

HOUSE BILL No. 6031

September 13, 1990, Introduced by Rep. Law and referred to the Committee on State Affairs.

A bill to amend section 2512 of Act No. 299 of the Public Acts of 1980, entitled
"Occupational code,"
being section 339.2512 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2512 of Act No. 299 of the Public Acts
2 of 1980, being section 339.2512 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 2512. (1) A licensee WHO COMMITS 1 OR MORE OF THE
5 FOLLOWING shall be subject to the penalties set forth in article
6 6: ~~who commits 1 of the following:~~

7 (a) ~~Acting~~ FAILING TO DISCLOSE TO A POTENTIAL BUYER IN A
8 TRANSACTION THE PARTY THE LICENSEE IS REPRESENTING, OR ACTING for
9 more than 1 party in a transaction without the knowledge of the
10 parties.

1 (b) Representing or attempting to represent a real estate
2 broker other than the employer, without the express knowledge and
3 consent of the employer.

4 (c) ~~Failure~~ FAILING to account for or to remit money
5 coming into the licensee's possession which belongs to others.

6 (d) Changing a business location without notification to the
7 ~~commission~~ DEPARTMENT.

8 (e) If THE LICENSEE IS a real estate broker, failing to
9 return a real estate salesperson's license within 5 days as pro-
10 vided in section 2507.

11 (f) Paying a commission or valuable consideration to a
12 person not licensed under this article. However, a licensed real
13 estate broker may pay a commission to a licensed real estate
14 broker of another state if the nonresident real estate broker
15 does not conduct in this state a negotiation for which a commis-
16 sion is paid.

17 (g) Failing to deposit in a custodial trust or escrow
18 account money belonging to others coming into the hands of the
19 licensee in compliance with the following:

20 (i) A deposit or other money accepted by a person, partner-
21 ship, corporation, or association holding a real estate broker's
22 license under this article shall be retained by a real estate
23 broker pending consummation or termination of the transaction
24 involved, and shall be accounted for in the full amount of the
25 money at the time of the consummation or termination.

26 (ii) A real estate salesperson, on receipt of a deposit or
27 other money on a transaction in which the real estate salesperson

1 is engaged on behalf of a real estate broker-employer, shall pay
2 over the deposit or other money to the real estate broker.

3 (iii) A real estate broker shall not permit an advance pay-
4 ment of funds belonging to others to be deposited in the real
5 estate broker's business or personal account or to be commingled
6 with funds on deposit belonging to the real estate broker.

7 (iv) A real estate broker shall deposit within 2 banking
8 days after the signing of a purchase agreement by all parties,
9 but not later than 5 days after receipt, money belonging to
10 others in a separate custodial or trust fund account maintained
11 by the real estate broker with a bank, savings and loan associa-
12 tion, credit union, or recognized depository until the transac-
13 tion involved is consummated or terminated, at which time the
14 real estate broker shall account for the full amount received.

15 (v) A real estate broker shall keep records of funds depos-
16 ited in an account, which records shall indicate clearly the date
17 and from whom the money was received, the date deposited, the
18 date of withdrawal, and other pertinent information concerning
19 the transaction, and shall show clearly for whose account the
20 money is deposited and to whom the money belongs. The records
21 shall be subject to inspection by the department. A separate
22 custodial or trust fund account shall designate the real estate
23 broker as trustee, and the account shall provide for withdrawal
24 of funds without previous notice. This act and the rules promul-
25 gated pursuant to this act shall not be construed to prohibit the
26 deposit of money accepted under this act in a noninterest bearing

1 account of a state or federally chartered savings and loan

2 association ~~—~~ or a state or federally chartered credit union.