Michigan Standard Employment Forms May No Longer Hold Up in Court: 2 Steps Employers Should Take Now

Insights
8.05.25

The Michigan Supreme Court just ruled that many boilerplate forms employees sign on day one – sometimes known as adhesive employment agreements – are no longer automatically enforceable if they shorten the timeframe for filing legal claims. The July 31 decision in *Rayford v. American House Roseville I, LLC,* held that such agreements will now be scrutinized under a "reasonableness" test. How did we get here, and what should Michigan employers do now? Below, we'll walk you through the backstory, break down the Court's holding, and offer two key action items to help your organization.

How Did We Get Here?

Until now, Michigan courts largely enforced employment handbooks, applications, and standalone agreements containing a 180-day deadline to file legal claims (which cut sort the standard three-year statute of limitations). That approach stemmed from two appellate rulings in 2005 that held these terms were fine so long as they were clear and no other contract defense applied.

- The *Rayford* case involved a certified nursing assistant who signed a standard "Employee Handbook Acknowledgment" with a 180-day claim deadline.
- She later filed a discrimination and retaliation lawsuit under Michigan's Elliott-Larsen Civil Rights Act, but did so outside that shortened window.
- The lower court ruled that the acknowledgment clearly required the CNA to file her claim within six months, but she failed to do so and thus her claim was dismissed.
- The CNA appealed that decision all the way to the Michigan Supreme Court.

Michigan Supreme Court Reverses Course

Because the acknowledgment was presented as a take-it-or-leave-it form (i.e., an adhesion contract), and because she had little bargaining power, the state Supreme Court held that the limitations clause was not automatically enforceable.

Instead, the decision said that Michigan courts must now examine whether these shortened deadlines are reasonable. To do so, they are instructed to factor in the employee's ability to investigate, prepare, and file a claim in time.

What's Next?

Notably though, a dissenting judge viewed the *Rayford* ruling as possibly opening the door to other take-it-or-leave it provisions – like arbitration clauses – also facing heightened scrutiny. Interestingly, the Michigan Supreme Court will soon be deciding a case that will likely address the enforceability of a pre-dispute arbitration clause on claims filed under Michigan's main anti-discrimination statute (the Elliott-Larsen Civil Rights Act).

2 Steps Employers Should Consider Taking Now

1. Examine Your Standard Onboarding Documentation and Procedures.

Go back and look at what new hires sign on day one. Does your offer letter, handbook acknowledgment, or job application shorten the time to file legal claims? If so, you should speak with legal counsel to determine if you should make possible modifications to avoid close judicial scrutiny. Some possible solutions include providing the employee time to review the clause and ask questions.

2. Examine Your Other Standard Employment Agreements and Their Procedures.

While the *Rayford* decision focused on limitations periods, now is the time to reexamine how other agreements (arbitration and restrictive covenants) are rolled out, not just what they say. Are you giving employees a copy? Explaining the terms? Allowing time for questions or legal review?