

SB 351, As Passed Senate, May 1, 2001

**SUBSTITUTE FOR
SENATE BILL NO. 351**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 2411 and 2412 (MCL 339.2411 and 339.2412),
section 2411 as amended by 1991 PA 166 and section 2412 as
amended by 1980 PA 496.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2411. (1) A complaint filed ~~as prescribed in~~ UNDER
2 THIS SECTION OR article 5, OR BOTH, shall be made within 18
3 months after completion, occupancy, or purchase, whichever occurs
4 later, of a residential structure or a combination of residential
5 and commercial structure.

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

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1 (a) Abandonment without legal excuse of a contract,
2 construction project, or operation engaged in or undertaken by
3 the licensee.

4 (b) Diversion of funds or property received for prosecution
5 or completion of a specific construction project or operation, or
6 for a specified purpose in the prosecution or completion of a
7 construction project or operation, and the funds or property
8 application or use for any other construction project or opera-
9 tion, obligation, or purposes.

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

12 (d) A willful departure from or disregard of plans or speci-
13 fications in a material respect and prejudicial to another, with-
14 out consent of the owner or an authorized representative and
15 without the consent of the person entitled to have the particular
16 construction project or operation completed in accordance with
17 the plans and specifications.

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

20 (f) In a maintenance and alteration contract, failure to
21 furnish to a lender the purchaser's signed completion certificate
22 executed upon completion of the work to be performed under the
23 contract.

24 (g) If a licensed residential builder or licensed residen-
25 tial maintenance and alteration contractor, failure to notify the
26 department within 10 days of a change in the control or direction
27 of the business of the licensee resulting from a change in the

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1 licensee's partners, directors, officers, or trustees, or a
2 change in the control or direction of the business of the
3 licensee resulting from any other occurrence or event.

4 (h) Failure to deliver to the purchaser the entire agreement
5 of the parties including finance and any other charge arising out
6 of or incidental to the agreement when the agreement involves
7 repair, alteration, or addition to, subtraction from, improvement
8 of, wrecking of, or demolition of a residential structure or com-
9 bination of residential and commercial structure, or building of
10 a garage, or laying of concrete on residential property, or manu-
11 facture, assembly, construction, sale, or distribution of a resi-
12 dential or combination residential and commercial structure which
13 is prefabricated, preassembled, precut, packaged, or shell
14 housing.

15 (i) If a salesperson, failure to pay over immediately upon
16 receipt money received by the salesperson, in connection with a
17 transaction governed by this article to the residential builder
18 or residential maintenance and alteration contractor under whom
19 the salesperson is licensed.

20 (j) Aiding or abetting an unlicensed person to evade this
21 article, or knowingly combining or conspiring with, or acting as
22 agent, partner, or associate for an unlicensed person, or allow-
23 ing one's license to be used by an unlicensed person, or acting
24 as or being an ostensible licensed residential builder or
25 licensed residential maintenance and alteration contractor for an
26 undisclosed person who does or shall control or direct, or who

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1 may have the right to control or direct, directly or indirectly,
2 the operations of a licensee.

3 (k) Acceptance of a commission, bonus, or other valuable
4 consideration by a salesperson for the sale of goods or the per-
5 formance of service specified in the article from a person other
6 than the residential builder or residential maintenance and
7 alteration contractor under whom the person is licensed.

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

12 (m) Poor workmanship or workmanship not meeting the stan-
13 dards of the custom or trade verified by a building code enforce-
14 ment official.

15 (3) The department shall suspend or revoke the license of a
16 person licensed under this article whose failure to pay a lien
17 claimant results in a payment being made from the homeowner con-
18 struction lien recovery fund pursuant to the construction lien
19 act, ~~Act No. 497 of the Public Acts of 1980, being sections~~
20 ~~570.1101 to 570.1305 of the Michigan Compiled Laws 1980 PA 497,~~
21 ~~MCL 570.1101 TO 570.1305, regardless of whether the person was~~
22 ~~performing services as a licensee under this article; under the~~
23 ~~electrical administrative act, Act No. 217 of the Public Acts of~~
24 ~~1956, as amended, being sections 338.881 to 338.892 of the~~
25 ~~Michigan Compiled Laws 1956 PA 217, MCL 338.881 TO 338.892; or~~
26 ~~under Act No. 266 of the Public Acts of 1929, as amended, being~~
27 ~~sections 338.901 to 338.917 of the Michigan Compiled Laws 1929~~

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1 PA 266, MCL 338.901 TO 338.917. The ~~license~~ DEPARTMENT shall
2 not ~~be renewed nor shall~~ RENEW A LICENSE OR ISSUE a new license
3 ~~be issued~~ until the licensee has repaid in full to the fund the
4 amount paid out plus the costs of litigation and interest at the
5 rate set by section 6013 of the revised judicature act of 1961,
6 ~~Act No. 236 of the Public Acts of 1961, as amended, being sec-~~
7 ~~tion 600.6013 of the Michigan Compiled Laws~~ 1961 PA 236,
8 MCL 600.6013.

9 (4) The department shall conduct a review upon notice ~~by~~
10 ~~the department of public health~~ that the licensee has violated
11 the asbestos abatement contractors licensing act, ~~Act No. 135 of~~
12 ~~the Public Acts of 1986, being sections 338.3101 to 338.3319 of~~
13 ~~the Michigan Compiled Laws, or sections 57 to 60f of the Michigan~~
14 ~~occupational safety and health act, Act No. 154 of the Public~~
15 ~~Acts of 1974, being sections 408.1057 to 408.1060f of the~~
16 ~~Michigan Compiled Laws and~~ 1986 PA 135, MCL 338.3101 TO
17 338.3319. THE DEPARTMENT may suspend or revoke that person's
18 license for a knowing violation of ~~those acts~~ THE ASBESTOS
19 ABATEMENT CONTRACTORS LICENSING ACT, 1986 PA 135, MCL 338.3101 TO
20 338.3319.

21 (5) NOTWITHSTANDING ARTICLE 5, THE FOLLOWING APPLY TO ADMIN-
22 ISTRATIVE PROCEEDINGS REGARDING WORKMANSHIP UNDER SUBSECTION
23 (2)(M):

24 (A) A COMPLAINT SUBMITTED BY AN OWNER SHALL DESCRIBE IN
25 WRITING TO THE SATISFACTION OF THE DEPARTMENT THE FACTUAL BASIS
26 FOR THE ALLEGATION. THE HOMEOWNER SHALL SEND A COPY OF THE INITIAL
27 COMPLAINT TO THE LICENSEE CONCURRENT WITH THE SUBMISSION OF THE
COMPLAINT TO THE DEPARTMENT.

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1 (B) THE DEPARTMENT SHALL PRESUME THE INNOCENCE OF THE
2 LICENSEE THROUGHOUT THE PROCEEDING UNTIL THE ADMINISTRATIVE LAW
3 HEARING EXAMINER FINDS OTHERWISE IN A DETERMINATION OF FINDINGS
4 OF FACT AND CONCLUSIONS OF LAW UNDER ARTICLE 5. THE LICENSEE HAS
5 THE BURDEN OF REFUTING EVIDENCE SUBMITTED BY A PERSON DURING THE
6 ADMINISTRATIVE HEARING. THE LICENSEE ALSO HAS THE BURDEN OF
7 PROOF REGARDING THE REASON DEFICIENCIES WERE NOT CORRECTED.

8 (C) UPON RECEIPT OF A BUILDING VERIFICATION REPORT ISSUED TO
9 THE DEPARTMENT BY A STATE OR LOCAL BUILDING ENFORCEMENT OFFICIAL
10 UNDER THE STILLE-DEROSSETT-HALE SINGLE STATE CONSTRUCTION CODE ACT,
11 1972 PA 230, MCL 125.1501 TO 125.1531, THE DEPARTMENT SHALL SEND BY
12 CERTIFIED MAIL A COPY OF THE VERIFIED COMPLAINT TO BOTH THE
13 COMPLAINANT AND THE LICENSEE. FAILURE OF THE DEPARTMENT TO SEND A
14 COPY OF THE VERIFIED COMPLAINT WITHIN 30 DAYS OF RECEIPT OF THE
15 BUILDING VERIFICATION REPORT PREVENTS THE DEPARTMENT FROM ASSESSING
16 A FINE AGAINST THE LICENSEE UNDER ARTICLE 6 BUT DOES NOT PREVENT THE
17 DEPARTMENT FROM PURSUING RESTITUTION, LICENSE SUSPENSION, OR OTHER
18 REMEDIES PROVIDED UNDER THIS ACT.

19

20 (D) THE DEPARTMENT SHALL NOT INITIATE A PROCEEDING AGAINST A
21 LICENSEE UNDER THIS SUBSECTION IN THE CASE OF A LICENSEE WHO CON-
22 TRACTUALLY PROVIDES FOR AN ALTERNATE DISPUTE RESOLUTION PROCEDURE
23 THAT HAS NOT BEEN UTILIZED AND COMPLETED UNLESS IT IS DETERMINED
24 THAT THE LICENSEE HAS NOT COMPLIED WITH A DECISION OR ORDER
25 ISSUED AS A RESULT OF THAT ALTERNATE DISPUTE RESOLUTION PROCEDURE
26 OR THAT ALTERNATE DISPUTE RESOLUTION PROCEDURE WAS NOT FULLY

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1 COMPLETED WITHIN 90 DAYS AFTER THE FILING OF THE COMPLAINT WITH
2 THE DEPARTMENT. THE ALTERNATE DISPUTE RESOLUTION PROCEDURE SHALL BE
3 CONDUCTED BY A NEUTRAL THIRD PARTY IN ACCORDANCE WITH GENERALLY
4 ACCEPTED PRINCIPLES GOVERNING ALTERNATE DISPUTE RESOLUTION.

5 (E) THE COMPLAINANT SHALL DEMONSTRATE IN A MANNER ACCEPTABLE
6 TO THE DEPARTMENT THAT NOTICE HAS BEEN PROVIDED TO THE LICENSEE
7 DESCRIBING REASONABLE TIMES AND DATES THAT THE RESIDENTIAL STRUC-
8 TURE WAS ACCESSIBLE FOR ANY NEEDED REPAIRS AND PROOF ACCEPTABLE
9 TO THE DEPARTMENT THAT THE REPAIRS WERE NOT MADE WITHIN 60 DAYS
10 AFTER THE SENDING OF THE NOTICE. THIS SUBDIVISION DOES NOT APPLY
11 WHERE THE DEPARTMENT DETERMINES A NECESSITY TO SAFEGUARD THE
12 STRUCTURE OR TO PROTECT THE OCCUPANT'S HEALTH AND SAFETY AND, IN
13 SUCH CASE, THE DEPARTMENT MAY UTILIZE ANY REMEDY AVAILABLE UNDER
14 SECTION 504(3)(A) THROUGH (D).

15 (F) IN THE CASE WHERE THE OWNER AND LICENSEE HAVE AGREED
16 CONTRACTUALLY ON MUTUALLY ACCEPTABLE PERFORMANCE GUIDELINES
17 RELATING TO WORKMANSHIP, THE DEPARTMENT SHALL CONSIDER THOSE
18 GUIDELINES IN ITS EVALUATION OF A COMPLAINT. THE GUIDELINES SHALL
19 BE CONSISTENT WITH THE STILLE-DEROSSETT-HALE SINGLE STATE
20 CONSTRUCTION CODE ACT, 1972 PA 230, MCL 125.1501 TO 125.1531.

21 Sec. 2412. (1) A person or qualifying officer for a corpo-
22 ration or member of a residential builder or residential mainte-
23 nance and alteration contractor shall not bring or maintain an
24 action in a court of this state for the collection of compensa-
25 tion for the performance of an act or contract for which a
26 license is required by this article without alleging and proving
27 that the person was licensed under this article during the per-
28 formance of the act or contract.

29 (2) FAILURE OF THE PERSON BRINGING A COMPLAINT AGAINST A
30 LICENSEE TO UTILIZE [REDACTED] A CONTRACTUALLY PROVIDED
31 ALTERNATE DISPUTE RESOLUTION PROCEDURE SHALL BE AN AFFIRMATIVE

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1 DEFENSE TO AN ACTION BROUGHT IN A COURT OF THIS STATE AGAINST A
2 LICENSEE UNDER THIS ARTICLE.