

# HOUSE BILL No. 5334

December 7, 1989, Introduced by Reps. Weeks, Murphy, Stopczynski and DeMars and referred to the Committee on State Affairs.

A bill to amend section 2601 of Act No. 299 of the Public Acts of 1980, entitled  
"Occupational code,"  
being section 339.2601 of the Michigan Compiled Laws; and to add sections 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, and 2623.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 2601 of Act No. 299 of the Public Acts  
2 of 1980, being section 339.2601 of the Michigan Compiled Laws, is  
3 amended and sections 2603, 2605, 2607, 2609, 2611, 2613, 2615,  
4 2617, 2619, 2621, and 2623 are added to read as follows:

5       Sec. 2601. ~~The following acts and parts of acts, as~~  
6 ~~amended, are repealed~~ AS USED IN THIS ARTICLE:

<del>1</del>	<del>Year of Act</del>	<del>Public Act Number</del>	<del>Compiled Law Number (1970)</del>
2	<del>1919</del>	<del>306</del>	<del>451.201 to 451.219</del>
3	<del>1931</del>	<del>176</del>	<del>338.751 to 338.786</del>
4	<del>1937</del>	<del>240</del>	<del>338.551 to 338.576</del>
5	<del>1939</del>	<del>122</del>	<del>338.209a</del>
6	<del>1939</del>	<del>205</del>	<del>431.101 to 431.126</del>
7	<del>1949</del>	<del>268</del>	<del>338.861 to 338.875</del>
8	<del>1955</del>	<del>78</del>	<del>338.721 to 338.740</del>
9	<del>1963</del>	<del>126</del>	<del>338.1201 to 338.1219</del>
10	<del>1965</del>	<del>201</del>	<del>338.1401 to 338.1414</del>
11	<del>1965</del>	<del>383</del>	<del>338.1501 to 338.1519</del>
12	<del>1966</del>	<del>218</del>	<del>338.1351 to 338.1366</del>
13	<del>1966</del>	<del>265</del>	<del>338.1451 to 338.1466</del>
14	<del>1966</del>	<del>292</del>	<del>338.1031 to 338.1045</del>
15	<del>1968</del>	<del>355</del>	<del>338.1601 to 338.1665</del>
16	<del>1969</del>	<del>166</del>	<del>338.1181 to 338.1192</del>
17	<del>1972</del>	<del>352</del>	<del>338.1751 to 338.1766</del>
18	<del>1974</del>	<del>251</del>	<del>338.1851 to 338.1868</del>
19	<del>1974</del>	<del>301</del>	<del>338.2001 to 338.2060</del>
20	<del>1974</del>	<del>361</del>	<del>445.211 to 445.245</del>
21	<del>1976</del>	<del>130</del>	<del>338.2101 to 338.2125</del>

22 (A) "APPRAISAL" MEANS AN OPINION, CONCLUSION, OR ANALYSIS  
 23 RELATING TO THE VALUE OF REAL PROPERTY.

24 (B) "APPRAISER" MEANS A PERSON ENGAGED IN THE DEVELOPMENT  
 25 AND COMMUNICATION OF APPRAISALS.

1 (C) "REAL PROPERTY" MEANS AN IDENTIFIED TRACT OR PARCEL OF  
2 LAND, INCLUDING IMPROVEMENTS ON THAT LAND, AS WELL AS ANY  
3 INTERESTS, BENEFITS, OR RIGHTS INHERENT IN THE LAND.

4 (D) "RESIDENTIAL REAL PROPERTY" MEANS REAL PROPERTY USED AS  
5 A RESIDENCE CONTAINING A DWELLING THAT HAS NOT MORE THAN 4 LIVING  
6 UNITS.

7 (E) "STATE CERTIFIED GENERAL REAL ESTATE APPRAISER" MEANS AN  
8 INDIVIDUAL WHO APPRAISES ALL TYPES OF REAL PROPERTY AND IS REGIS-  
9 TERED UNDER THIS ARTICLE.

10 (F) "STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER"  
11 MEANS AN INDIVIDUAL WHO APPRAISES RESIDENTIAL REAL PROPERTY AND  
12 IS REGISTERED UNDER THIS ARTICLE.

13 (G) "UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE"  
14 MEANS THOSE STANDARDS PUBLISHED BY THE APPRAISAL FOUNDATION AND  
15 APPROVED BY THE APPRAISAL FOUNDATION ON JANUARY 30, 1989.

16 SEC. 2603. (1) THERE IS CREATED A BOARD OF STATE CERTIFIED  
17 REAL ESTATE APPRAISERS.

18 (2) SUBJECT TO SUBSECTION (3), EACH MEMBER OF THE INITIAL  
19 BOARD SHALL BE AN INDIVIDUAL LICENSED UNDER ARTICLE 25 WHO MEETS  
20 EITHER OR BOTH OF THE FOLLOWING CONDITIONS:

21 (A) IS CERTIFIED, REGISTERED, OR OTHERWISE APPROVED BY A  
22 NATIONAL ORGANIZATION THAT BOTH CERTIFIES, REGISTERS, OR OTHER-  
23 WISE APPROVES APPRAISERS OF REAL PROPERTY AND SUBSCRIBES TO THE  
24 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

25 (B) HAS BEEN ACTIVELY ENGAGED AS AN APPRAISER, MANAGER OF AN  
26 APPRAISAL FIRM OR DEPARTMENT, OR INSTRUCTOR OF APPRAISAL

1 EDUCATION FOR NOT LESS THAN 2 YEARS IMMEDIATELY PRECEDING HIS OR  
2 HER APPOINTMENT.

3 (3) EACH MEMBER APPOINTED UNDER SUBSECTION (2) SHALL BE REG-  
4 ISTERED UNDER THIS ARTICLE WITHIN 3 YEARS AFTER THE EFFECTIVE  
5 DATE OF THIS ARTICLE.

6 (4) NOT LATER THAN 1 YEAR AFTER THE EFFECTIVE DATE OF THE  
7 AMENDATORY ACT THAT ADDED THIS SECTION, THE BOARD SHALL PROMUL-  
8 GATE RULES SETTING MINIMUM STANDARDS FOR THE DEVELOPMENT AND COM-  
9 MUNICATION OF APPRAISALS. IN DEVELOPING THESE STANDARDS, THE  
10 BOARD MAY ADOPT THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL  
11 PRACTICE AND ANY OTHER STANDARDS IF THE BOARD DETERMINES THAT  
12 THOSE STANDARDS SERVE AS A BASIS FOR THE DEVELOPMENT AND COMMUNI-  
13 CATION OF AN APPRAISAL.

14 (5) THE BOARD MAY PROMULGATE RULES FOR THE PURPOSE OF ADOPT-  
15 ING ANY AMENDMENTS OR MODIFICATION OF THE UNIFORM STANDARDS OF  
16 PROFESSIONAL APPRAISAL OR OTHER STANDARDS ADOPTED BY RULES  
17 PROMULGATED UNDER SUBSECTION (4).

18 SEC. 2605. (1) AN INDIVIDUAL SHALL NOT REPRESENT HIMSELF OR  
19 HERSELF TO BE A STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER  
20 UNLESS THAT INDIVIDUAL IS REGISTERED UNDER THIS ARTICLE AS A  
21 STATE CERTIFIED RESIDENTIAL OR GENERAL REAL ESTATE APPRAISER.

22 (2) AN INDIVIDUAL SHALL NOT REPRESENT HIMSELF OR HERSELF TO  
23 BE A STATE CERTIFIED GENERAL REAL ESTATE APPRAISER UNLESS THAT  
24 INDIVIDUAL IS REGISTERED UNDER THIS ARTICLE AS A STATE CERTIFIED  
25 GENERAL REAL ESTATE APPRAISER.

26 (3) THE TERMS "STATE CERTIFIED GENERAL REAL ESTATE  
27 APPRAISER" AND "STATE CERTIFIED RESIDENTIAL REAL ESTATE

1 APPRAISER" SHALL REFER ONLY TO AN INDIVIDUAL REGISTERED UNDER  
2 THIS ARTICLE AND SHALL NOT REFER TO OR BE USED IN CONNECTION WITH  
3 THE NAME OR SIGNATURE OF A PERSON THAT IS NOT AN INDIVIDUAL REG-  
4 ISTERED UNDER THIS ARTICLE.

5 (4) AN INDIVIDUAL REGISTERED UNDER THIS ARTICLE SHALL DIS-  
6 CLOSE ANY LIMITATIONS ON THE TYPE OF ANALYSIS, VALUATION, OR  
7 OPINION IN RELATION TO AN APPRAISAL.

8 (5) AN APPRAISAL DEVELOPED BY AN INDIVIDUAL REGISTERED UNDER  
9 THIS ARTICLE SHALL CONFORM TO THE STANDARDS ESTABLISHED BY THE  
10 BOARD IN SECTION 2603(4) AND (5).

11 SEC. 2607. THIS ARTICLE DOES NOT PREVENT A PERSON FROM  
12 ENGAGING IN THE BUSINESS OF BEING OR FROM ACTING IN THE CAPACITY  
13 OF AN APPRAISER IN THIS STATE WITHOUT BEING REGISTERED UNDER THIS  
14 ARTICLE IF THE PERSON IS EITHER OF THE FOLLOWING:

15 (A) A PERSON LICENSED UNDER ARTICLE 25.

16 (B) A PERSON ACTING IN THE CAPACITY OF A REAL ESTATE BROKER  
17 OR A REAL ESTATE SALESPERSON, AS THOSE TERMS ARE DEFINED IN SEC-  
18 TION 2501, THAT IS EXEMPT FROM LICENSURE UNDER SECTION 2503.

19 SEC. 2609. THE DEPARTMENT SHALL REGISTER AS A STATE CERTI-  
20 FIED RESIDENTIAL REAL ESTATE APPRAISER AN INDIVIDUAL WHO SUBMITS  
21 EVIDENCE SHOWING, TO THE SATISFACTION OF THE DEPARTMENT, THAT HE  
22 OR SHE MEETS ALL OF THE FOLLOWING CONDITIONS:

23 (A) LICENSURE AS A REAL ESTATE SALESPERSON OR A REAL ESTATE  
24 BROKER UNDER ARTICLE 25 OR EXEMPTION FROM LICENSURE UNDER  
25 SECTION 2503 BUT ACTING IN THE CAPACITY OF A REAL ESTATE BROKER  
26 OR REAL ESTATE SALESPERSON AS THOSE TERMS ARE DEFINED IN  
27 SECTION 2501.

1 (B) COMPLETION OF NOT LESS THAN 60 CLOCK HOURS OF CLASSROOM  
2 COURSES APPROVED BY THE BOARD AND RELATED TO DEVELOPING AND COM-  
3 MUNICATING APPRAISALS. IN THE CASE OF AN INDIVIDUAL LICENSED  
4 UNDER ARTICLE 25, THE 60 CLOCK HOURS SHALL BE IN ADDITION TO THE  
5 CLOCK HOURS OF APPROVED CLASSROOM COURSES REQUIRED FOR OBTAINING  
6 LICENSURE AS A REAL ESTATE SALESPERSON OR A REAL ESTATE BROKER  
7 UNDER THAT ARTICLE. A BACCALAUREATE DEGREE FROM AN INSTITUTION  
8 OF HIGHER EDUCATION APPROVED BY THE BOARD SHALL FULFILL THE  
9 REQUIREMENT OF THIS SUBDIVISION.

10 (C) COMPLETION OF 15 CLOCK HOURS OF CLASSROOM COURSES, AS  
11 APPROVED BY THE BOARD, RELATING TO STANDARDS OF PROFESSIONAL  
12 PRACTICE.

13 (D) EXPERIENCE IN THE BUSINESS OF BEING AN APPRAISER, A MAN-  
14 AGER OF AN APPRAISAL FIRM OR DEPARTMENT, OR AN INSTRUCTOR OF EDU-  
15 CATIONAL COURSES DETERMINED BY THE BOARD TO BE RELATED TO THE  
16 DEVELOPMENT OR COMMUNICATION OF APPRAISALS FOR 2 OF THE 5 YEARS  
17 PRECEDING THE DATE OF APPLICATION. THE BOARD MAY REQUEST THE  
18 INDIVIDUAL TO FURNISH WRITTEN REPORTS, MEMORANDA, OR OTHER DOCU-  
19 MENTATION REFLECTING THE EXPERIENCE REQUIRED BY THIS  
20 SUBDIVISION.

21 (E) THE PASSING OF AN EXAMINATION AS REQUIRED IN  
22 SECTION 2613.

23 (F) BEING OF GOOD MORAL CHARACTER.

24 SEC. 2611. THE DEPARTMENT SHALL REGISTER AS A STATE CERTI-  
25 FIED GENERAL REAL ESTATE APPRAISER AN INDIVIDUAL WHO SUBMITS EVI-  
26 DENCE SATISFACTORY TO THE DEPARTMENT OF MEETING ALL OF THE  
27 FOLLOWING CONDITIONS:

(A) THE REQUIREMENTS OF SECTION 2609.

(B) COMPLETION OF 90 CLOCK HOURS OF CLASSROOM COURSES  
APPROVED BY THE BOARD RELATING TO DEVELOPING AND COMMUNICATING  
APPRAISALS IN ADDITION TO THE REQUIREMENTS OF SECTION 2609.

(C) THE PASSING OF AN EXAMINATION AS REQUIRED IN  
SECTION 2613.

SEC. 2613. (1) AN INDIVIDUAL SEEKING REGISTRATION AS A  
STATE CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER OR A STATE CER-  
TIFIED GENERAL REAL ESTATE APPRAISER SHALL FIRST SUCCESSFULLY  
PASS A WRITTEN EXAMINATION DEVELOPED OR APPROVED BY THE BOARD AND  
THE DEPARTMENT IN SUBJECTS INCLUDING, BUT NOT LIMITED TO, THE  
FOLLOWING:

(A) TECHNICAL TERMS USED IN OR RELATED TO REAL PROPERTY  
APPRAISALS.

(B) ECONOMIC CONCEPTS AND VALUATION THEORIES APPLICABLE TO  
REAL PROPERTY.

(C) THE PROCESSES AND PROCEDURES USED IN CONDUCTING AN  
APPRAISAL.

(D) PROBLEMS LIKELY TO BE ENCOUNTERED IN GATHERING, INTER-  
PRETING, AND PROCESSING INFORMATION IN THE DEVELOPMENT OF AN  
APPRAISAL.

(E) THE STANDARDS USED FOR THE DEVELOPMENT AND COMMUNICATION  
OF APPRAISALS.

(F) BASIC REAL ESTATE LAW.

(G) MISCONDUCT REGARDING THE APPRAISAL PROCESS.

(2) THE BOARD AND DEPARTMENT MAY ADOPT AN EXAMINATION  
PREPARED BY A PROFESSIONAL ENTITY OR ORGANIZATION WHOSE PURPOSE

1 INCLUDES ESTABLISHING AND IMPROVING UNIFORM APPRAISAL STANDARDS,  
2 DEVELOPING CRITERIA FOR CERTIFICATION AND RECERTIFICATION OF  
3 APPRAISERS, DISSEMINATING QUALIFICATION CRITERIA TO GOVERNMENTAL  
4 AND PRIVATE ENTITIES, AND DEVELOPING EXAMINATIONS USED IN OTHER  
5 STATES IF THE DEPARTMENT AND THE BOARD DETERMINE THAT THE EXAMI-  
6 NATION SERVES AS A BASIS FOR DETERMINING WHETHER AN INDIVIDUAL  
7 HAS THE KNOWLEDGE AND SKILLS TO PERFORM WITH COMPETENCE.

8        SEC. 2615. THE DEPARTMENT SHALL ISSUE A REGISTRATION WITH-  
9 OUT EXAMINATION TO AN INDIVIDUAL WHO, AT THE TIME OF APPLICATION,  
10 IS LICENSED, REGISTERED, CERTIFIED, OR OTHERWISE REGULATED BY  
11 ANOTHER STATE IF THE REQUIREMENTS OF THAT STATE, AS DETERMINED BY  
12 THE BOARD AND THE DEPARTMENT, ARE SUBSTANTIALLY THE EQUIVALENT OF  
13 THE REQUIREMENTS OF THIS ARTICLE.

14        SEC. 2617. A NONRESIDENT OF THIS STATE MAY BECOME REGIS-  
15 TERED UNDER THIS ARTICLE BY CONFORMING WITH THIS ARTICLE. THE  
16 NONRESIDENT SHALL FILE AN IRREVOCABLE CONSENT TO SERVICE OF PRO-  
17 CESS WHICH CONSENT SHALL BE SIGNED BY THE REGISTRANT. A PROCESS  
18 OR PLEADING SERVED UPON THE DEPARTMENT SHALL BE SUFFICIENT SERV-  
19 ICE UPON THE REGISTRANT. A PROCESS OR PLEADING SERVED UPON THE  
20 DEPARTMENT UNDER THIS SECTION SHALL BE IN DUPLICATE. THE DEPART-  
21 MENT SHALL IMMEDIATELY SERVE BY REGISTERED OR CERTIFIED MAIL A  
22 COPY OF THE PROCESS OR PLEADING TO THE REGISTRANT'S LAST KNOWN  
23 ADDRESS AS DETERMINED BY THE RECORDS OF THE DEPARTMENT.

24        SEC. 2619. (1) AS A CONDITION OF RENEWAL OF REGISTRATION,  
25 AN INDIVIDUAL REGISTERED UNDER THIS ARTICLE SHALL SUCCESSFULLY  
26 COMPLETE, WITHIN THE 12 MONTHS IMMEDIATELY PRECEDING THE RENEWAL,

1 NOT LESS THAN 6 CLOCK HOURS OF CONTINUING EDUCATION APPROVED BY  
2 THE BOARD RELATING TO APPRAISALS.

3 (2) A REGISTRANT MAY FULFILL THE REQUIREMENTS OF  
4 SUBSECTION (1) BY PRESENTING EVIDENCE TO THE BOARD OF 1 OR BOTH  
5 OF THE FOLLOWING:

6 (A) COMPLETION OF AN EDUCATIONAL PROGRAM OF STUDY DETERMINED  
7 BY THE BOARD TO BE THE EQUIVALENT OF COURSES DESCRIBED IN  
8 SUBSECTION (1).

9 (B) TEACHING EDUCATIONAL PROGRAMS APPROVED BY THE BOARD AND  
10 THE DEPARTMENT RELATING TO THE THEORY, PRACTICES, OR TECHNIQUES  
11 OF APPRAISALS.

12 (3) THE DEPARTMENT SHALL PROMULGATE RULES DEFINING THE  
13 COURSE OF INSTRUCTION FOR THE TRAINING OF INDIVIDUALS REGISTERED  
14 UNDER THIS ARTICLE INCLUDING, BUT NOT LIMITED TO, THE PROCEDURES  
15 FOR OBTAINING APPROVAL OF CONTINUING EDUCATION INSTRUCTION EQUIV-  
16 AGENCY CREDIT AND METHODS OF MONITORING COURSE ATTENDANCE. IN  
17 ADOPTING RULES, THE DEPARTMENT SHALL CONSIDER PROGRAMS AND  
18 COURSES OFFERED BY PROFESSIONAL ENTITIES OR ORGANIZATIONS WHOSE  
19 PURPOSES INCLUDE THE ESTABLISHMENT AND IMPROVEMENT OF UNIFORM  
20 APPRAISAL STANDARDS, THE DEVELOPMENT OF CRITERIA FOR CERTIFICA-  
21 TION AND RECERTIFICATION OF INDIVIDUALS ENGAGING IN THE BUSINESS  
22 OF DEVELOPING AND COMMUNICATING APPRAISALS, AND THE DISSEMINATION  
23 OF QUALIFICATION CRITERIA TO GOVERNMENTAL AND PRIVATE ENTITIES.  
24 THE DEPARTMENT MAY ALSO CONSIDER PROGRAMS OF OTHER STATE  
25 AGENCIES.

26 SEC. 2621. (1) THE DEPARTMENT SHALL REGISTER AN INDIVIDUAL  
27 WHOSE REGISTRATION UNDER THIS ARTICLE HAS LAPSED FOR A PERIOD OF

1 LESS THAN 3 CONTINUOUS YEARS AND WHO IS LICENSED UNDER  
2 ARTICLE 25, OR EXEMPT FROM LICENSURE UNDER SECTION 2503, UPON THE  
3 INDIVIDUAL'S SHOWING OF PROOF, SATISFACTORY TO THE DEPARTMENT, OF  
4 COMPLETION OF THE CONTINUING EDUCATION REQUIREMENTS OF  
5 SECTION 2919(1) OR (2) FOR EACH YEAR THE REGISTRATION IS LAPSED.

6 (2) THE DEPARTMENT SHALL NOT REGISTER AN INDIVIDUAL WHOSE  
7 REGISTRATION HAS LAPSED FOR A PERIOD OF MORE THAN 3 CONTINUOUS  
8 YEARS UNLESS THE INDIVIDUAL MEETS THE REQUIREMENTS OF  
9 SECTION 2609 OR 2611.

10 (3) THE CONTINUING EDUCATION REQUIREMENTS OF SECTION 2619  
11 SHALL NOT BE APPLIED TO THE REQUIREMENTS FOR INITIAL REGISTRATION  
12 UNDER THIS ARTICLE. THE COURSES TAKEN UNDER THE INITIAL REGIS-  
13 TRATION REQUIREMENTS SHALL NOT BE APPLIED TOWARD THE CONTINUING  
14 EDUCATION REQUIREMENTS.

15 (4) THE CONTINUING EDUCATION REQUIREMENTS OF SECTION 2619 DO  
16 NOT APPLY TO AN INDIVIDUAL RENEWING HIS OR HER REGISTRATION IN  
17 THE YEAR IN WHICH THE ORIGINAL REGISTRATION IS ISSUED.

18 SEC. 2623. A REGISTRANT WHO DOES 1 OR MORE OF THE FOLLOWING  
19 SHALL BE SUBJECT TO THE PENALTIES SET FORTH IN ARTICLE 6:

20 (A) VIOLATES ANY OF THE STANDARDS FOR THE DEVELOPMENT AND  
21 COMMUNICATION OF REAL ESTATE APPRAISALS AS PROVIDED IN THIS ARTI-  
22 CLE OR A RULE PROMULGATED PURSUANT TO THIS ARTICLE.

23 (B) FAILS OR REFUSES WITHOUT GOOD CAUSE TO EXERCISE REASON-  
24 ABLE DILIGENCE IN DEVELOPING OR COMMUNICATING AN APPRAISAL.

25 (C) DEMONSTRATES INCOMPETENCE IN DEVELOPING OR COMMUNICATING  
26 AN APPRAISAL.

1       Section 2. This amendatory act shall not take effect unless  
2 Senate Bill No.        or House Bill No. 5335 (request  
3 no. 03658'89 a) of the 85th Legislature is enacted into law.