

Act No. 430
Public Acts of 1996
Approved by the Governor
November 27, 1996
Filed with the Secretary of State
December 2, 1996

STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996

Introduced by Rep. Munsell

Reps. Anthony, Baird, Cherry, DeHart, DeMars, Dobb, Freeman, Gagliardi, Goschka, Gustafson, Hill, Jersevic, Johnson, Kelly, Kilpatrick, Kukuk, LaForge, London, Mathieu, McBryde, McNutt, Olshove, Parks, Pitoniak, Profit, Prusi, Randall, Rocca, Scott, Sikkema, Stallworth, Tesanovich, Varga, Vaughn, Wallace, Weeks and Willard named co-sponsors

ENROLLED HOUSE BILL No. 5643

AN ACT to amend section 2512 of Act No. 299 of the Public Acts of 1980, entitled as amended "An act to revise, consolidate, and classify the laws of this state regarding the regulation of certain occupations; to create a board for each of those occupations; to establish the powers and duties of certain departments and agencies and the boards of each occupation; to provide for the promulgation of rules; to provide for certain fees; to provide for penalties and civil fines; to establish rights, relationships, and remedies of certain persons under certain circumstances; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," as amended by Act No. 333 of the Public Acts of 1994, being section 339.2512 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 2512 of Act No. 299 of the Public Acts of 1980, as amended by Act No. 333 of the Public Acts of 1994, being section 339.2512 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 2512. A licensee who commits 1 or more of the following is subject to the penalties set forth in article 6:

(a) Except in a case involving property management, acts for more than 1 party in a transaction without the knowledge of the parties.

(b) Beginning January 1, 1994, fails to provide a written agency disclosure to a prospective buyer or seller in a real estate transaction.

(c) Represents or attempts to represent a real estate broker other than the employer without the express knowledge and consent of the employer.

(d) Fails to account for or to remit money coming into the licensee's possession which belongs to others.

(e) Changes a business location without notification to the department.

(f) In the case of a real estate broker, fails to return a real estate salesperson's license within 5 days as provided in section 2507.

(g) In the case of a licensee engaged in property management, violates section 2512c(2), (5), or (6).

(h) Except as provided in section 2512b, shares or pays a fee, commission, or other valuable consideration to a person not licensed under this article including payment to any person providing the names of, or any other information regarding, a potential seller or purchaser of real estate but excluding payment for the purchase of commercially prepared lists of names. However, a licensed real estate broker may pay a commission to a licensed real estate broker

of another state if the nonresident real estate broker does not conduct in this state a negotiation for which a commission is paid.

(i) Conducts or develops a market analysis not in compliance with section 2601(a)(ii).

(j) Except in the case of property management accounts, fails to deposit in a custodial trust or escrow account money belonging to others coming into the hands of the licensee in compliance with the following:

(i) A real estate broker shall retain a deposit or other money accepted by a person, partnership, corporation, or association holding a real estate broker's license under this article pending consummation or termination of the transaction involved and shall account for the full amount of the money at the time of the consummation or termination of the transaction.

(ii) A real estate salesperson shall pay over to the real estate broker, upon receipt, a deposit or other money on a transaction in which the real estate salesperson is engaged on behalf of the real estate broker.

(iii) A real estate broker shall not permit an advance payment of funds belonging to others to be deposited in the real estate broker's business or personal account or to be commingled with funds on deposit belonging to the real estate broker.

(iv) A real estate broker shall deposit, within 2 banking days after the broker has received notice that an offer to purchase is accepted by all parties, money belonging to others in a separate custodial trust or escrow account maintained by the real estate broker with a bank, savings and loan association, credit union, or recognized depository until the transaction involved is consummated or terminated, at which time the real estate broker shall account for the full amount received.

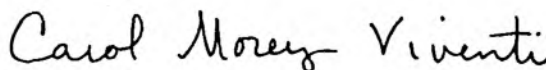
(v) A real estate broker shall keep records of funds deposited in a custodial trust or escrow account, which records shall indicate clearly the date and from whom the money was received, the date deposited, the date of withdrawal, and other pertinent information concerning the transaction, and shall show clearly for whose account the money is deposited and to whom the money belongs. The records shall be subject to inspection by the department. A separate custodial trust or escrow account shall designate the real estate broker as trustee, and the custodial trust or escrow account shall provide for withdrawal of funds without previous notice. This article and the rules promulgated pursuant to this article do not prohibit the deposit of money accepted under this section in a noninterest bearing account of a state or federally chartered savings and loan association or a state or federally chartered credit union.

Section 2. This amendatory act shall take effect January 1, 1997.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.