

# HOUSE BILL No. 5710

March 13, 2018, Introduced by Reps. Chang, Hoadley, Howrylak and Zemke and referred to the Committee on Local Government.

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,"

(MCL 554.601 to 554.616) by amending the title and by adding section 1e.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

An act to regulate relationships between landlords and tenants relative to rental agreements for rental units; **TO PROVIDE FOR THE PAYMENT INTO ESCROW OF RENT FOR RENTAL UNITS FOR WHICH PROPERTY TAXES ARE DELINQUENT**; to regulate the payment, repayment, use and investment of security deposits; to provide for commencement and

1 termination inventories of rental units; to provide for termination  
2 arrangements relative to rental units; to provide for legal  
3 remedies; and to provide penalties.

4       SEC. 1E. (1) IF THE LANDLORD IS THE OWNER OF THE RENTAL UNIT  
5 AND THE RENTAL UNIT OR THE PROPERTY OF WHICH IT IS A PART IS  
6 RETURNED AS DELINQUENT FOR PROPERTY TAXES UNDER THE GENERAL  
7 PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155, THE TENANT MAY  
8 DEPOSIT RENTAL PAYMENTS IN AN ESCROW ACCOUNT UNTIL THE DELINQUENT  
9 TAXES, INTEREST, AND PENALTIES ARE PAID BY THE LANDLORD. THE TENANT  
10 IS NOT SUBJECT TO FEES OR INTEREST FOR LATE PAYMENT OF RENT BECAUSE  
11 THE RENTAL PAYMENTS ARE HELD IN ESCROW.

12       (2) IF THE LANDLORD PROVIDES THE TENANT A RECEIPT OR OTHER  
13 DOCUMENTATION FROM THE COUNTY TREASURER EVIDENCING THAT THE  
14 DELINQUENT TAXES, INTEREST, AND PENALTIES HAVE BEEN PAID, THE  
15 TENANT'S OBLIGATION TO PAY RENT DIRECTLY TO THE LANDLORD UNDER THE  
16 RENTAL AGREEMENT RESUMES. IF THE LANDLORD PROVIDES SUCH  
17 DOCUMENTATION TO THE ESCROW AGENT, THE ESCROW AGENT SHALL RELEASE  
18 THE RENT PAYMENTS AND ANY EARNINGS IN THE ESCROW ACCOUNT TO THE  
19 LANDLORD.

20       (3) IF THE RENTAL UNIT OR THE PROPERTY OF WHICH IT IS A PART  
21 IS FORECLOSED UPON FOR DELINQUENT PROPERTY TAXES, ALL OF THE  
22 FOLLOWING APPLY:

23       (A) THE TENANT'S OBLIGATION TO PAY RENT TO OR IN ESCROW FOR  
24 THE FORMER LANDLORD IS TERMINATED.

25       (B) THE RENT PAYMENTS AND ANY EARNINGS IN THE ESCROW ACCOUNT  
26 SHALL BE RELEASED TO THE FORMER TENANT.

27       (C) IF THE FORMER LANDLORD CONTINUES TO COLLECT RENT FROM THE

1 FORMER TENANT FOR OCCUPYING THE RENTAL UNIT AFTER THE FORECLOSURE,  
2 THE FORMER LANDLORD IS LIABLE TO THE FORMER TENANT FOR TWICE THE  
3 AMOUNT OF RENT SO COLLECTED.

4 (4) THE FORECLOSING GOVERNMENTAL UNIT SHALL NOTIFY THE TENANT  
5 IN WRITING OF THE TENANT'S RIGHTS UNDER THIS SECTION AND HOW TO  
6 ESTABLISH AN ESCROW ACCOUNT FOR THE PURPOSES OF THIS SECTION.

7 Enacting section 1. This amendatory act takes effect 90 days  
8 after the date it is enacted into law.