



Security Deposits

Security Deposit

Monies collected at beginning of lease or rental to protect landlord from breach or damage by tenant

Regardless of its name (last month's rent, cleaning fee, pet deposit, etc.) all are considered security deposit



Best Practice for Landlord:

- Do not divide security deposit into different categories
- Other specifically named deposit items may only be allowed for their specific purpose

Example

Last month rent of \$500 collected at beginning of rental. Years later, rent = \$800 and tenant leaves without paying last month. \$500 collected may satisfy last month rent, but not for property damage.

Maximum Security Amounts

Unfurnished unit = 2 months' rent equivalent

Furnished unit = 3 months' rent equivalent





If security deposit is to be paid in installments and not completed before tenant takes possession, landlord may cancel the lease



Increase of security deposit during term of tenancy is permitted if the total collected stays within maximums

Often done with a legally allowable rent increase

Security deposit must be returned to tenant (or an accounting provided to tenant of how the security deposit was applied) within 21 days after tenant vacates





Tenant entitled to a pre-move out inspection to identify potential uses.

Tenant may make repairs to minimize use of security deposit.

Tenant may waive right to inspection.

State law does not require security deposit to be kept in separate bank account.

State law does not require landlord to pay interest on security deposit.

Local law may impose such requirements.



Additional Resources

Q&As

- [Landlord-Tenant Guide for REALTORS®](#)
- [Security Deposits](#)

Sample Letters

- Security Deposit Return

C.A.R. Forms

- LR, Residential Lease or Month-to-Month Rental Agreement
- CTT, Notice of Change in Terms of Tenancy
- CLR, Cancellation of Lease or Rental
- FEHN, 48-Hour Notice of Inspection Prior to Termination of Tenancy
- PMOI, Pre-Move Out Inspection Statement
- MIMO, Move In / Move Out Inspection