



GUIDELINES FOR SUBLETTING*

In Ann Arbor, there are usually more sublets available than there are subtenants. For this reason, tenants typically may have to accept less rent from their subtenants than they pay to their landlords. Supply/demand and going rates vary by season.



Spring/Summer Apartments that are advertised early can sublet for 75% or more of the regular rate. It's very possible, though, that a sublet will go for as little as 50% of the regular rate. Quiet, well maintained, shaded or air-conditioned units and **really** inexpensive units are most attractive to subtenants. It's easier to find subtenants for spring term than summer term; there are just more people in town at that time.



Fall/Winter Competition for fall and winter subtenants varies by year, so we don't have a formula for figuring rates. The basic rule: you can charge what the market will bear. It's easier to find subtenants for Fall term than Winter term, as there are more people in town at the time. If the subtenant will be finishing out a long period remaining on a lease, you may want to ask the landlord for an "assignment" (see back page).

Plan Ahead with Roommates: If there are two or more people on the original lease, discuss and

agree upon the subletting arrangement well before the subleases are to take effect. Issues to decide:

- Who is leaving and who will remain?
- What is each person's responsibility when searching for subtenants?
- What criteria for selecting a subtenant can everyone agree to?
- Does everyone have the right to veto a potential subtenant?
- Will subtenants take the rooms vacated, or will the original tenants move around first?
- Who gets the rent credit provided by each subtenant?
- Who will hold the security deposit of the subtenant?
- Who will be responsible for the utility bills?

It is in the best interest of **ALL** the original tenants to cooperate in the effort to find and agree upon subtenants, even if only some of the original group is leaving. The original lease probably has a "joint and several" clause. This means any original tenant can be liable for unpaid rent that accrues because any other can't find a subtenant.

You can advertise your space by using the **MICHIGAN DAILY**, University Housing's Web site (www.housing.umich.edu), posting flyers, and/or spreading the word through friends.

Your potential subtenant will undoubtedly want to see the unit and meet the other people who will be living there. When you show the place, be careful not to misrepresent it. Let the person know which things (and which people) stay and which go. Don't lie about or hide the shortcomings of the apartment, or you may have problems later.

At the same time, you will want to check references of the potential subtenant. After all, you might be better off losing money on an empty place than leasing it to someone with a history of trashing places

*These guidelines do not apply to University of Michigan Family Housing. Please see **YOUR GUIDE TO FAMILY HOUSING** booklet for further information.

or skipping payments. Remember, the landlord can legally hold **you** responsible for your subtenant's damages and unpaid rent.

Your landlord can also legally reserve the right to approve your subtenants. Check your lease, or with your landlord, to find out what approval you need to obtain. By law, the landlord's approval cannot be unreasonably withheld. This approval may need to be in writing.

You and the subtenant should reach agreement about the security deposit, amount of rent he/she will pay, arrangements for utilities, and move-in and lease end dates. (Make certain you don't promise the place for longer than you've leased it!)

When you have someone who wants to sublet from you, make a **written** contract with the person. Make sure the documents you use contain the required **Statutory, and City of Ann Arbor Disclosure Notices:**

- **TRUTH IN RENTING** Notices (2)
- ANN ARBOR'S **RIGHTS AND DUTIES OF TENANTS** Notice
- **MICHIGAN SECURITY DEPOSIT ACT** Notice
- ANN ARBOR'S **PRIVACY ORDINANCE**

Sublease agreement forms that meet these requirements are available from the Housing Information Office and Student Legal Services, as well as on-line at www.housing.umich.edu.

We strongly recommend getting a security deposit to cover potential unpaid rent, unpaid utility bills and damages caused by the subtenant. By law, you can collect up to the equivalent of 1-1/2 times the subtenant's monthly rent. We recommend that you change the names on utility, cable TV and phone service accounts to the subtenant's name whenever possible. Also, record the subtenant's birthdate, permanent address, phone number and driver's license or social security number.

The **INVENTORY CHECKLIST** is used to record the condition of the unit as you move out and the subtenant moves in. This will be the basis for determining which of the damage costs deducted from your own deposit at the end of the lease are your responsibility and which are the subtenant's. If you take a security deposit, the law **requires** that it be deposited in a regulated financial institution and

2 checklists be given to the subtenant. Checklists can be obtained from the housing Web site or at the Housing Information Office.

Since you technically become a landlord by subletting, you must give your subtenant a copy of **RIGHTS AND DUTIES OF TENANTS**, provided by the City of Ann Arbor. Pass along your booklet or get a new copy from your landlord or the City Clerk's Office. This document is also available to view online at www.housing.umich.edu. Finally, give the subtenant a copy of the original lease so he/she will know the landlord's rules and regulations.

If your subtenant is submitting payments directly to your landlord, check with the landlord regularly to make sure that payments are current. Even though the subtenant has signed an agreement with you, you remain responsible to the landlord for the full rent payment if your subtenant does not come through.

Some landlords allow a "**lease assignment**" or even prefer it to a sublease. In this arrangement, lease rights and responsibilities are transferred from you to a new tenant. Typically, you would find a replacement tenant and the landlord would cancel your lease. The new person would sign a lease directly with the landlord.

Student Legal Services or our office can look over an agreement or lease before you sign it.

Resources:

- **Housing Information Office**
1011 SAB, Phone: 763-3205
www.housing.umich.edu
Provides general information, listings of available sublets, Sublease Agreements, Inventory Checklists and Safety Tips brochure.
- **Student Legal Services**
2304 Michigan Union, Phone: 763-9920
www.studentlegalservices.dsa.umich.edu
Provides legal advice, Sublease Agreements, Inventory Checklists.



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