

Real Estate Law

HOLLOWAY'S 30 HOUR PREPARATION
FOR THE BROKER'S EXAM

Instructor
John Henderson
616-292-3700
(text or use voice mail)
jt@grar.com
www.JTHenderson.com



Housekeeping

Vending is located...
Restrooms are located...
Local restaurants...
Building WiFi...

Come Prepared

Pen and non-bleeding highlighter
M-TH - 8:30 am to 5:30 pm
Clock vs Classroom hours - Class vote

Notes

Passing is 70% - 45 correct out of 64 questions
Cellphones silent
Make-up hours
Raising hands
Non-talkative vs talkative students



PSI Brokers Exam

DESCRIPTION OF EXAMINATIONS

EXAMINATION SUMMARY TABLE

Examination	# of Questions	Passing % Score	Passing Raw Score	Time Allowed
Salesperson	115	70	80	180 minutes
Broker	120	75	90	210 minutes

MiPlus: Complete Application for Broker's License

JTHenderson.com / Student Resources

 JT Henderson & Associates
REAL ESTATE CONSULTANTS

HOME BROKER SOLUTIONS AGENT RESOURCES STUDENT RESOURCES CONTINUING EDUCATION

With more than 20 years experience in the real estate industry, John Henderson teaches Broker and Salesperson Licensing courses for the State of Michigan. He is CDEI Certified through ARELLO.

Got a question? Contact John at: JT@grar.com.



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Two decades of experience distilled into 120 pages. Purchase this book for \$19.99 and receive six hours of Michigan Real Estate Continuing Education Credit. Click [HERE](#) to order.

To receive credit, visit the [continuing education page](#) on this website and use the last four digits of the ISBN number on the back cover as your password. You will receive further instructions from there.

DOWNLOAD

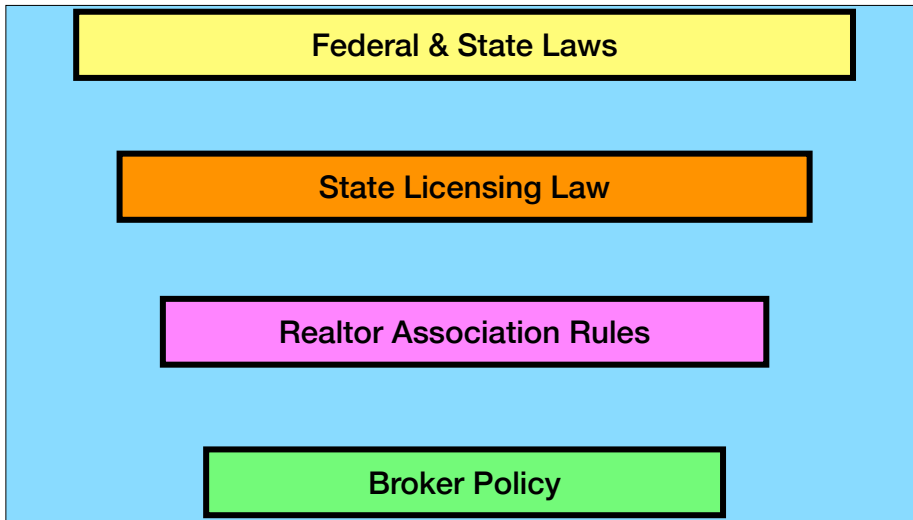
**Seller's Disclosure
Keynote Presentation**

COURSE INFORMATION

[PSI Bulletin](#)

[PSI Course & Sample Questions](#)

[Prelicensing Class Power Point](#)



Chapter 1 Nota Bene

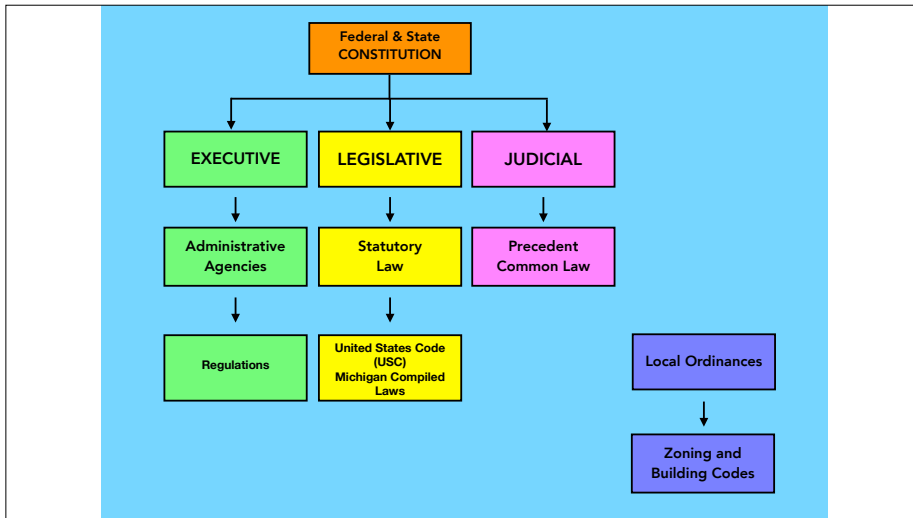
Page 3

Constitution protects both commercial and private speech.

Precedent: Decisions made by judges in previous similar cases.

Precedents are used so court decisions are more uniform, equitable, stable, predictable and more efficient.

Common law refers to judicial precedent created by the courts.



Chapter 1 - Nota Bene

Page 7

District Court up to \$25,000 / Circuit Court over \$25,000
 Small claims court: No formal rules of law and no legal representation.

Page 10

Court of appeals: No jury. Remanded: A new trial is required.

Page 12

U.S. Supreme Court: Where appeals from state supreme courts get appealed.

Supreme Court justices are chosen by the president.

Doctrine of mootness: There is no point in continuing with the case.

Chapter 2 - Nota Bene

Page 20

Allienation Clause - Legal in Michigan, requires sellers to pay off mortgage before any transfer

Page 22

Fraud: Intentional misrepresentation of a material fact.

Chapter 2 Supplemental

Sellers Disclosures are not required when selling to a family member, spouse, parent, grand parent, child or grand child OR by court order.

Transfer Tax Exception - when the SEV in the year of the sale is the same or less than the SEV in the year of acquisition.

Chapter 2 - Nota Bene

Supplemental

Eminent Domain: Gov't's Constitutional right to take private property for public use. Must pay for the taking. Use term CONDEMNATION. Example = Mi Dept of Transportation takes private property to construct an entrance and exit for a highway.

Lead based paint: Covers houses built prior to 1978.

LARA cannot waive license fees.

Broker - Sells, Leases, Property Management must have licensed.

Independent Contractor: Responsible to pay your own fees and taxes.

LARA will only issue ONE broker's license per company. Corp or other entity

Chapter 2 Supplemental Nota Bene (Continued)

Broker applicants must submit proof of 90 hours education with at least 9 in civil rights and at least three years full time experience (not actual years).

Broker must retain custody and control of license certificates.

When broker's license is suspended, all licenses are suspended.
(Note when broker dies or becomes incapacitated - 1 year)

Chapter 2 Supplemental Nota Bene (continued)

Brokers must have an independent contractor agreement and a policies and procedures manual for their agents.

LARA will not enter into a dispute between broker and agent or broker and broker UNLESS there is 1) a written agreement between the parties and 2) the agreement covers the area in question

Advertising: Puffing is an unmeasurable opinion. It is legal.

Listing Agreement MUST have a non-discrimination clause.

Disclosure of material facts - Must disclose a homicide, suicide or other occurrence prohibited by law if it affects the value or condition of a property.

NAR Code of Ethics requires members to use mediation rather than go to court.

Chapter 3 Nota Bene

Page 27

The term seller financing and owner financing are interchangeable

Purchase Money mortgages can be used with FNMA, FHA and VA loans

Land Contract max interest rates: Seller 11%. Regulated financial institution 25%

FYI - Title companies do not hold warranty deeds nor offer special title insurance for land contracts

Chapter 4 - Nota Bene

Page 33

Age of Majority in Michigan - 18

Minor = Infant = Always voidable by the minor.

Consideration = Inducement

Unilateral - Promise for a Performance

Bilateral - Promise for a Promise

Page 34

Listing Agreement without a nondiscrimination clause is in violation of Michigan Law.

Right of Refusal contains NO price or terms.

Chapter 4 - Nota Bene (Supplemental)

Remedies for breaking a contract:

Rescission: Voiding a contract and returning all parties to their original position

Compensatory Damages: actual cost of damages

Specific Performance: Court forces the completion of the contract. When a money judgement is not equitable, the court may allow specific performance.

Liquidated Damages: An amount agreed to in advance of a breach of contract.

(The court may find that when a contract has fulfilled it's major provisions and considered substantially performed, but not all of its requirements, it may consider the contract upheld.

Quit Claim Deed - Commonly used to clear clouds on a title.

Chapter 4 Supplemental Nota Bene

Ownership rights:

Dower rights - protects wife. (No longer in Michigan)

Courtesy rights - protects husbands. (Not used in Michigan)

Community Property - Property gathered while married. (Not used in Michigan)

Equitable Distribution - Courts will decide if a couple cannot agree on asset distribution. (Used in Michigan)

Chapter 5 - Nota Bene

Page 39

Chicago Lawyers Commission for Civil Rights Vs. Craigs List (2008) - regulates the responsibility of material created by third parties and posted on the internet.

Rafaelli LLC vs Oakland County 2020

Rafaelli purchased rental property 2011 - \$60,000
In 2012, was behind on property taxes \$496
Paid due amount, miscalculated interest by \$8.41
Foreclosure price - \$24,500
Actual value - \$82,000

Expungement

Only applies to MI convictions.

Lifetime unlimited misdemeanors.

Lifetime - up to 3 felonies.

“One Bad Night” rule / multiple convictions.

Cannot be set aside: Child abuse / Domestic violence / CSC /
Traffic violations resulting in injury or death

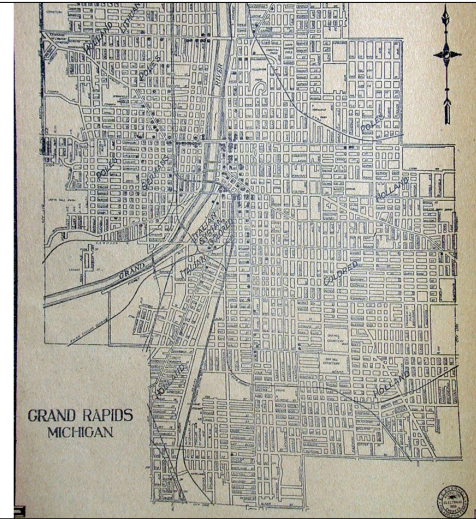
Michigan’s Marketable Record Title Act MRTA

Amended by Senate Bill 2018 - 671
Easements / Deed Restriction Expiration

Deed restrictions more than 40 years old - must file a notice
to preserve it by March 29, 2023



Grand Rapids 1924



Emmett Till age 14

Killed in Mississippi 1955 for whistling at a white woman



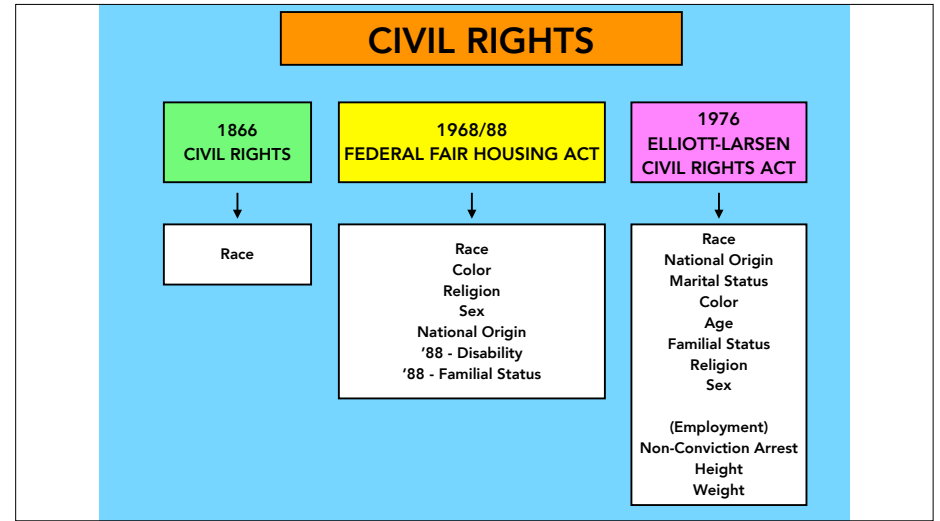
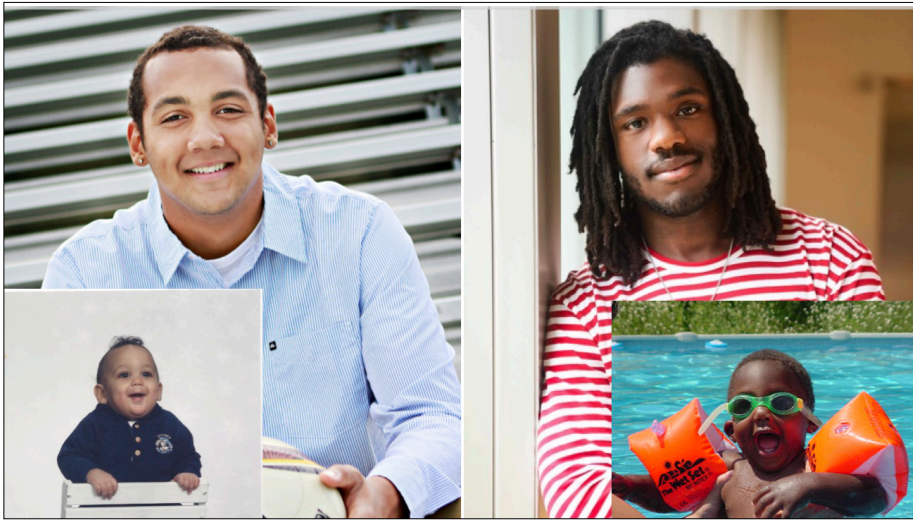
Wyoming, MI 2021

Wyoming police release video of officers cuffing realtor



By: Ruben Juarez, Multiple Sources
Printed: Aug 7, 2021 / 12:14 AM EDT / Updated: Aug 7, 2021 / 11:33 PM EDT

WYOMING, Mich. (WOOD) — An incident in which a local realtor was put in handcuffs while showing a home to a client last Sunday in Wyoming was standard procedure, police say.



Chapter 6 - Nota Bene

Page 59 - Discrimination - handicap and familial status were added in 1988. No law against occupation discrimination.

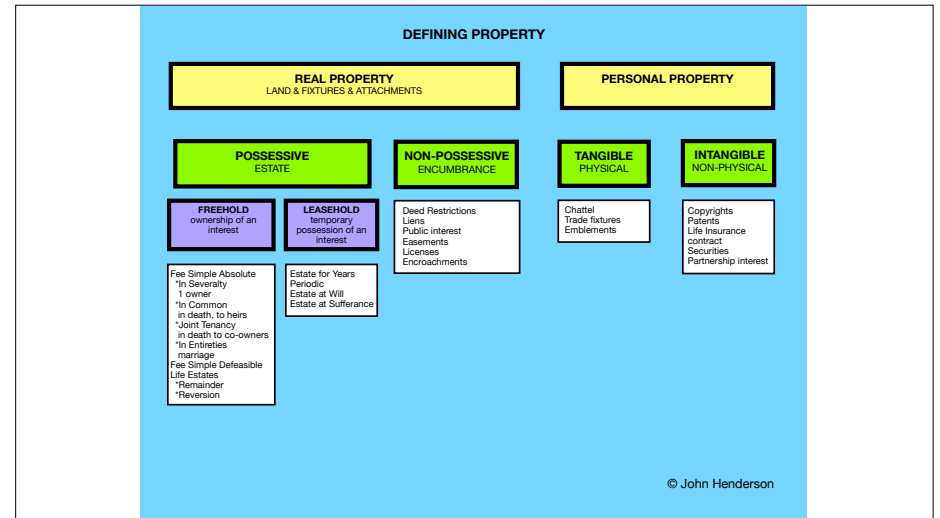
Page 60 - HUD has power to bring lawsuits against those who discriminate.

Havens Realty Vs. Coleman. Testers could make a case against agents even if they have no intention of buying or renting.

Blockbusting: Inducing a home owner to sell by making representations regarding the entry of minorities into the community.

Complainants have one year to file a complaint with HUD from the time of an alleged violation.

Page 61 - There are special provisions for Senior Citizen complexes.



Chapter 7 - Nota Bene

Page 69

Tenants in the entirety - the best protection of ownership interest for a spouse.

Chapter 8 - Environmental Issues

Asbestos

Radon

Lead Based Paint

UFFI - Urea Formaldehyde Foam Insulation

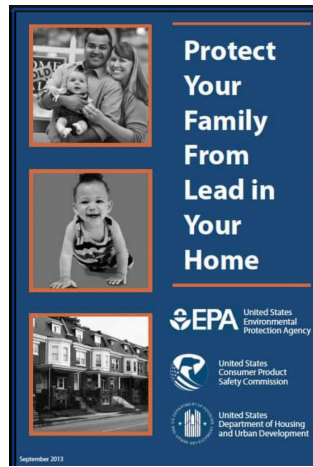
Underground Storage Tanks

Water Quality (PFAS - Poly-Flouralkyl Substances) (Coliform Bacteria, Nitrites- NO₂, Nitrates NO₃)

Mold

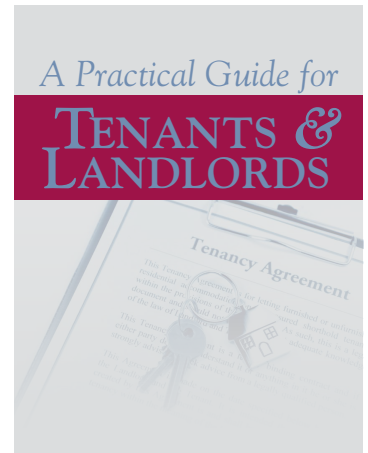
Carbon Monoxide

Lead Based Paint Pamphlet Chapter 8 - Environmental Issues



Tenants & Landlord

Chapter 9 - Property Management



Chapter 9 - Nota Bene

Page 79

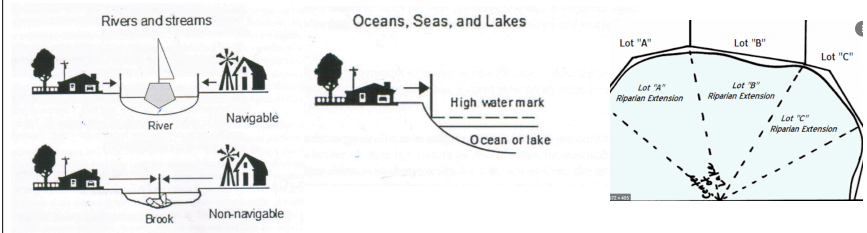
7 day notice for nonpayment

30 day notice to quit

24 hour notice for controlled substances

Constructive eviction is illegal. Examples are: Changing locks, turning off utilities, removal or destruction of tenant's possessions.

Littoral (Lake) & Riparian (River) Rights



Chapter 11 - Nota Bene

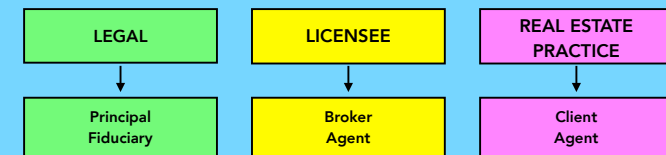
Page 87 - Agency Relationship definition: One person (client/principal) authorizes another person (agent/fiduciary) to work on their behalf.

Agents have the duty of honesty to all parties whether they are under contract or not.

Undisclosed Dual Agency occurs when an agent under contract to one, allows another to believe the agent works on their behalf or is under contract to both parties but doesn't disclose it to one or both parties.

Page 88 - Buyers Agency - in 1995 changed the way Michigan agents conduct business.

AGENCY
A person who delegates authority on his/her behalf



FIDUCIARY RESPONSIBILITIES

- Loyalty
- Disclosure
- Honesty
- Account for monies/property
- Obey lawful instruction
- Confidentiality
- Reasonable care
- Diligence

TERMINATION OF AGENCY

- Expiration of Agreement
- Completion/Performance
- Term by Force of Law
- Mutual Agreement
- Destruction of Property
- Death of Principal

Chapter 12 - Supplemental Nota Bene

E & O Insurance covers negligence, not fraud, blockbusting or income tax evasion.

Presenting offers - present all available offers and let the client decide which is best for them.

Signing trust accounts

1. Principal broker or associate broker
2. Broker and a co-signatory (who is not a broker) for double signatures

Broker does not need a trust account.

Trust accounts are needed if you have an agreement as a property manager.

Broker may have one or many trust accounts.

Safety issues - You may erect a large chain link fence with a padlock. You may not install a spring trap to shoot intruders, acid locks to destroy hands or underground bombs.

Final Exam

Passing - 70%
45 correct / 64 questions
Must report score
before leaving
Time to grade...

