

**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  
16 , THE DEPART-  
17 MENT SHALL ISSUE A LICENSE FOR REAL ESTATE BROKER, ASSOCIATE REAL  
18 ESTATE BROKER, AND REAL ESTATE SALESPERSON FOR A TERM OF 3 YEARS.

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

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1           (2) Before being permitted to take the real estate  
2 salesperson's examination, an applicant shall show proof of  
3 successful completion of not less than 40 clock hours of class-  
4 room courses in principles of real estate, of which not less than  
5 4 clock hours shall be instruction on civil rights law and equal  
6 opportunity in housing.

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

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

10           (b) Real property law, including property interests and  
11 restrictions.

12           (c) Federal, state, and local tax laws affecting real  
13 property.

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

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

17           (f) Appraisal of real property.

18           (g) Design and construction.

19           (h) Marketing, exchanging, and counseling.

20           (i) The law of agency.

21           (j) Sales and office management, including listing and sell-  
22 ing techniques.

23           (k) Real estate securities and syndications.

24           (l) Investments, including property management.

25           (4) ~~Before~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, BEFORE  
26 being permitted to renew an active real estate  
broker's or real estate salesperson's license, a licensee shall  
27 have successfully completed, within the preceding 12 months,

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

(5) A license which has been inactive for less than 3 years  
may be reinstated without examination if the licensee shows proof  
of completion of not less than ~~6~~ THE APPROPRIATE NUMBER OF clock hours  
of continuing  
education described in subsection (4). A broker's license which  
has been inactive for 3 or more continuous years may be rein-  
stated without examination if the licensee provides proof of the  
completion of either 6 clock hours of continuing education  
described in subsection (4) for each of the years the license was  
inactive or 40 clock hours of instruction described in subsection  
(3). A salesperson's license which has been inactive for 3 or  
more continuous years may be reinstated if the licensee provides

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23 proof of meeting 1 of the following requirements:

24 (a) Completion of 6 clock hours of continuing education

25 described in subsection (4) for each of the years the license was

26 inactive.

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1 (b) Completion of 40 clock hours of instruction described in  
2 subsection (3).

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

5 (6) The continuing education requirements provided in sub-  
6 sections (4) and (5) shall not be applied towards the real estate  
7 broker's license education requirements provided in  
8 subsection (1), ~~nor shall~~ AND courses taken under real estate  
9 broker's license education requirements SHALL NOT be applied  
10 towards the continuing education requirements.

11 (7) The continuing education requirements provided in sub-  
12 sections (4) and (5) do not apply to a real estate salesperson or  
13 real estate broker renewing his or her license in the year in  
14 which the original license was issued.

15 (8) A person who offers or conducts a course or courses of  
16 study represented to meet the educational requirements of this  
17 article, first shall obtain approval from the department and  
18 shall abide by the rules of the department concerning curriculum,  
19 instructor qualification, grading system, and other related  
20 matters. IN ADDITION TO OTHER REQUIREMENTS IMPOSED UNDER RULE,  
21 IN ORDER TO RECEIVE APPROVAL, A COURSE SHALL BE DESIGNED TO BE  
22 TAUGHT FOR NOT LESS THAN 1 CLOCK HOUR, NOT INCLUDING TIME SPENT  
23 ON BREAKS, MEALS, OR OTHER UNRELATED ACTIVITIES, PROVIDED THE  
24 COURSE IS ONLY APPROVED FOR LESS THAN 2 CLOCK HOURS IF, BASED  
25 UPON THE SUBJECT MATTER, COURSE OUTLINE, INSTRUCTIONAL MATERIALS,  
26 METHODOLOGY, AND OTHER CONSIDERATIONS CONSISTENT WITH RULES OF  
27 THE DEPARTMENT, THE DEPARTMENT DETERMINES THAT THE COURSE



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1 OBJECTIVES CAN BE EFFECTIVELY MET IN THE PROPOSED TIME PERIOD.

2 The department may suspend or revoke the approval of a person for  
3 a violation of this article or of the rules promulgated under  
4 this article. A person shall not represent that its students are  
5 assured of passing an examination required by the department. A  
6 person shall not represent that the issuance of departmental  
7 approval is a recommendation or indorsement of the person to  
8 which it is issued or of a course of instruction given by it. A  
9 pre-licensure course approved under this article shall be con-  
10 ducted by a local public school district, a community college, an  
11 institution of higher education authorized to grant degrees, or a  
12 private school licensed by the department of ~~education~~ CAREER  
13 DEVELOPMENT under ~~Act No. 148 of the Public Acts of 1943, being~~  
14 ~~sections 395.101 to 395.103 of the Michigan Compiled Laws~~ 1943  
15 PA 148, MCL 395.101 TO 395.103.

16 (9) A person who in operating a school violates subsection  
17 (8) ~~shall be~~ IS subject to the penalties set forth in article  
18 6.

19 (10) The department may conduct, hold, or assist in conduct-  
20 ing or holding, a real estate clinic, meeting, course, or insti-  
21 tute, which shall be open to a person licensed under this arti-  
22 cle, and may incur the necessary expenses in connection with the  
23 clinic, meeting, course, or institute. The department, in the  
24 public interest, may assist educational institutions within this  
25 state in sponsoring studies, research, and programs for the pur-  
26 pose of raising the standards of professional practice in real  
27 estate and the competence of a licensee.