

PROPERTY MANAGEMENT LICENSE REQUIREMENTS

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<http://www.house.mi.gov/hfa>

House Bill 4549 as introduced
Sponsor: Rep. Michele Hoytenga
Committee: Regulatory Reform
Complete to 6-21-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4549 would amend the Occupational Code to do all of the following:

- Revise the definition of *real estate salesperson*, an occupation requiring licensure, to mean an individual employed by a real estate broker to lease or rent *nonresidential* real estate or engage in *nonresidential* property management. (Currently, a person engaged in the leasing, renting, or property management of *any* real estate, residential or commercial, must be licensed as a real estate salesperson.)
- Exempt an employee or agent of a real estate broker from regulation under the Occupational Code if his or her duties relate to property management.
- No longer require a real estate broker to have an associate broker directly supervise a branch office that engages only in property management.

The bill would amend Article 25 of the Occupational Code, which pertains to the licensure of real estate brokers and salespersons. Under the code, property management is considered to be a real estate activity, and individuals who engage in property management must be licensed as a real estate broker or, if employed by a real estate broker to engage in property management, as a real estate salesperson.

The bill would amend the definition of *real estate salesperson* to mean, among other things, an individual who is employed directly or indirectly by a licensed real estate broker to “lease or offer to lease, or rent or offer for rent, *nonresidential* real estate” or who is employed by a real estate broker “to engage in *nonresidential* property management” (new language in italics). Essentially, this would mean that an individual employed by a real estate broker would have to obtain a real estate salesperson license only if his or her duties involved leasing or renting commercial properties or engaging in property management of commercial properties. A person who is not employed by a broker, but who engages in leasing or renting real estate or property management, would still have to obtain a real estate broker license.

The bill would add a new subsection providing that Article 25 does not apply to an employee or agent of a real estate broker who is hired under a property management employment contract to perform duties relating to property management. [**Note:** The new language appears to apply the exemption from licensure under Article 25 to an employee or agent of a broker who performs *any* property management and not, as the amendment to the definition of “real estate salesperson” would do, only to an employee who engages in *nonresidential* property management.]

Currently, a real estate broker is required to maintain a place a business within the state and may obtain a branch office license for each additional place of business. If the branch office is located more than 25 miles from the nearest boundary of the municipality in which the main office is located, the branch office must be under the direct supervision of an associate broker. Under the bill, the requirement for an associate broker to provide direct supervision of a branch office would not apply if the branch office provided only property management services.

The bill would take effect 90 days after its enactment.

MCL 339.2501, 339.2503, and 339.2505

FISCAL IMPACT:

A fiscal analysis is in progress.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.