

OCCUPATIONAL CODE (EXCERPT)
Act 299 of 1980

339.2505 Real estate broker's license; application; contents; execution of application; effect of certain convictions; place of business; branch office license; signature; proof; examination; experience.

Sec. 2505. (1) An individual or business entity that is applying for a real estate broker's license shall file an application with the department. All of the following apply to an application for a real estate broker's license:

(a) The application must include the applicant's current business address; if the applicant is an individual, the address of his or her residence; and the complete address of each former place where the applicant resided or was engaged in business, or acted as a real estate salesperson, for a period of 60 days or more, during the 5 years immediately preceding the date of application.

(b) The application must include the name of the individual or business entity that is the proposed licensee; the location of the place for which the license is sought; and the period of time in which the applicant has been engaged in the business.

(c) The application must be executed by the applicant, if the applicant is an individual, or by a principal of the applicant if the applicant is a business entity.

(d) If the applicant is a business entity, the application shall designate which individuals who are control persons of the entity will be performing acts regulated by this article as principals. An applicant shall not designate a control person as a principal unless that control person is licensed as an associate real estate broker under this article.

(2) The department shall not issue a real estate broker's license to an individual who has been convicted of embezzlement or misappropriation of funds.

(3) A real estate broker shall maintain a place of business in this state. If a real estate broker maintains more than 1 place of business in this state, the real estate broker must obtain a branch office license for each of those additional places of business. If a branch office is located more than 25 miles from the nearest boundary of the municipality in which the main office of the real estate broker is located, the broker shall ensure that the branch office is under the direct supervision of an associate broker. As used in this subsection, "direct supervision" means that an associate broker is physically present at the branch office on a regular basis to supervise and manage the business during ordinary business hours.

(4) An application for a real estate salesperson's license shall be signed by the real estate broker that will employ the applicant. The department shall only issue a real estate salesperson's license to an individual.

(5) Before issuing a license, the department may require and procure satisfactory proof of the business experience, competence, and good moral character of an applicant for a license under this article if the applicant is an individual or of each principal if the applicant is a business entity. Subject to subsection (6), the department shall require that each of those individuals pass an examination developed by the department or contracted for with a recognized outside testing agency that establishes, in a manner satisfactory to the department, that he or she has a fair knowledge of the English language, including reading, writing, spelling, and elementary arithmetic; a satisfactory understanding of the fundamentals of real estate practice and of the laws and principles of real estate conveyancing, deeds, mortgages, land contracts, and leases; the obligations of a broker to the public and a principal; and the law defining, regulating, and licensing real estate brokers and salespersons. The department may require written examination or written reexamination of an individual described in this subsection, and if the department does require a written examination or reexamination under this subsection, the department shall not issue a license unless the individual taking the examination or reexamination achieves a passing score satisfactory to the department.

(6) All of the following apply to the written examination requirement described in subsection (5):

(a) The department may relicense without examination an individual who is applying for a real estate broker's or associate real estate broker's license; has previously held a real estate broker's or associate real estate broker's license that has lapsed; and has been continuously licensed as a real estate salesperson since the lapse of the previous license.

(b) A passing score on an examination, or on a portion of an examination if the examination is given in separate parts, is valid for 1 year from the date of the examination.

(7) The department shall require proof that each applicant for a real estate broker's license, if the applicant is an individual, or each principal if the applicant is a business entity, has the equivalent of 3 years of full-time experience in the business of real estate. All of the following apply in determining whether an individual meets this experience requirement:

(a) If state law requires that a person hold a license to be licensed to perform an activity that is considered the business of real estate, an individual shall not receive credit for experience performing that activity

without proper licensure.

(b) For purposes of calculating whether an individual has the equivalent of 3 years of experience, the department shall grant the following credit or credits toward that 3-year requirement:

(i) If the individual is a real estate salesperson, 1 year of credit for each 12-month period of licensure in which he or she closed 5 or more real estate transactions.

(ii) If the individual is a builder, 1 year of credit for each 12-month period in which he or she built and personally sold or leased at least 5 residential units, commercial units, or industrial units or a combination of those types of units.

(iii) If the individual is a real estate investor, 6 months of credit for each 5 real property transactions personally negotiated for a purchase or sale by the individual for his or her own account, with a maximum of 1 year of credit allowed. However, an individual shall not receive credit under this subdivision if he or she engaged in more than 5 sales in any 12-month period in violation of section 2502b.

(iv) If the individual is a land or condominium developer, 1 year of credit for each 2 developments or subdivisions that contain at least 10 units or parcels that he or she bought, subdivided, and improved for sale as lots or dwellings.

(v) If the individual is an attorney, 1 year of credit for each year in which he or she acted as the attorney for at least 6 real estate transactions.

(vi) If the individual is a real estate appraiser who is licensed under article 26, 1 year of credit for each period equivalent to at least 40 hours per week, and at least 48 weeks per year, in which he or she acted as a real estate appraiser.

(vii) One year of credit for each period equivalent to at least 40 hours per week, and at least 48 weeks per year, in which the individual worked in a capacity directly related to the acquisition, financing, or conveyance of real estate, or in a position in which the individual was directly involved in a real estate business, including serving as the decision-making authority in any of the following positions:

(A) A loan or trust officer of a federal or state-regulated depository institution.

(B) A loan or trust officer of a mortgage company.

(C) A real estate officer of a corporation, and who is not a licensed real estate broker.

(D) A title insurance company officer engaged in the closing of escrow accounts and real estate closings.

(viii) Credit for any other experience that is approved by the department by rule, in consultation with the board, as equivalent to the experience described in this subsection.

History: 1980, Act 299, Imd. Eff. Oct. 21, 1980;—Am. 1981, Act 83, Imd. Eff. July 1, 1981;—Am. 1988, Act 16, Imd. Eff. Feb. 18, 1988;—Am. 1988, Act 463, Eff. Sept. 1, 1989;—Am. 2003, Act 196, Imd. Eff. Nov. 10, 2003;—Am. 2016, Act 502, Eff. Mar. 29, 2017.

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