

Act No. 176  
Public Acts of 2014  
Approved by the Governor  
June 17, 2014  
Filed with the Secretary of State  
June 17, 2014  
EFFECTIVE DATE: June 17, 2014

**STATE OF MICHIGAN  
97TH LEGISLATURE  
REGULAR SESSION OF 2014**

Introduced by Rep. Lane

# ENROLLED HOUSE BILL No. 5284

AN ACT to amend 1980 PA 299, entitled “An act to revise, consolidate, and classify the laws of this state regarding the regulation of certain occupations and to regulate certain persons and activities relative to those 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 provide immunity from certain civil liability for certain entities and certain related occupations under certain circumstances; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts,” by amending sections 2404 and 2405 (MCL 339.2404 and 339.2405), section 2404 as amended by 2010 PA 151 and section 2405 as amended by 2007 PA 157, and by adding section 2404c.

*The People of the State of Michigan enact:*

Sec. 2404. (1) Except as provided in section 2404c, the department may require an applicant, a licensee, or each partner, trustee, director, officer, member, or shareholder of an applicant or licensee to submit evidence of good moral character. Before the department issues a license, an applicant shall submit a copy of his or her operator's license or state personal identification card to the department. The department may use the license or card only for proof of identity of the applicant.

(2) Except as provided in section 2404c, the department shall require that an applicant for a license under this article pass an examination that establishes that the applicant has a fair knowledge of the obligations of a residential builder or residential maintenance and alteration contractor to the public and the applicant's principal, and the statutes relating to the applicant's licensure.

(3) Except as provided in section 2404c, the department may issue a residential maintenance and alteration contractor's license to an individual who applies for the license and who qualifies for the license by passing the examination. A license authorizes the licensee, according to the applicant's qualifications, crafts, and trades, to engage in the activities of a residential maintenance and alteration contractor. A license includes the following crafts and trades: carpentry; concrete; swimming pool installation; waterproofing a basement; excavation; insulation work; masonry work;

painting and decorating; roofing; siding and gutters; screen or storm sash installation; tile and marble work; and house wrecking. A license shall specify the particular craft or trade for which the licensee is qualified. This subsection does not prohibit a specialty contractor from taking and executing a contract involving the performance of the craft or trade for which the contractor holds a license and 1 or more other crafts or trades if the performance of the work in the other craft or trade is incidental and supplemental to the performance of work in the craft or trade for which the specialty contractor is licensed.

(4) A residential builder or residential maintenance and alteration contractor shall maintain a place of business in this state. If a residential builder or residential maintenance and alteration contractor maintains more than 1 place of business in this state, the department shall issue a branch office license to the builder or contractor for each place of business maintained by the builder or contractor.

(5) The department shall issue the license of a residential builder and residential maintenance and alteration contractor for a period of 3 years in duration.

(6) An applicant for renewal of a residential builder or maintenance and alteration contractor license shall state to the department that he or she has a current copy of the Michigan residential code and meets the appropriate requirements regarding continuing competency described in this article or rules promulgated under this article.

(7) A licensee shall maintain documentation, for at least 5 years, of activities that meet the continuing competency requirements under this article.

Sec. 2404c. All of the following apply to an individual who is applying for a license or relicensure as a residential builder or residential maintenance and alteration contractor, who was a qualifying officer on December 21, 2007, and who was subsequently denied an individual license because of financial instability:

(a) The department shall determine whether the applicant should receive a license under this article and what requirements described in section 2404 the applicant must meet to qualify for that license.

(b) In making its determination under subdivision (a), the department shall consider the information it receives under section 2404(1) concerning the good moral character of the applicant and other persons described in section 2404(1), shall determine whether the applicant is required to pass an examination under section 2404(2) or (3) or 2405(1), and may require that the applicant meet other requirements to qualify for a license.

(c) The applicant shall certify that he or she successfully completed at least 3 hours of activities that demonstrate continuing competency, that include 1 hour of codes, 1 hour of safety, and 1 hour of legal issues described in section 2404b(2), in the 12 months immediately preceding the date of application.

Sec. 2405. (1) Subject to section 2404c, if a corporation, partnership, association, limited liability company, or other entity applies for a license, the applicant shall designate 1 of its officers, partners, or members or its managing agent as a qualifying officer. A qualifying officer who takes and passes the examination and meets all other requirements of this article is entitled to a license to act for the corporation, partnership, association, limited liability company, or other entity. A qualifying officer shall also obtain and maintain a license under this article as an individual. A qualifying officer is responsible for exercising the supervision or control of the building or construction operations necessary to secure full compliance with this article and the rules promulgated under this article. The department shall not issue a license to a corporation, partnership, association, limited liability company, or other entity unless each partner, trustee, director, officer, or member, and each person that exercises control over the entity, is at least 18 years of age and meets the requirements for a license under this article other than those relating to knowledge and experience. If an individual licensee is also a qualifying officer, the department shall include the individual's name and license number on any license issued to the individual as a qualifying officer. If the department issues a license under this subsection to an officer, partner, member, or managing agent, whether or not he or she is the qualifying officer, that individual shall provide a copy of his or her operator's license or state personal identification card to the department. The department shall use the license or card only for identification purposes. A licensee granted inactive status under section 2404b is not eligible to serve as a qualifying officer.

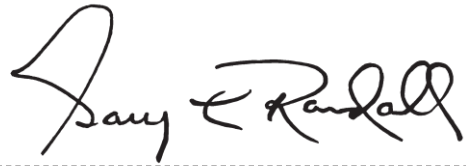
(2) The license of a corporation, partnership, association, limited liability company, or other entity is suspended when a license or license application of a qualifying officer, partner, trustee, director, officer, or member, or a person that exercises control of the corporation, partnership, association, limited liability company, or other entity, is suspended, revoked, or denied. The suspension shall remain in force until the board determines that the disability created by the suspension, revocation, or denial is removed.

(3) If an individual's license under this article is suspended, revoked, or denied by the board, any other license issued or applied for under this article is suspended, revoked, or denied. If the license of a corporation, partnership, association, limited liability company, or other entity is suspended, revoked, or denied, any other license issued to or applied for by the qualifying officer of that entity is suspended, revoked, or denied.

(4) If the qualifying officer of a licensee ceases to be its qualifying officer, the license is suspended. However, on request, the department may permit the license to remain in force for a reasonable time to permit the qualification of a new qualifying officer.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 4582 of the 97th Legislature is enacted into law.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved .....

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Governor

**Compiler's note:** House Bill No. 4582, referred to in enacting section 1, was filed with the Secretary of State June 17, 2014, and became 2014 PA 175, Eff. Sept. 16, 2014.