

**SUBSTITUTE FOR
SENATE BILL NO. 539**

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 9 (MCL 554.609).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. **(1)** In case of damage to the rental unit or other
2 obligation against the security deposit, the landlord shall mail to
3 the tenant, within 30 days after the termination of occupancy, **a**
4 **notice of damages that contains** an itemized list of damages claimed
5 for which the security deposit may be used as provided in section

1 7, including the estimated cost of repair of each ~~property~~-damaged
 2 **property** item and the amounts and bases on which ~~he~~-**the landlord**
 3 intends to assess the tenant. ~~The list shall~~

4 **(2) Except as otherwise provided in subsection (3), the notice**
 5 **of damages must** be accompanied by a check or money order for the
 6 difference between the damages claimed and the amount of the
 7 security deposit held by the landlord and ~~shall~~-**must** not include
 8 any damages that were claimed on a previous termination inventory
 9 checklist prior to the tenant's occupancy of the rental unit.

10 **(3) Beginning on the effective date of the amendatory act that**
 11 **added this subsection, a notice of damages may not be accompanied**
 12 **by a check or money order as described in subsection (2) if the**
 13 **landlord transmits the difference between the damages claimed and**
 14 **the amount of the security deposit held by the landlord as**
 15 **described in subsection (2) to the tenant through direct deposit or**
 16 **electronic transfer to a bank account, or to an internet or mobile**
 17 **payment account or application. A landlord that complies with this**
 18 **subsection must deposit the amount determined in accordance with**
 19 **subsection (2) into the tenant's account in a financial institution**
 20 **or internet or mobile payment account or application within 10 days**
 21 **after mailing the notice of damages.**

22 **(4) The notice of damages shall**-**must** include the following
 23 statement in 12 point boldface type ~~which shall be~~-**that is** at least
 24 4 points larger than the body of the notice: "You must respond to
 25 this notice by mail within 7 days after receipt of ~~same~~, **the notice**
 26 **of damages**, otherwise you will forfeit the amount claimed for
 27 damages.".