

SUBSTITUTE FOR
HOUSE BILL NO. 6226

A bill to amend 1980 PA 299, entitled "Occupational code," by amending sections 2401, 2402, 2404, 2407, 2411, and 2412 (MCL 339.2401, 339.2402, 339.2404, 339.2407, 339.2411, and 339.2412), sections 2401 and 2411 as amended by 1991 PA 166, sections 2404 and 2407 as amended by 1988 PA 463, and section 2412 as amended by 1980 PA 496.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2401. As used in this article:
- 2 (A) "CARPENTER CONTRACTOR" MEANS A PERSON ENGAGED IN ROUGH
- 3 CARPENTRY ON RESIDENTIAL STRUCTURES FOR A FIXED SUM, PRICE, FEE,
- 4 PERCENTAGE, OR OTHER VALUABLE CONSIDERATION, OTHER THAN WAGES FOR
- 5 PERSONAL LABOR ONLY.
- 6 (B) ~~(a)~~ "Residential builder" means a person engaged in
- 7 the construction of a residential structure or a combination

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

2

1 residential and commercial structure who, for a fixed sum, price,
2 fee, percentage, valuable consideration, or other compensation,
3 other than wages for personal labor only, undertakes with another
4 or offers to undertake or purports to have the capacity to under-
5 take with another for the erection, construction, replacement,
6 repair, alteration, or an addition to, subtraction from, improve-
7 ment, wrecking of, or demolition of, a residential structure or
8 combination residential and commercial structure; a person who
9 manufactures, assembles, constructs, deals in, or distributes a
10 residential or combination residential and commercial structure
11 which is prefabricated, preassembled, precut, packaged, or shell
12 housing; or a person who erects a residential structure or combi-
13 nation residential and commercial structure except for the
14 person's own use and occupancy on the person's property.

15 (C) ~~(b)~~ "Residential maintenance and alteration
16 contractor" means a person who, for a fixed sum, price, fee, per-
17 centage, valuable consideration, or other compensation, other
18 than wages for personal labor only, undertakes with another for
19 the repair, alteration, or an addition to, subtraction from,
20 improvement of, wrecking of, or demolition of a residential
21 structure or combination residential and commercial structure, or
22 building of a garage, or laying of concrete on residential prop-
23 erty, or who engages in the purchase, substantial rehabilitation
24 or improvement, and resale of a residential structure, engaging
25 in that activity on the same structure more than twice in 1 cal-
26 endar year, except in the following instances:

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

3

1 (i) If the work is for the person's own use and occupancy.

2 (ii) If the rehabilitation or improvement work of
3 residential type property or a structure is contracted for, with,
4 or hired entirely to be done and performed for the owner by a
5 person licensed under this article.

6 (iii) If work is performed by a person employed by the owner
7 to perform work for which the person is licensed by the state.

8 (D) ~~(c)~~ "Residential structure" means a premises used or
9 intended to be used for a residence purpose and related facili-
10 ties appurtenant to the premises, used or intended to be used, as
11 an adjunct of residential occupancy.

12 (E) "ROUGH CARPENTRY" MEANS THE ERECTING, INSTALLING, ALTER-
13 ING, OR REPAIRING OF WALLS MADE OF WOOD OR METAL FRAMING COMPO-
14 NENTS, BEFORE BEING SHEETED, INCLUDING, BUT NOT LIMITED TO,
15 DECKS, CEILINGS, OR ROOFS, AND ANY COMPONENTS OF DECKS, CEILINGS,
16 OR ROOFS THAT CONSTITUTE ROUGH FRAMING OF A RESIDENTIAL
17 STRUCTURE.

18 (F) ~~(d)~~ "Salesperson" means an employee or agent, other
19 than a qualifying officer, of a licensed residential builder,
20 CARPENTER CONTRACTOR, or residential maintenance and alteration
21 contractor, who for a salary, wage, fee, percentage, commission,
22 or other consideration, sells or attempts to sell, negotiates or
23 attempts to negotiate, solicits for or attempts to solicit for,
24 obtains or attempts to obtain a contract or commitment for, or
25 furnishes or attempts or agrees to furnish, the goods and serv-
26 ices of a residential builder, CARPENTER CONTRACTOR, or
27 residential maintenance and alteration contractor, except a

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

4

1 person working for a licensed residential builder, CARPENTER
2 CONTRACTOR, or residential maintenance and alteration contractor
3 who makes sales which are occasional and incidental to the
4 person's principal employment.

5 (G) ~~(e)~~ "Wages" means money paid or to be paid on an
6 hourly or daily basis by an owner, lessor, or occupant of a resi-
7 dential structure or combination residential and commercial
8 structure as consideration for the performance of personal labor
9 on the structure by a person who does not perform or promise to
10 perform the labor for any other fixed sum, price, fee, percen-
11 tage, valuable consideration, or other compensation and who does
12 not furnish or agree to furnish the material or supplies required
13 to be used in the performance of the labor or an act defined in
14 subdivision (a), ~~or~~ (b), (C), OR (E).

15 Sec. 2402. A residential builders', CARPENTER CONTRACTORS',
16 and maintenance and alteration contractors' board is created.
17 ~~Four~~ TWO members shall be licensed residential builders, 2 MEM-
18 BERS SHALL BE LICENSED CARPENTER CONTRACTORS, and 2 members shall
19 be licensed maintenance and alteration contractors.

20 Sec. 2404. (1) The department may require an applicant,
21 licensee, or each partner, trustee, director, officer, member, or
22 shareholder to submit evidence of good moral character and finan-
23 cial stability. Before the issuance of a license, an applicant
24 shall submit any amount required to be paid under the construc-
25 tion lien act, ~~Act No. 497 of the Public Acts of 1980, being~~
26 ~~sections 570.1101 to 570.1305 of the Michigan Compiled Laws~~ 1980
27 PA 497, MCL 570.1101 TO 570.1305.

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

5

1 (2) The department shall require an applicant for a license
2 to pass an examination establishing that the applicant has a fair
3 knowledge of the obligations of a residential builder, ~~or~~ resi-
4 dential maintenance and alteration contractor, OR CARPENTER
5 CONTRACTOR to the public and the applicant's principal, and the
6 statutes relating to the applicant's licensure.

7 (3) The department, upon application, may issue a residen-
8 tial maintenance and alteration contractor's license to an appli-
9 cant who, upon examination, qualifies for a license, which shall
10 authorize the licensee according to the applicant's qualifica-
11 tions, crafts, and trades to engage in the activities of a resi-
12 dential maintenance and alteration contractor. A license shall
13 include the following crafts and trades: carpentry BUT NOT ROUGH
14 CARPENTRY; concrete; swimming pool installation; waterproofing a
15 basement; excavation; insulation work; masonry work; painting and
16 decorating; roofing; siding and gutters; screen or storm sash
17 installation; tile and marble work; and house wrecking. The
18 license shall specify the particular craft or trade for which the
19 licensee has qualified. This subsection shall not prohibit a
20 specialty contractor from taking and executing a contract involv-
21 ing the use of 2 or more crafts or trades if the performance of
22 the work in the craft or trade, other than in which the person is
23 licensed, is incidental and supplemental to the performance of
24 work in the craft for which the specialty contractor is
25 licensed.

26 (4) BEGINNING THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
27 ADDED THIS SUBSECTION AND FOR A PERIOD OF 12 MONTHS AFTERWARDS,

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

6

1 THE DEPARTMENT SHALL ISSUE A CARPENTER CONTRACTOR LICENSE TO A
2 PERSON WHO APPLIES TO THE DEPARTMENT, PAYS THE APPLICABLE LICENSE
3 AND APPLICATION FEES, AND DEMONSTRATES IN A MANNER ACCEPTABLE TO
4 THE DEPARTMENT THAT HE OR SHE HAS BEEN ENGAGED AS A CARPENTER
5 CONTRACTOR FOR AT LEAST 12 OF THE PRECEDING 24 MONTHS. AFTER THE
6 TIME PERIOD DESCRIBED IN THIS SUBSECTION, THE APPLICANT SHALL
7 ALSO SUCCESSFULLY COMPLETE THE EXAMINATION DESCRIBED IN SUBSEC-
8 TION (2) IN ADDITION TO APPLYING TO THE DEPARTMENT AND PAYING THE
9 APPLICABLE FEES.

10 (5) A PERSON LICENSED UNDER THIS ARTICLE AS A RESIDENTIAL
11 BUILDER OR A RESIDENTIAL MAINTENANCE AND ALTERATION CONTRACTOR,
12 OR BOTH, MAY ENGAGE IN ROUGH CARPENTRY WITHOUT BEING LICENSED AS
13 A CARPENTRY CONTRACTOR SO LONG AS HE OR SHE MAINTAINS HIS OR HER
14 LICENSE AS A RESIDENTIAL BUILDER OR RESIDENTIAL MAINTENANCE AND
15 ALTERATION CONTRACTOR.

16 (6) ~~(4)~~ A residential builder, CARPENTER CONTRACTOR, or
17 residential maintenance and alteration contractor shall maintain
18 a place of business in this state. If a residential builder,
19 CARPENTER CONTRACTOR, or residential maintenance and alteration
20 contractor maintains more than 1 place of business within this
21 state, a branch office license shall be issued to the builder or
22 contractor for each place of business so maintained.

23 Sec. 2407. (1) A salesperson shall be licensed in the
24 employ of only 1 residential builder, CARPENTER CONTRACTOR, or
25 maintenance and alteration contractor. If a salesperson desires
26 to change employment from 1 residential builder, CARPENTER
27 CONTRACTOR, or maintenance and alteration contractor to another,

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

7

1 the license shall be forwarded to the department and application
2 made for a transfer and the issuance of a new license under the
3 salesperson's new employer.

4 (2) An application for a salesperson's license shall be sub-
5 mitted by the employing residential builder, CARPENTER
6 CONTRACTOR, or residential maintenance and alteration
7 contractor.

8 Sec. 2411. (1) A complaint filed as prescribed in article 5
9 shall be made within 18 months after completion, occupancy, or
10 purchase, whichever occurs later, of a residential structure or a
11 combination of residential and commercial structure.

12 (2) A licensee or applicant who commits 1 or more of the
13 following shall be subject to the penalties set forth in article
14 6:

15 (a) Abandonment without legal excuse of a contract, con-
16 struction project, or operation engaged in or undertaken by the
17 licensee.

18 (b) Diversion of funds or property received for prosecution
19 or completion of a specific construction project or operation, or
20 for a specified purpose in the prosecution or completion of a
21 construction project or operation, and the funds or property
22 application or use for any other construction project or opera-
23 tion, obligation, or purposes.

24 (c) Failure to account for or remit money coming into the
25 person's possession which belongs to others.

26 (d) A willful departure from or disregard of plans or
27 specifications in a material respect and prejudicial to another,

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

8

1 without consent of the owner or an authorized representative and
2 without the consent of the person entitled to have the particular
3 construction project or operation completed in accordance with
4 the plans and specifications.

5 (e) A willful violation of the building laws of the state or
6 of a political subdivision of the state.

7 (f) In a maintenance and alteration contract, failure to
8 furnish to a lender the purchaser's signed completion certificate
9 executed upon completion of the work to be performed under the
10 contract.

11 (g) If a licensed residential builder, CARPENTER CONTRACTOR,
12 or licensed residential maintenance and alteration contractor,
13 failure to notify the department within 10 days of a change in
14 the control or direction of the business of the licensee result-
15 ing from a change in the licensee's partners, directors, offi-
16 cers, or trustees, or a change in the control or direction of the
17 business of the licensee resulting from any other occurrence or
18 event.

19 (h) Failure to deliver to the purchaser the entire agreement
20 of the parties including finance and any other charge arising out
21 of or incidental to the agreement when the agreement involves
22 repair, alteration, or addition to, subtraction from, improvement
23 of, wrecking of, or demolition of a residential structure or com-
24 bination of residential and commercial structure, or building of
25 a garage, or laying of concrete on residential property, or manu-
26 facture, assembly, construction, sale, or distribution of a
27 residential STRUCTURE or combination residential and commercial

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

9

1 structure which is prefabricated, preassembled, precut, packaged,
2 or shell housing.

3 (i) If a salesperson, failure to pay over immediately upon
4 receipt money received by the salesperson, in connection with a
5 transaction governed by this article to the residential builder,
6 CARPENTER CONTRACTOR, or residential maintenance and alteration
7 contractor under whom the salesperson is licensed.

8 (j) Aiding or abetting an unlicensed person to evade this
9 article, or knowingly combining or conspiring with, or acting as
10 agent, partner, or associate for an unlicensed person, or allow-
11 ing one's license to be used by an unlicensed person, or acting
12 as or being an ostensible licensed residential builder, CARPENTER
13 CONTRACTOR, or licensed residential maintenance and alteration
14 contractor for an undisclosed person who does or shall control or
15 direct, or who may have the right to control or direct, directly
16 or indirectly, the operations of a licensee.

17 (k) Acceptance of a commission, bonus, or other valuable
18 consideration by a salesperson for the sale of goods or the per-
19 formance of service specified in the article from a person other
20 than the residential builder, CARPENTER CONTRACTOR, or residen-
21 tial maintenance and alteration contractor under whom the person
22 is licensed.

23 (l) Becoming insolvent, filing a bankruptcy action, becoming
24 subject to a receivership, assigning for the benefit of credi-
25 tors, failing to satisfy judgments or liens, or failing to pay an
26 obligation as it becomes due in the ordinary course of business.

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

10

1 (m) Poor workmanship or workmanship not meeting the
2 standards of the custom or trade verified by a building code
3 enforcement official.

4 (3) The department shall suspend or revoke the license of a
5 person licensed under this article whose failure to pay a lien
6 claimant results in a payment being made from the homeowner con-
7 struction lien recovery fund pursuant to the construction lien
8 act, ~~Act No. 497 of the Public Acts of 1980, being sections~~
9 ~~570.1101 to 570.1305 of the Michigan Compiled Laws~~ 1980 PA 497,
10 MCL 570.1101 TO 570.1305, regardless of whether the person was
11 performing services as a licensee under this article; under the
12 electrical administrative act, ~~Act No. 217 of the Public Acts of~~
13 ~~1956, as amended, being sections 338.881 to 338.892 of the~~
14 ~~Michigan Compiled Laws~~ 1956 PA 217, MCL 338.881 TO 338.892; or
15 under ~~Act No. 266 of the Public Acts of 1929, as amended, being~~
16 ~~sections 338.901 to 338.917 of the Michigan Compiled Laws~~ 1929
17 PA 266, MCL 338.901 TO 338.917. The license shall not be renewed
18 nor shall a new license be issued until the licensee has repaid
19 in full to the fund the amount paid out plus the costs of litiga-
20 tion and interest at the rate set by section 6013 of the revised
21 judicature act of 1961, ~~Act No. 236 of the Public Acts of 1961,~~
22 ~~as amended, being section 600.6013 of the Michigan Compiled Laws~~
23 1961 PA 236, MCL 600.6013.

24 (4) The department shall conduct a review upon notice ~~by~~
25 ~~the department of public health~~ that the licensee has violated
26 the asbestos abatement contractors licensing act, ~~Act No. 135 of~~
27 ~~the Public Acts of 1986, being sections 338.3101 to 338.3319 of~~

HB6226, As Passed House, December 9, 1998

House Bill No. 6226

11

1 ~~the Michigan Compiled Laws, or sections 57 to 60f of the Michigan~~
2 ~~occupational safety and health act, Act No. 154 of the Public~~
3 ~~Acts of 1974, being sections 408.1057 to 408.1060f of the~~
4 ~~Michigan Compiled Laws~~ 1986 PA 135, MCL 338.3101 TO 338.3319,
5 and may suspend or revoke that person's license for a knowing
6 violation of ~~those acts~~ THAT ACT.

7 Sec. 2412. A person or qualifying officer for a corporation
8 or member of a residential builder, CARPENTER CONTRACTOR, or res-
9 idential maintenance and alteration contractor shall not bring or
10 maintain an action in a court of this state for the collection of
11 compensation for the performance of an act or contract for which
12 a license is required by this article without alleging and prov-
13 ing that the person was licensed under this article during the
14 performance of the act or contract.

15 Enacting section 1. This amendatory act does not take
16 effect unless House Bill No. 6227 of the 89th Legislature is
17 enacted into law.