

**SUBSTITUTE FOR
SENATE BILL NO. 1016**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 2601, 2605, 2607, 2617, 2619, 2627, 2633,
2635, and 2637 (MCL 339.2601, 339.2605, 339.2607, 339.2617,
339.2619, 339.2627, 339.2633, 339.2635, and 339.2637), as amended
by 1999 PA 170, and by adding section 2610; and to repeal acts and
parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2601. As used in this article:

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

5 (i) A market analysis performed by a person licensed under

1 article 25 solely for the purpose of assisting a customer or
2 potential customer in determining the potential sale, purchase, or
3 listing price of real property or the rental rate of real property
4 as long as a fee or any other valuable consideration is not charged
5 for that analysis.

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

14 (iii) An assessment of the value of real property performed on
15 behalf of a local unit of government authorized to impose property
16 taxes when performed by an assessor certified under section 10d of
17 the general property tax act, 1893 PA 206, MCL 211.10d, or an
18 individual employed in an assessing capacity.

19 (B) "AQB CRITERIA" MEANS THE CRITERIA ESTABLISHED BY THE
20 APPRAISER QUALIFICATIONS BOARD OF THE APPRAISAL FOUNDATION OR AS
21 ADOPTED BY RULE OF THE DIRECTOR. UNTIL JANUARY 1, 2008, AQB
22 CRITERIA MEAN THE CRITERIA ENTITLED "REAL PROPERTY APPRAISER
23 QUALIFICATION CRITERIA AND INTERPRETATION OF THE CRITERIA", ADOPTED
24 BY THE APPRAISER QUALIFICATIONS BOARD ON FEBRUARY 16, 1994,
25 EFFECTIVE JANUARY 1, 1998, AND AS REVISED AND EFFECTIVE JANUARY 1,
26 2003. BEGINNING JANUARY 1, 2008, AQB CRITERIA MEAN THE CRITERIA
27 ENTITLED "REAL PROPERTY APPRAISER QUALIFICATION CRITERIA AND

1 INTERPRETATION OF THE CRITERIA", ADOPTED BY THE APPRAISER
2 QUALIFICATIONS BOARD ON FEBRUARY 20, 2004, EFFECTIVE JANUARY 1,
3 2008.

4 (C) ~~-(b)-~~ "Appraiser" means an individual engaged in or
5 offering to engage in the development and communication of an
6 appraisal.

7 (D) ~~-(e)-~~ "Certified general real estate appraiser" means an
8 individual who is licensed under section ~~-2615-~~ 2610 to appraise
9 all types of real property, including nonresidential real property
10 involving federally related transactions and real estate related
11 financial transactions.

12 (E) ~~-(d)-~~ "Certified residential real estate appraiser" means
13 an individual who is licensed under section ~~-2614-~~ 2610 to appraise
14 all types of residential real property involving real estate
15 related financial transactions and federally related transactions
16 as authorized by the regulations of a federal financial institution
17 regulatory agency and resolution trust corporation as well as any
18 nonresidential, nonfederally related transaction for which the
19 individual is qualified.

20 (F) ~~-(e)-~~ "Federal financial institution regulatory agency"
21 means the board of governors of the federal reserve system, the
22 federal deposit insurance corporation, the office of the
23 comptroller of the currency, the office of thrift supervision, or
24 the national credit union administration.

25 (G) ~~-(f)-~~ "Federally related transaction" means any real
26 estate related financial transaction that a federal financial
27 institution regulatory agency ~~or the resolution trust corporation~~

1 engages in, contracts for, or regulates and that requires the
 2 services of an appraiser under any of the following:

3 (i) ~~12 C.F.R.~~ **CFR** part 323, adopted by the federal deposit
 4 insurance corporation.

5 (ii) ~~12 C.F.R.~~ **CFR** parts 208 and 225, adopted by the board of
 6 governors of the federal reserve system.

7 (iii) ~~12 C.F.R.~~ **CFR** parts 701, 722, and 741, adopted by the
 8 national credit union administration.

9 (iv) ~~12 C.F.R.~~ **CFR** part 34, adopted by the office of the
 10 comptroller of the currency.

11 (v) ~~12 C.F.R.~~ **CFR** parts 506, 545, 563, 564, and 571, adopted
 12 by the office of thrift supervision.

13 ~~—— (vi) 12 C.F.R. part 1608, adopted by the resolution trust~~
 14 ~~corporation.~~

15 (H) ~~(g)~~ "Limited real estate appraiser" means an individual
 16 **MEETING THE AQB CRITERIA FOR APPRAISER TRAINEE AND** licensed under
 17 section ~~2611~~ **2610** to perform appraisals of real property not
 18 involving real estate related financial transactions or federally
 19 related transactions that require the services of a state licensed
 20 real estate appraiser, certified residential real estate appraiser,
 21 or certified general real estate appraiser.

22 ~~—— (h) "Real estate valuation specialist" means an individual~~
 23 ~~licensed under section 2611 to perform appraisals of real property~~
 24 ~~not involving federally related transactions or real estate related~~
 25 ~~financial transactions that require the services of a state~~
 26 ~~licensed real estate appraiser, certified residential real estate~~
 27 ~~appraiser, or certified general real estate appraiser.~~

1 (i) "Real estate related financial transaction" means any of
2 the following:

3 (i) A sale, lease, purchase, investment in, or exchange of real
4 property or the financing of real property.

5 (ii) A refinancing of real property.

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

8 (j) "Real property" means an identified tract or parcel of
9 land, including improvements on that land, as well as any
10 interests, benefits, or rights inherent in the land.

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

14 (l) "State licensed real estate appraiser" means an individual
15 who is licensed under section ~~2613~~ 2610 to appraise real
16 property, including, but not limited to, residential and
17 nonresidential real property involving federally related
18 transactions and real estate related financial transactions.

19 (m) "Uniform standards of professional appraisal practice"
20 means those standards relating to real property adopted by the
21 appraisal foundation on March 31, 1999, or as adopted by rule of
22 the director.

23 Sec. 2605. (1) At a minimum and subject to subsection (2),
24 licensees under this article shall utilize the uniform standards of
25 professional appraisal practice.

26 (2) The director may supplement or adopt by reference any
27 amendments to the uniform standards of professional appraisal

1 practice through the promulgation of rules if the director
2 determines that the amendments or supplemental standards serve as a
3 basis for the competent development and communication of an
4 appraisal and are not in conflict with federal requirements.

5 (3) The director through promulgation of a rule may supplement
6 or adopt by reference any changes promulgated by a federal
7 financial institution regulatory agency relative to standards for a
8 federally related transaction.

9 (4) THE DEPARTMENT SHALL UTILIZE THE AQB CRITERIA REGARDING
10 EDUCATION, EXAMINATION, AND EXPERIENCE FOR LICENSURE UNDER THIS
11 ARTICLE. THE AQB CRITERIA ARE ADOPTED BY REFERENCE. THE DEPARTMENT
12 MAY, BY PROMULGATION OF A RULE BY THE DIRECTOR, SUPPLEMENT OR AMEND
13 THE STANDARDS BY ADOPTION OF A STRICTER STANDARD THAT IS OTHERWISE
14 IN COMPLIANCE WITH THE MINIMUM AQB CRITERIA IN EFFECT OR BY
15 ADOPTION OF SUBSEQUENT AMENDMENTS TO THAT STANDARD ADOPTED BY THE
16 APPRAISER QUALIFICATION BOARD OF THE APPRAISAL FOUNDATION.

17 Sec. 2607. (1) A person shall not act as or offer to act as an
18 appraiser unless licensed under this article or exempt from
19 licensure under this article.

20 (2) An individual shall not represent himself or herself to be
21 a state licensed real estate appraiser, a certified general real
22 estate appraiser, a certified residential real estate appraiser, OR
23 a limited real estate appraiser ~~—, or a real estate valuation~~
24 ~~specialist~~ unless that individual is licensed under this article
25 in the appropriate capacity.

26 (3) The terms "state licensed real estate appraiser",
27 "certified general real estate appraiser", "certified residential

1 real estate appraiser", **OR** "limited real estate appraiser" ~~—, or~~
2 ~~"real estate valuation specialist"~~ or any similar term tending to
3 connote licensure under this article shall refer only to an
4 individual licensed under this article and shall not refer to or be
5 used in connection with the name or signature of a person that is
6 not an individual licensed under this article.

7 (4) An individual licensed as a certified general real estate
8 appraiser may perform the appraisal of real property of any type or
9 value, including appraisals required for federally related
10 transactions and real estate related financial transactions.

11 (5) An individual licensed as a certified residential real
12 estate appraiser may perform the appraisal of residential real
13 property and any other residential or nonresidential appraisal
14 required for a federally related transaction for which a certified
15 residential real estate appraiser is authorized under sections 1113
16 and 1114 of title XI of the financial institutions reform,
17 recovery, and enforcement act of 1989, Public Law 101-73, 12
18 ~~U.S.C.~~ **USC** 3342 and 3343, real estate related financial
19 transactions, and any nonfederally related transaction for which
20 the licensee is qualified.

21 (6) An individual licensed as a state licensed real estate
22 appraiser may independently perform the appraisal of residential
23 real property and any other residential or nonresidential appraisal
24 required for a federally related transaction for which a state
25 licensed real estate appraiser is authorized under title XI of the
26 financial institutions reform, recovery, and enforcement act of
27 1989, Public Law 101-73, 12 ~~U.S.C.~~ **USC** 3342 and 3343, real estate

1 related financial transactions, and any nonfederally related
2 transaction for which the licensee is qualified.

3 (7) An individual licensed as ~~a real estate valuation~~
4 ~~specialist or~~ a limited real estate appraiser may perform
5 independently only those appraisals related to transactions not
6 requiring, under federal law or regulations, the services of a
7 state licensed real estate appraiser, certified residential real
8 estate appraiser, or certified general real estate appraiser. The
9 appraisal must contain the supervisory signature of the state
10 licensed real estate appraiser, certified residential real estate
11 appraiser, or certified general real estate appraiser and must also
12 contain the signature of the ~~real estate valuation specialist or~~
13 limited real estate appraiser only where the appraisal is performed
14 by the ~~real estate valuation specialist or~~ limited real estate
15 appraiser under the provisions of this subsection.

16 **SEC. 2610. THE DEPARTMENT SHALL LICENSE AS A LIMITED REAL**
17 **ESTATE APPRAISER, A STATE LICENSED REAL ESTATE APPRAISER, A**
18 **CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER, OR A CERTIFIED GENERAL**
19 **REAL ESTATE APPRAISER AN INDIVIDUAL WHO IS AT LEAST 18 YEARS OF**
20 **AGE, IS OF GOOD MORAL CHARACTER, AND PROVIDES PROOF OF HAVING**
21 **COMPLETED THE MINIMUM EDUCATION, EXAMINATION, AND EXPERIENCE**
22 **REQUIREMENTS CONTAINED IN THE AQB CRITERIA FOR THE APPROPRIATE**
23 **LICENSE CATEGORY.**

24 Sec. 2617. (1) The director may promulgate rules regulating
25 the offering of educational courses required under this article,
26 including the type and conditions of instruction, the qualification
27 of instructors, the methods of grading, the means of monitoring and

1 reporting attendance, and the representations made by course
2 sponsors.

3 (2) All educational courses required under this article shall
4 be courses offered by 1 of the following:

5 (a) An institution of higher education authorized to grant
6 degrees, being a college, university, or community or junior
7 college.

8 (b) A private school licensed by the department of education
9 under 1943 PA 148, MCL 395.101 to 395.103, or authorized to operate
10 in any other state or jurisdiction.

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

12 (d) A nonprofit association related to real property or real
13 property appraisal.

14 ~~—— (3) Prelicensure courses, being those courses offered as a~~
15 ~~qualification for licensure, shall meet the following minimum~~
16 ~~requirements:~~

17 ~~—— (a) Be not less than 15 classroom hours in length, a classroom~~
18 ~~hour being at least 50 minutes.~~

19 ~~—— (b) Include an examination at the end of the course requiring~~
20 ~~an individual taking the course to demonstrate mastery of the~~
21 ~~course content.~~

22 ~~—— (c) Be completed at any time prior to sitting for the~~
23 ~~examination described in section 2619.~~

24 ~~—— (4) An applicant who received credit for completion of a~~
25 ~~prelicensure course by successfully passing a challenge examination~~
26 ~~may be given credit for such courses passed prior to July 1, 1990,~~
27 ~~upon review by the department of the course content and examination~~

1 given.

2 ~~—— (5) Continuing education courses required to be completed~~
 3 ~~under this article shall meet the following minimum requirements:~~

4 ~~—— (a) Be not less than 2 classroom hours in length, a classroom~~
 5 ~~hour being at least 50 minutes.~~

6 ~~—— (b) Be completed at any time following the expiration of the~~
 7 ~~licensee's previous license and the time the licensee applies for~~
 8 ~~renewal.~~

9 ~~—— (c) Be designed to maintain and improve the licensee's skill,~~
 10 ~~knowledge, and competency in the appraisal of real estate.~~

11 ~~—— (6) Courses taken in satisfying the qualifying education~~
 12 ~~requirements should not be repetitive in nature and should~~
 13 ~~represent a progression in which the appraiser's knowledge is~~
 14 ~~increased, as determined by the department and board.~~

15 **(3) EDUCATIONAL COURSES REQUIRED FOR LICENSURE UNDER THIS**
 16 **ARTICLE SHALL COMPLY WITH AQB CRITERIA.**

17 Sec. 2619. (1) Except as otherwise provided in section 2623,
 18 an individual seeking licensure under this article as a state
 19 licensed real estate appraiser, certified general real estate
 20 appraiser, or certified residential real estate appraiser shall
 21 first successfully pass the appraiser qualification board endorsed
 22 uniform real property appraiser examination or its equivalent as
 23 appropriate to the level of licensure sought and that is acceptable
 24 to the board and the department.

25 (2) The board and department may adopt an examination prepared
 26 or approved by a professional entity or organization including, but
 27 not limited to, the appraisal qualification board if the department

1 and the board determine that the examination serves as a basis for
 2 determining whether an individual has the knowledge and skills to
 3 perform with competence.

4 (3) Examination scores are considered valid for ~~3~~ 2 years
 5 from the date of the examination.

6 Sec. 2627. ~~(1)~~ As a condition for the renewal of licensure
 7 as **A LIMITED REAL ESTATE APPRAISER**, a certified general real estate
 8 appraiser, a certified residential real estate appraiser, or a
 9 state licensed real estate appraiser, a licensee shall complete ~~14~~
 10 classroom hours of continuing education meeting the standards of
 11 section 2617 for each year since the expiration of his or her
 12 previous license. **THE MINIMUM CONTINUING EDUCATION REQUIREMENTS**
 13 **DESCRIBED IN AQB CRITERIA.**

14 ~~—— (2) Effective the third year of licensure as a real estate~~
 15 ~~valuation specialist or as a limited real estate appraiser, an~~
 16 ~~individual licensed as a real estate valuation specialist or as a~~
 17 ~~limited real estate appraiser shall complete not less than 14~~
 18 ~~classroom hours of continuing education for each year since the~~
 19 ~~expiration of his or her previous license. This continuing~~
 20 ~~education shall meet the standards of section 2617.~~

21 ~~—— (3) Courses for which continuing education credit may be~~
 22 ~~obtained may include, but not be limited to, the following:~~

23 ~~—— (a) Ad valorem taxation.~~

24 ~~—— (b) Arbitrations.~~

25 ~~—— (c) Business courses related to real estate appraisal.~~

26 ~~—— (d) Construction or development cost estimating.~~

27 ~~—— (e) Ethics and standards of professional practice.~~

- 1 ~~—— (f) Land use planning, zoning, and taxation.~~
- 2 ~~—— (g) Real estate management, leasing, brokerage, and time-~~
- 3 ~~sharing.~~
- 4 ~~—— (h) Property development.~~
- 5 ~~—— (i) Real estate appraisal (valuations and evaluations).~~
- 6 ~~—— (j) Real estate financing and investment.~~
- 7 ~~—— (k) Real estate law.~~
- 8 ~~—— (l) Real estate litigation.~~
- 9 ~~—— (m) Real estate appraisal related computer applications.~~
- 10 ~~—— (n) Real estate securities and syndication.~~
- 11 ~~—— (o) Real estate exchange.~~
- 12 ~~—— (4) An individual who has authored a textbook, prepared and~~
- 13 ~~taught a prelicensure or continuing education course, or has~~
- 14 ~~undertaken some other activity which he or she believes may meet~~
- 15 ~~the continuing education requirements of this section may request~~
- 16 ~~continuing education credit for that activity from the department.~~
- 17 ~~An individual who has completed continuing education required for~~
- 18 ~~the renewal of an appraiser license in another state or~~
- 19 ~~jurisdiction may submit proof of the acceptance of that continuing~~
- 20 ~~education by that state as evidence of meeting the continuing~~
- 21 ~~education requirements in this state.~~
- 22 ~~—— (5) A course covering the uniform standards of professional~~
- 23 ~~appraisal practice must be completed as part of the continuing~~
- 24 ~~education requirement every third licensing period.~~

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

- 26 (a) Include, in any appraisal or report provided to a client,
- 27 the following statement: "Appraisers are required to be licensed

1 and are regulated by the Michigan Department of ~~Consumer and~~
 2 ~~Industry Services~~ **LABOR AND ECONOMIC GROWTH**, P.O. Box 30018,
 3 Lansing, Michigan 48909.".

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

6 (c) Maintain a system of books and records open to the
 7 department upon request during normal business hours. The books and
 8 records shall be maintained in accordance with the uniform
 9 standards of professional appraisal practice, the requirements of
 10 this article, and any requirements imposed by rules promulgated
 11 under this article. The books and records shall show all appraisals
 12 undertaken by name of client and the address or description of the
 13 property appraised. In addition, applicants for licensure as a
 14 state licensed real estate appraiser, a certified residential real
 15 estate appraiser, or a certified general real estate appraiser must
 16 also provide an appraisal log ~~which~~ **THAT** includes, at a minimum,
 17 the ~~following for each appraisal:~~ **DOCUMENTATION OR DATA REQUIRED**
 18 **TO BE KEPT UNDER THE AQB CRITERIA.**

19 ~~—— (i) Type of property.~~

20 ~~—— (ii) Date of report.~~

21 ~~—— (iii) Address of appraised property.~~

22 ~~—— (iv) Description of work performed.~~

23 ~~—— (v) Number of work hours.~~

24 (d) Advertise only the services authorized to be rendered
 25 according to the type of license issued and only in the name and
 26 address under which the individual is licensed. The licensee shall
 27 indicate on every appraisal report the license number and level of

1 licensure.

2 Sec. 2635. A licensee who does 1 or more of the following
3 shall be subject to the penalties set forth in article 6:

4 (a) Violates any of the standards for the development and
5 communication of real property appraisals as provided in this
6 article or a rule promulgated pursuant to this article.

7 (b) Fails or refuses without good cause to exercise reasonable
8 diligence in developing or communicating an appraisal.

9 (c) Demonstrates incompetence in developing or communicating
10 an appraisal.

11 (d) Fails to make available to the department upon request **OR**
12 **FAILS TO MAINTAIN** books and records required ~~to be kept~~ under
13 this article.

14 (e) Performs, attempts to perform, or offers to perform
15 appraisal services for which the individual is not licensed under
16 this article.

17 (f) Aids or abets another to commit a violation of this act or
18 the rules promulgated under this act.

19 (g) Uses the license of another individual or knowingly allows
20 another individual to use his or her license.

21 (h) If ~~a real estate valuation specialist or~~ a limited real
22 estate appraiser fails to disclose to the client, before making an
23 appraisal, that the licensee's appraisal cannot be used in a
24 federally related transaction.

25 Sec. 2637. Not less than monthly, the department shall compile
26 a list of certified general real estate appraiser, certified
27 **RESIDENTIAL** real estate appraiser, and state licensed real estate

1 appraiser licensees under this article, provide it to the appraisal
2 subcommittee of the federal financial institutions examination
3 council as required by section 1109 of the financial institutions
4 reform, recovery, and enforcement act of 1989, Public Law 101-73,
5 12 ~~U.S.C.~~ **USC** 3338, and remit the appropriate fee for each year
6 the individual is licensed under section 38 of the state license
7 fee act, 1979 PA 152, MCL 338.2238.

8 Enacting section 1. Sections 2611, 2613, 2614, 2615, and 2621
9 of the occupational code, 1980 PA 299, MCL 339.2611, 339.2613,
10 339.2614, 339.2615, and 339.2621, are repealed.