

Act No. 79  
Public Acts of 1995  
Approved by the Governor  
June 15, 1995  
Filed with the Secretary of State  
June 15, 1995

**STATE OF MICHIGAN  
88TH LEGISLATURE  
REGULAR SESSION OF 1995**

Introduced by Reps. Dolan, Ryan, Goschka, McManus, Jellema, Brewer, DeHart, Dalman, Oxender, Dobb, Ciaramitaro, Martinez, Pitoniak, Hammerstrom, Bodem, Middleton, McNutt and Stallworth  
Rep. Rocca named co-sponsor

# **ENROLLED HOUSE BILL No. 4287**

AN ACT to amend section 1 of Act No. 348 of the Public Acts of 1972, entitled "An act to regulate relationships between landlords and tenants relative to rental agreements for rental units; to regulate the payment, repayment, use and investment of security deposits; to provide for commencement and termination inventories of rental units; to provide for termination arrangements relative to rental units; to provide for legal remedies; and to provide penalties," as amended by Act No. 297 of the Public Acts of 1984, being section 554.601 of the Michigan Compiled Laws; and to add section 1a.

*The People of the State of Michigan enact:*

Section 1. Section 1 of Act No. 348 of the Public Acts of 1972, as amended by Act No. 297 of the Public Acts of 1984, being section 554.601 of the Michigan Compiled Laws, is amended and section 1a is added to read as follows:

Sec. 1. As used in this act:

(a) "Rental unit" means a structure or part of a structure used as a home, residence, or sleeping unit by a single person or household unit, or any grounds, or other facilities or area promised for the use of a residential tenant and includes, but without limitation, apartment units, boarding houses, rooming houses, mobile home spaces, and single and 2-family dwellings.

(b) "Rental agreement" means an agreement that establishes or modifies the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a rental unit.

(c) "Landlord" means the owner, lessor, or sublessor of the rental unit or the property of which it is a part and, in addition, means a person authorized to exercise any aspect of the management of the premises, including a person who, directly or indirectly, acts as a rental agent, receives rent, other than as a bona fide purchaser, and who has no obligation to deliver the receipts to another person.

(d) "Tenant" means a person who occupies a rental unit for residential purposes with the landlord's consent for an agreed upon consideration.

(e) "Security deposit" means a deposit, in any amount, paid by the tenant to the landlord or his or her agent to be held for the term of the rental agreement, or any part of the term, and includes any required prepayment of rent other than the first full rental period of the lease agreement; any sum required to be paid as rent in any rental period in excess of the average rent for the term; and any other amount of money or property returnable to the tenant on condition of return of the rental unit by the tenant in condition as required by the rental agreement. Security deposit does not include either of the following:

(i) An amount paid for an option to purchase, pursuant to a lease with option to purchase, unless it is shown the intent was to evade this act.

(ii) An amount paid as a subscription for or purchase of a membership in a cooperative housing association incorporated under the laws of this state. As used in this subparagraph, "cooperative housing association" means a consumer cooperative that provides dwelling units to its members.

(f) "Senior citizen housing" means housing for individuals 62 years of age or older that is subsidized in whole or in part under any local, state, or federal program.

Sec. 1a. (1) A rental agreement shall provide that a tenant who has occupied a rental unit for more than 13 months may terminate a lease by a 60-day written notice to the landlord if 1 of the following occurs:

(a) The tenant becomes eligible during the lease term to take possession of a subsidized rental unit in senior citizen housing and provides the landlord with written proof of that eligibility.

(b) The tenant becomes incapable during the lease term of living independently, as certified by a physician in a notarized statement.

(2) This section applies only to leases entered into, renewed, or renegotiated after the effective date of this section, in accordance with the constitutional prohibition against impairment of contracts provided by section 10 of article I of the state constitution of 1963.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved -----

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Governor.