

SENATE BILL NO. 372

June 10, 2025, Introduced by Senators BAYER, CAVANAGH, IRWIN, CHANG, KLINEFELT and GEISS and referred to 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), the title and section 1 as amended by 2024 PA 179, and by adding sections 1e, 1f, 1g, and 1h.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

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

10 Sec. 1. As used in this act:

11 (a) "Consumer report" means that term as defined in 15 USC
 12 1681a.

13 (b) "Consumer reporting agency" means any person that, for
 14 monetary fees or dues or on a cooperative nonprofit basis,
 15 regularly engages in whole or in part in the practice of assembling
 16 or evaluating consumer credit information or other information on
 17 consumers for the purpose of furnishing consumer reports to third
 18 parties using any means or facility of interstate commerce for the
 19 purpose of preparing or furnishing consumer reports.

20 (c) "Credit score" means the numerical score ranging from 300
 21 to 850 assigned by a consumer reporting agency to measure credit
 22 risk and includes FICO credit score.

23 (d) ~~(a)~~—"Landlord" means any of the following:

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

26 (ii) A person authorized to exercise any aspect of the
 27 management of the premises, including a person that, directly or
 28 indirectly, acts as a rental agent or receives rent, other than as
 29 a bona fide purchaser, and that has no obligation to deliver the

1 receipts to another person.

2 (e) "Prospective tenant" means a person that makes a request
3 to a landlord or the landlord's agent to rent or lease a rental
4 unit.

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

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

13 (h) ~~(c)~~ "Rental unit" means a structure or part of a structure
14 used as a home, residence, or sleeping unit by a single person or
15 household unit, or any grounds, or other facilities or area
16 promised for the use of a residential tenant. Rental unit includes,
17 but is not limited to, apartment units, boarding houses, rooming
18 houses, mobile home spaces, and single and 2-family dwellings.

19 (i) "Reusable screening report" means a consumer report that
20 was prepared within the previous 45 days by a consumer reporting
21 agency at the request and expense of a prospective tenant, made
22 directly available to a landlord for use in the rental application
23 process, or is provided through a third-party website that
24 regularly engages in the business of providing a reusable tenant
25 screening report and complies with all state and federal laws
26 pertaining to use and disclosure of information contained in a
27 consumer report by a consumer reporting agency, and is available to
28 the landlord at no cost to access or use.

29 (j) ~~(d)~~ "Security deposit" means a deposit, in any amount,

1 paid by the tenant to the landlord or the landlord's agent to be
2 held for the term of the rental agreement, or any part of the term,
3 and includes any required prepayment of rent other than the first
4 full rental period of the lease agreement; any sum required to be
5 paid as rent in any rental period in excess of the average rent for
6 the term; and any other amount of money or property returnable to
7 the tenant on condition of return of the rental unit by the tenant
8 in condition as required by the rental agreement. Security deposit
9 does not include either of the following:

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

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

18 (k) ~~(e)~~—"Senior citizen housing" means housing for individuals
19 62 years of age or older that is subsidized in whole or in part
20 under any local, state, or federal program.

21 (l) ~~(f)~~—"Source of income" includes benefits or subsidy
22 programs including housing assistance, housing choice vouchers
23 provided under 42 USC 1437f, public assistance, veterans' benefits,
24 Social Security, supplemental security income or other retirement
25 programs, and other programs administered by any federal, state,
26 local, or nonprofit entity. Source of income does not include
27 either of the following:

28 (i) Income that a prospective tenant cannot demonstrate is
29 derived from sources and activities permitted by law and is

1 provided on an ongoing basis.

2 (ii) Housing assistance that is not approved by the appropriate
3 agency within 30 days after the landlord provides all information
4 required as a condition of the agency's approval, including
5 evidence that all repairs required before occupancy have been
6 completed.

7 (m) ~~(g)~~—"Tenant" means an individual who occupies a rental
8 unit for residential purposes with the landlord's consent for an
9 agreed upon consideration.

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

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

19 (3) A landlord that declines to accept a reusable screening
20 report from a prospective tenant may charge the prospective tenant
21 a fee of not more than \$25.00 that includes the cost of obtaining a
22 consumer report and the rental application fee, only if the
23 landlord complies with section 1f(1).

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

28 **Sec. 1f. (1) Before accepting an application for a rental unit**
29 **or a rental application fee from a prospective tenant, a landlord**

1 must inform the prospective tenant of all of the following, in
2 writing:

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

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

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

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

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

18 (f) Whether the landlord will accept a reusable screening
19 report.

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

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

28 (2) Beginning on the effective date of the amendatory act that
29 added this section, a landlord shall not use any of the following

1 as a deciding factor in determining a prospective tenant's
2 eligibility for a lease:

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

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

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

12 Sec. 1g. (1) If, after the receipt of an application for a
13 rental unit and payment of the application fee by the prospective
14 tenant or acceptance of a reusable screening report for the
15 prospective tenant, a landlord takes adverse action against the
16 prospective tenant, the landlord shall promptly do all of the
17 following:

18 (a) Provide a written notice of the adverse action to the
19 prospective tenant.

20 (b) Give the prospective tenant, without charge, a copy of any
21 consumer report or reusable screening report the landlord relied on
22 in taking the adverse action, if the landlord has not already given
23 the prospective tenant that report.

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

1 information appearing in a consumer report or reusable screening
 2 report. If this subdivision applies, a landlord shall, within 7
 3 days after meeting with the prospective tenant as described under
 4 this subdivision, notify the prospective tenant in writing of the
 5 landlord's final decision on the adverse action.

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

10 ADVERSE ACTION NOTICE

11 Name of prospective tenant: _____.

12 Address: _____.

13 City/State/Zip Code: _____.

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

17 ☐ Rejected.

18 ☐ Approved with conditions [identify the conditions]:

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

21 ☐ Information contained in the consumer report or reusable
 22 screening report prepared by _____ [name, address, and
 23 phone number of the consumer reporting agency], on (date). [include
 24 a detailed explanation of the information].

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

28 ☐ Information received from previous rental history or
 29 reference: _____ [identify the information].

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

3 __ Information received in a civil record: _____ [identify
 4 the civil record].

5 __ Information received from an employment verification:
 6 _____ [identify the information].

7 __ Other information [identify the information]: _____

8 Dated this _____ day of _____, _____ [year].

9 Landlord/landlord's agent signature: _____.

10 (3) As used in this section, "adverse action" means denying a
 11 rental application or approving a rental application with
 12 conditions.

13 Sec. 1h. Beginning on the effective date of the amendatory act
 14 that added this section, a landlord shall do all of the following:

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

19 (b) Both of the following:

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

23 (ii) Screen all complete rental applications for that rental
 24 unit in the order in which the rental application for that rental
 25 unit is received.