

# SENATE BILL No. 385

June 12, 1991, Introduced by Senator WARTNER and referred to the Committee on Commerce.

A bill to amend sections 2601, 2611, 2613, 2615, 2623, and 2637 of Act No. 299 of the Public Acts of 1980, entitled as amended

"Occupational code,"

section 2601 as amended and sections 2611, 2613, 2615, 2623, and 2637 as added by Act No. 269 of the Public Acts of 1990, being sections 339.2601, 339.2611, 339.2613, 339.2615, 339.2623, and 339.2637 of the Michigan Compiled Laws; to add section 2606; and to repeal certain parts of the act.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 2601, 2611, 2613, 2615, 2623, and 2637  
2 of Act No. 299 of the Public Acts of 1980, section 2601 as  
3 amended and sections 2611, 2613, 2615, 2623, and 2637 as added by  
4 Act No. 269 of the Public Acts of 1990, being sections 339.2601,  
5 339.2611, 339.2613, 339.2615, 339.2623, and 339.2637 of the

1 Michigan Compiled Laws, are amended and section 2606 is added to  
2 read as follows:

3 Sec. 2601. As used in this article:

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

7 (i) A market analysis performed by a person licensed under  
8 article 25 solely for the purpose of assisting a customer or  
9 potential customer in determining the potential sale, purchase,  
10 or listing price of real property or the rental rate of real  
11 property as long as a fee or any other valuable consideration is  
12 not charged for that analysis.

13 (ii) An assessment of the value of real property performed  
14 on behalf of a local unit of government authorized to impose  
15 property taxes when performed by an assessor certified under  
16 section 10d of the general property tax act, Act No. 206 of the  
17 Public Acts of 1893, being section 211.10d of the Michigan  
18 Compiled Laws, or an individual employed in an assessing  
19 capacity.

20 (b) "Appraiser" means an individual engaged in or offering  
21 to engage in the development and communication of appraisals of  
22 real property.

23 (c) "Federal financial institution regulatory agency" means  
24 the board of governors of the federal reserve system, the federal  
25 deposit insurance corporation, the office of the comptroller of  
26 the currency, the office of thrift supervision, or the national  
27 credit union administration.

1 (d) "Federally related transaction" means any real property  
2 related financial transaction in which a federal financial insti-  
3 tution regulatory agency or the resolution trust corporation  
4 engages in, contracts for, or regulates, and which requires the  
5 services of an appraiser under any of the following:

6 (i) 55 F.R. p. 33879 (August 20, 1990), adopted by the fed-  
7 eral deposit insurance corporation.

8 (ii) 12 C.F.R. parts 208 and 225, adopted by the board of  
9 governors of the federal reserve system.

10 (iii) 12 C.F.R. parts 701 and 741, and 55 F.R. p. 30199  
11 (July 25, 1990), adopted by the national credit union  
12 administration.

13 (iv) 12 C.F.R. part 34, adopted by the office of the comp-  
14 troller of the currency.

15 (v) 12 C.F.R. parts 506, 545, 563, and 571, and  
16 55 F.R. p. 34532 (August 23, 1990), adopted by the office of  
17 thrift supervision.

18 (vi) 55 F.R. p. 34210 (August 22, 1990), adopted by the res-  
19 olution trust corporation.

20 (e) "Real estate valuation specialist" means an individual  
21 licensed under section 2611 to perform appraisals of real prop-  
22 erty ~~not involving federally related transactions~~ FOR WHICH THE  
23 SERVICES OF A STATE CERTIFIED REAL ESTATE APPRAISER OR A STATE  
24 LICENSED REAL ESTATE APPRAISER ARE NOT REQUIRED UNDER THE REGULA-  
25 TIONS DESCRIBED IN SUBDIVISION (D).

1       (f) "Real property" means an identified tract or parcel of  
2 land, including improvements on that land, as well as any  
3 interests, benefits, or rights inherent in the land.

4       (g) "Real property related financial transaction" means any  
5 of the following:

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

8       (ii) A refinancing of real property.

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

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

14       (i) "State certified real estate appraiser" means an indi-  
15 vidual who is licensed under section 2615 to appraise all types  
16 of real property, including nonresidential real property involv-  
17 ing federally related transactions.

18       (j) "State licensed real estate appraiser" means an individ-  
19 ual who is licensed under section 2613 to appraise real property,  
20 including, but not limited to, residential AND NONRESIDENTIAL  
21 real property involving federally related transactions AS AUTHO-  
22 RIZED BY THE FEDERAL REGULATIONS DESCRIBED IN SUBDIVISION (D).

23       (k) "Uniform standards of professional appraisal practice"  
24 means those standards relating to real property published by the  
25 appraisal foundation and adopted by the appraisal foundation on  
26 June 5, 1990.

1 SEC. 2606. A PERSON SHALL NOT APPRAISE OR OFFER TO APPRAISE  
2 REAL PROPERTY UNLESS LICENSED UNDER THIS ARTICLE.

3 Sec. 2611. The department shall license as a real estate  
4 valuation specialist an individual who is AT LEAST 18 YEARS OF  
5 AGE AND IS of good moral character and meets either or both of  
6 the following:

7 (a) ~~Certifies that he or she possesses~~ POSSESSES at least  
8 2,000 hours of experience meeting the requirements of  
9 section 2621 in appraising real property.

10 (b) Provides proof of having completed not less than 40  
11 clock hours of classroom courses related to developing and commu-  
12 nicating appraisals of real property, at least 15 of which relate  
13 to the uniform standards of professional appraisal practice.

14 Sec. 2613. The department shall license as a state licensed  
15 real estate appraiser an individual who ~~submits evidence~~  
16 ~~showing~~ DEMONSTRATES, to the satisfaction of the department,  
17 that he or she meets all of the following conditions:

18 (a) ~~Completion of~~ HAS COMPLETED not less than 75 clock  
19 hours of classroom courses emphasizing the appraisal of residen-  
20 tial real property and meeting the standards of section 2617.

21 The courses shall cover all of the following:

22 (i) Influences on real estate value.

23 (ii) Legal considerations in appraisal.

24 (iii) Types of value.

25 (iv) Economic principles.

26 (v) Real estate markets and analysis.

- 1 (vi) Valuation process.
- 2 (vii) Property description.
- 3 (viii) Highest and best use analysis.
- 4 (ix) Appraisal statistical concepts.
- 5 (x) Sales comparison approach.
- 6 (xi) Site value.
- 7 (xii) Cost approach.
- 8 (xiii) Income approach.
- 9 (xiv) Valuation of partial interests.
- 10 (xv) The uniform standards of professional appraisal prac-
- 11 tice and ethics.
- 12 (b) ~~Certifies that he or she possesses~~ POSSESSES at least
- 13 2,000 hours of experience meeting the standards of section 2621
- 14 in appraising residential real property. Acceptable experience
- 15 includes, but is not limited to, the following:
- 16 (i) Fee and staff appraisal.
- 17 (ii) Ad valorem tax appraisal.
- 18 (iii) Review appraisal.
- 19 (iv) Appraisal analysis.
- 20 (v) Real estate counseling.
- 21 (vi) Highest and best use analysis.
- 22 (vii) Feasibility analysis or study.
- 23 (viii) Teaching of appraisal courses.
- 24 (ix) Market analysis.
- 25 (c) ~~The passing of~~ HAS PASSED an examination as described
- 26 in section 2619.

1 (d) ~~Being~~ IS of good moral character.

2 (E) IS AT LEAST 18 YEARS OF AGE.

3 Sec. 2615. The department shall license as a state certi-  
4 fied real estate appraiser an individual who ~~submits evidence~~  
5 ~~satisfactory to~~ DEMONSTRATES, TO THE SATISFACTION OF the  
6 department, ~~of meeting~~ THAT HE OR SHE MEETS all of the follow-  
7 ing conditions:

8 (a) ~~Certifies that he or she possesses~~ POSSESSES at least  
9 2,000 hours of experience meeting the standards of section 2621  
10 in appraising real property, at least 1,000 hours of which shall  
11 be in appraising nonresidential real property. Acceptable  
12 experience includes, but is not limited to, the following:

13 (i) Fee and staff appraisal.

14 (ii) Ad valorem tax appraisal.

15 (iii) Review appraisal.

16 (iv) Appraisal analysis.

17 (v) Real estate counseling.

18 (vi) Highest and best use analysis.

19 (vii) Feasibility analysis or study.

20 (viii) Teaching of appraisal courses.

21 (b) ~~Completion of~~ HAS COMPLETED 165 clock hours of class-  
22 room courses meeting the standards of section 2617 and emphasiz-  
23 ing all types and values of real property appraisals. An appli-  
24 cant may apply the 75 clock hours used to obtain licensure as a  
25 state licensed real estate appraiser toward the requirement of  
26 165 clock hours, but shall be able to demonstrate that the  
27 remaining 90 clock hours relate to the appraisal of

1 nonresidential real property. The courses shall cover the  
2 following topics:

- 3 (i) Influences on real estate value.
- 4 (ii) Legal considerations in appraisal.
- 5 (iii) Types of value.
- 6 (iv) Economic principles.
- 7 (v) Real estate markets and analysis.
- 8 (vi) Valuation process.
- 9 (vii) Property description.
- 10 (viii) Highest and best use analysis.
- 11 (ix) Appraisal math and statistics.
- 12 (x) Sales comparison approach.
- 13 (xi) Site value.
- 14 (xii) Cost approach.
- 15 (xiii) Income approach.
- 16 (xiv) Valuation of partial interests.
- 17 (xv) The uniform standards of professional appraisal prac-  
18 tice and ethics.

19 (c) ~~The passing of~~ HAS PASSED an examination as required  
20 in section 2619.

21 (D) IS OF GOOD MORAL CHARACTER.

22 (E) IS AT LEAST 18 YEARS OF AGE.

23 Sec. 2623. The department shall issue a state certified or  
24 state licensed real estate appraiser license without examination  
25 to an individual who, at the time of application, is licensed,  
26 registered, certified, or otherwise regulated by another state at  
27 that level if the requirements of that state, as determined by

1 the board and the department, are at least equal to the  
2 requirements of this article AND BOTH THE EDUCATION AND  
3 EXPERIENCE REQUIREMENTS WERE MET PRIOR TO LICENSURE IN THAT  
4 STATE.

5       Sec. 2637. Not less than once per calendar year, the  
6 department shall compile a list of licensees under this article  
7 and provide it to the APPRAISAL SUBCOMMITTEE OF THE federal  
8 financial institutions examination council as required by  
9 section 1109 of the financial institutions reform, recovery, and  
10 enforcement act of 1989, Public Law 101-73, 12 U.S.C. 3338.

11       Section 2. (1) Sections 2501 and 2503 as amended by and  
12 sections 2605, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623,  
13 2625, 2627, 2629, 2633, 2635, and 2637 as added by Act No. 269 of  
14 the Public Acts of 1990 shall take effect on December 31, 1991.

15       (2) Section 2607 as added by Act No. 269 of the Public Acts  
16 of 1990 shall take effect on July 1, 1991.

17       (3) Section 2606 shall take effect on December 1, 1991.

18       Section 3. (1) Section 2631 of Act No. 299 of the Public  
19 Acts of 1980, being section 339.2631 of the Michigan Compiled  
20 Laws, is repealed.

21       (2) Enacting section 2 of Act No. 269 of the Public Acts of  
22 1990 is repealed.