 HOURS OF THE REQUIRED 18 HOURS
15 OF CONTINUING EDUCATION COURSES. DURING CALENDAR YEAR 2007 AND
16 THEREAFTER, A LICENSEE SHALL COMPLETE AT LEAST 2 HOURS OF THE
17 REQUIRED 18 HOURS OF CONTINUING EDUCATION COURSES PER CALENDAR
18 YEAR. ANY EDUCATION APPROVED BY THE DEPARTMENT THAT IS RECEIVED
19 BY A LICENSEE FOR FURTHER PROFESSIONAL DESIGNATION SHALL BE
20 COUNTED TOWARD THE TOTAL CONTINUING EDUCATION CREDITS REQUIRED
21 FOR THE 3-YEAR LICENSE CYCLE. Each licensee, in completing ~~6~~
22 THE APPROPRIATE NUMBER OF clock hours, will have the option of
23 selecting the education courses in that licensee's area of exper-
24 tise, as long as the education courses are approved by the
25 department AND AS LONG AS AT LEAST 2 HOURS OF AN EDUCATION COURSE
26 PER CALENDAR YEAR INVOLVE LAW, RULES, AND COURT CASES REGARDING
27 REAL ESTATE. NOTWITHSTANDING THIS SUBSECTION, THE DEPARTMENT MAY

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1 RELICENSE A LICENSEE WHO HAS COMPLETED NOT LESS THAN 18 HOURS OF
2 CONTINUING EDUCATION IN THE SUBJECT MATTER AREAS REQUIRED BY THIS
3 SUBSECTION DURING THE 3-YEAR LICENSE CYCLE BUT HAS NOT OTHERWISE
4 MET THE REQUIREMENTS OF THIS SECTION IF THE LICENSEE PROVIDES
5 EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT HE OR SHE HAS GOOD
6 CAUSE FOR NOT COMPLYING WITH THE REQUIREMENTS IN THIS SUBSECTION.

7 (5) A license which has been inactive for less than 3 years
8 may be reinstated without examination if the licensee shows proof
9 of completion of not less than ~~6~~ THE APPROPRIATE NUMBER OF
10 clock hours of continuing education described in subsection (4).
11 A broker's license which has been inactive for 3 or more continu-
12 ous years may be reinstated without examination if the licensee
13 provides proof of the completion of either 6 clock hours of con-
14 tinuing education described in subsection (4) for each of the
15 years the license was inactive or 40 clock hours of instruction
16 described in subsection (3). A salesperson's license which has
17 been inactive for 3 or more continuous years may be reinstated if
18 the licensee provides proof of meeting 1 of the following
19 requirements:

20 (a) Completion of 6 clock hours of continuing education
21 described in subsection (4) for each of the years the license was
22 inactive.

23 (b) Completion of 40 clock hours of instruction described in
24 subsection (3).

25 (c) Passing the examination required for licensure as a
26 salesperson as provided in subsection (2).

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1 (6) The continuing education requirements provided in
2 subsections (4) and (5) shall not be applied towards the real
3 estate broker's license education requirements provided in
4 subsection (1), ~~nor shall~~ AND courses taken under real estate
5 broker's license education requirements SHALL NOT be applied
6 towards the continuing education requirements.

7 (7) ~~The continuing education requirements provided in sub-~~
8 ~~sections (4) and (5) do not apply to a real estate salesperson or~~
9 ~~real estate broker renewing his or her license in the year in~~
10 ~~which the original license was issued.~~ FOR REAL ESTATE BROKERS,
11 ASSOCIATE BROKERS, AND SALESPERSONS WHO RECEIVE A LICENSE ISSUED
12 IN THE SECOND OR THIRD YEARS OF A 3-YEAR LICENSE CYCLE, CONTINU-
13 ING EDUCATION SHALL BE IN COMPLIANCE WITH SUBSECTION (4), EXCEPT
14 FOR THE FOLLOWING:

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

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

23 (8) A person who offers or conducts a course or courses of
24 study represented to meet the educational requirements of this
25 article, first shall obtain approval from the department and
26 shall abide by the rules of the department concerning curriculum,
27 instructor qualification, grading system, and other related

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1 matters. IN ADDITION TO OTHER REQUIREMENTS IMPOSED UNDER RULE,
2 IN ORDER TO RECEIVE APPROVAL, A COURSE SHALL BE DESIGNED TO BE
3 TAUGHT FOR NOT LESS THAN 1 CLOCK HOUR, NOT INCLUDING TIME SPENT
4 ON BREAKS, MEALS, OR OTHER UNRELATED ACTIVITIES, PROVIDED THE
5 COURSE IS ONLY APPROVED FOR LESS THAN 2 CLOCK HOURS IF, BASED
6 UPON THE SUBJECT MATTER, COURSE OUTLINE, INSTRUCTIONAL MATERIALS,
7 METHODOLOGY, AND OTHER CONSIDERATIONS CONSISTENT WITH RULES OF
8 THE DEPARTMENT, THE DEPARTMENT DETERMINES THAT THE COURSE OBJEC-
9 TIVES CAN BE EFFECTIVELY MET IN THE PROPOSED TIME PERIOD. The
10 department may suspend or revoke the approval of a person for a
11 violation of this article or of the rules promulgated under this
12 article. A person shall not represent that its students are
13 assured of passing an examination required by the department. A
14 person shall not represent that the issuance of departmental
15 approval is a recommendation or indorsement of the person to
16 which it is issued or of a course of instruction given by it. A
17 pre-licensure course approved under this article shall be con-
18 ducted by a local public school district, a community college, an
19 institution of higher education authorized to grant degrees, or a
20 private school licensed by the department of ~~education~~ CAREER
21 DEVELOPMENT under ~~Act No. 148 of the Public Acts of 1943, being~~
22 ~~sections 395.101 to 395.103 of the Michigan Compiled Laws~~ 1943
23 PA 148, MCL 395.101 TO 395.103.

24 (9) A person who in operating a school violates subsection
25 (8) ~~shall be~~ IS subject to the penalties set forth in article
26 6.

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1 (10) The department may conduct, hold, or assist in
2 conducting or holding, a real estate clinic, meeting, course, or
3 institute, which shall be open to a person licensed under this
4 article, and may incur the necessary expenses in connection with
5 the clinic, meeting, course, or institute. The department, in
6 the public interest, may assist educational institutions within
7 this state in sponsoring studies, research, and programs for the
8 purpose of raising the standards of professional practice in real
9 estate and the competence of a licensee.