



Senate Fiscal Agency  
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BILL ANALYSIS

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House Bill 4416 (Substitute H-3 as reported without amendment)  
House Bill 4417 (Substitute H-2 as reported without amendment)  
Sponsor: Representative Tonya Schuitmaker (H.B. 4416)  
Representative Barbara Farrah (H.B. 4417)  
House Committee: Regulatory reform  
Senate Committee: Economic Development and Regulatory Reform

### **CONTENT**

The bills would amend Article 25 of the Occupational Code, which governs real estate brokers and salespeople. The bills are tie-barred and would take effect on July 1, 2008.

House Bill 4416 (H-3) would do the following:

- Identify duties that a real estate broker or salesperson would owe to his or her client, and services the broker or salesperson would have to provide, if he or she were acting under a service provision agreement.
- Define "service provision agreement" as a buyer agency agreement or listing agreement executed by a real estate broker and a client that establishes an agency relationship.
- Allow the specified services, other than marketing the client's property, to be waived in a "limited service agreement".
- For a broker who was involved at the closing of a real estate or business opportunity transaction, include in the required services (which could not be waived) furnishing to the buyer or seller a complete and detailed closing statement signed by the broker, showing each party all receipts and disbursements affecting that party.
- Prohibit a real estate broker or salesperson representing a client under a service provision agreement from advertising the property as "for sale by owner" or otherwise misleading the public to believe that the seller was not represented by a broker.
- Include failure to provide the required services as grounds for administrative sanctions.

House Bill 4417 (H-2) would include the required services and duties in the statutory form for disclosure of real estate agency relationships, and would prescribe the language of a limited service agreement form.

MCL 339.2501 et al. (H.B. 4416)  
339.2517 (H.B. 4417)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

Date Completed: 3-17-08

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz

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Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.