

**SUBSTITUTE FOR  
SENATE BILL NO. 206**

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 section 1 (MCL 554.601), as amended by 1995 PA 79.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 1. As used in this act:
- 2           (a) "Landlord" means any of the following:
- 3           (i) The owner, lessor, or sublessor of a rental unit or the
- 4 property of which it is a part.
- 5           (ii) A person authorized to exercise any aspect of the

1 management of the premises, including a person that, directly or  
2 indirectly, acts as a rental agent or receives rent, other than as  
3 a bona fide purchaser, and that has no obligation to deliver the  
4 receipts to another person.

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

8 (c) ~~(a)~~—"Rental unit" means a structure or part of a structure  
9 used as a home, residence, or sleeping unit by a single person or  
10 household unit, or any grounds, or other facilities or area  
11 promised for the use of a residential tenant. ~~and Rental unit~~  
12 includes, but ~~without limitation,~~ **is not limited to**, apartment  
13 units, boarding houses, rooming houses, mobile home spaces, and  
14 single and 2-family dwellings.

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

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

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

28 (d) ~~(e)~~—"Security deposit" means a deposit, in any amount,  
29 paid by the tenant to the landlord or ~~his or her~~ **the landlord's**

1 agent to be held for the term of the rental agreement, or any part  
2 of the term, and includes any required prepayment of rent other  
3 than the first full rental period of the lease agreement; any sum  
4 required to be paid as rent in any rental period in excess of the  
5 average rent for the term; and any other amount of money or  
6 property returnable to the tenant on condition of return of the  
7 rental unit by the tenant in condition as required by the rental  
8 agreement. Security deposit does not include either of the  
9 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 (e) ~~(f)~~—"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 (f) **"Source of income" includes benefits or subsidy programs**  
22 **including housing assistance, housing choice vouchers provided**  
23 **under 42 USC 1437f, public assistance, veterans' benefits, Social**  
24 **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 (g) "Tenant" means an individual who occupies a rental unit  
8 for residential purposes with the landlord's consent for an agreed  
9 upon consideration.

10 Enacting section 1. This amendatory act does not take effect  
11 unless Senate Bill No. 205 of the 102nd Legislature is enacted into  
12 law.