

SECURITY DEPOSIT FAQ'S

What is a security deposit:

- A security deposit, damage deposit, is money other than your first month's rent, you are paying to the landlord when you move in. The landlord will hold this money as long as you live in the place. When you move out, if you have paid all your rent/utility bills and have not damaged the place, the landlord has to return the money to you.
- A security deposit is any money over and above your first month's rent. It does not matter what the landlord refers to the money as. If you pay your first and last month's rent when you move in, the last month's rent is really a security deposit. The only exception to this rule is a non-refundable cleaning deposit.

What is a non-refundable cleaning deposit:

- Some landlords may ask for a deposit for cleaning things such as draperies or carpets. They charge everyone the same amount and you know when you pay it, even if you are the cleanest tenant, you will not get the money back. This sort of deposit is not considered a security deposit.

What can a security deposit be used for:

- Security deposits are like an insurance policy for the landlord. It helps pay them if you move out owing rent/utilities. It also assists if you have damaged the place beyond just normal wear and tear. This is all a security deposit can be used for. If you do not owe rent/utilities and have not caused damage to the place, the landlord has to return your money.

What is normal "wear and tear":

- Everyone is aware that things such as furniture, appliances and carpets will wear out after awhile from being used. We also know that walls will get dirty and need to be re-painted from time to time. This type of example is considered "wear and tear".
- A landlord cannot use a security deposit to fix "normal wear and tear" situations. I.e. your security deposit can't be kept to do things like shampoo the carpet or clean/paint walls for the next tenant who moves in; unless you have caused real damage to the property.
- This is an area which causes some disagreement between landlords and tenants and can often require a judge/mediator to assist with a decision.

How much can be charged for a security deposit:

- A landlord cannot charge more than one and a half times your monthly rent. I.e. if you pay \$300.00/month in rent, the security deposit cannot be more than \$450.00. This example is true regardless of what terminology the landlord is using for the purpose of the money.
- If the landlord wants the last month's rent in advance and an extra security deposit, the last month's rent plus the security deposit cannot be more than one and a half times your monthly rent.

Who does the security deposit belong too:

- The deposit belongs to you as the tenant. The landlord is only holding your money for you. If you follow the law, the landlord has to sue you before he can legally keep any of the deposit.

What is Michigan's Security Deposit Act:

- This is the law that tells landlords and tenants what their rights and responsibilities are concerning a security deposit. This law was written as a protection for tenants, however, you have to be sure to follow it if you want to get your deposit back.

What does the act/law explain:

- When you move in as a tenant the landlord is to give you two copies of an inventory checklist. The checklist is a form you need to complete. You have to go through the place room by room and write down what kind of shape you found the place to be upon moving in. You should make sure that you look at everything, such as the walls, floors, windows, storms/screens, doors, plumbing, furnace, appliances, etc. Within seven (7) days after you move in, you have to complete the forms and return one (1) to the landlord. Keep the second copy for yourself; you may need it. If you do not complete the forms, nor provide it to the landlord, you are agreeing nothing was wrong with the place when you moved in.
- Note: you have the right to see the checklist from the people who rented the place before you.
- Within 14 days after you move in, the landlord is to provide you with a written notice stating:
 - The landlord's name and address – not just the manager's information
 - The name and address of the bank, credit union or financial institution where your security deposit is being kept.
 - The notice must also say: You must notify your landlord in writing within 4 days after you move of a forwarding address where you can be reached and where you will receive mail; otherwise the landlord will be relieved of sending you an itemized list of damages and the penalties adherent to that failure. Note: Sometimes this information is written on your lease or rental agreement.
 - Within the 4 days after you move out, you must give your landlord a forwarding address in writing. This is very important; if you do not you may lose some of the protections of the Security Deposit Act. If you mail it, send it certified mail as well.
 - Within 30 days after you move out, the landlord either has to return your security deposit or has to send you a list of the things they claim as damages. If the landlord does not, they may forfeit their right to keep your security deposit. Remember however, this is only accurate if you gave your landlord the forwarding address within 4 days after you moved out.
 - If the landlord sends you a list of damages, the list has to be in writing and has to indicate: You must respond to this list of damages within 7 days after receipt of the same; otherwise you will forfeit the amount claimed for damages.
 - If you receive a list of damages and you do not agree, you have to answer the landlord in writing within 7 days after you receive the document/list. You must explain exactly what you disagree with.
 - If you and the landlord still disagree, the landlord has to start a court case against you within 45 days after you've moved out. If he does not, he has to return your deposit.
- If the landlord is keeping the deposit only for unpaid rent and not for damages or utility bills; he does not have to sue you within the 45 days. If you disagree with the amount owed; YOU, as the past tenant has to sue him to get your deposit back.

- If your landlord is to sue you within 45 days to keep your deposit, and he does not, he will give up the legal right to the deposit. He is to return the deposit to you and if he does not, the law states you can sue him.

What if I do not give the landlord my address:

- If you do not supply the landlord with your forwarding address within 4 days after you move; you lose some of the protections of the law. The landlord will not have to send you a list of damages and he does not have to start a court case against you within 45 days. (Note: You still may have the right to sue the landlord to get your deposit back.)

What if I do not answer my landlord's list of damages timely:

- This would depend on the Judge.

What if the landlord does not send me a list of damages timely:

- If the landlord has your forwarding address and still does not send you a list of damages within 30 days from when you moved out, the landlord may give up his right to the security deposit and you can sue him to receive it back.

What if the landlord does not sue me within 45 days:

- The landlord does not have to sue you if he is keeping the deposit only for back rent. If he is keeping it for damages to the place or utilities unpaid he has to sue you. If you have done everything you are required to under the law, however the landlord still does not sue you within 45 days, you can sue your landlord for two times your deposit. This is a special penalty on the landlords who do not follow the law.

How can I sue the landlord:

- You may file a Small Claims in the civil division of the District Court.
- If you are suing for more than allowed by a Small Claims you would have to sue in the general civil division of the District Court. You may need an attorney to assist you.

How do I find a lawyer:

- You may be able to get help at a local county Legal Aid Service.
 - Check to see if you're county has a lawyer referral service.
 - Try lawyers in your area who have a free consultation visit.
- Note: You should verify your lawyer is familiar with security deposits.

Reference:

- Landlord and Tenant Acts [MCL 554.601-554.616](#) [Act 348 or 1972](#)