

SECURITY DEPOSIT ACCOUNTING
California Civil Code Section 1950.5
Security Deposit Deductions Are Limited by California Law

The security deposit is the tenant's money held by the landlord. If the landlord makes unauthorized deductions from the security deposit, a court may require the landlord to return the improperly deducted amount, *plus up to an additional amount equal to two times this amount*. If the security deposit accounting is not provided in a timely manner, the landlord may need to return the full security deposit and could be obligated to pay up to twice the security deposit amount.

1. The Security Deposit accounting is *not* a billing statement for all the money the tenant owes.
2. Deduct only what is authorized and exclude all unauthorized amounts from the Security Deposit accounting.
3. The landlord is required to justify the reasonableness of the amounts deducted from the Security Deposit.

Security Deposit Accounting Timeline and Contents:
FOR TENANCIES THAT BEGIN ON OR AFTER JULY 1, 2025,
THE LANDLORD MUST TAKE PHOTOGRAPHS OF THE RENTAL UNIT IMMEDIATELY
BEFORE, OR AT THE INCEPTION OF, THE TENANCY.

AUTHORIZED DEDUCTIONS: The landlord can deduct only the following from the security deposit:

- (1) Compensation for a tenant's default in the payment of rent.
- (2) Repair of damages to the premises, exclusive of *ordinary* wear and tear, caused by the tenant or by a guest or licensee of the tenant.
- (3) Cleaning of the premises upon termination of the tenancy necessary to return the unit to the same level of cleanliness it was in at the inception of the tenancy.
- (4) To remedy future defaults by the tenant in any obligation under the rental agreement to restore, replace, or return personal property or appurtenances, exclusive of ordinary wear and tear, *if the security deposit is expressly authorized by the rental agreement for this purpose*.
- (5) The landlord, at his or her discretion, may deduct an unpaid water service bill from the security deposit during or upon termination of a tenancy. The last water service bill showing the amount due must be attached to the accounting. (Cal.Civ.Code § 1954.207)

"Damage" means only such damage caused by the tenant or his or her guests or licensees. The security deposit *cannot* be used to fix "**ordinary wear and tear**" during the tenant's term or to repair any damage or defective conditions that preexisted the tenancy. [Civil Code §1950.5(b)(2), (e)] **The standard is "ORDINARY" wear and tear. "Normal" wear and tear is *not* the standard.**

The landlord must document what is being repaired to make sure the condition being repaired is *more than* "ordinary wear and tear". "Ordinary wear and tear" depends on the circumstances of occupancy, including the number of tenants, pets, children, their ages, and other factors. For example, "ordinary" wear and tear for one adult will usually differ from "ordinary" wear and tear for 2 adults, 2 children, and a dog, as the landlord would expect more wear and tear when the number of occupants and usage is higher.

1. ***The security deposit accounting is always required, including when the tenants will not receive any part of it back.*** If the landlord fails to provide a security deposit accounting letter, the tenants can file a lawsuit against the landlord to recover the security deposit, plus up to twice the amount of the security deposit for "willfully withholding" the security deposit.
2. **Beginning April 1, 2025**, the landlord must take photographs of the unit within a reasonable time after the possession of the unit is returned to the landlord, ***before*** any repairs or cleanings for which the landlord will make a deduction from or claim against the security deposit, and must also take photographs of the unit within a reasonable time ***after*** such repairs or cleanings are completed.

The landlord ***must*** provide photographs or videos, along with the accounting, ***that show the damages or repairs to be made, as well as photos documenting the completed repairs*** – “before and after” photographs.

Take long-view photographs and close-up photographs. Do not make comments while recording the rental property's condition on video or audio, except to identify the location and condition in the video.

3. The security deposit accounting or estimate is due within 21 calendar days of the landlord receiving possession of the property.

Need More Time To Do Repairs: If the landlord cannot complete a repair within 21 calendar days after the tenant has vacated, or if the necessary documents from anyone else who provided the repair or cleaning services, materials, or supplies are not available within those 21 days, the landlord may deduct an amount based on a good faith estimate of the charges that will be incurred and include that estimate in Security Deposit accounting. [CC § 1950.5(g)(3)] If the reason for the estimate is that the landlord has not yet received the necessary documentation from the provider of the repair or cleaning services, materials, or supplies, the itemized statement must include that provider's name, address, and telephone number. [CC § 1950.5(g)(3)] If the accounting is an estimate (Civil Code 1950.5(g)(3)), the ***final*** accounting is required within 14 days of receiving the documents needed to complete it.

4. The landlord must include copies of invoices for materials purchased and for any individuals who perform work or repairs if the landlord will deduct for materials, labor, or hire individuals to do the work.

The landlord may provide such photographs to the tenant by mail, email, a computer flash drive, or a link where the tenant may view the photographs online. **After either the landlord or the tenant provides notice to terminate the tenancy**, they may also agree that the landlord can send a copy of the Security Deposit accounting, along with the photographs discussed below, to an email account provided by the tenant.

If the landlord does the work, a document that details the work performed, the time spent on that work, and the hourly rate applied ***must*** be included in the security deposit accounting letter.

5. Deductions for work done by a contractor, the landlord, or the landlord's employee are limited to the reasonable amount necessary to restore the premises to the condition they were in at the start of the

tenancy, excluding ordinary wear and tear. No deductions are allowed for upgrades or overcharging for repairs and cleaning.

6. No professional carpet cleaning or other professional cleaning services are permitted unless it is reasonably necessary to return the premises to the condition it was in at the beginning of the tenancy, excluding ordinary wear and tear. You must document the reason for using a professional cleaner.

If an Initial Inspection is conducted according to the security deposit code section and, at the time of inspection, the premises do not contain tenant possessions that prevent the landlord from identifying repairs or cleanings, **the landlord cannot use the security deposit for deductions related to repairs or cleanings that are not specified in the itemized statement.**

Nothing prevents a landlord from using the security deposit for items 1 to 4 in the **Authorized Deduction** paragraph above that occur between the completion of the initial inspection and when possession of the unit is returned to the landlord or that were not identified during the initial inspection due to the presence of a tenant's possessions.

7. Send the security deposit accounting letter to the address for notices listed in the rental agreement (if one exists) and to any other address the landlord may have for the tenants, including the rental property address. If the landlord's only address for the tenants is the rental property, send the accounting to that address. Obtaining a certificate of mailing or a certified receipt from the post office will document the date the landlord mailed the letter. This may be important if the tenant files a small-claims case alleging that the landlord did not return the security deposit in a timely manner.

SECURITY DEPOSIT ACCOUNTING FORMAT

There is no required format for the security deposit accounting. The following format can be used. You can adjust as needed.

SECURITY DEPOSIT	\$X,XXX.XX
LESS:	
Authorized Deduction	<\$ XXX.XX>
Authorized Deduction	<\$ XXXX.XX>
Authorized Deduction	<\$ XXXX.XX>
NET AMOUNT DUE TENANT	\$ X,XXX.XX

If the net amount after authorized deductions is zero, the amount due to the tenant will display as \$0.00. **Do Not Include A Statement Telling The Tenant They Owe Other Money.** Mixing security deposit accounting with unauthorized deductions can result in you owing the tenant up to three times the Security Deposit. If the tenant owes more than the Security Deposit accounting amount, send a **separate document** itemizing the amount.

The Security Deposit Accounting is a record of deductions made and the amount of the security deposit that the tenant will receive back. If the tenant's Security Deposit is exhausted, send a separate document requesting payment for the amount due that exceeds the Security Deposit, or you may pursue small claims to recover the additional amount.