

HOUSE BILL NO. 4770

August 14, 2025, Introduced by Rep. Morgan and referred to Committee on Regulatory Reform.

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), as amended by 2024 PA 179, and by adding section 7a.

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; to regulate the
2 payment, repayment, use and investment of security deposits; **to**
3 **regulate the repayment of certain fees to prospective tenants;** to
4 provide for commencement and termination inventories of rental
5 units; to provide for termination arrangements relative to rental
6 units; to provide for legal remedies; and to provide penalties.

7 Sec. 1. As used in this act:

8 (a) **"Consumer report" means that term as defined in 15 USC**
9 **1681a.**

10 (b) ~~(a)~~—"Landlord" means any of the following:

11 (i) The owner, lessor, or sublessor of a rental unit or the
12 property of which it is a part.

13 (ii) A person authorized to exercise any aspect of the
14 management of the premises, including a person that, directly or
15 indirectly, acts as a rental agent or receives rent, other than as
16 a bona fide purchaser, and that has no obligation to deliver the
17 receipts to another person.

18 (c) **"Pre-tenancy fee" means a fee, whether designated as**
19 **refundable or nonrefundable by the landlord, that is charged by a**
20 **landlord to a prospective tenant to secure or reserve a rental unit**
21 **before the prospective tenant signs a lease agreement. Pre-tenancy**
22 **fee includes a wait list fee, a redecoration fee, a pet application**
23 **fee, a unit touring fee, a holding fee, an option fee, a**
24 **preparation fee, a move-in fee, or any other fee charged by the**
25 **landlord before the start of a lease. Pre-tenancy fee does not**
26 **include a rental application fee.**

27 (d) **"Prospective tenant" means an individual who makes a**
28 **request to a landlord to rent or lease a rental unit.**

29 (e) ~~(b)~~—"Rental agreement" means an agreement that establishes

1 or modifies the terms, conditions, rules, regulations, or any other
2 provisions concerning the use and occupancy of a rental unit.

3 **(f) "Rental application fee" means a fee charged by a landlord**
4 **for a rental unit to perform background screening, and includes the**
5 **cost of obtaining or assessing a consumer report.**

6 **(g) ~~(e)~~**"Rental unit" means a structure or part of a structure
7 used as a home, residence, or sleeping unit by a single person or
8 household unit, or any grounds, or other facilities or area
9 promised for the use of a residential tenant. Rental unit includes,
10 but is not limited to, apartment units, boarding houses, rooming
11 houses, mobile home spaces, and single and 2-family dwellings.

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

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

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

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

4 (j) ~~(f)~~—"Source of income" includes benefits or subsidy
5 programs including housing assistance, housing choice vouchers
6 provided under 42 USC 1437f, public assistance, veterans' benefits,
7 Social Security, supplemental security income or other retirement
8 programs, and other programs administered by any federal, state,
9 local, or nonprofit entity. Source of income does not include
10 either of the following:

11 (i) Income that a prospective tenant cannot demonstrate is
12 derived from sources and activities permitted by law and is
13 provided on an ongoing basis.

14 (ii) Housing assistance that is not approved by the appropriate
15 agency within 30 days after the landlord provides all information
16 required as a condition of the agency's approval, including
17 evidence that all repairs required before occupancy have been
18 completed.

19 (k) ~~(g)~~—"Tenant" means an individual who occupies a rental
20 unit for residential purposes with the landlord's consent for an
21 agreed upon consideration.

22 **Sec. 7a. (1) Beginning on the effective date of the amendatory**
23 **act that added this section, both of the following apply:**

24 (a) A landlord shall not require a prospective tenant to pay a
25 pre-tenancy fee.

26 (b) A landlord may charge a prospective tenant a rental
27 application fee. The cost of a rental application fee must be
28 disclosed on any advertisement or posting for the rental unit or on
29 the landlord's website. A rental application fee for a rental unit

1 must not exceed \$50.00.

2 (2) A landlord that denies a prospective tenant's application
3 for a rental unit shall refund the rental application fee paid by
4 the prospective tenant for the rental unit within 60 days after the
5 date the landlord denies the prospective tenant's application.

6 (3) A landlord that violates this section is subject to a
7 civil fine as follows:

8 (a) For a first violation, a civil fine of not more than
9 \$500.00.

10 (b) For a second or subsequent violation, a civil fine of not
11 less than \$1,000.00.

12 (4) The court may, in addition to any civil fine imposed under
13 subsection (3), order the landlord to pay the tenant's reasonable
14 attorney fees and the cost of bringing an action under this
15 section.