



# Documenting Rental Property Condition and Handling of Security Deposit

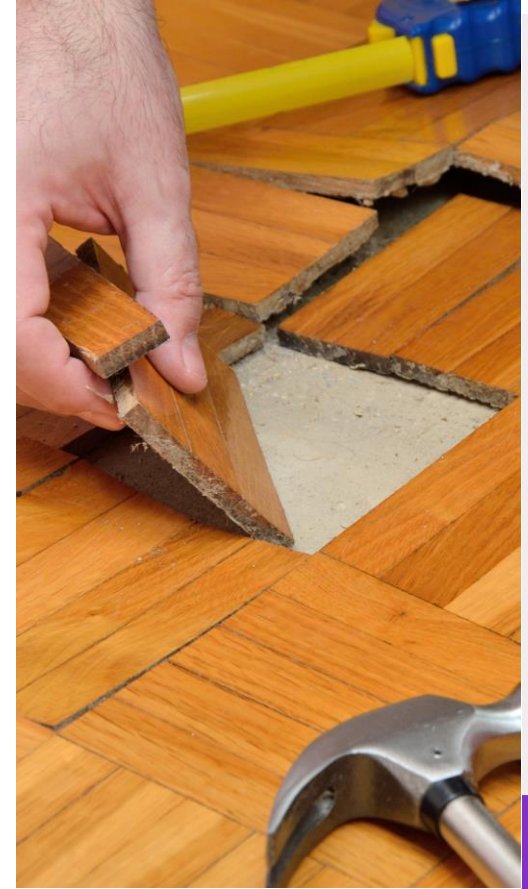
# California Security Deposit Law Overview

- California law allows collection of a security deposit before the residential tenant takes possession.
- Deposit amount can be equal to two-months' rent for an unfurnished dwelling, and three-months' rent for a furnished unit.



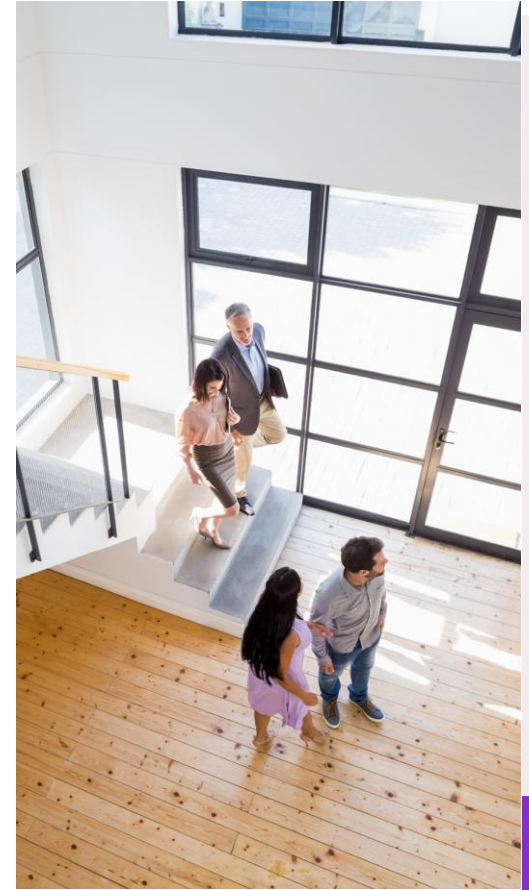
# Permitted Use Of Security Deposit

- At the end of the tenancy, the security deposit can be used (i) to recover the cost of repairing damage to the premises, exclusive or ordinary wear and tear, and (ii) for cleaning necessary to return the premises to the same level of cleanliness it was in at the beginning of the tenancy.
- The tenant is entitled to an itemized statement of the use of the security deposit **within 21 days** of vacating the premises.



# Documenting Property Condition

- The best way to determine if the security deposit is being used for a permitted purpose is to document the condition of the property at both the beginning and end of the tenancy.
- C.A.R. Residential Lease or Month-to-Month Rental Agreement (C.A.R. Form LR) may be used to document the condition of the premises.







# C.A.R. Form LR Options

## Options A and B

Indicate conditions are satisfactory with possible exceptions written into the lease, or that a Move-In/Move-Out form (C.A.R. Form MIMO) is provided with the lease detailing the condition of the property, room-by-room.

Option A and B are best used after a previous tenant has already moved out, the property has been prepared for rental, and the new tenant will take possession shortly after the lease has been signed.

## Option C

Provides that the MIMO will be provided sometime after the lease has been signed and the tenant agrees to complete and sign it.

If tenant disagrees with any conditions listed in the MIMO, the tenant should write remarks into the comment section and make a copy for their records. This option is best where the new tenant signs a lease with a delayed possession date.

## Option D

Requires the tenant to provide the rental provider with a list of damaged or inoperable items within 3 days after commencement of the lease.



# Images Tell The Story Best

- Take pictures of pre-occupancy possession to make it easy to verify the condition in case a dispute occurs later.
- Images can also best document the scale of an issue.

# Post Termination Inspection

- Tenants must be given an opportunity to have an inspection prior to termination of a tenancy and the tenant moving out.
- This gives the tenant an opportunity to repair damage and clean the property to avoid having the security deposit used for those damages.
- Use C.A.R. Form PMOI (Pre-Move Out Inspection Statement) to list those items the tenant needs to repair to avoid deductions from the security deposit. (DO NOT USE C.A.R. FORM MIMO FOR THIS PURPOSE)
- Instead, use C.A.R. Form MIMO once the tenant moves out to document the final condition of the premises to easily compare pre and post occupancy.

# No Damage/ No Deduction

- If there has been no damage, other than normal wear and tear, and the premises are as clean as when the tenant moved in, the security deposit cannot be used for those purposes.
- But can still be used for other allowed purposes such as unpaid rent.





# Additional Resources

**Legal QA, Property Management Frequently Asked Questions**

<https://www.car.org/en/riskmanagement/qa/landlord-tenant-folder/property-management-faq#viii>

**Legal QA, Security Deposits**

<https://www.car.org/riskmanagement/qa/landlord-tenant-folder/security-deposits>

**C.A.R. Sample Letter, Instructions When Tenant Vacates On Termination of Tenancy (C.A.R. Sample Letter library [CARSL] in zipForm, Sample Letter ITV)**

**C.A.R. Sample Letter, Security Deposit Return (C.A.R. Sample Letter library [CARSL] in zipForm, Sample Letter SDR)**