



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

REVISE REAL ESTATE REGS.

House Bill 4988

**Sponsor: Rep. Roland G. Niederstadt
Committee: State Affairs**

Complete to 8-26-91

A SUMMARY OF HOUSE BILL 4988 AS INTRODUCED 6-24-91

The Occupational Code regulates real estate brokers and real estate salespeople. The code prohibits licensed real estate brokers and salespeople from paying commission to unlicensed people. The code also prohibits people engaging in real estate actions for which licensure is required from suing for payment of such acts unless the person is licensed. The bill would amend the code to do the following:

- * Define the relationship between a real estate broker and an associate broker or real estate salesperson as an "independent contractor relationship" if two conditions were met: (1) There is a written agreement between the real estate broker and the associate broker or salesperson in which the latter are not employees of the former for federal and state income tax purposes; and (2) not less than 75 percent of the annual compensation paid by the real estate broker to the associate broker or salesperson was from commissions from the sale of real estate.

- * Include in the prohibition against paying commissions to "unlicensed" people payment to people providing names of ("or any other information regarding") potential buyers or sellers of real estate.

- * Prohibit real estate brokers or salespeople from using misleading or false advertising (including using the trade name or insignia of real estate organizations of which they were not members).

- * Prohibit lawsuits against licensed real estate brokers and salespeople:
 - (a) for violating the provisions of the Occupational Code governing them, and
 - (b) for failure to disclose either that a former occupant had (or was suspected of having had) a handicap whose disclosure would be legally discriminatory, or that the property was (or was suspected as having been) the site of a suicide or murder ("or other occurrence prohibited by law which had no material effect on the condition of the real property or improvements").

House Bill 4988 (8-26-91)