

HOUSE BILL NO. 5605

March 20, 2024, Introduced by Reps. Brenda Carter, Steckloff, Farhat, Pohutsky, Neeley, Dievendorf, O'Neal, Young, Scott, Wilson, Rheingans, Price, Andrews, Martus, Tsernoglou, Liberati, McFall, McKinney, Morgan and Whitsett and referred to the Committee on Economic Development and Small Business.

A bill to amend 1972 PA 348, 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,"

by amending the title and section 1 (MCL 554.601), section 1 as amended by 1995 PA 79, and by adding sections 1c, 1d, 1e, and 1f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to regulate relationships between landlords and tenants

1 relative to rental agreements for rental units **and between**
2 **landlords and prospective tenants**; to regulate the payment,
3 repayment, use and investment of security deposits; to provide for
4 commencement and termination inventories of rental units; to
5 provide for termination arrangements relative to rental units; **to**
6 **require certain notices to prospective tenants; to allow for the**
7 **reuse of certain screening reports**; to provide for legal remedies;
8 and to provide penalties.

9 Sec. 1. As used in this act:

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

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

19 (a) "Consumer report" means that term as defined in 15 USC
20 1681a.

21 (b) "Consumer reporting agency" means any person that, for
22 monetary fees or dues or on a cooperative nonprofit basis,
23 regularly engages in whole or in part in the practice of assembling
24 or evaluating consumer credit information or other information on
25 consumers for the purpose of furnishing consumer reports to third
26 parties using any means or facility of interstate commerce for the
27 purpose of preparing or furnishing consumer reports.

28 (c) "Credit score" means the numerical score ranging from 300
29 to 850 assigned by a consumer reporting agency to measure credit

1 risk and includes FICO credit score.

2 (d) ~~(e)~~ "Landlord" means ~~the~~ any of the following:

3 (i) The owner, lessor, or sublessor of the rental unit or the
4 property of which it is a part. ~~and, in addition, means a~~

5 (ii) The person authorized to exercise any aspect of the
6 management of the premises, including a person ~~who, that,~~ directly
7 or indirectly, acts as a rental agent ~~, or~~ receives rent, other
8 than as a bona fide purchaser, ~~and who whether or not the person~~
9 has ~~no~~ an obligation to deliver the ~~receipts~~ rent payments to
10 another person.

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

14 (e) "Prospective tenant" means an individual who makes a
15 request to a landlord or the landlord's agent to rent or lease a
16 rental unit.

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

20 (g) "Rental application fee" means nonrefundable payment of
21 money charged by a landlord or the landlord's agent to a
22 prospective tenant to receive, validate, review, or otherwise
23 process an application for the rent or lease of a rental unit, and
24 includes the cost of obtaining or assessing a consumer report.

25 (h) "Rental unit" means a structure or part of a structure
26 used as a home, residence, or sleeping unit by a single person or
27 household unit, or any grounds or other facilities or area promised
28 for the use of a residential tenant. Rental unit includes, but is
29 not limited to, an apartment unit, a boarding house, a rooming

1 house, a mobile home space, or a single- or 2-family dwelling.

2 (i) "Reusable screening report" means a consumer report that
 3 was prepared within the previous 45 days by a consumer reporting
 4 agency at the request and expense of a prospective tenant, made
 5 directly available to a landlord for use in the rental application
 6 process or is provided through a third-party website that regularly
 7 engages in the business of providing a reusable screening report
 8 and complies with all state and federal laws pertaining to use and
 9 disclosure of information contained in a consumer report by a
 10 consumer reporting agency, and is available to the landlord at no
 11 cost to access or use.

12 (j) ~~(e)~~—"Security deposit" means a deposit, in any amount,
 13 paid by the tenant to the landlord or ~~his or her~~ **the landlord's**
 14 agent to be held for the term of the rental agreement, or any part
 15 of the term, and includes any required prepayment of rent other
 16 than the first full rental period of the lease agreement; any sum
 17 required to be paid as rent in any rental period in excess of the
 18 average rent for the term; and any other amount of money or
 19 property returnable to the tenant on condition of return of the
 20 rental unit by the tenant in condition as required by the rental
 21 agreement. Security deposit does not include either of the
 22 following:

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

26 (ii) An amount paid as a subscription for or purchase of a
 27 membership in a cooperative housing association incorporated under
 28 the laws of this state. As used in this subparagraph, "cooperative
 29 housing association" means a consumer cooperative that provides

1 dwelling units to its members.

2 **(k)** ~~(f)~~—"Senior citizen housing" means housing for individuals
3 62 years of age or older that is subsidized in whole or in part
4 under any local, state, or federal program.

5 **(l)** "Tenant" means a person who occupies a rental unit for
6 residential purposes with the landlord's consent for an agreed-upon
7 consideration.

8 **Sec. 1c. (1)** A landlord may elect to accept a reusable
9 screening report from a prospective tenant. If a landlord accepts a
10 reusable screening report from a prospective tenant in accordance
11 with this subsection, the landlord may require the prospective
12 tenant to state, in writing, that there has not been a material
13 change to the information in the reusable screening report.

14 **(2)** A landlord that accepts a reusable screening report from a
15 prospective tenant shall not charge the prospective tenant a rental
16 application fee.

17 **(3)** A landlord that declines to accept a reusable screening
18 report from a prospective tenant may charge the prospective tenant
19 a rental application fee of not more than \$25.00 only if the
20 landlord complies with section 1d(1).

21 **(4)** A landlord that maintains a website that advertises the
22 rental premises for rent must include a statement in the
23 advertisement that provides whether the landlord will accept a
24 reusable screening report from a prospective tenant.

25 **Sec. 1d. (1)** Before accepting an application for a rental unit
26 or a rental application fee from a prospective tenant, a landlord
27 must inform the prospective tenant of all of the following, in
28 writing:

29 **(a)** The information that will be accessed to screen the

1 tenant's application.

2 (b) What criteria may result in the denial of the prospective
3 tenant's application for the rental unit.

4 (c) If a consumer report obtained by a landlord or reusable
5 screening report obtained by the tenant will be required.

6 (d) That the prospective tenant has a right to obtain a free
7 copy of the consumer report obtained by the landlord if the
8 landlord takes adverse action against the tenant, or to dispute the
9 accuracy of information contained in a consumer report obtained by
10 the landlord or reusable screening report provided by the
11 prospective tenant.

12 (e) Whether the landlord will accept a reusable screening
13 report.

14 (f) Whether rental units are available for occupancy in the
15 rental premises for which the prospective tenant would be applying
16 for tenancy.

17 (g) If rental units are available for occupancy, the number of
18 units available, by bedroom size.

19 (h) If rental units are not available for occupancy, whether
20 the landlord maintains a waiting list for prospective tenants. If
21 rental units are not available for occupancy and the landlord
22 maintains a waiting list, how many other prospective tenants are
23 above the prospective tenant on the waiting list for the bedroom
24 types for which the prospective tenant would apply for tenancy.

25 (2) Beginning on the effective date of the amendatory act that
26 added this section, a landlord shall not do any of the following:

27 (a) Use the credit score of the prospective tenant as the sole
28 deciding factor in determining a prospective tenant's eligibility
29 for a lease.

1 (b) Use the fact that the prospective tenant was a party to a
2 judicial action involving a dispute that arose under a tenancy in
3 which there was no finding of liability against the prospective
4 tenant, including, but not limited to, a dismissal of the judicial
5 action, or a judgment in favor of the prospective tenant, in
6 determining the prospective tenant's eligibility for a lease.

7 (3) If a landlord violates this section or section 1e, the
8 prospective tenant may bring a civil action against the landlord
9 for actual damages of not more than \$1,000.00, reasonable attorney
10 fees, and the costs of bringing the action.

11 Sec. 1e. (1) Within 14 days after receipt of an application
12 for a rental unit by a prospective tenant, a landlord shall make a
13 decision on the application.

14 (2) If the landlord takes adverse action against the
15 prospective tenant, the landlord shall do all of the following:

16 (a) Provide a written notice of the adverse action to the
17 prospective tenant.

18 (b) Give the prospective tenant, without charge, a copy of any
19 consumer report or reusable screening report the landlord relied on
20 in taking the adverse action.

21 (c) Provide the prospective tenant an opportunity to meet to
22 discuss the adverse action, including a meaningful and fair
23 opportunity to rebut any information contained in the consumer
24 report or reusable screening report. A landlord shall fairly and in
25 good faith consider any rebuttal information and evidence the
26 prospective tenant presents, including the inaccuracy of
27 information appearing in a consumer report or reusable screening
28 report. If this subdivision applies, a landlord shall, within 7
29 days of meeting with the prospective tenant as described under this

1 subdivision, notify the prospective tenant in writing of the
2 landlord's final decision on the adverse action.

3 (3) The written notice required under subsection (2) must
4 state the reasons for the adverse act and contain the following
5 information in a form that substantially conforms to the following
6 form:

7 ADVERSE ACTION NOTICE

8 Name of prospective tenant: _____.

9 Address: _____.

10 City/State/Zip Code: _____.

11 This notice is to inform you that the following decision has
12 been made to your application for a rental unit [checkmark
13 indicates the decision]:

14 Rejected.

15 Approved with conditions:[identify the condition(s)].

16 Adverse action on your application for a rental unit was based
17 on any/all of the following [checkmark indicates all that apply]:

18 Information contained in the consumer report or reusable
19 screening report prepared by _____ [name, mailing address,
20 and internet website address of the consumer reporting agency], on
21 _____, 20____ [include a detailed explanation of the
22 information].

23 The consumer report or reusable screening report did not
24 contain sufficient information, specifically _____ [state
25 the missing information with as much specificity as possible].

26 Information received from previous rental history or
27 reference: _____ [identify the information].

28 Information received in a criminal record: _____
29 [identify the criminal record].

1 __ Information received in a civil record: _____ [identify
2 the civil record].

3 __ Information received from an employment verification:
4 _____ [identify the information].

5 __ Other information: _____ [identify the information].

6 Dated this ____ day of _____, ____ [year].

7 Landlord/landlord's agent signature: _____.

8 (4) As used in this section, "adverse action" means denying a
9 rental application or approving a rental application with
10 conditions.

11 Sec. 1f. Beginning on the effective date of the amendatory act
12 that added this section, a landlord shall do all of the following:

13 (a) In determining a prospective tenant's eligibility for a
14 lease, consider the prospective tenant's current ability to pay
15 rent and suitability for tenancy, according to a landlord's rental
16 application criteria.

17 (b) Both of the following:

18 (i) Note the date and time of when the landlord receives a
19 completed rental application for a rental unit from a prospective
20 tenant.

21 (ii) Screen all completed rental applications for that rental
22 unit in the order in which the rental application for that rental
23 unit is received.