

# HOUSE BILL NO. 5227

November 06, 2025, Introduced by Reps. Fairbairn, Cavitt, Liberati and Pavlov and referred to Committee on Regulatory Reform.

A bill to amend 1980 PA 299, entitled  
"Occupational code,"  
by amending section 2512 (MCL 339.2512), as amended by 2024 PA 122.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2512. (1) A licensee that does 1 or more of the following  
2 is subject to the penalties set forth in article 6:

3       (a) Except in a case involving property management, acts for  
4 more than 1 party in a transaction without the knowledge of the  
5 parties.

6       (b) Does not provide a written agency disclosure to a

1 prospective buyer or seller in a real estate transaction as  
2 required under section 2517.

3 (c) If the licensee is an associate real estate broker or real  
4 estate salesperson, represents or attempts to represent a real  
5 estate broker other than the licensee's employer without the  
6 express knowledge and consent of the employer.

7 (d) Does not account for or does not remit money that comes  
8 into the licensee's possession that belongs to others.

9 (e) Changes a business location without notification to the  
10 department.

11 (f) If the licensee is a real estate broker, does not return a  
12 real estate salesperson's license within 5 days under section 2507.

13 (g) If the licensee engaged in property management, violates  
14 section 2512c(2), (5), or (6).

15 (h) Except as provided in section 2510(2), shares or pays a  
16 fee, commission, or other valuable consideration to a person that  
17 is not licensed under this article, including payment to any person  
18 that provides the name of, or any other information regarding, a  
19 potential seller or ~~purchaser~~**buyer** of real estate but excluding  
20 payment for the purchase of a commercially prepared list of names.  
21 However, a licensed real estate broker may pay a commission to a  
22 real estate broker that is licensed by another state if the  
23 nonresident real estate broker does not conduct in this state a  
24 negotiation for which a commission is paid.

25 (i) Conducts or develops a market analysis that does not  
26 comply with section 2601(a) (ii).

27 (j) Does not provide the minimum services specified under  
28 section 2512d(3) when providing services under a service provision  
29 agreement unless expressly waived in writing by ~~the client~~**a seller**

1 **or lessor** under section 2517(2).

2 (k) Except in connection with a property management account,  
3 does not deposit money in the licensee's possession that belongs to  
4 another person in a custodial trust or escrow account that is  
5 maintained by the real estate broker, in a manner that complies  
6 with all of the following:

7 (i) A real estate broker shall retain a deposit or other money  
8 made payable to a person that holds a real estate broker's license  
9 under this article pending consummation or termination of the  
10 transaction involved and shall account for the full amount of the  
11 money at the time of the consummation or termination of the  
12 transaction.

13 (ii) A real estate salesperson shall pay or deliver to the real  
14 estate broker, on receipt, a deposit or other money paid in  
15 connection with a transaction in which the real estate salesperson  
16 is engaged on behalf of the real estate broker.

17 (iii) A real estate broker shall not deposit or permit the  
18 deposit of an advance payment of money that belongs to others in  
19 the real estate broker's business or personal account or commingle  
20 or permit the commingling of that money with funds on deposit that  
21 belong to the real estate broker.

22 (iv) A real estate broker may maintain more than 1 trust  
23 account. A real estate broker may deposit not more than \$2,000.00  
24 of its own money in each trust account to cover bank service  
25 charges and bank minimum balance requirements or to avoid the  
26 closing of the account because there is no money in the account.  
27 The real estate broker shall account for any of its own money in a  
28 trust account in the records described in subparagraph (vi).

29 (v) A real estate broker shall deposit, not later than 2

1 banking days after the broker has received notice that an offer to  
 2 purchase is accepted by all parties, money that belongs to others  
 3 and is made payable to the real estate broker into a separate  
 4 custodial trust or escrow account maintained by the real estate  
 5 broker with a bank, savings and loan association, credit union, or  
 6 recognized depository until the transaction involved is consummated  
 7 or terminated, at which time the real estate broker shall account  
 8 for the full amount received.

9 (vi) A real estate broker shall keep records of money deposited  
 10 in its custodial trust or escrow account ~~—~~and indicate clearly in  
 11 those records the date and from whom the money was received, the  
 12 date deposited, the date of withdrawal, and other pertinent  
 13 information concerning the transaction and shall show clearly for  
 14 whose account the money is deposited and to whom the money belongs.  
 15 The records are subject to inspection by the department. A real  
 16 estate broker's separate custodial trust or escrow account ~~shall~~  
 17 **must** designate the real estate broker as trustee, and the custodial  
 18 trust or escrow account ~~shall—must~~ provide for withdrawal of funds  
 19 without previous notice. This article and the rules promulgated  
 20 under this article do not prohibit the deposit of money accepted  
 21 under this section in a noninterest bearing account of a state or  
 22 federally chartered savings and loan association or a state or  
 23 federally chartered credit union.

24 (vii) If a purchase agreement signed by a seller and ~~purchaser~~  
 25 **buyer** provides that an escrowee other than a real estate broker  
 26 shall hold a deposit, a licensee in possession of that deposit  
 27 shall cause the deposit to be delivered to the named escrowee not  
 28 later than 2 banking days after the licensee receives notice that  
 29 an offer to purchase is accepted by all parties.

(l) Enters into a void and unenforceable right-to-list home sale agreement as described in section 2512g.

(m) Subject to subsection (2), assists a buyer in developing or negotiating an offer or counteroffer in a real estate transaction, as that term is defined in section 2517, before entering into a written buyer agency agreement that discloses the amount or rate of compensation that the real estate broker shall receive from any source. A prospective buyer working with a licensee is considered a customer until the prospective buyer enters into a written buyer agency agreement. An agency relationship between a licensee and a buyer is not created or assumed to be created orally or by implication.

(2) A seller's agent or a transaction coordinator, as that term is defined in section 2517, that prepares an offer or counteroffer according to the instructions of an unrepresented buyer does not violate subsection (1)(m).

(3) ~~(2)~~—A complaint that seeks a penalty under article 5 for a violation of this section must be filed not later than 18 months after 1 of the following dates, whichever occurs later:

(a) The date of the alleged violation.

(b) If the alleged violation occurs in connection with a real estate transaction, the date the transaction is completed.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 103rd Legislature are enacted into law:

(a) House Bill No. 5228 (request no. H04895'25).

(b) House Bill No. 5229 (request no. H04896'25).