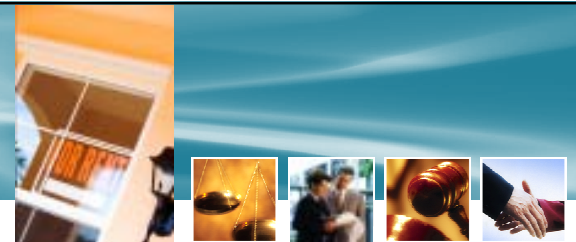


Project Sentinel Present:

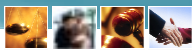


Security Deposit and Related Issues in Small Claims Court



WHAT IS A SECURITY DEPOSIT?

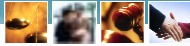
Security Deposit



Sum held by LL for future liabilities,
including:

- Unpaid Rent
- Repairs
- Cleaning

Security Deposit



Maximum Amounts Permissible:

- ✓ Unfurnished Unit: 2 months rent
- ✓ Furnished Unit: 3 months rent
(regardless of name given to "Deposit")
- ✓ Paying interest?
- ✓ Property is sold?

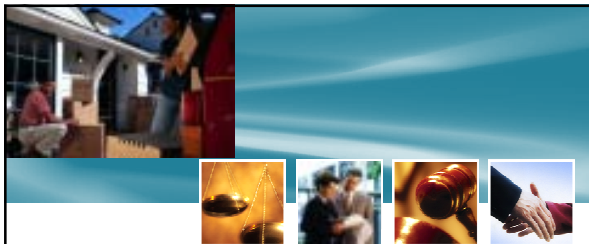
Water Beds

Security Deposit



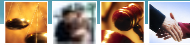
But what about.....

- ✓ First and last month's rent
- ✓ Pet deposits and other "deposits"
(holding deposits, non-refundable deposits)
- ✓ Advance payment of rent



PROCEDURES FOR INSPECTING
AND ACCOUNTING

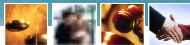
Pre-Departure Joint Inspection



- Notification and response (tenant waiver)
- Required list
 - Subsequent or unseen/hidden damage
- Exceptions to duty to offer

CC 1950.5 (f)(1)-(5)

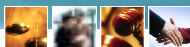
Accounting after tenant vacates



- What constitutes "vacating"
- When is accounting due
- Documentation required for damage and cleaning deduction over \$125
 - Invoices vs. estimates
 - Time charged by landlord for services
- Sent to "Last known address"

CC 1950.5(g)(1)-(6)

Permissible Deductions

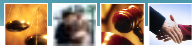


Landlord has the burden of proof

- Cleaning
- Damage
- Alterations – fixtures - tenant repairs
- Unpaid rent and other obligations

CC 1950.5 (b),(l)

Damages



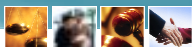
- Deposit is merely an amount of money which can be used to defray some of damages, but is in no way intended to cover ALL damages
- LL can charge entire amount needed to restore property to condition it was in before tenant damaged it.
- If actual damages exceed deposit, LL can seek additional compensation.

“Wear and Tear”



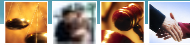
- Applies only to items that have a durable life
e.g. carpets, paint
- Formula based on
useful life vs. length of tenancy
- Doesn't apply to damage/repairs
such as nail holes

Consequences for LL's failure to comply:



- Pre-departure vs. final accounting
- Waiver of deductions
- Penalty for bad faith “retention”
2x amount of deposit
- LL retains right to assert counter claim

Bad Faith Retention:



- When does it apply?
- What is measure of damages?

CC 1950.5 (1)

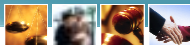
Rental property in foreclosure



- Who is entitled to collect rent – before and after trustee sale?
- Responsibility for security deposit – successor in interest rules

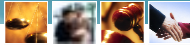
CC 1950.5 (h)

Repairs and Maintenance:



- ✓ Tenant's duty
- ✓ Landlord's duty
- ✓ Habitability vs. amenities
- ✓ Small Claims remedies

LL Right to Enter



- ✓ Reasons
- ✓ Timing
- ✓ Notice

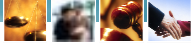


**MORE QUESTIONS?
NEED INPUT ON SPECIFIC
SITUATIONS?**

Project Sentinel

- Confidential
- Free Landlord and Tenant Counseling
- Information and Referral
- Mediation or Conciliation

Project Sentinel



- Landlord/Tenant counseling,
mediation and conciliation -
408.720-9888
- Fair Housing -
650.321-6291
- Homebuyers, Mortgage Default &
Reverse Mortgage HUD Certified counseling -
408.720-9888

www.housing.org
