

SENATE BILL No. 26

January 22, 2015, Introduced by Senator KOWALL and referred to the Committee on Regulatory Reform.

A bill to amend 1980 PA 299, entitled "Occupational code," by amending sections 105, 2501, 2502a, 2503, 2504, 2504a, 2505, 2506, 2509, 2510, 2512, and 2512d (MCL 339.105, 339.2501, 339.2502a, 339.2503, 339.2504, 339.2504a, 339.2505, 339.2506, 339.2509, 339.2510, 339.2512, and 339.2512d), section 105 as amended by 1988 PA 463, sections 2501 and 2512 as amended and section 2512d as added by 2008 PA 90, sections 2502a and 2504 as amended and section 2504a as added by 2014 PA 106, section 2503 as amended by 1990 PA 269, section 2505 as amended by 2003 PA 196, section 2506 as amended by 2011 PA 33, and section 2509 as amended by 1988 PA 16, and by adding sections 2502b, 2512e, 2512f, 2516, and 2516a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 105. (1) "License" means the document issued to a person

1 under this act ~~which will enable~~ that **ENABLES THE** person to use a
2 designated title and practice an occupation, which practice would
3 otherwise be prohibited by this act. License includes a document
4 issued by the department ~~which~~**THAT** permits a school, institution,
5 or person to offer training or education in an occupation or ~~which~~
6 **THAT** permits the operation of a facility, establishment, or
7 institution in which an occupation is practiced. License includes a
8 permit or approval.

9 (2) "Licensee" means a person ~~who~~**THAT** has been issued a
10 license under this act.

11 (3) "Limitation" means a condition, stricture, constraint,
12 restriction, or probation attached to a license or registration
13 relative to the scope of practice, including the following:

14 (a) A requirement that the licensee or registrant perform only
15 specified functions of the licensee's or registrant's occupation.

16 (b) A requirement that the licensee or registrant perform the
17 licensee's or registrant's occupation only for a specified period
18 of time.

19 (c) A requirement that the licensee or registrant perform the
20 licensee's or registrant's occupation only within a specified
21 geographical area.

22 (d) A requirement that restitution be made or certain work be
23 performed before a license or registration is issued, renewed, or
24 reinstated.

25 (e) A requirement that a financial statement certified by a
26 ~~person~~**AN INDIVIDUAL WHO IS** licensed as a certified public
27 accountant be filed with the department at regular intervals.

1 (f) A requirement ~~which~~ **THAT** reasonably assures a licensee's
2 or registrant's competence to perform the licensee's or
3 registrant's occupation.

4 (g) A requirement that **AN ATTORNEY REVIEW** all contracts of a
5 licensee or registrant. ~~be reviewed by an attorney.~~

6 (h) A requirement that a licensee or registrant have on file
7 with the department a bond **THAT IS** issued by a surety insurer
8 approved by the department or cash in an amount determined by the
9 department.

10 (i) A requirement that a licensee or registrant deposit money
11 received in an escrow account which can be disbursed only under
12 certain conditions as determined by the licensee or registrant and
13 another party.

14 (j) A requirement that a licensee or registrant file reports
15 with the department at intervals determined by the department.

16 (4) "Occupation" means a field of endeavor regulated ~~by~~ **UNDER**
17 this act.

18 (5) "Person" means an individual; ~~—~~ **A** sole proprietorship,
19 partnership, association, corporation, **LIMITED LIABILITY COMPANY,**
20 **OR** common law trust ~~—~~ or a combination of those legal entities; ~~—~~
21 ~~Person includes~~ **OR** a department, board, school, institution,
22 establishment, or governmental entity.

23 (6) "Physical dominion" means control and possession.

24 (7) "Physician" means that term as defined in ~~section~~ **SECTIONS**
25 17001 and ~~section~~ 17501 of the public health code, ~~Act No. 368 of~~
26 ~~the Public Acts of 1978, being sections 333.17001 and 333.17501 of~~
27 ~~the Michigan Compiled Laws.~~ **1978 PA 368, MCL 333.17001 AND**

1 333.17501.

2 (8) "Probation" means a sanction ~~which~~**THAT** permits a board to
3 evaluate over a period of time a licensee's or registrant's fitness
4 to practice an occupation regulated ~~by~~**UNDER** this act.

5 (9) "Public access" means the right of a person to view and
6 copy files ~~pursuant to~~**UNDER** the freedom of information act, ~~Act~~
7 ~~No. 442 of the Public Acts of 1976, as amended, being sections~~
8 ~~15.231 to 15.246 of the Michigan Compiled Laws.~~**1976 PA 442, MCL**
9 **15.231 TO 15.246.**

10 (10) "Registrant" means a person ~~who~~**THAT** is registered under
11 this act.

12 (11) "Registration" means the document issued to a person
13 under this act ~~which will enable that~~ **ENABLES THE** person to use a
14 designated title, which use would be otherwise prohibited by this
15 act.

16 (12) "Rule" means a rule promulgated under this act and
17 ~~pursuant to~~**UNDER** the administrative procedures act of 1969, ~~Act~~
18 ~~No. 306 of the Public Acts of 1969, as amended, being sections~~
19 ~~24.201 to 24.328 of the Michigan Compiled Laws.~~**1969 PA 306, MCL**
20 **24.201 TO 24.328.**

21 (13) "State" means the District of Columbia or a commonwealth,
22 state, or territory of the United States.

23 Sec. 2501. As used in this article:

24 (A) **"CLASSROOM COURSE" MEANS AN EDUCATIONAL COURSE OF**
25 **INSTRUCTION THAT IS PROVIDED AT EITHER OF THE FOLLOWING:**

26 (i) **A PHYSICAL LOCATION WHERE INSTRUCTION IS OFFERED AND**
27 **STUDENTS AND AN INSTRUCTOR ARE PRESENT.**

1 (ii) A LOCATION WHERE A STUDENT RECEIVES INSTRUCTION PROVIDED
2 BY DISTANCE LEARNING.

3 (B) "CLOCK HOUR" MEANS EITHER OF THE FOLLOWING:

4 (i) FOR A CLASSROOM COURSE AT A LOCATION DESCRIBED IN
5 SUBDIVISION (A) (i), A PERIOD OF 50 TO 60 MINUTES OF ACTUAL CLASSROOM
6 INSTRUCTION, NOT INCLUDING OUTSIDE ASSIGNMENTS AND READING.

7 (ii) FOR A CLASSROOM COURSE AT A LOCATION DESCRIBED IN
8 SUBDIVISION (A) (ii), THE PERIOD REQUIRED FOR A STUDENT TO PROCESS
9 THE AMOUNT OF MATERIAL PROVIDED IN 50 MINUTES OF DISTANCE LEARNING
10 INSTRUCTION.

11 (C) "CONTROL PERSON" MEANS AN INDIVIDUAL WHO IS A SOLE
12 PROPRIETOR, IS A PARTNER IN A PARTNERSHIP OR LIMITED PARTNERSHIP,
13 IS AN OFFICER IN A CORPORATION, IS A MEMBER OR MANAGER IN A LIMITED
14 LIABILITY COMPANY, OR HOLDS A RESPONSIBLE POSITION IN ANY OTHER
15 LEGAL ENTITY AUTHORIZED UNDER THE LAWS OF THE STATE IN WHICH THE
16 ENTITY IS ORGANIZED OR FORMED.

17 (D) "DISTANCE LEARNING" MEANS THE TECHNOLOGY AND EDUCATIONAL
18 PROCESS USED TO PROVIDE INSTRUCTION FOR WHEN THE COURSE PROVIDER
19 AND THE DISTANCE-LEARNING STUDENT ARE NOT NECESSARILY PHYSICALLY
20 PRESENT AT THE SAME TIME OR PLACE. THE TERM INCLUDES, BUT IS NOT
21 LIMITED TO, INSTRUCTION PROVIDED THROUGH AN INTERACTIVE CLASSROOM,
22 COMPUTER CONFERENCING, OR AN INTERACTIVE COMPUTER SYSTEM.

23 (E) ~~(a)~~—"Employ" or "employment" means the relationship
24 between a real estate broker and an associate broker or a real
25 estate salesperson which may include an independent contractor
26 relationship. The existence of an independent contractor
27 relationship between a real estate broker and an individual

1 licensed to the real estate broker ~~shall~~ **DOES** not relieve the real
2 estate broker of the responsibility to supervise acts of the
3 licensee **THAT ARE** regulated ~~by~~ **UNDER** this article.

4 (F) ~~(b)~~-"Independent contractor relationship" means a
5 relationship between a real estate broker and an associate broker
6 or real estate salesperson that satisfies both of the following
7 conditions:

8 (i) A written agreement exists in which the real estate broker
9 does not consider the associate broker or real estate salesperson
10 as an employee for federal and state income tax purposes.

11 (ii) ~~Not less than~~ **AT LEAST** 75% of the annual compensation paid
12 by the real estate broker to the associate broker or real estate
13 salesperson is from commissions from the sale of real estate.

14 (G) ~~(e)~~-"Limited service agreement" means a written service
15 provision agreement by which ~~the~~ **A** real estate broker and client
16 establish an agency relationship in which certain enumerated
17 services, as set forth in section 2512d(3)(b), (c), and (d), are
18 knowingly waived in whole or part by the client.

19 (H) **"NEGOTIATE THE MORTGAGE OF REAL ESTATE" MEANS ENGAGING IN**
20 **ACTIVITY IN CONNECTION WITH A MORTGAGE THAT IS NOT REGULATED UNDER**
21 **THE MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT, 1987 PA**
22 **173, MCL 445.1651 TO 445.1684.**

23 (I) **A "NONPRINCIPAL" OF A REAL ESTATE BROKER MEANS AN**
24 **INDIVIDUAL WHO IS LICENSED AS AN ASSOCIATE REAL ESTATE BROKER UNDER**
25 **THIS ARTICLE, BUT HAS NOT BEEN DESIGNATED AS A PRINCIPAL UNDER**
26 **SECTION 2505(1).**

27 (J) **"POCKET CARD" MEANS THE POCKET CARD THAT CONTAINS**

1 INFORMATION ABOUT THE LICENSE THAT THE DEPARTMENT PROVIDES UNDER
2 SECTION 2506 WHEN IT ISSUES A LICENSE UNDER THIS ARTICLE.

3 (K) "PRELICENSURE COURSE" MEANS A COURSE THAT IS REPRESENTED
4 TO THE PUBLIC AS FULFILLING, IN WHOLE OR IN PART, THE REQUIREMENTS
5 OF SECTION 2504.

6 (L) A "PRINCIPAL" OF A REAL ESTATE BROKER MEANS AN INDIVIDUAL
7 WHO IS DESIGNATED AS A PRINCIPAL OF A REAL ESTATE BROKER UNDER
8 SECTION 2505(1).

9 (M) ~~(d)~~-"Professional designation" means a certification from
10 a real estate professional association ~~demonstrating attainment of~~
11 **THAT DEMONSTRATES THAT AN INDIVIDUAL HAS ATTAINED** proven skills or
12 education in a real estate occupational area and may include the
13 right to use a title or letters after the licensee's name that
14 represent the designation ~~bestowed~~-**AWARDED** by the certifying
15 entity.

16 (N) ~~(e)~~-"Property management" means ~~the~~leasing or renting, or
17 ~~the~~offering to lease or rent, ~~of~~real property of others for a
18 fee, commission, compensation, or other valuable consideration
19 pursuant to a property management employment contract.

20 (O) ~~(f)~~-"Property management account" means an interest-
21 bearing or noninterest-bearing account or instrument used in the
22 operation of property management.

23 (P) ~~(g)~~-"Property management employment contract" means ~~the~~**A**
24 written agreement **THAT IS** entered into between a real estate broker
25 and client concerning the real estate broker's employment as a
26 property manager for the client; ~~setting forth~~**THAT DESCRIBES** the
27 real estate broker's duties, responsibilities, and activities as a

1 property manager; and ~~setting forth~~ **THAT DESCRIBES** the handling,
 2 management, safekeeping, investment, disbursement, and use of
 3 property management money, funds, and accounts.

4 (Q) ~~(h)~~ "Real estate broker" means ~~an individual, sole~~
 5 ~~proprietorship, partnership, association, corporation, common law~~
 6 ~~trust, or a combination of those entities who~~ **A PERSON THAT**, with
 7 intent to collect or receive a fee, compensation, or valuable
 8 consideration, sells or offers for sale, buys or offers to buy,
 9 provides or offers to provide market analyses **OF**, lists or offers
 10 or attempts to list, or negotiates the purchase, ~~or~~ sale, or
 11 exchange ~~or mortgage~~ of real estate; ~~or~~ **THAT NEGOTIATES THE**
 12 **MORTGAGE OF REAL ESTATE; THAT** negotiates for the construction of a
 13 building on real estate; ~~who~~ **THAT** leases or offers or rents or
 14 offers for rent real estate or the improvements on the real estate
 15 for others, as a whole or partial vocation; ~~who~~ **THAT** engages in
 16 property management as a whole or partial vocation; ~~who~~ **THAT** sells
 17 or offers for sale, buys or offers to buy, leases or offers to
 18 lease, or negotiates the purchase or sale or exchange of a
 19 business, business opportunity, or the goodwill of an existing
 20 business for others; or ~~who~~ **THAT**, as owner or otherwise, engages
 21 in the sale of real estate as a principal vocation.

22 (R) ~~(i)~~ "Real estate salesperson" means ~~a person~~ **AN INDIVIDUAL**
 23 who for compensation or valuable consideration is employed either
 24 directly or indirectly by a licensed real estate broker to sell or
 25 offer to sell, ~~to~~ buy or offer to buy, ~~to~~ provide or offer to
 26 provide market analyses **OF**, ~~to~~ list or offer or attempt to list, or
 27 ~~to~~ negotiate the purchase, ~~or~~ sale, or exchange ~~or mortgage~~ of real

1 estate; ~~or~~ **TO NEGOTIATE THE MORTGAGE OF REAL ESTATE;** to negotiate
 2 for the construction of a building on real estate, or to lease or
 3 offer to lease, **OR** rent or offer for rent, real estate; ~~who~~ is
 4 employed by a real estate broker to engage in property management;
 5 ~~or~~ who sells or offers for sale, buys or offers to buy, leases or
 6 offers to lease, or negotiates the purchase or sale or exchange of
 7 a business, business opportunity, or the goodwill of an existing
 8 business for others, as a whole or partial vocation.

9 (S) ~~(j)~~ "Service provision agreement" means a buyer agency
 10 agreement or listing agreement **THAT IS** executed by a real estate
 11 broker and a client ~~that~~ **AND** establishes an agency relationship.

12 (T) "SPONSOR" MEANS A PERSON THAT IS APPROVED BY A STATEWIDE
 13 REAL ESTATE TRADE ASSOCIATION, WITH WHICH THE DEPARTMENT HAS
 14 CONTRACTED UNDER SECTION 210 FOR THAT PURPOSE; AND THAT REPRESENTS
 15 TO THE PUBLIC THAT THE COURSES IT CONDUCTS FOR PURPOSES OF THIS
 16 ARTICLE FULFILL THE REQUIREMENTS OF SECTION 2504A FOR CONTINUING
 17 EDUCATION.

18 Sec. 2502a. (1) The department shall issue a license for a
 19 real estate broker, associate real estate broker, and real estate
 20 salesperson for a term of 3 years. **THE DEPARTMENT SHALL NOT ISSUE A**
 21 **LICENSE TO AN INDIVIDUAL WHO IS UNDER THE AGE OF 18 YEARS. THE**
 22 **DEPARTMENT MAY REQUIRE THAT AN APPLICANT WHO IS AN INDIVIDUAL**
 23 **SUBMIT A REPORT FROM AN INDEPENDENT SOURCE PERTAINING TO HIS OR HER**
 24 **PREVIOUS OCCUPATION, CRIMINAL RECORD, OR ANY OTHER INFORMATION THE**
 25 **DEPARTMENT CONSIDERS MATERIAL TO THE APPLICANT'S QUALIFICATIONS FOR**
 26 **LICENSURE.**

27 (2) The department shall renew a license for a real estate

1 broker, associate real estate broker, or real estate salesperson if
2 the department receives an application for renewal on a form
3 prescribed by the department, and payment of the appropriate fees,
4 within the time period described in section 411(1) or (2), and the
5 applicable requirements of section 2504a are met.

6 (3) The department may relicense without examination ~~a person~~
7 ~~that~~ **AN INDIVIDUAL WHO** fails to renew a license issued under this
8 article within the time period described in subsection (2) if all
9 of the following are met:

10 (a) The ~~person~~ **INDIVIDUAL** applies within 3 years after the
11 expiration date of ~~the person's~~ **HIS OR HER** last license.

12 (b) The ~~person~~ **INDIVIDUAL** pays an application processing fee,
13 the late renewal fee, and the per-year license fee for the upcoming
14 licensure period.

15 (c) The ~~person~~ **INDIVIDUAL** completes 6 clock hours of
16 continuing education for each year and partial year that have
17 elapsed since the expiration of the ~~person's~~ **INDIVIDUAL'S** last
18 license, on the topics described in section 2504a(1).

19 (4) The department may relicense a person that failed to renew
20 a real estate broker license within 3 years after the expiration
21 date of the person's last license if the person pays an application
22 processing fee, the late renewal fee, and the per-year license fee
23 for the upcoming licensure period and submits proof that the
24 person, if the person is an individual, or the individual
25 designated as the person's principal under section 2505 if the
26 person is not an individual, meets any of the following:

27 (a) Has completed a total of 6 clock hours of continuing

1 education for each year and partial year that have elapsed since
2 the expiration of the person's last license, on the topics
3 described in section 2504a(1).

4 (b) Has completed 90 clock hours of prelicensure courses
5 described in section 2504(3).

6 (c) Has passed the examination required for a real estate
7 broker license under section 2505(5).

8 (5) The department may relicense an individual who failed to
9 renew a real estate salesperson license within 3 years after the
10 expiration date of his or her last license if he or she pays an
11 application processing fee, the late renewal fee, and the per-year
12 license fee for the upcoming licensure period and submits proof
13 that he or she meets any of the following:

14 (a) Has completed a total of 6 clock hours of continuing
15 education for each year and partial year that have elapsed since
16 the expiration of his or her last license, on the topics described
17 in section 2504a(1).

18 (b) Has completed 40 clock hours of prelicensure courses
19 described in section 2504(3).

20 (c) Has passed the examination required for a real estate
21 salesperson license under section 2505(5).

22 **(6) A PERSON WHOSE LICENSE HAS BEEN REVOKED SHALL NOT APPLY**
23 **FOR A NEW LICENSE FOR AT LEAST 3 YEARS AFTER THE SERVICE OF THE**
24 **FINAL ORDER OF THE REVOCATION. TO BE CONSIDERED FOR A LICENSE**
25 **FOLLOWING A REVOCATION, AN APPLICANT SHALL MEET ALL EDUCATIONAL AND**
26 **EXAMINATION REQUIREMENTS IN EFFECT AT THE TIME OF APPLICATION, AND**
27 **THE APPLICANT SHALL NOT RECEIVE CREDIT FOR EDUCATION OR EXPERIENCE**

1 ACQUIRED, OR EXAMINATIONS PASSED, BEFORE THE REVOCATION.

2 SEC. 2502B. (1) UNLESS THE OWNER ENGAGES THE SERVICES OF A
3 REAL ESTATE BROKER IN CONNECTION WITH THOSE SALES, A PERSON THAT IS
4 THE OWNER OF REAL ESTATE MUST OBTAIN A LICENSE AS A REAL ESTATE
5 BROKER TO ENGAGE IN THE SALE OF THAT REAL ESTATE AS A PRINCIPAL
6 VOCATION. FOR PURPOSES OF THIS SUBSECTION, EACH OF THE FOLLOWING IS
7 CONSIDERED ENGAGING IN THE SALE OF REAL ESTATE AS A PRINCIPAL
8 VOCATION:

9 (A) ENGAGING IN MORE THAN 5 REAL ESTATE SALES IN ANY 12-MONTH
10 PERIOD.

11 (B) REPRESENTING TO THE PUBLIC THAT THE PERSON IS PRINCIPALLY
12 ENGAGED IN THE SALE OF REAL ESTATE.

13 (C) DEVOTING OVER 50% OF AN INDIVIDUAL'S WORKING TIME, OR MORE
14 THAN 15 HOURS PER WEEK IN ANY 6-MONTH PERIOD, TO THE SALE OF REAL
15 ESTATE.

16 (D) IF THE PERSON IS A REAL ESTATE SALESPERSON, A SALE OF REAL
17 ESTATE OTHER THAN HIS OR HER PRINCIPAL RESIDENCE.

18 (2) A SALE OF REAL ESTATE THAT IS OWNED BY, OR UNDER OPTION
19 TO, A REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE BROKER IS SUBJECT
20 TO THE PROVISIONS OF THIS ARTICLE.

21 (3) IF A LICENSEE IS SELLING PROPERTY THAT IS OWNED BY THE
22 LICENSEE OR IN WHICH THE LICENSEE HAS AN INTEREST, THE LICENSEE
23 SHALL REVEAL THE FACTS OF THE LICENSEE'S OWNERSHIP OR INTEREST AND
24 THE LICENSEE'S LICENSURE TO THE PURCHASER, IN WRITING, BEFORE AN
25 OFFER TO PURCHASE IS SIGNED. A LICENSEE SHALL PROVIDE WRITTEN PROOF
26 OF THIS DISCLOSURE THAT IS SATISFACTORY TO THE DEPARTMENT ON
27 REQUEST BY THE DEPARTMENT.

1 Sec. 2503. (1) This article ~~shall~~ **DOES** not apply to an
 2 ~~individual, partnership, association, or corporation, who~~ **A PERSON**
 3 **THAT**, as owner, sells or offers for sale a detached, single family
 4 dwelling, duplex, triplex, or quadruplex, ~~which~~ **THAT** has never been
 5 occupied and ~~which~~ **THAT** was built by the ~~individual, partnership,~~
 6 ~~association, or corporation~~ **PERSON** while licensed under article 24.
 7 This article does not apply to an ~~individual, partnership,~~
 8 ~~association, or corporation, who as owner or lessor, or as~~ **AN**
 9 attorney-in-fact acting under a duly executed and recorded power of
 10 attorney from the owner or lessor, or ~~who has been~~ **A PERSON**
 11 appointed by a court, **THAT** performs an act as a real estate broker
 12 or real estate salesperson with reference to property owned by it,
 13 unless performed as a principal vocation not through a licensed
 14 real estate broker.

15 (2) This article ~~shall~~ **DOES** not ~~include the services rendered~~
 16 ~~by~~ **APPLY TO** an attorney-at-law **WHO IS RENDERING SERVICES** as an
 17 attorney-at-law; ~~, nor shall it include~~ **TO** a receiver, trustee in
 18 bankruptcy, administrator, executor, a person selling real estate
 19 under order of a court; ~~, nor~~ **OR TO** a trustee selling under a deed
 20 of trust, ~~. This exemption of a trustee shall not apply to~~ **UNLESS**
 21 **THE TRUSTEE MAKES** repeated or successive sales of real estate ~~by~~
 22 ~~the trustee, unless the sale is made~~ **NOT** through a licensed real
 23 estate broker.

24 (3) This article does not apply to a person ~~who~~ **THAT** is
 25 regulated under the mortgage brokers, lenders, and servicers
 26 licensing act, ~~Act No. 173 of the Public Acts of 1987, being~~
 27 ~~sections 445.1651 to 445.1683 of the Michigan Compiled Laws, 1987~~

1 PA 173, MCL 445.1651 TO 445.1684, and ~~who~~ **THAT** does not perform any
 2 other act requiring a license as a real estate broker, associate
 3 broker, or real estate salesperson.

4 ~~—— (4) For the purposes of this article, "negotiate the mortgage~~
 5 ~~of real estate" as described in section 2501, means engaging in~~
 6 ~~activity not regulated under Act No. 173 of the Public Acts of~~
 7 ~~1987.~~

8 Sec. 2504. (1) Both of the following must be met before an
 9 applicant receives a real estate broker's license under this
 10 article:

11 (a) The applicant must submit an application under section
 12 2505.

13 (b) The applicant, if the applicant is an individual, or the
 14 individual designated as the principal of the applicant under
 15 section 2505 if the applicant is not an individual, must
 16 successfully complete at least 90 clock hours of approved
 17 prelicensure classroom courses in real estate. ~~, of which at ALL OF~~
 18 **THE FOLLOWING APPLY TO THESE 90 HOURS OF INSTRUCTION:**

19 (i) **AT** least 9 clock hours ~~is~~ **MUST BE** instruction on civil
 20 rights law and ~~equal opportunity in~~ **FAIR** housing **LAW**.

21 (ii) The 90 hours are in addition to the hours required to
 22 obtain a real estate salesperson's license.

23 (iii) **THE APPLICANT MUST COMPLETE THE 90 HOURS WITHIN THE 36-**
 24 **MONTH PERIOD PRECEDING THE DATE OF THE APPLICATION UNLESS THE**
 25 **APPLICANT HAS HELD A LICENSE AS A REAL ESTATE SALESPERSON FOR THAT**
 26 **PERIOD.**

27 (iv) **POSSESSION OF A LAW DEGREE, OBTAINED ANY TIME BEFORE THE**

1 DATE OF APPLICATION, IS CONSIDERED EQUAL TO, AND THE APPLICANT
2 SHALL RECEIVE CREDIT FOR, 60 OF THE 90 CLOCK HOURS OF INSTRUCTION
3 UNDER THIS SUBDIVISION, AND 6 OF THE 9 CLOCK HOURS OF INSTRUCTION
4 IN CIVIL RIGHTS LAW AND FAIR HOUSING LAW REQUIRED UNDER
5 SUBPARAGRAPH (iii).

6 (v) POSSESSION OF A MASTER'S DEGREE IN BUSINESS ADMINISTRATION
7 FROM A DEGREE- OR CERTIFICATE-GRANTING PUBLIC OR INDEPENDENT
8 NONPROFIT COLLEGE OR UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY
9 COLLEGE, OBTAINED ANY TIME BEFORE THE DATE OF APPLICATION, IS
10 CONSIDERED EQUAL TO, AND THE APPLICANT SHALL RECEIVE CREDIT FOR, 60
11 OF THE 90 CLOCK HOURS OF INSTRUCTION UNDER THIS SUBDIVISION.

12 (2) Before he or she is permitted to take the real estate
13 salesperson's examination, ~~the~~ **AN** applicant must show proof that he
14 or she has successfully completed at least 40 clock hours of
15 approved prelicensure classroom courses in principles of real
16 estate, ~~of which~~ **INCLUDING** at least 4 clock hours is instruction on
17 civil rights law and equal opportunity in housing. **THE APPLICANT**
18 **MUST COMPLETE THE 40 HOURS OF PRELICENSURE EDUCATION WITHIN THE 36-**
19 **MONTH PERIOD PRECEDING THE DATE OF THE APPLICATION.**

20 (3) For purposes of subsections (1) and (2), **AN** approved
21 prelicensure ~~courses may be on~~ **COURSE IS A CLASSROOM COURSE THAT**
22 **MEETS ALL OF THE FOLLOWING:**

23 (A) MEETS CRITERIA ESTABLISHED BY THE DEPARTMENT.

24 (B) IS APPROVED BY THE DEPARTMENT; OR IS REVIEWED BY A
25 STATEWIDE REAL ESTATE TRADE ASSOCIATION, WITH WHICH THE DEPARTMENT
26 HAS CONTRACTED UNDER SECTION 210 FOR THAT PURPOSE, FOR SUBJECT
27 MATTER RELEVANT TO THE PRACTICE OF REAL ESTATE.

1 (C) **COVERS 1 OR MORE OF** the following topics:

2 (i) ~~(a)~~—Real estate license law and related regulatory laws.

3 (ii) ~~(b)~~—Real property law, including property interests and
4 restrictions.

5 (iii) ~~(c)~~—Federal, state, and local tax laws affecting real
6 property.

7 (iv) ~~(d)~~—Conveyances, including contracts, deeds, and leases.

8 (v) ~~(e)~~—Financing, including mortgages, land contracts,
9 foreclosure, and limits on lending procedures and interest rates.

10 (vi) ~~(f)~~—Appraisal of real property.

11 (vii) ~~(g)~~—Design and construction.

12 (viii) ~~(h)~~—Marketing, exchanging, and counseling.

13 (ix) ~~(i)~~—The law of agency.

14 (x) ~~(j)~~—Sales and office management, including listing and
15 selling techniques.

16 (xi) ~~(k)~~—Real estate securities and syndications.

17 (xii) ~~(l)~~—Investments, including property management.

18 (4) A person that offers or conducts a prelicensure course or
19 courses of study **THAT ARE** represented to meet the educational
20 requirements of this section shall first obtain approval from the
21 department and shall comply with the rules of the department
22 concerning curriculum, instructor qualification, grading system,
23 and other related matters. A course shall be designed to be taught
24 for at least 1 clock hour, not including time spent on breaks,
25 meals, or other unrelated activities. The department may suspend or
26 revoke the approval of a person **APPROVED UNDER THIS SUBSECTION** for
27 a violation of this article or of the rules promulgated under this

1 article. A person that offers or conducts a course shall not
2 represent that its students are assured of passing an examination
3 required by the department. A person shall not represent that the
4 issuance of departmental approval **UNDER THIS SUBSECTION** is a
5 recommendation or indorsement of the person to which it is issued
6 or of a course of instruction given by it. A prelicensure course
7 approved under this section shall be conducted by a local public
8 school district, a community college, an institution of higher
9 education authorized to grant degrees, or a proprietary school
10 licensed by the department under the proprietary schools act, 1943
11 PA 148, MCL 395.101 to 395.103.

12 (5) A person that violates subsection (4) in operating a
13 school that provides 1 or more courses described in this section is
14 subject to the penalties set forth in article 6.

15 (6) The department may conduct, hold, or assist in conducting
16 or holding, a real estate clinic, meeting, course, or institute,
17 which shall be open to a person licensed under this article, and
18 may incur the necessary expenses in connection with the clinic,
19 meeting, course, or institute. The department, in the public
20 interest, may assist educational institutions in this state in
21 sponsoring studies, research, and programs for the purpose of
22 raising the standards of professional practice in real estate and
23 the competence of a licensee.

24 Sec. 2504a. (1) Within each 3-year license cycle, a licensee
25 shall successfully complete at least 18 clock hours of continuing
26 education courses that **ARE APPROVED BY A STATEWIDE REAL ESTATE**
27 **TRADE ASSOCIATION, WITH WHICH THE DEPARTMENT HAS CONTRACTED UNDER**

1 **SECTION 210 FOR THAT PURPOSE; ARE CONDUCTED BY A CONTINUING**
2 **EDUCATION INSTRUCTOR WHO MEETS SUBSECTION (6); AND** involve any
3 subjects that are relevant to the management, operation, and
4 practice of real estate or any other subject that contributes to
5 the professional competence of a licensee or applicant. All of the
6 following apply to this continuing education requirement:

7 (a) In each calendar year of each 3-year license cycle, a
8 licensee shall complete at least 2 hours of the required 18 hours
9 of continuing education courses.

10 (b) In completing the appropriate number of continuing
11 education courses, a licensee may select education courses in his
12 or her area of expertise, but at least 2 hours of the education
13 courses in a calendar year must involve law, rules, and court cases
14 regarding real estate.

15 (c) At the time he or she attends a continuing education
16 course, a licensee shall do both of the following to confirm his or
17 her identity:

18 (i) Present his or her pocket card, or provide his or her
19 license identification number, from the department to the course
20 provider.

21 (ii) Present his or her operator's license or chauffeur's
22 license issued under the Michigan vehicle code, 1949 PA 300, MCL
23 257.1 to 257.923, an official state personal identification card
24 issued under 1972 PA 222, MCL 28.291 to 28.300, or other
25 government-issued photo identification to the course provider.

26 (d) Any education course that the licensee successfully
27 completes to obtain a professional designation is counted toward

1 the total continuing education credits required in a 3-year license
2 cycle.

3 (e) If a licensee successfully completes a continuing
4 education course, he or she does not earn additional hours toward
5 the requirements of this section if he or she repeats that course.

6 (2) An applicant for license renewal under section 2502a shall
7 certify compliance with subsection (1) to the department. A
8 licensee shall retain evidence acceptable to the department that
9 demonstrates he or she has met the continuing education
10 requirements under this section, for at least 4 years after the
11 date of that certification, and shall produce the record that
12 contains that evidence at the request of the department. ~~The~~
13 ~~department shall consider the following as acceptable evidence~~
14 ~~under this subsection:~~

15 ~~—— (a) The name and contact information of the continuing~~
16 ~~professional education program sponsor.~~

17 ~~—— (b) The participant's name.~~

18 ~~—— (c) The course title and course field of study.~~

19 ~~—— (d) The date the course was offered or completed.~~

20 ~~—— (e) If applicable, the location of the course.~~

21 ~~—— (f) The type of instruction or delivery method used for~~
22 ~~presenting the course.~~

23 ~~—— (g) Verification by a representative of the continuing~~
24 ~~professional education program sponsor of the participant's~~
25 ~~completion of the course.~~

26 ~~—— (h) A time statement from the continuing professional~~
27 ~~education program sponsor that states that continuing professional~~

1 ~~education credits for the course were granted on a 50 minute hour.~~

2 (3) An applicant for license renewal under section 2502a is
3 subject to audit by the department for compliance with subsection
4 (1) or (6) and may be required to submit the documentation
5 described in subsection (2) to the department on request.

6 (4) If the department finds as the result of an audit under
7 subsection (3) that an applicant for license renewal under section
8 2502a has not completed sufficient hours of continuing education to
9 renew his or her license, the department may allow the applicant to
10 renew his or her license by completing both of the following, if
11 applicable:

12 (a) A sufficient number of additional hours of continuing
13 education to fulfill the requirements for the period determined by
14 audit to be deficient.

15 (b) If the period determined by the audit to be deficient is
16 at least 60 days, additional hours of continuing education in 1 of
17 the following amounts:

18 (i) If the deficiency period is at least 60 days and less than
19 120 days, 4 hours.

20 (ii) If the deficiency period is 120 days or more, 8 hours.

21 (5) Hours of additional continuing education required under
22 subsection (4)(b) do not apply toward continuing education required
23 in the next 3-year license cycle. The department may waive the
24 requirement for additional hours under subsection (4)(b) if the
25 applicant demonstrates to the department that the additional hours
26 would present an undue hardship on the applicant.

27 (6) A real estate broker, associate broker, or salesperson who

1 receives a license issued in the second or third year of a 3-year
2 license cycle is required to comply with the continuing education
3 requirements under subsection (1), except as follows:

4 (a) A real estate broker, associate broker, or salesperson who
5 receives a license issued in the second year of the 3-year license
6 cycle is required to complete 12 hours of continuing education.

7 (b) A real estate broker, associate broker, or salesperson who
8 receives a license issued in the third year of the 3-year license
9 cycle is required to complete 6 hours of continuing education.

10 (7) AN INDIVIDUAL SHALL NOT CONDUCT A CONTINUING EDUCATION
11 COURSE UNDER SUBSECTION (1) AS AN INSTRUCTOR UNLESS HE OR SHE MEETS
12 AT LEAST 1 OF THE FOLLOWING MINIMUM QUALIFICATIONS:

13 (A) IS OR WAS ENGAGED AS AN INSTRUCTOR OF REAL ESTATE COURSES
14 AT A DEGREE- OR CERTIFICATE-GRANTING PUBLIC OR INDEPENDENT
15 NONPROFIT COLLEGE OR UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY
16 COLLEGE.

17 (B) IS PROPERLY CERTIFIED BY A STATEWIDE REAL ESTATE TRADE
18 ASSOCIATION, WITH WHICH THE DEPARTMENT HAS CONTRACTED UNDER SECTION
19 210 FOR THAT PURPOSE, AND WHO IS ENGAGED IN THE REAL ESTATE ASPECTS
20 OF APPRAISING, FINANCING, MARKETING, BROKERAGE MANAGEMENT, REAL
21 PROPERTY MANAGEMENT, REAL ESTATE COUNSELING, REAL PROPERTY LAW, OR
22 OTHER RELATED SUBJECTS.

23 (C) POSSESSES ALTERNATIVE QUALIFICATIONS THAT ARE APPROVED BY
24 A STATEWIDE REAL ESTATE TRADE ASSOCIATION, WITH WHICH THE
25 DEPARTMENT HAS CONTRACTED UNDER SECTION 210 FOR THAT PURPOSE, AND
26 WHO IS QUALIFIED BY EXPERIENCE, EDUCATION, OR BOTH TO SUPERVISE AND
27 INSTRUCT A COURSE OF STUDY DESCRIBED IN SUBSECTION (1).

1 (8) ~~(7)~~—Course credits used to meet continuing education
 2 requirements under this section do not apply toward the real estate
 3 broker's license prelicensure education requirements under section
 4 2504, and course credits successfully completed under real estate
 5 broker's license prelicensure education requirements under section
 6 2504 do not apply toward the continuing education requirements of
 7 this section.

8 Sec. 2505. (1) ~~An applicant~~ **A PERSON THAT IS APPLYING** for a
 9 real estate broker's license shall file an application ~~setting~~
 10 ~~forth~~ **WITH THE DEPARTMENT. ALL OF THE FOLLOWING APPLY TO AN**
 11 **APPLICATION FOR A REAL ESTATE BROKER'S LICENSE:**

12 **(A) THE APPLICATION MUST INCLUDE** the applicant's ~~present~~
 13 ~~address, both of business and~~ **CURRENT BUSINESS ADDRESS; IF THE**
 14 **APPLICANT IS AN INDIVIDUAL, THE ADDRESS OF HIS OR HER** residence;
 15 **AND** the complete address of each former place where the applicant
 16 ~~has resided or been~~ **WAS** engaged in business, or acted as a real
 17 estate salesperson, for a period of 60 days or more, during the 5
 18 years immediately preceding the date of application. ~~An applicant~~
 19 ~~for a real estate broker's license shall state~~

20 **(B) THE APPLICATION MUST INCLUDE** the name of the ~~individual,~~
 21 ~~sole proprietorship, partnership, association, corporation, limited~~
 22 ~~liability company, common law trust, or a combination of those~~
 23 ~~entities and~~ **PERSON THAT IS THE PROPOSED LICENSEE;** the location of
 24 the place for which the license is ~~desired,~~ **SOUGHT;** and ~~set forth~~
 25 the period of time **IN** which the applicant has been engaged in the
 26 business. ~~The application shall be executed by the person, or by an~~
 27 ~~officer or member of the applicant. An applicant for a real estate~~

1 ~~broker's license which is a partnership, association, corporation,~~
2 ~~limited liability company, common law trust, or a combination of~~
3 ~~those entities~~

4 (C) THE APPLICATION MUST BE EXECUTED BY THE APPLICANT, IF THE
5 APPLICANT IS AN INDIVIDUAL, OR BY A PRINCIPAL OF THE APPLICANT IF
6 THE APPLICANT IS A LEGAL ENTITY.

7 (D) IF THE APPLICANT IS A LEGAL ENTITY, THE APPLICATION shall
8 designate which individuals who are ~~officers or members of the~~
9 ~~partnership, association, limited liability company, or corporation~~
10 CONTROL PERSONS OF THE ENTITY will be performing acts regulated by
11 this article as principals.

12 (2) THE DEPARTMENT SHALL ISSUE A REAL ESTATE BROKER'S LICENSE
13 TO AN APPLICANT THAT IS A LEGAL ENTITY ONLY IF 1 OR MORE OF THE
14 CONTROL PERSONS OF THE ENTITY HOLD AN ASSOCIATE REAL ESTATE
15 BROKER'S LICENSE. The department shall not issue a real estate
16 broker's license to a new applicant ~~who~~ THAT has been convicted of
17 embezzlement or misappropriation of funds.

18 (3) A real estate broker shall maintain a PRINCIPAL place of
19 business AT AN ACTUAL PHYSICAL LOCATION in this state WHERE THE
20 REAL ESTATE BROKER CONDUCTS ITS BROKER BUSINESS AND MAINTAINS ITS
21 BOOKS AND RECORDS. ~~If~~ ALL OF THE FOLLOWING APPLY IF a real estate
22 broker maintains more than ~~1~~ ITS PRINCIPAL place of business ~~within~~
23 ~~the state, a branch office license shall be secured by the real~~
24 ~~estate broker for each branch office maintained. A branch office~~
25 ~~maintained in excess of~~ IN THIS STATE:

26 (A) THE REAL ESTATE BROKER MUST OBTAIN A BRANCH OFFICE LICENSE
27 FOR EACH ADDITIONAL PLACE OF BUSINESS THAT THE REAL ESTATE BROKER,

1 BY ADVERTISING OR SIGNS OR OTHERWISE, REPRESENTS TO THE PUBLIC IS A
 2 PLACE WHERE CLIENTS OR CUSTOMERS MAY DO BUSINESS OR CONSULT WITH A
 3 LICENSEE.

4 (B) A BRANCH OFFICE THAT IS LOCATED MORE THAN 25 miles from
 5 the city limits in which the broker maintains ~~a main office~~ **ITS**
 6 **PRINCIPAL PLACE OF BUSINESS** shall be under the personal, direct
 7 supervision of an associate broker.

8 (4) An ~~applicant~~ **APPLICATION** for a salesperson's license shall
 9 ~~set forth~~ **INCLUDE** the period of time during which the individual
 10 has been engaged in the business, ~~stating~~ the name of the
 11 applicant's last employer, and the name and the place of business
 12 of the ~~individual, partnership, association, limited liability~~
 13 ~~company, corporation, common law trust, or combination of those~~
 14 ~~entities then employing~~ **PERSON THAT NOW EMPLOYS OR WILL EMPLOY** the
 15 applicant. ~~or in whose employ the applicant is to enter.~~ The
 16 application shall be signed by the real estate broker ~~in whose~~ **THAT**
 17 **WILL** employ the applicant. ~~is to enter.~~ **THE DEPARTMENT SHALL ONLY**
 18 **ISSUE A REAL ESTATE SALESPERSON'S LICENSE TO AN INDIVIDUAL.**

19 (5) Before issuing a license, the department ~~may~~ **SHALL** require
 20 and procure satisfactory proof of the business experience,
 21 competence, and good moral character of an applicant for a real
 22 estate broker's ~~or~~ **LICENSE IF THE APPLICANT IS AN INDIVIDUAL; OF**
 23 **EACH CONTROL PERSON OF THE APPLICANT IF THE APPLICANT IS A LEGAL**
 24 **ENTITY; OR OF AN APPLICANT FOR A** salesperson's license, ~~or of an~~
 25 ~~officer or member of an applicant.~~ The department shall require an
 26 ~~applicant for a broker's or salesperson's license to~~ **AND, SUBJECT**
 27 **TO SUBSECTION (6), REQUIRE THAT EACH OF THOSE INDIVIDUALS** pass an

1 examination developed by the department or contracted for with a
2 recognized outside testing agency ~~establishing,~~ **THAT ESTABLISHES,**
3 in a manner satisfactory to the department, that ~~the applicant~~ **HE**
4 **OR SHE** has a fair knowledge of the English language, including
5 reading, writing, spelling, and elementary arithmetic; a
6 satisfactory understanding of the fundamentals of real estate
7 practice and of the laws and principles of real estate
8 conveyancing, deeds, mortgages, land contracts, and leases; the
9 obligations of a broker to the public and a principal; and the law
10 defining, regulating, and licensing real estate brokers and
11 salespersons. The department may require written examination or
12 written reexamination of ~~a broker or salesperson, and in that case~~
13 **AN INDIVIDUAL DESCRIBED IN THIS SUBSECTION, AND IF THE DEPARTMENT**
14 **DOES REQUIRE A WRITTEN EXAMINATION OR REEXAMINATION UNDER THIS**
15 **SUBSECTION, THE DEPARTMENT SHALL NOT RELICENSE THE REAL ESTATE**
16 **BROKER OR REAL ESTATE SALESPERSON UNLESS THE INDIVIDUAL TAKING THE**
17 **EXAMINATION OR REEXAMINATION ACHIEVES** a passing score satisfactory
18 to the department. ~~is required as a condition precedent to~~
19 ~~relicensure of a broker or salesperson.~~

20 (6) ALL OF THE FOLLOWING APPLY TO THE WRITTEN EXAMINATION
21 REQUIREMENT DESCRIBED IN SUBSECTION (5):

22 (A) AN INDIVIDUAL WHO QUALIFIES UNDER THE AMERICANS WITH
23 DISABILITIES ACT OF 1990, PUBLIC LAW 101-336, MAY REQUEST
24 REASONABLE ACCOMMODATIONS TO TAKE THE EXAMINATION.

25 (B) UNDER SECTION 2502A(3), THE DEPARTMENT MAY RELICENSE
26 WITHOUT EXAMINATION OF THE APPLICANT, OR THE APPLICANT'S PRINCIPAL
27 IF APPROPRIATE, AN APPLICANT THAT APPLIES WITHIN 3 YEARS OF THE

1 EXPIRATION DATE OF THE APPLICANT'S LAST LICENSE.

2 (C) THE DEPARTMENT MAY RELICENSE WITHOUT EXAMINATION AN
3 INDIVIDUAL WHO IS APPLYING FOR A REAL ESTATE BROKER'S OR ASSOCIATE
4 REAL ESTATE BROKER'S LICENSE; HAS PREVIOUSLY SURRENDERED A REAL
5 ESTATE BROKER'S OR ASSOCIATE REAL ESTATE BROKER'S LICENSE; AND HAS
6 BEEN CONTINUOUSLY LICENSED AS A REAL ESTATE SALESPERSON SINCE THE
7 SURRENDER.

8 (D) A PASSING SCORE ON AN EXAMINATION, OR ON A PORTION OF AN
9 EXAMINATION IF THE EXAMINATION IS GIVEN IN SEPARATE PARTS, IS VALID
10 FOR 1 YEAR FROM THE DATE OF THE EXAMINATION.

11 (7) The department shall require proof that each applicant for
12 a real estate broker's license, IF THE APPLICANT IS AN INDIVIDUAL,
13 OR EACH PRINCIPAL IF THE APPLICANT IS A LEGAL ENTITY, has the
14 equivalent of 3 years of full-time experience in the business of
15 real estate. ~~or in a field that is determined by the department to~~
16 ~~be relevant and related to the business of real estate.~~ ALL OF THE
17 FOLLOWING APPLY IN DETERMINING WHETHER AN INDIVIDUAL MEETS THIS
18 EXPERIENCE REQUIREMENT:

19 (A) IF STATE LAW REQUIRES THAT A PERSON HOLD A LICENSE TO BE
20 LICENSED TO PERFORM AN ACTIVITY THAT IS CONSIDERED THE BUSINESS OF
21 REAL ESTATE, AN INDIVIDUAL SHALL NOT RECEIVE CREDIT FOR EXPERIENCE
22 PERFORMING THAT ACTIVITY WITHOUT PROPER LICENSURE.

23 (B) FOR PURPOSES OF CALCULATING WHETHER AN INDIVIDUAL HAS THE
24 EQUIVALENT OF 3 YEARS OF EXPERIENCE, THE DEPARTMENT SHALL GRANT THE
25 FOLLOWING CREDIT OR CREDITS TOWARD THAT 3-YEAR REQUIREMENT:

26 (i) IF THE INDIVIDUAL IS A REAL ESTATE SALESPERSON, A REAL
27 ESTATE BROKER, OR THE PRINCIPAL OF A REAL ESTATE BROKER, 1 YEAR OF

1 CREDIT FOR EACH 12-MONTH PERIOD OF LICENSURE IN WHICH HE OR SHE
2 CLOSED 6 OR MORE REAL ESTATE TRANSACTIONS.

3 (ii) IF THE INDIVIDUAL IS A BUILDER, 1 YEAR OF CREDIT FOR EACH
4 12-MONTH PERIOD IN WHICH HE OR SHE BUILT AND PERSONALLY SOLD OR
5 LEASED AT LEAST 6 RESIDENTIAL UNITS, COMMERCIAL UNITS, OR
6 INDUSTRIAL UNITS OR A COMBINATION OF THOSE TYPES OF UNITS.

7 (iii) IF THE INDIVIDUAL IS A REAL ESTATE INVESTOR, 6 MONTHS OF
8 CREDIT FOR EACH 6 REAL PROPERTY TRANSACTIONS PERSONALLY NEGOTIATED
9 FOR A PURCHASE OR SALE BY THE INDIVIDUAL FOR HIS OR HER OWN
10 ACCOUNT, WITH A MAXIMUM OF 1 YEAR OF CREDIT ALLOWED. HOWEVER, AN
11 INDIVIDUAL SHALL NOT RECEIVE CREDIT UNDER THIS SUBDIVISION IF HE OR
12 SHE ENGAGED IN MORE THAN 6 SALES IN ANY 12-MONTH PERIOD IN
13 VIOLATION OF SECTION 2502B.

14 (iv) IF THE INDIVIDUAL IS A LAND OR CONDOMINIUM DEVELOPER, 1
15 YEAR OF CREDIT FOR EACH 2 DEVELOPMENTS OR SUBDIVISIONS THAT CONTAIN
16 AT LEAST 10 UNITS OR PARCELS THAT HE OR SHE BOUGHT, SUBDIVIDED, AND
17 IMPROVED FOR SALE AS LOTS OR DWELLINGS.

18 (v) IF THE INDIVIDUAL IS AN ATTORNEY, 1 YEAR OF EXPERIENCE FOR
19 EACH YEAR IN WHICH HE OR SHE ACTED AS THE ATTORNEY FOR AT LEAST 6
20 REAL ESTATE TRANSACTIONS.

21 (vi) ONE YEAR OF CREDIT FOR EACH PERIOD EQUIVALENT TO AT LEAST
22 40 HOURS PER WEEK, AND AT LEAST 48 WEEKS PER YEAR, IN WHICH THE
23 INDIVIDUAL WORKED IN A CAPACITY DIRECTLY RELATED TO THE
24 ACQUISITION, FINANCING, OR CONVEYANCE OF REAL ESTATE, OR IN A
25 POSITION IN WHICH THE INDIVIDUAL WAS DIRECTLY INVOLVED IN A REAL
26 ESTATE BUSINESS, INCLUDING SERVING AS THE DECISION-MAKING AUTHORITY
27 IN ANY OF THE FOLLOWING POSITIONS:

1 (A) A LOAN OR TRUST OFFICER OF A FEDERAL OR STATE-REGULATED
2 DEPOSITORY INSTITUTION.

3 (B) A LOAN OR TRUST OFFICER OF A MORTGAGE COMPANY.

4 (C) A REAL ESTATE OFFICER OF A CORPORATION, AND WHO IS NOT A
5 LICENSED REAL ESTATE BROKER.

6 (D) A TITLE INSURANCE COMPANY OFFICER ENGAGED IN THE CLOSING
7 OF ESCROW ACCOUNTS AND REAL ESTATE CLOSINGS.

8 (E) A STAFF OR REAL PROPERTY APPRAISER.

9 Sec. 2506. (1) AN INDIVIDUAL SHALL NOT ACT AS A REAL ESTATE
10 BROKER, ASSOCIATE REAL ESTATE BROKER, OR REAL ESTATE SALESPERSON IF
11 HE OR SHE HAS NOT RECEIVED FROM THE DEPARTMENT HIS OR HER LICENSE
12 AND POCKET CARD OR RECEIVED A TEMPORARY LICENSE. AN INDIVIDUAL
13 LICENSED UNDER THIS ARTICLE SHALL NOT ACT AS A REAL ESTATE BROKER,
14 ASSOCIATE REAL ESTATE BROKER, OR REAL ESTATE SALESPERSON IF HE OR
15 SHE DOES NOT HAVE, ON HIS OR HER PERSON, HIS OR HER POCKET CARD OR
16 TEMPORARY LICENSE.

17 (2) ~~(1)~~—The department shall deliver or mail the license of a
18 real estate salesperson to the real estate broker that employs the
19 real estate salesperson, and the broker shall retain custody and
20 control of the salesperson's certificate of license and deliver the
21 pocket card for that license to the salesperson. A real estate
22 salesperson shall provide proof to the **REAL ESTATE** broker that
23 employs him or her that the real estate salesperson was issued and
24 currently holds a real estate salesperson license.

25 (3) ~~(2)~~—A licensee shall give written notice to the department
26 of any change of either a principal or branch business location.

27 ~~(3) As used in this subsection, "pocket card" means the pocket~~

1 ~~card that contains information about the license that the~~
2 ~~department provides when it issues a license under this article.~~

3 (4) IF HE OR SHE RECEIVES NOTICE THAT HIS OR HER LICENSE IS
4 SUSPENDED OR REVOKED, A REAL ESTATE SALESPERSON, OR AN ASSOCIATE
5 REAL ESTATE BROKER THAT IS NOT THE SOLE ASSOCIATE REAL ESTATE
6 BROKER FOR A REAL ESTATE BROKER THAT IS NOT AN INDIVIDUAL, SHALL
7 IMMEDIATELY FORWARD HIS OR HER POCKET CARD TO THE DEPARTMENT AND
8 THE REAL ESTATE BROKER TO WHICH THE INDIVIDUAL WAS LICENSED SHALL
9 IMMEDIATELY FORWARD THE SALESPERSON'S OR ASSOCIATE REAL ESTATE
10 BROKER'S LICENSE TO THE DEPARTMENT. IF HE OR SHE RECEIVES NOTICE
11 THAT HIS OR HER LICENSE IS SUSPENDED OR REVOKED, A REAL ESTATE
12 BROKER WHO IS AN INDIVIDUAL, OR AN ASSOCIATE REAL ESTATE BROKER WHO
13 IS THE SOLE ASSOCIATE REAL ESTATE BROKER FOR A REAL ESTATE BROKER
14 THAT IS NOT AN INDIVIDUAL, SHALL IMMEDIATELY FORWARD TO THE
15 DEPARTMENT HIS OR HER LICENSE AND POCKET CARD, THE LICENSES AND
16 POCKET CARDS OF ALL REAL ESTATE SALESPERSONS AND NONPRINCIPAL
17 ASSOCIATE REAL ESTATE BROKERS ISSUED UNDER THE REAL ESTATE BROKER,
18 AND ALL OF THE REAL ESTATE BROKER'S BRANCH OFFICE LICENSES.

19 Sec. 2509. (1) THE DEPARTMENT SHALL ONLY ISSUE AN ASSOCIATE
20 REAL ESTATE BROKER'S LICENSE TO AN INDIVIDUAL.

21 (2) ~~(1) A principal may be issued~~ THE DEPARTMENT MAY ISSUE
22 more than 1 associate real estate broker's license TO PRINCIPALS OF
23 A REAL ESTATE BROKER.

24 (3) ~~(2) A nonprincipal shall not be issued~~ THE DEPARTMENT MAY
25 NOT ISSUE more than 1 associate real estate broker's license as a
26 nonprincipal, but A NONPRINCIPAL may hold 1 or more associate real
27 estate broker's licenses as a principal.

1 ~~—— (3) As used in this section and section 2508:~~

2 ~~—— (a) "Nonprincipal" means an individual who is licensed as an~~
 3 ~~associate real estate broker, but has not been designated as a~~
 4 ~~principal under section 2505(1).~~

5 ~~—— (b) "Principal" means an individual designated as a principal~~
 6 ~~under section 2505(1).~~

7 Sec. 2510. (1) A real estate salesperson shall not accept ~~from~~
 8 ~~a person other than the real estate salesperson's employer a~~
 9 commission or valuable consideration for the performance of an act
 10 specified in this article **FROM ANY PERSON OTHER THAN THE REAL**
 11 **ESTATE BROKER THAT EMPLOYS THE SALESPERSON.**

12 (2) **IF AN INDIVIDUAL EARNED COMMISSIONS OR OTHER INCOME WHILE**
 13 **EMPLOYED BY A REAL ESTATE BROKER, IT IS NOT GROUNDS FOR**
 14 **DISCIPLINARY ACTION UNDER SECTION 2512 FOR THAT BROKER TO PAY THOSE**
 15 **COMMISSIONS OR INCOME TO THAT INDIVIDUAL, REGARDLESS OF WHETHER**
 16 **THAT INDIVIDUAL IS NOW EMPLOYED BY ANOTHER REAL ESTATE BROKER OR IS**
 17 **NO LONGER LICENSED.**

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

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

23 (b) Fails to provide a written agency disclosure to a
 24 prospective buyer or seller in a real estate transaction as defined
 25 in section 2517.

26 (c) ~~Represents~~ **IF THE LICENSEE IS AN ASSOCIATE REAL ESTATE**
 27 **BROKER OR REAL ESTATE SALESPERSON, REPRESENTS** or attempts to

1 represent a real estate broker other than ~~the~~ **HIS OR HER** employer
2 without the express knowledge and consent of the employer.

3 (d) Fails to account for or to remit money ~~coming~~ **THAT COMES**
4 into the licensee's possession ~~which~~ **THAT** belongs to others.

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

7 (f) ~~In the case of~~ **IF THE LICENSEE IS** a real estate broker,
8 fails to return a real estate salesperson's license within 5 days
9 ~~as provided in~~ **UNDER** section 2507.

10 (g) ~~In the case of a~~ **IF THE** licensee engaged in property
11 management, violates section 2512c(2), (5), or (6).

12 (h) Except as provided in section ~~2512b,~~ **2510(2)**, shares or
13 pays a fee, commission, or other valuable consideration to a person
14 **THAT IS** not licensed under this article, including payment to any
15 person ~~providing the names~~ **THAT PROVIDES THE NAME** of, or any other
16 information regarding, a potential seller or purchaser of real
17 estate but excluding payment for the purchase of **A** commercially
18 prepared ~~lists~~ **LIST** of names. However, a licensed real estate
19 broker may pay a commission to a ~~licensed~~ real estate broker ~~of~~
20 **THAT IS LICENSED BY** another state if the nonresident real estate
21 broker does not conduct in this state a negotiation for which a
22 commission is paid.

23 (i) Conducts or develops a market analysis ~~not in compliance~~
24 **THAT DOES NOT COMPLY** with section 2601(a) (ii).

25 (j) Fails to provide the minimum services ~~as specified in~~
26 **UNDER** section 2512d(3) when providing services ~~pursuant to~~ **UNDER** a
27 service provision agreement unless expressly waived in writing by

1 the client under section ~~2517(3)~~.**2517(2)**.

2 (k) Except in ~~the case of~~ **CONNECTION WITH A** property
3 management ~~accounts,~~ **ACCOUNT**, fails to deposit in the real estate
4 broker's custodial trust or escrow account money ~~belonging~~ **THAT**
5 **BELONGS** to others ~~coming~~ **THAT COMES** into the ~~hands~~ **POSSESSION** of
6 the licensee in ~~compliance with~~ **ANY OF** the following **TYPES OF**
7 **TRANSACTIONS:**

8 (i) A real estate broker shall retain a deposit or other money
9 made payable to a person, ~~partnership, corporation, or association~~
10 ~~holding~~ **THAT HOLDS** a real estate broker's license under this
11 article pending consummation or termination of the transaction
12 involved and shall account for the full amount of the money at the
13 time of the consummation or termination of the transaction.

14 (ii) A real estate salesperson shall pay ~~over~~ **OR DELIVER** to the
15 real estate broker, ~~upon~~ **ON** receipt, a deposit or other money ~~on~~
16 **PAID IN CONNECTION WITH** a transaction in which the real estate
17 salesperson is engaged on behalf of the real estate broker.

18 (iii) A real estate broker shall not **DEPOSIT OR** permit **THE**
19 **DEPOSIT OF** an advance payment of ~~funds belonging~~ **MONEY THAT BELONGS**
20 to others ~~to be deposited~~ in the real estate broker's business or
21 personal account or ~~to be commingled~~ **COMMINGLE OR PERMIT THE**
22 **COMMINGLING OF THAT MONEY** with funds on deposit ~~belonging~~ **THAT**
23 **BELONG** to the real estate broker.

24 (iv) A real estate broker shall deposit, within 2 banking days
25 after the broker has received notice that an offer to purchase is
26 accepted by all parties, money ~~belonging~~ **THAT BELONGS** to others **AND**
27 **IS** made payable to the real estate broker into a separate custodial

1 trust or escrow account maintained by the real estate broker with a
2 bank, savings and loan association, credit union, or recognized
3 depository until the transaction involved is consummated or
4 terminated, at which time the real estate broker shall account for
5 the full amount received.

6 (v) A real estate broker shall keep records of ~~funds~~ **MONEY**
7 deposited in its custodial trust or escrow account, ~~which~~ **AND**
8 **INDICATE CLEARLY IN THOSE** records ~~shall indicate clearly~~ the date
9 and from whom the money was received, the date deposited, the date
10 of withdrawal, and other pertinent information concerning the
11 transaction, ~~and~~ shall show clearly for whose account the money is
12 deposited and to whom the money belongs. The records ~~shall be~~ **ARE**
13 subject to inspection by the department. A real estate broker's
14 separate custodial trust or escrow account shall designate the real
15 estate broker as trustee, and the custodial trust or escrow account
16 shall provide for withdrawal of funds without previous notice. This
17 article and the rules promulgated ~~pursuant to~~ **UNDER** this article do
18 not prohibit the deposit of money accepted under this section in a
19 noninterest bearing account of a state or federally chartered
20 savings and loan association or a state or federally chartered
21 credit union.

22 (vi) If a purchase agreement signed by a seller and purchaser
23 provides that ~~a deposit be held by~~ an escrowee other than a real
24 estate broker **SHALL HOLD A DEPOSIT**, a licensee in possession of
25 ~~such a~~ **THAT** deposit shall cause the deposit to be delivered to the
26 named escrowee within 2 banking days after the licensee ~~has~~
27 ~~received~~ **RECEIVES** notice that an offer to purchase is accepted by

1 all parties.

2 (I) BECOMES A PARTY TO A NET SERVICE PROVISION AGREEMENT FOR AN
3 OWNER, SELLER, OR BUYER AS A MEANS OF SECURING A COMMISSION.

4 (M) IF THE LICENSEE IS ENTITLED TO RECEIVE, EITHER DIRECTLY OR
5 INDIRECTLY, A REAL ESTATE COMMISSION AS A RESULT OF THE SALE OF
6 PROPERTY, ALSO RECEIVES A REFERRAL FEE OR OTHER VALUABLE
7 CONSIDERATION FROM A LENDER ABSTRACT, HOME WARRANTY, OR OTHER
8 SETTLEMENT SERVICE PROVIDER IN CONNECTION WITH THE TRANSACTION
9 UNLESS THE LICENSEE OBTAINS THE PRIOR WRITTEN CONSENT OF THE PARTY
10 OR PARTIES WITH WHICH THE LICENSEE HAS AN AGENCY RELATIONSHIP AND
11 THE FEE IS NOT OTHERWISE PROHIBITED BY THE REAL ESTATE SETTLEMENT
12 PROCEDURES ACT OF 1974, PUBLIC LAW 93-533, OR OTHER APPLICABLE LAW.

13 Sec. 2512d. (1) A real estate broker or real estate
14 salesperson **THAT IS** acting ~~pursuant to~~ **UNDER THE TERMS OF** a service
15 provision agreement shall perform the duties ~~imposed~~ **DESCRIBED** in
16 subsection (2). A real estate broker may authorize a designated
17 agent to represent the client, ~~so long as~~ **IF** that authorization is
18 in writing.

19 (2) A real estate broker or real estate salesperson acting
20 ~~pursuant to~~ **UNDER THE TERMS OF** a service provision agreement owes,
21 at a minimum, the following duties to ~~his or her~~ **THAT BROKER'S OR**
22 **SALESPERSON'S** client:

23 (a) The exercise of reasonable care and skill in representing
24 the client and carrying out the responsibilities of the agency
25 relationship.

26 (b) The performance of the terms of the service provision
27 agreement.

1 (c) Loyalty to the interest of the client.

2 (d) Compliance with the laws, rules, and regulations of this
3 state and any applicable federal statutes or regulations.

4 (e) Referral of the client to other licensed professionals for
5 expert advice related to material matters that are not within the
6 expertise of the ~~licensed agent~~. **BROKER.**

7 (f) An accounting in a timely manner of all money and property
8 received by the ~~agent~~ **BROKER** in which the client has or may have an
9 interest.

10 (g) Confidentiality of all information obtained in the course
11 of the agency relationship, unless disclosed with the client's
12 permission or as provided by law, including the duty not to
13 disclose confidential information to any licensee who is not an
14 agent of the client.

15 (3) A real estate broker or real estate salesperson **THAT IS**
16 acting ~~pursuant to~~ **UNDER THE TERMS OF** a service provision agreement
17 shall provide the following services to ~~his or her~~ **THAT BROKER'S OR**
18 **SALESPERSON'S** client:

19 (a) ~~When~~ **IF** the real estate broker or real estate salesperson
20 is representing a seller or lessor, the marketing of the client's
21 property in the manner agreed ~~upon~~ **ON** in the service provision
22 agreement.

23 (b) Acceptance of delivery and presentation of offers and
24 counteroffers to buy, sell, or lease the client's property or the
25 property the client seeks to purchase or lease. **AT THE TIME OF**
26 **EXECUTION OF AN OFFER TO PURCHASE, A LICENSEE SHALL RECOMMEND TO**
27 **THE PURCHASER THAT THE PURCHASER REQUIRE THAT THE SELLER PROVIDE A**

1 FEE TITLE POLICY IN THE AMOUNT OF THE PURCHASE PRICE TO THE
2 PURCHASER, ISSUED OR CERTIFIED TO THE APPROXIMATE DATE OF CLOSING
3 OF THE REAL ESTATE TRANSACTION.

4 (c) Assistance in developing, communicating, negotiating, and
5 presenting offers, counteroffers, and related documents or notices
6 until a purchase or lease agreement is executed by all parties and
7 all contingencies are satisfied or waived.

8 (d) After execution of a purchase agreement by all parties,
9 assistance as necessary to complete the transaction under the terms
10 specified in the purchase agreement. **WITHOUT WRITTEN APPROVAL OF**
11 **THE BUYER AND SELLER, A LICENSEE SHALL NOT CLOSE A TRANSACTION ON**
12 **ANY TERMS OR CONDITIONS THAT ARE CONTRARY TO THE TERMS OR**
13 **CONDITIONS OF AN EXECUTED PURCHASE AGREEMENT.**

14 (e) For a broker or associate broker ~~who~~**THAT** is involved at
15 the closing of a real estate or business opportunity transaction,
16 furnishing, or causing to be furnished, to the buyer and seller, a
17 complete and detailed closing statement signed by the broker or
18 ~~associated~~**ASSOCIATE** broker showing each party all receipts and
19 disbursements affecting that party. **IF THE CLOSING IS CONDUCTED AT**
20 **A DEPOSITORY FINANCIAL INSTITUTION, AS DEFINED IN SECTION 1A OF THE**
21 **MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT, 1987 PA**
22 **173, MCL 445.1651A, A TITLE COMPANY, OR OTHER CLOSING ENTITY, THE**
23 **REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE BROKER REMAINS**
24 **RESPONSIBLE FOR THE CONTENT OF THE CLOSING STATEMENT AND SHALL SIGN**
25 **THE FINAL CLOSING DOCUMENT. A REAL ESTATE SALESPERSON SHALL NOT**
26 **CLOSE A REAL ESTATE OR BUSINESS OPPORTUNITY TRANSACTION UNLESS THE**
27 **TRANSACTION IS CLOSED UNDER THE SUPERVISION OF THE REAL ESTATE**

1 BROKER THAT EMPLOYS THE SALESPERSON. IN A COOPERATIVE TRANSACTION,
2 EITHER A REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE BROKER MAY
3 CLOSE THE SALE AND FURNISH CLOSING STATEMENTS, BUT IT REMAINS THE
4 FINAL RESPONSIBILITY OF THE LISTING REAL ESTATE BROKER TO CLOSE THE
5 SALE AND FURNISH SIGNED CLOSING STATEMENTS TO BOTH THE BUYER AND
6 SELLER.

7 (4) A real estate broker or real estate salesperson **THAT IS**
8 representing a seller under a service provision agreement shall not
9 advertise the property to the public as "for sale by owner" or
10 otherwise mislead the public to believe that the seller is not
11 represented by a real estate broker.

12 (5) The services described in subsection (3)(b), (c), and (d)
13 may be waived in a limited service agreement.

14 **SEC. 2512E. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), ANY**
15 **ADVERTISEMENT TO BUY, SELL, EXCHANGE, RENT, LEASE, OR MORTGAGE REAL**
16 **PROPERTY OR A BUSINESS OPPORTUNITY BY A REAL ESTATE BROKER SHALL**
17 **INCLUDE THE BROKER'S NAME AS IT APPEARS ON THE BROKER'S LICENSE;**
18 **SHALL INCLUDE THE BROKER'S TELEPHONE NUMBER OR STREET ADDRESS; AND**
19 **SHALL STATE THAT THE PERSON DOING THE ADVERTISING IS A REAL ESTATE**
20 **BROKER.**

21 (2) AN INDIVIDUAL WHO IS LICENSED AS A REAL ESTATE BROKER OR
22 ASSOCIATE REAL ESTATE BROKER MAY ADVERTISE REAL PROPERTY THAT HE OR
23 SHE PERSONALLY OWNS FOR SALE OR FOR LEASE IN HIS OR HER OWN NAME,
24 AND IS NOT REQUIRED TO INCLUDE THE NAME OF THE REAL ESTATE BROKER,
25 OR THE NAME OF THE REAL ESTATE BROKER THAT EMPLOYS THE ASSOCIATE
26 REAL ESTATE BROKER, AS THE SALES OR LEASING AGENT FOR THE PROPERTY
27 IN THE ADVERTISEMENT. HOWEVER, THE ADVERTISING SHALL INDICATE

1 AFFIRMATIVELY THAT THE INDIVIDUAL WHO IS SELLING OR LEASING THE
2 REAL PROPERTY IS A LICENSED REAL ESTATE BROKER OR ASSOCIATE REAL
3 ESTATE BROKER.

4 (3) EXCEPT AS PROVIDED IN SUBSECTION (2) OR (4), A REAL ESTATE
5 SALESPERSON OR AN ASSOCIATE REAL ESTATE BROKER SHALL ONLY ADVERTISE
6 TO BUY, SELL, EXCHANGE, RENT, LEASE, OR MORTGAGE REAL PROPERTY OR A
7 BUSINESS OPPORTUNITY UNDER THE SUPERVISION OF, AND IN THE LICENSED
8 NAME OF, THE REAL ESTATE BROKER THAT EMPLOYS HIM OR HER.

9 (4) A REAL ESTATE SALESPERSON MAY ONLY ADVERTISE TO SELL REAL
10 PROPERTY UNDER HIS OR HER OWN NAME IF THE PROPERTY IS THE PRINCIPAL
11 RESIDENCE OF THE SALESPERSON. A REAL ESTATE SALESPERSON MAY ONLY
12 ADVERTISE REAL PROPERTY FOR RENT OR LEASE UNDER HIS OR HER OWN NAME
13 IF THE SALESPERSON IS THE OWNER OF THE PROPERTY.

14 (5) A REAL ESTATE BROKER SHALL NOT CONDUCT BUSINESS OR
15 ADVERTISE UNDER A NAME OTHER THAN THAT IN WHICH THE BROKER'S
16 LICENSE IS ISSUED. A REAL ESTATE BROKER THAT INTENDS TO OPERATE
17 UNDER AN ASSUMED NAME SHALL SEND TO THE DEPARTMENT, WITH THE
18 APPLICATION FOR A REAL ESTATE BROKER LICENSE, A COPY OF A
19 CERTIFICATE OF ASSUMED NAME THAT IS FILED WITH THIS STATE OR A
20 CLERK OF THE COUNTY, AS REQUIRED BY LAW.

21 SEC. 2512F. (1) A REAL ESTATE BROKER OR ASSOCIATE REAL ESTATE
22 BROKER SHALL SUPERVISE THE WORK OF A REAL ESTATE SALESPERSON. FOR
23 PURPOSES OF THIS SUBSECTION, SUPERVISION OF A REAL ESTATE
24 SALESPERSON INCLUDES AT LEAST ALL OF THE FOLLOWING:

25 (A) DIRECT COMMUNICATION IN PERSON OR BY RADIO, TELEPHONE, OR
26 ELECTRONIC COMMUNICATION, ON A REGULAR BASIS.

27 (B) REVIEW OF THE PRACTICE OF THE SALESPERSON.

1 (C) REVIEW OF THE SALESPERSON'S REPORTS.

2 (D) ANALYSES AND GUIDANCE OF THE SALESPERSON'S PERFORMANCE IN
3 REGULATED ACTIVITIES.

4 (E) PROVIDING WRITTEN OPERATING POLICIES AND PROCEDURES TO THE
5 SALESPERSON.

6 (2) A REAL ESTATE BROKER SHALL NOT CONTRACT WITH AN INDIVIDUAL
7 REAL ESTATE SALESPERSON OR NONPRINCIPAL ASSOCIATE REAL ESTATE
8 BROKER WHO IS EMPLOYED BY THE REAL ESTATE BROKER IN A MANNER THAT
9 LIMITS THE BROKER'S AUTHORITY TO SUPERVISE THE SALESPERSON UNDER
10 SUBSECTION (1).

11 SEC. 2516. (1) IF A LICENSEE BUYS OR OTHERWISE ACQUIRES,
12 DIRECTLY OR INDIRECTLY, AN INTEREST IN REAL PROPERTY, THE LICENSEE
13 SHALL DISCLOSE THE LICENSEE'S LICENSURE AS A REAL ESTATE BROKER,
14 ASSOCIATE REAL ESTATE BROKER, OR REAL ESTATE SALESPERSON CLEARLY,
15 IN WRITING, TO THE OWNER OF THE PROPERTY BEFORE THE OWNER IS ASKED
16 TO SIGN THE PURCHASE AGREEMENT.

17 (2) IF A LICENSEE ACQUIRES, DIRECTLY OR INDIRECTLY, AN OPTION
18 TO PURCHASE REAL PROPERTY FROM AN OWNER THAT REQUESTED THE
19 LICENSEE'S SERVICES AS A REAL ESTATE LICENSEE IN CONNECTION WITH
20 THAT PROPERTY, THE LICENSEE SHALL DISCLOSE THE LICENSEE'S LICENSURE
21 AS A REAL ESTATE BROKER, ASSOCIATE REAL ESTATE BROKER, OR REAL
22 ESTATE SALESPERSON, IN WRITING, TO THE OWNER BEFORE THE OWNER IS
23 ASKED TO SIGN THE OPTION AGREEMENT.

24 (3) A LICENSEE THAT BUYS OR OTHERWISE ACQUIRES AN INTEREST IN
25 REAL PROPERTY, DIRECTLY OR INDIRECTLY, AND THAT IS OWED A
26 COMMISSION, FEE, OR OTHER VALUABLE CONSIDERATION AS A RESULT OF THE
27 SALE, SHALL OBTAIN THE WRITTEN PERMISSION FROM THE SELLER OR OWNER

1 TO RECEIVE THE SPECIFIED CONSIDERATION.

2 (4) ON REQUEST OF THE DEPARTMENT, A LICENSEE SHALL PROVIDE
3 WRITTEN PROOF OF ANY DISCLOSURES AND CONSENTS REQUIRED UNDER THIS
4 SECTION TO THE DEPARTMENT.

5 SEC. 2516A. A LICENSEE SHALL PROVIDE FOR INSPECTION, BY AN
6 AUTHORIZED REPRESENTATIVE OF THE DEPARTMENT, OF ANY DOCUMENT OR
7 RECORD THAT THE DEPARTMENT DETERMINES IS REASONABLY NECESSARY FOR
8 AN INVESTIGATION OF THE LICENSEE OR THE BUSINESS ACTIVITIES OF THE
9 LICENSEE, THE ADMINISTRATION OF THIS ACT, OR THE ADMINISTRATIVE
10 RULES PROMULGATED UNDER THIS ARTICLE.

11 Enacting section 1. This amendatory act takes effect January
12 1, 2016.