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Analysis of House Bill 4123 (As Passed House)

Topic: Real Estate Salesperson License
Sponsor: Representative Griffin
Co-Sponsors: None
Committee: House Regulatory Reform
Senate Economic Development & Regulatory Reform

Date Introduced: January 27, 2009

Date Enrolled:

Date of Analysis: July 28, 2009

Position: The Department of Energy, Labor & Economic Growth supports the bill.

Problem/Background: Current requirements that a real estate salespersons license be displayed at the employing broker's office do not reflect the realities of today's real estate market. Although the final sale may occur at that location, initial contact between the client and the salesperson will most likely occur outside that office. If a client wants to verify a salesperson's license the best way to do that is to use the Internet to access the department's license verification system.

Description of Bill: The bill amends Section 2506 of the Occupational Code to delete the requirement that the license of a real estate sales person be delivered or mailed to the employer broker and be kept in his or her custody and control. The requirement that the broker conspicuously display the broker's license and the license of each salesperson employed by the broker is also deleted. The House substitute added language requiring a salesperson to provide proof to the employing broker that the salesperson has been issued and currently holds a salesperson license. The substitute also deletes archaic language that requires issuance of a temporary license if the department is unable to issue a salesperson license within two weeks.

Summary of Arguments

Pro: The requirement that a real estate salesperson's license be kept in the custody of the employing broker and conspicuously displayed in that office is archaic. Because clients interaction with salespersons most often occurs outside brokers' offices, clients seldom verify

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licenses in the offices. Instead, it is much more likely that the client will use the Internet to verify the license.

Con: The bill creates a potential conflict with another section of the Occupational Code. For instance, Section 2507 states that if a salesperson is discharged or terminates employment, the broker is required to return the salesperson's license to the department. If this bill is enacted, Section 2507 is at best confusing and unnecessary. It should have been amended as well.

Fiscal/Economic Impact: The bill will have no fiscal impact on state government or the department.

Other State Departments: No other state departments are affected.

Any Other Pertinent Information: The Michigan Association of Realtors supports the bill.

Administrative Rules Impact: R 339.22211 makes reference to the broker receiving the wall license. This rule will likely be revised if this bill is enacted.