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ATTORNEYS AT LAW

Be Aware of Laws Regarding Security Deposits before Signing Rental Agreement

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High school graduations are done and a whole new crop of young adults is looking forward to college this fall. Some may live in campus housing, and others will choose to rent an apartment. Whether you are a landlord, a tenant, or the parent of a college student who will become a tenant very soon, there are some important things to know about the laws regarding security deposits in Michigan.

- A security deposit may not be more than 1 ½ months' rent. *MCL 554.602.*
- A landlord must place the security deposit in a "regulated financial institution," i.e. a bank or credit union account. *MCL 554.604(1).* This money remains the property of the tenant until the landlord proves it has a right to some or all of the money.
- At the termination of the tenancy, the tenant must provide a forwarding address to the landlord within 4 days after moving out. If the tenant does not do so, the landlord is not obligated to provide a notice of damages and the tenant may lose the security deposit.
- A security deposit may only be used to reimburse the landlord for damage to the rental unit or for any rent arrearages after the tenancy has been terminated. If the landlord intends to use the security deposit for either damages or unpaid rent, he/she must notify the tenant, in writing via first class mail within 30 days of the termination of the tenancy, and include an itemized list of damages claimed and an estimate for cost of repairs. But if the tenant did not provide a forwarding address within four days of moving out, then the landlord is not obligated to send the itemized list of damages.
- If the landlord fails to provide the proper notice of damages within 30 days, fails to return the security deposit, and has not filed a lawsuit within 45 days of the end of the tenant's occupancy, then the tenant may be able to file a lawsuit against the landlord and recover up to twice the amount of the security deposit.

If you have any questions about landlord/tenant responsibilities, I'll be happy to answer them for you.