

**NEW LEGISLATION AFFECTING RESIDENTIAL BUILDERS AND
MAINTENANCE & ALTERATION CONTRACTORS**

SIGNED BY THE GOVERNOR ON DECEMBER 20, 2007

A package of bills affecting Residential Builders and Maintenance & Alteration Contractors was signed into law on December 20, 2007.
Highlights of the new legislation are provided below.

Information for New Applicants

• **Prelicensure Education Requirement** (*Public Act 157 of 2007*)

Effective June 1, 2008, if you are applying for a Residential Builder or Maintenance & Alteration (M&A) Contractor license, you must complete 60 hours of approved prelicensure education courses. Of the 60 hours required, at least 6 hours in *each* of the following subjects must be completed:

- 1) Business Management, Estimating, & Job Costing
- 2) Design & Building Science
- 3) Contracts, Liability & Risk Management
- 4) Marketing & Sales
- 5) Project Management & Scheduling
- 6) The current Michigan Residential Code
- 7) Construction Safety Standards promulgated under the Michigan Occupational Safety & Health Act

If you already hold a license as of June 1, 2008, you are exempt from the prelicensure education requirement.

As the law requiring prelicensure education was signed by the Governor on December 20, 2007, specific requirements are still being developed. Updated information will be posted on our website at www.michigan.gov/builders as it becomes available.

Please Note: An individual or a school offering prelicensure education courses may be required to become licensed under the Proprietary School Act, 1943 PA 148. We strongly suggest that you contact the Office of Postsecondary Services, Proprietary School Unit, (517) 373-6774, or visit their website at www.michiganps.net, for information regarding the requirements for offering prelicensure education courses.

- **Photo Identification Requirement** (*Public Act 157 of 2007*)

Effective June 1, 2008, all applicants will be required to submit a copy of their driver license or state personal identification card with their application.

- **License Cycle and Fees** (*Public Act 157 of 2007*)

License Term: Effective June 1, 2008, the license cycle for a Residential Builder or Maintenance & Alteration Contractor license will be 3 years, expiring May 31, 2011. Licenses issued on or after February 2, 2008 will be issued for the June 1, 2008 to May 31, 2011 license cycle. The fees listed below will apply.

License Fees: Effective June 1, 2008, the fees for a new license application will be as follows: \$15 application fee; \$60 annual license fee (\$60 x 3 years); and \$10 annual payment to the Homeowner Construction Lien Recovery Fund (\$10 x 3 years). Therefore, the total payment due with the initial application will be \$225.

Information for Qualifying Officers

- **Individual License Required** (*Public Act 155 of 2007 and Public Act 157 of 2007*)

Effective June 1, 2008, ALL Qualifying Officers must hold an ACTIVE license as an Individual Residential Builder or M&A Contractor. If a Qualifying Officer for a corporation, limited liability company or partnership does not hold an active individual license on June 1, 2008, the license for the company will be suspended.

If a Qualifying Officer does not currently hold an individual license, he or she must immediately submit an individual license application to the Builders Unit in order to ensure that an individual license is issued prior to June 1, 2008. **Click here** for a copy of the application, or contact the Builders Unit at (866) 630-6608.

A Qualifying Officer must keep his or her individual license active in order to serve as a Qualifying Officer. Please Note: A corporation, limited liability company or partnership must still maintain a company license, in addition to the Qualifying Officer holding an individual license.

- **Identification Requirement** (*Public Act 155 of 2007 and Public Act 157 of 2007*)

Effective June 1, 2008, individuals serving as a qualifying officer for a corporation, limited liability company or partnership are required to provide a copy of their driver's license or state personal identification card as proof of their identity when applying for licensure.

Information for Current License Holders

- **License Cycle and Fees** (*Public Act 157 of 2007*)

License Term: Effective June 1, 2008, builders and M&A contractors will be moved to the same 3-year license cycle rather than the current 2-year split license cycle. However, implementation of the 3-year license cycle will occur over 2 years.

- If your license is scheduled to expire on May 31, 2008, you will receive a renewal application for a 3 year period effective June 1, 2008 to May 31, 2011.
- If your license is scheduled to expire May 31, 2009, you will receive a renewal application for a 2 year period effective June 1, 2009 to May 31, 2011.
- Effective June 1, 2011, all licenses will be issued for the same 3-year cycle effective June 1, 2011 to May 31, 2014, and every 3 years thereafter.

Fees: For licenses scheduled to renew in 2008, the annual license fee will be \$60 (\$60 x 3 years) plus the annual payment of \$10 to the Homeowner Construction Lien Recovery Fund (\$10 x 3 years), for a total of \$210 for the June 1, 2008 to May 31, 2011 license cycle. Future renewals will have an annual license fee of \$50.

For licensees scheduled to renew in 2009, the annual license fee will be \$60 (\$60 x 2 years) plus the annual payment of \$10 to the Homeowner Construction Lien Recovery Fund (\$10 x 2 years), for a total of \$140 for the remainder of the license cycle effective June 1, 2009 to May 31, 2011.

- **Michigan Residential Code Book** (*Public Act 157 of 2007*)

Effective June 1, 2008, licensees applying for renewal of their license will be required to confirm that they possess a copy of the current Michigan Residential Code. The book can be ordered through the Bureau of Construction Codes' website at www.michigan.gov/bcc, or you can purchase it in their office at 2501 Woodlake Circle, Okemos, Michigan 48864, Phone: (517) 241-9313.

- **Disclosure of License Information** (*Public Act 155 of 2007*)

Effective June 1, 2008, a licensee shall, as part of a contract, provide information relating to his or her individual license and to any license issued to that person as a qualifying officer of another entity.

- **Continuing Competency Requirements** (*Public Act 157 of 2007*)

Effective January 1, 2009, you will be required to meet continuing competency requirements. All courses or activities must be approved by the department. Specific

requirements are still being developed, including a process for approving individual courses, schools, instructors and other activities. Updated information will be posted on our website at www.michigan.gov/builders as it becomes available.

Retention of Documentation Related to Continuing Competency Activities: You will be required to maintain documentation of your participation in continuing competency activities for a minimum of 5 years from the date of the activity.

Please Note: When you renew your license in 2011, you will be required to confirm that you have met the continuing competency requirements in order to renew your license.

If you are licensed for 6 years or less: You must complete a minimum of 3 hours of continuing competency activities per year, and a total of 21 hours in each 3-year license cycle. Of the 21 hours, the law requires that 3 hours “be devoted to activities designed to develop an understanding of state building codes and laws relating to the licensed occupation, safety, and changes in construction and business management laws.” *To ensure that you meet the requirements for the 2011 renewal, we suggest you complete 7 hours of continuing competency activities during each year that you are licensed.*

If you are licensed for more than 6 years: A licensee must complete 3 hours of continuing competency activities during a 3-year cycle. The 3 hours must include 1 hour of codes, 1 hour of safety and 1 hour relating to changes in construction and business management laws.

If you have received a Final Order for a violation of 1980 PA 299: A licensee that has received a Final Order for violations of the Occupational Code, 1980 PA 299, must complete up to 21 hours of activities that demonstrate the development of continuing competency as determined appropriate by the department. The activities must include 1 hour of codes, 1 hour of safety and 1 hour relating to changes in construction and business management laws.

UNLICENSED ACTIVITY

- **Increased Penalties** (*Public Act 155 of 2007 and Public Act 157 of 2007*)

Effective December 21, 2007, penalties were increased for a person practicing as a Residential Builder or M&A Contractor without a license. The increased penalties are:

- First Offense: Misdemeanor. Fine of \$5,000 to \$25,000, or prison for not more than 1 year, or both.*
- Second and Subsequent Offense: Misdemeanor. Fine of \$5,000 to \$25,000, or prison for not more than 2 years, or both.*

*If the offense causes death or serious injury: Felony. Fine of \$5,000 to \$25,000, or prison for not more than 4 years, or both.

- **Enforcement Fund** (*Public Act 158 of 2007*)

Effective June 1, 2008, a portion of the license fee will be deposited into a newly established Builder Enforcement Fund for the purpose of pursuing investigations of unlicensed activity. The fund will be capped at \$3,000,000.

Links to the Public Acts

Click on each Public Act to link directly to the full text of the bill.

[Public Act 155 of 2007](#)

[Public Act 156 of 2007](#)

[Public Act 157 of 2007](#)

[Public Act 158 of 2007](#)

If you have questions regarding these changes, contact the Builders Unit toll free at (866) 630-6608.