

**Michigan Office of Administrative Hearings and Rules**

**Administrative Rules Division (ARD)**

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**REGULATORY IMPACT STATEMENT  
and COST-BENEFIT ANALYSIS (RIS)**

**Agency Information:**

**Department name:**

Licensing and Regulatory Affairs

**Bureau name:**

Bureau of Professional Licensing

**Name of person filling out RIS:**

Dena Marks

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**Rule Set Information:**

**ARD assigned rule set number:**

2023-75 LR

**Title of proposed rule set:**

Real Estate Brokers and Salespersons – General Rules

**Comparison of Rule(s) to Federal/State/Association Standard**

**1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.**

Each state establishes its own requirements with respect to licensed real estate brokers and salespersons, so there are no parallel federal rules or standards set by a national or state licensing agency or accreditation association that the proposed rules can be compared to.

**A. Are these rules required by state law or federal mandate?**

Yes. These rules are required by state law. There is no federal mandate requiring these rules.

MCL 339.205 requires the department to promulgate rules to implement articles 1 to 6 of the occupational code.

MCL 339.308 requires the board to promulgate rules as are necessary and appropriate to fulfill its role.

MCL 339.2504a requires the department to establish the standards for determining if a continuing education course is an eligible continuing education course.

**B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.**

The proposed rules do not exceed a federal standard.

**2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.**

The proposed rules amend the continuing education requirements for license renewal to align the rules with MCL 339.2504a, which was recently amended to require fair housing continuing education course credits for license renewal.

All states in the Great Lakes region require that an applicant has completed continuing education courses for license renewal. The number of hours and whether the state requires fair housing continuing education course credits varies, as explained below:

Illinois: Twelve continuing education credits must be completed within the 2-year licensing cycle; 2 hours of the continuing education credits must be completed in fair housing courses.

Indiana: Twelve continuing education credits must be completed within each year of the licensing cycle. There is no requirement that the continuing education credits earned include fair housing courses.

Kentucky: Six continuing education credits must be earned for each year of the licensing cycle. There is no requirement that the continuing education credits earned include fair housing courses.

Minnesota: Thirty continuing education credits must be earned during the 2-year licensing cycle. At least 1 credit of fair housing continuing education credit must be earned during each year of the licensing cycle.

New York: A licensee must earn 22.5 hours of continuing education credits during the 2-year licensing cycle, including at least 3 credits in fair housing continuing education courses.

Ohio: Thirty continuing education credits must be completed within the 3-year cycle. A minimum of 3 continuing education credits must be completed in courses devoted to protecting civil rights, eliminating discrimination, and furthering fair housing.

Pennsylvania: Fourteen continuing education credits must be completed within the 2-year licensing cycle. There is no requirement that the continuing education credits earned include fair housing courses.

Wisconsin: Eighteen continuing education credits must be completed during the 2-year licensing cycle. There are 12 hours of mandatory credits that must be earned and fair housing is included within those mandatory credits.

**A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.**

Overall, the standards in the proposed rules do not exceed those of the other states in the Great Lakes region.

To the extent that the continuing education credits for license renewal are different than other states in the Great Lakes region, the requirements cannot be varied by rule because they are set by statute, MCL 339.2504a.

**3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.**

There are no laws, rules, or other legal requirements that may duplicate, overlap, or conflict with these proposed rules.

**A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.**

No coordination is needed because there are no other applicable laws that regulate the areas addressed in the proposed rules.

**Purpose and Objectives of the Rule(s)**

**4. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.**

**Part 1 General Provisions:** Part 1 contains the definitions used in the rule set. In the proposed rules, new definitions were added to assist a reader in understanding and complying with the rules. The definitions will be used by all readers.

**Part 2 Licensing:** The rules related to licensing currently contained in part 2 are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and improve organization and clarity. The rules will be used by all applicants for licensure.

**Part 3 Lapse of Broker's License and Broker's Death or Disability:** Part 3 contains rules related to the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse of a broker's license or if the broker dies or becomes disabled. The rules in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also be amended to remove the word "suspension" to describe the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse in a broker's license or if the broker dies or becomes disabled to avoid confusion with the use of that word in disciplinary matters. The rules will be used by all licensees.

**Part 4 Practice and Conduct:** The rules related to real estate practice and conduct in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also clarify when a licensee must deliver offers to purchase to the seller to ensure that there is no unnecessary delay. The rules will be used by all licensees.

**Part 5 Prelicensure Education:** The rules related to real estate prelicensure education in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The rules will be used by all providers of prelicensure education as well as those seeking this education to obtain a license.

**Part 6 Continuing Education:** The rules related to the continuing education required for license renewal in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will add the statutory requirement that a licensee earn a minimum of 1 credit hour of continuing education related to fair housing laws during each year of the renewal cycle. A rule is also added to advise licensees of the proper procedure if they are seeking a waiver of the continuing education requirements for renewal.

The rules will be used by renewal applicants to determine the requirements for license renewal.

**A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.**

The frequency of use is not expected to change.

**B. Describe the difference between current behavior/practice and desired behavior/practice.**

**Part 1 General Provisions:** Part 1 contains the definitions used in the rule set. In the proposed rules, new definitions were added. The desired behavior is better reader understanding and compliance with the rules.

**Part 2 Licensing:** The rules related to licensing currently contained in part 2 are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and improve organization and clarity. The desired behavior is compliance with the rules to assist the applicant in becoming licensed.

**Part 3 Lapse of Broker's License and Broker's Death or Disability:** Part 3 contains rules related to the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse of a broker's license or if the broker dies or becomes disabled. The rules in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also be amended to remove the word "suspension" in the rules to describe the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse in a broker's license or if the broker dies or becomes disabled to avoid confusion with the use of that word in disciplinary matters. The desired behavior is better understanding of the impact on other licensees if a broker's license lapses or the broker dies or becomes disabled.

**Part 4 Practice and Conduct:** The rules related to real estate practice and conduct are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also clarify when a licensee must deliver offers to purchase to the seller to ensure that there is no unnecessary delay. The desired behavior is compliance with the rules and prompt delivery of an offer to buy to the seller.

**Part 5 Prelicensure Education:** The rules related to real estate prelicensure education are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The desired behavior is compliance with all prelicensure educational requirements.

**Part 6 Continuing Education:** The rules related to the continuing education required for license renewal are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will add the statutory requirement that a licensee earn a minimum of 1 credit hour of continuing education related to fair housing laws during each year of the renewal cycle. A rule is also added to advise licensees of the proper procedure if they are seeking a waiver of their continuing education requirements for license renewal.

The desired behavior is compliance with the continuing education requirements established by statute and to ensure that a licensee complies with all requirements when seeking a continuing education waiver.

**C. What is the desired outcome?**

Part 1 General Provisions: Part 1 contains the definitions used in the rule set. In the proposed rules, new definitions were added to assist a reader in understanding and complying with the rules. The desired outcome is to ensure better understanding and compliance with the rules.

Part 2 Licensing: The rules related to licensing currently contained in part 2 are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and improve organization and clarity. The desired outcome is licensure of qualified applicants.

Part 3 Lapse of Broker's License and Broker's Death or Disability: Part 3 contains rules related to the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse of a broker's license or if the broker dies or becomes disabled. The rules in this part are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also be amended to remove the word "suspension" in the rules to describe the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse in a broker's license or if the broker dies or becomes disabled to avoid confusion with the use of that word in disciplinary matters. The desired outcome is to clarify for a real estate salesperson or associate real estate broker the effect on their license if the affiliated broker dies, becomes disabled, or has a lapse in licensure and how they may resume practice if this occurs.

Part 4 Practice and Conduct: The rules related to real estate practice and conduct are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also clarify when a licensee must deliver offers to purchase to the seller to ensure that there is no unnecessary delay. The desired outcome is that a seller promptly receives an offer to buy.

Part 5 Prelicensure Education: The rules related to real estate prelicensure education are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The desired outcome is that courses offered and taken provide appropriate education for licensure.

Part 6 Continuing Education: The rules related to the continuing education required for license renewal are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will add the statutory requirement that a licensee earn a minimum of 1 credit hour of continuing education related to fair housing laws during each year of the renewal cycle. A rule is also added to advise licensees of the proper procedure if they are seeking a waiver of their continuing education requirements for license renewal.

The desired outcome is to ensure that the rules align with statutory requirements for continuing education and to ensure that a licensee knows the requirements for seeking a continuing education waiver.

**5. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.**

Part 1 General Provisions: Part 1 contains the definitions used in the rule set. In the proposed rules, new definitions are added to assist a reader in understanding and complying with the rules. Although harm is unlikely under the current definition rule, the changes will ensure better reader understanding for better compliance with all of the rules.

Part 2 Licensing: The rules related to licensing currently contained in part 2 are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and improve organization and clarity. The desired outcome is licensure of qualified applicants. Although harm is unlikely under the current rules, the changes will ensure that the rules are organized, clear, and in compliance with current drafting requirements.

Part 3 Lapse of Broker's License and Broker's Death or Disability: The rules related to the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse of a broker's license or if the broker dies or becomes disabled are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also be amended to remove the word "suspension" in the rules to describe the effect on a real estate salesperson's or associate real estate broker's license if there is a lapse in a broker's license or if the broker dies or becomes disabled to avoid confusion with the use of that word in disciplinary matters. Although harm is unlikely under the current rules, the changes will ensure that the rules are organized, clear, and in compliance with current drafting requirements.

Part 4 Practice and Conduct: The rules related to real estate practice and conduct are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will also clarify when a licensee must deliver offers to purchase to the seller to ensure that there is no unnecessary delay. The harm that could occur without the proposed change is that the seller may not receive the offer to buy in a timely manner.

Part 5 Prelicensure Education: The rules related to real estate prelicensure education are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity. Although harm is unlikely under the current rules, the changes will ensure that the rules are organized, clear, and in compliance with current drafting requirements.

Part 6 Continuing Education: The rules related to the continuing education required for license renewal are being rescinded and the content relocated into new rules in the proposed rule set to comply with current drafting requirements and for organization and clarity.

The proposed rules will add the statutory requirement that a licensee earn a minimum of 1 credit hour of continuing education related to fair housing laws during each year of the renewal cycle. A rule is also added to advise licensees of the proper procedure if they are seeking a waiver of their continuing education requirements for license renewal.

Without the proposed changes a licensee may not meet the continuing education requirements for license renewal required by statute, MCL 339.2504a.

**A. What is the rationale for changing the rules instead of leaving them as currently written?**

The rationale for changing the definitions is to increase reader understanding and ensure better compliance with all rules.

The rationale for rescinding and relocating several rules is to comply with current drafting requirements and for organization and clarity.

The rationale for removing the word “suspension” to describe the effect on a real estate salesperson’s or associate real estate broker’s license if there is a lapse in a broker’s license or if the broker dies or becomes disabled is to avoid confusion with the use of that word in disciplinary matters.

The rationale for adding the statutorily required fair housing continuing education requirement is to ensure consistency between the statutes and rules and ensure licensee compliance.

The rationale for adding the continuing education waiver rule is to ensure that a licensee seeking this waiver knows what is required.

**6. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.**

Part 1 General Provisions: The proposed rule will add new definitions used in the rule set. The proposed changes will protect the welfare of Michigan citizens by ensuring better understanding of the terms used in the rule set, increasing applicant and licensee compliance with the rules. The proposed rule does not impose any new burden on applicants or licensees.

Part 2 Licensing: The proposed rules provide greater organization and clarity regarding the educational and experience requirements for licensure as a real estate broker or salesperson. The proposed rules will protect public welfare by ensuring that an applicant has the requisite training and experience to qualify for licensure. The proposed rules do not impose any new burden on applicants or licensees.

Part 3 Lapse of Broker’s License and Broker’s Death or Disability: The proposed rules will clarify the effect on a salesperson or associate real estate broker if the affiliated broker’s license lapses or if the broker dies or becomes disabled. The proposed rules will protect the welfare of Michigan’s citizens by preventing real estate licensees from practicing without an affiliation with a licensed broker with an active license. The proposed rules do not impose any new burden on licensees.

Part 4 Practice and Conduct: The proposed rules clarify the licensee’s duties related to practice and will protect the welfare of Michigan’s citizens entering into a service agreement, paying or receiving funds kept in a trust or escrow account, and when making or accepting an offer to buy or sell real property. The proposed rules do not impose any new burden on licensees; the changes only clarify the when the offer must be delivered to the seller.

Part 5 Prelicensure Education: The proposed rules provide greater organization and clarity regarding the requirements for a real estate school offering prelicensure courses. The proposed rules will protect the welfare of Michigan’s citizens by ensuring that the training acquired is appropriate and up to date. The proposed rules do not impose any new burden on educators or prospective licensees.

Part 6 Continuing Education: The proposed rules provide greater organization and clarity regarding the requirements for continuing education, including aligning the rules with the recent statutory change. The proposed rules will protect the welfare of Michigan’s citizens by ensuring that the continuing education acquired is appropriate and up to date. The proposed rules do not place any burden on licensees that are not already imposed by statute, MCL 339.2504a.

**7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.**

R 339.22203: This rule pertains to prelicensure education. It will be rescinded and the content relocated to R 339.22111 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22217: This rule pertains to related experience for broker applicants. It will be rescinded and the content

relocated to R 339.22115 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22219: This rule pertains to lapse of a broker's license. It will be rescinded and the content relocated to R 339.22121 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22221: This rule pertains to death or disability of a broker. It will be rescinded and the content amended and relocated to R 339.22125 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22305: This rule pertains to service provision agreements. It will be rescinded and the content relocated to R 339.22131 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22307: This rule pertains to delivery of offers. It will be rescinded and the content amended and relocated to R 339.22132 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22313: This rule pertains to trust or escrow accounts. It will be rescinded and the content relocated to R 339.22134 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22315: This rule pertains to prohibitions of a licensee becoming a party to a net service provision agreement. It will be rescinded and the content relocated to R 339.22135 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22321: This rule pertains to licensee commissions for other services and disclosure and consent required by the buyer and seller. It will be rescinded and the content relocated to R 339.22137 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22333: This rule pertains to misrepresentation and disclosure of material facts. It will be rescinded and the content relocated to R 339.22139 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22618: This rule pertains to applying for approval of prelicensure courses. It will be rescinded and the content relocated to R 339.22141 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22619: This rule pertains to expiration and renewal of prelicensure courses. It will be rescinded and the content relocated to R 339.22143 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22620: This rule pertains to program coordinators. It will be rescinded and the content relocated to R 339.22145 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22621: This rule pertains to instructors. It will be rescinded and the content relocated to R 339.22147 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22622: This rule pertains the course syllabus. It will be rescinded and the content relocated to R 339.22149 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22623: This rule pertains to student attendance and make up policies. It will be rescinded and the content relocated to R 339.22152 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22624: This rule pertains to student records. It will be rescinded and the content relocated to R 339.22154 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22625: This rule pertains to denial, suspension, or rescission of approval of courses. It will be rescinded and the content relocated to R 339.22155 to comply with current drafting requirements and to provide better organization



and clarity.

R 339.22626: This rule pertains to distance learning. It will be rescinded and the content relocated to R 339.22157 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22627: This rule pertains to advertising for approved prelicensure courses. It will be rescinded and the content relocated to R 339.22158 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22628: This rule pertains to solicitations. It will be rescinded and the content relocated to R 339.22159 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22629: This rule pertains to continuing educational requirements. It will be rescinded and the content amended and relocated to R 339.22161 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22630: This rule pertains to waiver of continuing education. It will be rescinded and the content amended and relocated to R 339.22163 to comply with current drafting requirements and to provide better organization and clarity.

R 339.22632: This rule pertains to eligible continuing education programs. It will be rescinded and the content relocated to R 339.22165 to comply with current drafting requirements and to provide better organization and clarity.

### **Fiscal Impact on the Agency**

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

#### **8. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).**

The proposed rules are not expected to have a fiscal impact on the agency.

#### **9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.**

No agency appropriation has been made nor has a funding source been provided for expenditures because there are no expenditures associated with the proposed rules.

#### **10. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.**

Part 1 General Provisions: The proposed rules will assist a reader in understanding the terms used in the rule set. These proposed changes are necessary for organization, clarity, and reader understanding and compliance. The proposed changes do not impose any new burden on individuals.

Part 2 Licensing: The proposed rules will assist an applicant in obtaining the required prelicensure education and experience to become licensed. These proposed changes are necessary for organization and clarity. The proposed changes do not impose any new burden on individuals.

Part 3 Lapse of Broker's license and Broker's Death or Disability: The proposed rules assist a salesperson or associate real estate broker in determining their ability to practice if the affiliated broker's license lapses, or if the broker dies or becomes disabled. These proposed changes are necessary for organization and clarity. The proposed changes do not impose any new burden on individuals.

Part 4 Practice and Conduct: The proposed rules organize and clarify the licensee's duties to ensure compliance and consumer protection, but they do not place any new burden on an individual.

Part 5 Real Estate Education: The proposed rules align the rules with the current statutory requirements for continuing education. These proposed changes are necessary for organization, clarity, and licensee compliance with statutes. The proposed changes do not impose any new burden on individuals; the requirements are set by statute, MCL 339.2504a.

**A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.**

There are no additional burdens placed on licensees as a result of the proposed rules. The total number of continuing education hours required for license renewal did not change, and the addition of the fair housing continuing education is already required by statute, MCL 339.2504a.

## **Impact on Other State or Local Governmental Units**

**11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.**

There are no anticipated increases or decreases in revenues or cost increases or reductions to other state or local governmental units.

**12. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.**

There are no anticipated or intended programs, services, duties, or responsibilities imposed on any city, town, village, or school district as a result of these proposed rules.

**A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.**

There are no anticipated actions that a governmental unit must take to comply with the proposed rules.

**13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.**

No appropriations have been made to any governmental units as a result of the proposed rules. No additional expenditures are anticipated or intended with the proposed rules.

## **Rural Impact**

**14. In general, what impact will the rules have on rural areas?**

The proposed rules impose requirements on individual licensees regardless of where they live. Even if a licensee's workplace is in a rural area, the department could not vary the requirements based on the licensee's location because it would create a disparity in the regulation of the real estate professions.

**A. Describe the types of public or private interests in rural areas that will be affected by the rules.**

The proposed rules will not impact public or private interests in rural areas.

**Environmental Impact**

**15. Do the proposed rules have any impact on the environment? If yes, please explain.**

No. The proposed rules do not have any impact on the environment.

**Small Business Impact Statement**

**16. Describe whether and how the agency considered exempting small businesses from the proposed rules.**

The department did not consider exempting small businesses because they are not regulated by the proposed rules. Even if a licensee's workplace qualifies as a small business, the department could not exempt the business because it would create a disparity in the regulation of the real estate professions.

**17. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.**

The proposed rules cannot exempt small businesses because the rules do not directly regulate small businesses; the rules regulate individual licensees.

**A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.**

There are approximately 48,333 real estate salespersons, 12,462 associate brokers, and 3,763 individual brokers in Michigan.

A licensee may work in a small business. However, no matter what type of business environment the licensee works in, the licensee will have to comply with the proposed rules. The rules do not impact small businesses differently because the impact is to the individual licensee only.

**B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.**

The agency did not establish separate compliance or reporting requirements for small businesses. The proposed rules will apply to all individual licensees. The rules were drafted to be the least burdensome on all affected licensees.

**C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.**

The agency did not consolidate or simplify compliance and reporting requirements for small businesses with the proposed rules because the proposed rules do not regulate or require any reporting from a small business; the rules regulate individual licensees.

**D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.**

The agency did not establish performance standards to replace design or operation standards required by these rules.

**18. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.**

The proposed rules do not impact small business; rather, they impact individual licensees. Therefore, there is no disproportionate impact on a small business because of its size or geographic location.

**19. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.**

A small business is not required to prepare any report under the proposed rules, so it is estimated that a small business will incur no cost in preparing a report to comply with the proposed rules.

**20. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.**

There are no expected costs for equipment, supplies, labor, or administrative costs that a small business would incur in complying with the proposed rules.

The rules regulate licensees and not small businesses.

**21. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.**

There are no expected costs for legal, consulting, or accounting services that a small business would incur in complying with the proposed rules.

**22. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.**

There are no expected costs to a small business that will cause economic harm to a small business or the marketplace as a result of the proposed rules.

**23. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.**

If a rule exempted or set lesser standards for compliance by a small business, there would be no cost to the agency for administering or enforcing that rule because the rules do not regulate a business of any size. The rules apply to individuals practicing in Michigan as a real estate broker or salesperson.

**24. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.**

Licensure of real estate brokers and salesperson is required by statute, so the department cannot make a rule that would permit a small business to hire an unlicensed individual to practice as a real estate broker or salesperson.

If the department could exempt or set lesser standards for small businesses employing a real estate broker or salesperson, it would create a disparity in the regulation of the professions and would expose the public to potential harm because an unlicensed person would not be qualified to render those services. Ensuring that all businesses employ licensed real estate brokers and salespersons is in the public's best interest.

**25. Describe whether and how the agency has involved small businesses in the development of the proposed rules.**

The department worked with the Michigan Board of Real Estate Brokers and Salespersons in the development of the proposed rules. The board is composed of members of the profession and public members who work in small and large businesses in Michigan, but even if they work in a small business, they were not involved in the development of the rules as a representative of small businesses.

**A. If small businesses were involved in the development of the rules, please identify the business(es).**

No small businesses were involved in the development of the rules.

**Cost-Benefit Analysis of Rules (independent of statutory impact)**

**26. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.**

The department does not expect any statewide compliance costs with these rule amendments on businesses or groups.

**A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.**

No businesses or groups will be directly affected or benefitted by the proposed rules. No additional costs will be imposed on any businesses or groups.

**B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.**

The department does not expect the proposed rules to result in any additional costs to businesses or other groups for new equipment, supplies, labor, accounting, or recordkeeping.

**27. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.**

There are no additional compliance costs placed on individuals as a result of the proposed rules.

**A. How many and what category of individuals will be affected by the rules?**

There are approximately 48,333 real estate salespersons, 12,462 associate brokers, and 3,763 individual brokers in Michigan.

All individual licensees and applicants for real estate professional licensure are affected by the proposed rules.

**B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?**

The proposed rules do not have a qualitative impact on individuals.

The proposed rules do not have a quantitative impact on an individual because the total number of required continuing education did not increase. The fair housing continuing education requirement is required by statute, and the proposed rules are being aligned with that requirement, MCL 339.2504a.

**28. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.**

There are no cost reductions to businesses, individuals, groups of individuals, or governmental units because of the proposed rules.

**29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.**

The primary and direct benefits of the proposed rules are to applicants and licensees as the proposed rules will update out-of-date information and clarify requirements in the rule set, making it easier to comply.

The secondary and indirect benefits of the proposed rules are to the public when qualified applicants become licensees, and licensees practice in accordance with the requirements in the rule set when providing services to them.

**30. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.**

The rules are not expected to have an impact on business growth, job creation, or job elimination.

**31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.**

The rules are not expected to have a disproportionate effect on any individual or business as a result of their industrial sector, segment of the public, business size, or geographic location.

**32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.**

The statutes and regulations of states in the Great Lakes region were researched when determining the impact of the proposed rules, including the following:

Illinois: <http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=022504540HArt%2E+5&ActID=1364&ChapterID=24&SeqStart=450000&SeqEnd=310000>;  
<http://www.ilga.gov/commission/jcar/admincode/068/068014500D04500R.html>;  
<https://www.ilga.gov/commission/jcar/admincode/068/06801450sections.html>

Indiana: <https://iga.in.gov/laws/2024/ic/titles/25#25-34.1>; [http://iac.iga.in.gov/iac/iac\\_title?iact=876](http://iac.iga.in.gov/iac/iac_title?iact=876)

Kentucky: <https://apps.legislature.ky.gov/law/kar/titles/201/011/210/>

Minnesota: <https://www.revisor.mn.gov/statutes/cite/82>;

New York: <https://dos.ny.gov/system/files/documents/2024/07/re-law.pdf>

Ohio: <https://codes.ohio.gov/ohio-revised-code/section-4735.141>; <https://codes.ohio.gov/ohio-revised-code/chapter-4735>; <https://codes.ohio.gov/ohio-administrative-code/1301:5>

Pennsylvania: <https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1980&sessInd=0&smthLwInd=0&act=0009>;  
<https://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/049/chapter35/chap35toc.html&d=>

Wisconsin: <https://docs.legis.wisconsin.gov/statutes/statutes/452.pdf>;  
[https://docs.legis.wisconsin.gov/code/admin\\_code/reeb/25.pdf](https://docs.legis.wisconsin.gov/code/admin_code/reeb/25.pdf)

There was no cost-benefit analysis completed because there is no potential cost impact in the proposed rules.

**A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.**

Since the rules are required by statute, no estimates or assumptions were made.

## **Alternative to Regulation**

**33. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.**

Since the rules are required by statute, there is no other reasonable alternative to the proposed rules that would achieve the same or similar goal.

**A. Please include any statutory amendments that may be necessary to achieve such alternatives.**

Since the rules are required by statute, a statutory change would be needed to provide an alternative.

**34. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.**

Since the rules are required by statute, private market-based systems cannot serve as an alternative. The licensing and regulation of real estate brokers and salesperson are state functions, and states regulate real estate professionals by statute, regulation, or both. Private market-based systems are not used for licensing and regulation.

There are professional organizations that establish criteria for membership, but these organizations would provide the public with significantly less protection because membership in many of these organizations is voluntary. This means an individual who meets the membership requirements but does not join one of the professional organizations would be able to practice, and there would be no way to ensure their competency or hold them accountable.

No other states in the Great Lakes region use a private, market-based system to regulate real estate brokers or salespersons.

**35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.**

Since the rules are specifically required by statute, there are no alternatives to the proposed rules that the agency could consider. They are necessary for the administration and enforcement of the licensing process.

**Additional Information**

**36. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.**

The instructions for compliance are included in the rules.