

State Security Deposit Laws

By Legislative Affairs

Updated July, 2006



Institute of Real Estate Management
430 N. Michigan Avenue
Chicago, IL 60611
(800) 837-0706

Table of Contents

- Common Provisions in Security Deposit Laws** _____ **2**
 - Limits on the Size of Deposits** **2**
 - Return of Deposit** **2**
 - Deductions** **2**
 - Depository Requirements** **3**
 - Administrative Fees** **3**

- Researching State and Local Laws** _____ **3**

- CHART: State-by State Comparison of Security Deposit Laws** _____ **4**

State Security Deposit Laws

Laws governing the collection, handling, and return of rental security deposits vary widely from state to state. Some states, like Alabama have no statute at all, while others have statutes that are quite extensive, governing where the deposit must be kept, the rate of interest to be paid on the deposit, how claims are to be made by landlords on the deposit, and how much a landlord may collect as a deposit. Residential real estate managers must be aware of their legal obligations when collecting security deposits. Failure to comply with these laws may leave real estate managers vulnerable to lawsuits by tenants and unable to make any claims upon the security deposit if a tenant does not live up to their obligations under the lease or damages the rental unit.

Common Provisions in Security Deposit Laws

Some of the common provisions found in security deposit laws across the country are highlighted below. These vary from state-to-state, and are sometimes pre-empted by municipal ordinances, which can be far stricter than the state's requirements. These ordinances are outside of the limited scope of this paper. IREM legislative staff will, however, be happy to assist members with questions about municipal ordinances.

Limits on the Size of Deposits

Many states place limits upon the amount a landlord can collect as a security deposit, usually equivalent to an amount between one and two months' rent. Some states allow a landlord to collect an additional deposit if the apartment is furnished or if the tenant will be keeping a pet in the unit. For information on state laws providing statutory limits on the amount a landlord may charge for security deposits, see the attached chart.

Return of Deposit

Nearly all states specify a time frame within which a landlord must make a claim upon the deposit or the deposit must be returned to the tenant. Generally the tenant must be notified of any deductions and the balance of the deposit must be returned within thirty days, though the time limits can be as short as ten days and as long as sixty days, depending upon the state's particular statute. In many states, the landlord is required to provide a full and complete accounting of charges levied against the security deposit within the statutory deadline. To read state deposit limits, see the attached chart.

Deductions

As a general rule, deductions may be taken from a tenant's security deposit in order to compensate the landlord for unpaid rent or utility bills and damage to the unit beyond normal wear and tear. Deductions must be itemized, listing the reason for the deduction and the specific amount being withheld by the landlord. In some states, this itemization must be accompanied by receipts for all materials and labor. Another common provision regarding deductions is a requirement that landlords provide the tenant with a checklist detailing pre-existing damage to the unit at the time of occupancy that will serve as the basis determining damage to the unit

caused by the tenant.

Depository Requirements

Many states have specific requirements for where a deposit is kept during tenancy. In most cases, it must be kept in a bank within the state and the tenant must be notified of the location of the deposit. Some states also require that a landlord pay the tenant interest on the security deposit. Often the rate that must be paid is the rate on a passbook savings account in the state, although many states will specify a different rate to be paid, as well as when interest must be distributed to tenants (usually annually or at the end of tenancy). Review the attached chart for more information on individual state laws.

Administrative Fees

A less common provision allows landlords to deduct an administrative fee from the deposit and accrued interest before returning it to the tenant. This is usually set at 1% of the security deposit.

Several states and localities prohibit administrative fees from being deducted. In California, for instance, landlords may not deduct administrative fees from tenants' security deposits. The Governor of New Jersey signed legislation into law in October, 2003, eliminating landlords' right to charge an administration fee. The previous law allowed a yearly 1% charge on the security deposit to manage the account.

Researching State and Local Laws

IREM legislative staff is available to assist IREM members in researching their state laws and local ordinances. IREM legislative staff may be contacted by email at legislation@irem.org, or by calling IREM toll-free at (800) 837-0706 and request the Legislative Liaison.

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Alabama	No statutory limit.		No statutory deadline.					Ala. Code §§ 35-9-1 to -100
Alaska	Two months' rent, except for units renting for more than \$2,000.		Within 14 days if the tenant gives proper notice; otherwise, 30 days.	Trust account in a bank, savings and loan association, or licensed escrow agent, where practicable. Account does not have to earn interest. Any interest earned belongs to the tenant, unless the tenant agrees in writing that the interest is payable to the property owner.				Alaska Stat. §§ 34.03.010 to .380
Arizona	One and a half month's rent, unless the tenant agrees to pay more.	Yes	14 days					Ariz. Rev. Stat. Ann. §§ 12-1171 to -1183; §§ 33-1301 to -1381, -301 to -381
Arkansas	Two months' rent		30 days				Does not apply where owners own five or fewer units in less management, including the collection of rent, is performed by a third party for a fee.	Ark. Code Ann. §§ 18-16-101 to -306, -501 to -508
California	Two months' rent for an unfurnished unit, three months' rent for a furnished unit		Three weeks				Tenant must be notified of their right to have the unit inspected prior to move-out.	Cal. [Civ.] Code §§ 1925 to 1954, 1961 to 1962.7

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Colorado	No statutory limit.		One month, unless lease specifies longer period of time (no more than 60 days); 72 hours (not counting weekends or holidays) if a hazardous condition involving gas equipment requires tenant to vacate.					Colo. Rev. Stat. §§ 38-12-101 to -104, -301 to -302; 13-40-101 to -123
Connecticut	Two months' rent (tenants under 62 years of age); one month's rent (tenants 62 years of age or older).		30 days	Escrow account in a financial institution.	To be determined annually by the Banking Commissioner, but not less than 1.5%.	Annually on the anniversary of the lease and at the termination of tenancy.		Conn. Gen. Stat. Ann. §§ 47a-1 to -74
Delaware	One months' rent for leases of 1 year or more; no limit for month-to-month leases of less than 1 year's duration.		20 days	Escrow bank account in a federally-insured banking institution				Del. Code. Ann. tit. 25, §§ 5101 to 5907
District of Columbia	One month's rent		45 days	Interest-bearing escrow account in DC insured by state or federal government.	Interest rate on the deposit must be equal to the passbook interest rate, or that it shall accrue at a rate of no less than 5 percent per year.	Termination of tenancy.		D.C. Code Ann. §§ 42-3201 to -3610; D.C. Mun. Regs., tit. 14, §§ 300 to 311

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Florida	No statutory limit.		Within 15 to 60 days depending on whether tenant disputes deductions.	Account in a Florida banking institution. Landlord may also post a surety bond.	75 percent of actual interest earned or 5% per year, if placed in an interest-bearing account. If the landlord posts a surety bond, he must pay 5% per year, simple interest.			Fla. Stat. Ann. §§ 83.40 to .682
Georgia	No statutory limit		One month	Landlords not required to place security deposit in an interest bearing account. It is not required that any interest earned be paid to the tenant.			Does not apply to owners of 10 or fewer units unless unit is managed by a third party for a fee. Landlord must inspect unit within 3 days of termination of tenancy. Tenant shall have 5 days from termination of occupancy to inspect unit. Both must sign list of damage to unit.	Ga. Code Ann. §§ 44-7-1 to -81
Hawaii	One month's rent		14 days					Haw. Rev. Stat. §§ 521-1 to -78
Idaho	No statutory limit.		21 days, or up to 30 days by prior agreement.					Idaho Code §§ 6-201 to -324 and §§ 55-208 to -308

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Illinois	No statutory limit.		Landlord is to furnish a written statement itemizing deductions within 30 days and return balance of deposit within 45 days.		For buildings or complexes with 25 or more units, equal to the rate paid by the largest commercial bank in Illinois on its minimum deposit passbook savings accounts on December 31 of the year immediately preceding the inception of the rental agreement.	Within 5 days of each 12 month rental period, by cash or credit to rent, unless tenant is in default.	Does not apply to buildings with 5 or fewer units.	735 Ill. Comp. Stat. §§ 5/9-201 to 321 and 765 Ill. Comp. Stat. §§ 705/0.01 to 742/30
Indiana	No statutory limit.		45 days					Ind. Code Ann. §§ 32-31-1-1 to 8-6
Iowa	Two months' rent		30 days	Federally insured bank, savings and loan, or credit union.		Interest earned in the first five years of tenancy is the property of the landlord.		Iowa Code Ann. §§ 562A.1 to .36
Kansas	One month's rent (unfurnished); One and a half months' rent (furnished). If tenant has pets, landlord may demand an additional half month's deposit.		30 days	Federally insured bank, savings and loan, or credit union.				Kan. Stat. Ann. §§ 58-2501 to -2573
Kentucky	No statutory limit.	Yes	Within 30 to 60 days, depending on whether tenant disputes deductions.	State or federally regulated lending institution				Ky. Rev. Stat. Ann. §§ 383.010 to .715

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Louisiana	One month's rent		One month					La. Rev. Stat. Ann. §§ 9:3251 to -:3261; La. Civ. Code Ann. art. 2668 to 2729
Maine	Two months' rent		Within 30 days if there is a written lease and within 21 days in the case of tenancy at will.	Account in a bank or financial institution.			Does not apply to owner-occupied buildings with 5 or fewer units.	Me. Rev. Stat. Ann. tit. 14, §§ 6001 to 6046
Maryland	Two months' rent	Yes	45 days	Account in a federally insured financial institution which does business in the state, an insured certificate of deposit in a federally insured financial institution, or securities issued by the federal or state government.	Simple interest of 3% per year must be paid on security deposits of \$50 or more and must accrue at 6 month intervals from the day the security deposit was given. Interest is not compounded.	Within 45 days of the end of tenancy.	If the landlord, without good reason, fails to return any part of the security deposit within 45 days, he is liable to the tenant for up to three times the withheld amount of the security deposit plus reasonable attorney's fees.	Md. Code Ann. [Real Prop.] §§ 8-101 to -604
Massachusetts	Two months' rent	Yes	30 days	Interest-bearing bank account	Five percent per year, or other such lesser amount of interest as has been received from the bank.	Annually and at the end of tenancy.		Mass. Gen. Laws Ann. ch. 186 §§ 1 to 22
Michigan	One and a half month's rent	Yes	30 days	Regulated financial institution.			Once a security deposit is placed in a financial institution, the landlord may use those funds as long as he or she deposits a cash bond with the secretary of state.	Mich. Comp. Laws §§ 554.131 to .201, .601 to .641

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Minnesota	No statutory limit.		Three weeks. However, if tenant must leave due to building condemnation, then 5 days.		One percent in 2006.	At termination of tenancy.		Minn. Stat. Ann. §§ 504B.001 to .471
Mississippi	No statutory limit.		45 days					Miss. Code Ann. §§ 89-7-1 to -8-27
Missouri	Two months' rent		30 days					Mo. Rev. Stat. §§ 441.005 to .880; and §§ 535.150 to .300
Montana	No statutory limit.	Yes	Within 10 days if there are no deductions. Otherwise, 30 days.					Mont. Code Ann. §§ 70-24-101 to -26-110
Nebraska	One month's rent. Additional 1/4 month's rent allowed for pets.		14 days					Neb. Rev. Stat. §§ 76-1401 to -1449
Nevada	Three months' rent		30 days					Nev. Rev. Stat. Ann. §§ 118A.010 to .520; 40.215 to .280

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
New Hampshire	One month's rent or \$100, whichever is greater. However, if the landlord and tenant share facilities there is no limit.		30 days	A bank, savings and loan, or credit union organized under state law or a bond in the amount of all security deposits held written by a New Hampshire company and posted with the clerk of the city or town in which the premises are located.	A rate equal to the interest rate paid on regular savings accounts in the New Hampshire bank in which it is deposited. If a landlord mingles security deposits in a single account, the landlord shall pay the actual interest earned on such account proportionately to each tenant.	A tenant may request the interest accrued on a security deposit every 3 years, 30 days before the expiration of that year's tenancy.	Does not apply to a person who rents a single family residence and owns on other rental property or who rents or leases rental units in an owner-occupied building of five units or less is not covered by the act.	N.H. Rev. Stat. Ann. §§ 540:1 to 540:29; 540-A:1 to 540-A:8
New Jersey	One and a half month's rent		Within 30 days. However, in case of fire, flood, condemnation, or evacuation, then 5 days.	An insured money market fund containing only investments maturing in one year or less or an account in a federally insured bank, savings bank or savings and loan association in the state with a which variable interest rate.				N.J. Stat. Ann. §§ 46:8-1 to -50; 2A:42-1 to 42-96
New Mexico	One month's rent if the lease is for a duration of less than one year; otherwise, a "reasonable" amount.		30 days		Landlord must pay passbook interest rate if the deposit is greater than one month's rent.			N.M. Stat. Ann. §§ 47-8-1 to -51

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
New York	One month's rent in rent controlled units. Otherwise, no statutory limit.		Within a "reasonable" time.	A bank within the state. If the building contains 6 or more units, the deposit must be placed in an interest-bearing account.	Prevailing rate earned by other such deposits in the area.	Tenant may choose to receive interest payments as an annual credit to rent, an annual lump-sum payment, or a lump-sum payment at the end of tenancy.	1% administrative fee allowed if the deposit is placed in an interest-bearing account.	N.Y. Real Prop. Law §§ 220 to 238; Real Prop. Acts §§ 701 to 853; Mult. Dwell. Law (all); Mult. Res. Law (all); Gen. Oblig. Law §§ 7-103 to -108
North Carolina	Two weeks' rent for week-to-week tenancies, one-and-a-half months' rent for month-to-month tenancies, two months' rent for tenancies longer than two months.		30 days	A licensed and insured bank or savings institution in the state or outside the state if the landlord provides the tenant with adequate bond in the amount of the deposit. Landlord may obtain a bond from an insurance company licensed in North Carolina instead of placing deposits in an account.				N.C. Gen. Stat. §§ 42-1 to 42-14.2; 42-25.6 to 42-76
North Dakota	One month's rent, except if the tenant has a pet the deposit may not exceed \$1,500.	Yes	30 days	Federally insured, interest-bearing checking or savings account.		Termination of lease.		N.D. Cent. Code §§ 47-16-01 to -41

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Ohio	No statutory limit.		30 days		Five percent interest per year.	If the security deposit is more than one month's rent and the tenant stays more than six months, the landlord must pay interest.		Ohio Rev. Code Ann. §§ 5321.01 to .19
Oklahoma	No statutory limit.		30 days	Escrow account in a federally insured financial institution within the state.			Security deposit must be returned within 30 days of the termination of lease. If tenant fails to demand in writing the return of the deposit within six months, the deposit becomes the landlord's money.	Okla. Stat. Ann. tit. 41, §§ 101 to 136
Oregon	No statutory limit.		31 days					Or. Rev. Stat. §§ 90.100 to 91.225
Pennsylvania	Two months' rent during the first year of tenancy, one month's rent for the second and subsequent years. After five years tenancy, increases in rent may not be accompanied by equivalent increases in the security deposit.		30 days	Escrow account in a federally or state regulated institution.			1% administrative fee allowed if deposit is placed in an interest-bearing escrow savings account. Security deposit must be returned within 30 days and if that is not done, the tenant can collect double the amount that would have been due after any damages were deducted.	68 Pa. Cons. Stat. Ann. §§ 250.101 to .510-B, §§ 399.1 to .18

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Rhode Island	One month's rent		20 days					R.I. Gen. Laws §§ 34-18-1 to -57
South Carolina	No statutory limit.		30 days					S.C. Code Ann. §§ 27-40-10 to -940
South Dakota	One month's rent except where special conditions pose a danger to the maintenance of the premises.		14 days				Within 45 days and upon request of tenant, landlord must provide itemized accounting of all deductions.	S.D. Codified Laws Ann. §§ 43-32-1 to -30
Tennessee	No statutory limit.		No statutory deadline.	State or federally regulated bank or lending institution				Tenn. Code Ann. §§ 66-28-101 to -521
Texas	No statutory limit.		30 days					Tex. Prop. Code Ann. §§ 91.001 to 92.354
Utah	No statutory limit.		Within 30 days, or within 15 days of receiving tenant's forwarding address, whichever is later.					Utah Code Ann. §§ 57-17-1 to -5, -22-1 to -6
Vermont	No statutory limit.		14 days	In Burlington, security deposits must be placed into an interest-bearing account.	In Burlington, rate must be at least equivalent to a current Vermont bank passbook savings account.	In the cities of Burlington and Barre, tenants are entitled to the interest.		Vt. Stat Ann. tit. 9, §§ 4451 to 4468
Virginia	Two months' rent		45 days		Interest accrues in 6 month periods at a rate equal to the Federal Reserve Board's discount rate as of January 1 of each year.	At the termination of tenancy if the deposit has been held for at least 13 months.		Va. Code Ann. §§ 55-218.1 to -248.40

State-by-State Comparison of Security Deposit Laws

State	Deposit Limit	Checklist on Move-In	Return of Deposit	Deposit Requirements	Interest Rate	Interest Payments	Other	Statute
Washington	No statutory limit.	Yes	14 days	Bank, savings and loan, mutual savings bank, or escrow agent in the state.		Unless otherwise agreed, landlord is entitled to interest payments.		Wash. Rev. Code Ann. §§ 59.04.010 to .900, .18.010 to .911
West Virginia	No statutory limit.		No statutory deadline.					W. Va. Code §§ 37-6-1 to -30
Wisconsin	No statutory limit.	By request	21 days	Security deposits must be kept in a trust account only if they are held by the broker in a brokerage account.		Payment of interest to tenants is not required.		Wis. Stat. Ann. §§ 704.01-.50; Wis. Admin. Code 134.01 to .10
Wyoming	No statutory limit.		Within 30 days, or within 15 days of receiving tenant's forwarding address, whichever is later.					Wyo. Stat. §§ 1-21-1201 to -1211; 34-2-128 to -129