

SENATE BILL NO. 883

May 30, 2024, Introduced by Senators BAYER and SHINK and referred to the Committee on Housing and Human Services.

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 tenant screening reports**; to provide for legal
8 remedies; 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 a person that makes a request
15 to a landlord or the landlord's agent to rent or lease a rental
16 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 a 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 tenant screening
8 report and complies with all state and federal laws pertaining to
9 use and disclosure of information contained in a consumer report by
10 a 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 that 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 fee of not more than \$25.00 that includes the cost of obtaining a
20 consumer report and the rental application fee, only if the
21 landlord complies with section 1d(1).

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

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

1 (a) The information that will be accessed to screen the
2 tenant's application.

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

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

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

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

16 (f) Whether the landlord will accept a reusable screening
17 report.

18 (g) If rental units are available for occupancy, the number of
19 units available, by number of bedrooms.

20 (h) If rental units are not available for occupancy, whether
21 the landlord maintains a waiting list for prospective tenants. If
22 the landlord maintains a waiting list, how many other prospective
23 tenants are on the waiting list above where the prospective tenant
24 would be, including for each number of bedrooms unit type the
25 prospective tenant would apply for.

26 (2) Beginning on the effective date of the amendatory act that
27 added this section, a landlord shall not use any of the following
28 as a deciding factor in determining a prospective tenant's
29 eligibility for a lease:

1 (a) The credit score of the prospective tenant.

2 (b) The fact that the prospective tenant was a party to a
3 judicial action involving a dispute that arose under a tenancy in
4 which there was no finding of liability against the prospective
5 tenant.

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

10 Sec. 1e. (1) If, after the receipt of an application for a
11 rental unit and payment of the application fee by the prospective
12 tenant or acceptance of a reusable screening report for the
13 prospective tenant, a landlord takes adverse action against the
14 prospective tenant, the landlord shall promptly do all of the
15 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, if the landlord has not already given
21 the prospective tenant that report.

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

1 days after meeting with the prospective tenant as described under
2 this subdivision, notify the prospective tenant in writing of the
3 landlord's final decision on the adverse action.

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

8 ADVERSE ACTION NOTICE

9 Name of prospective tenant: _____.

10 Address: _____.

11 City/State/Zip Code: _____.

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

15 Rejected.

16 Approved with conditions [identify the conditions]:

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

19 Information contained in the consumer report or reusable
20 screening report prepared by _____ [name, address, and
21 phone number of the consumer reporting agency], on (date). [include
22 a detailed explanation of the 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 (3) 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 complete rental applications for that rental
22 unit in the order in which the rental application for that rental
23 unit is received.