

**SECURITY DEPOSIT ACCOUNTING**  
**California Civil Code Section 1950.5**

**Security Deposit Deductions Are Limited by California Law**

**REVIEW THE STATUTE BEFORE DOING THE SECURITY DEPOSIT ACCOUNTING**

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 promptly, 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.

**Note:** Landlords are not required to use the Security Deposit to recover clean-up costs or repairs. A landlord can return the Security Deposit and then use other methods, such as Small Claims Court, to recover clean-up costs, repairs, and unpaid rent. If the Security Deposit does not cover all clean-up, repairs, or unpaid rent, the landlord can use Small Claims Court to recover the amounts not covered by the Security Deposit.

**Security Deposit Accounting Timeline and Contents:**

**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, and children, as well as 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 or if you are returning the Security Deposit without deduction.*** If the landlord fails to provide a security deposit accounting itemization 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. **PHOTOGRAPHS REQUIRED:** 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 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 estimate is due to the landlord not yet receiving 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 detailing 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 performed 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 for 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. Mail the security deposit accounting letter to the address for notices provided by the tenant. If the landlord's only address for the tenant is the rental property, send the security deposit accounting to that address. You can also send a copy to any other address you have for the tenant, such as a work address or a family member's address. Obtain a certificate of mailing or a certified receipt from the post office to document the date the letter was mailed. 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.
8. **Delivery of Remaining Security Deposit:** If the landlord received the security or rental payments from the tenant electronically, the landlord shall return the remainder of the security electronically to a bank account or other financial institution designated by the tenant in writing, or by any electronic or virtual method available to the landlord if agreed to in writing by the tenant. Alternatively, the landlord and tenant may, by written agreement, designate another method of return, including, but not limited to, by personal delivery or by a check made payable to the tenant and mailed by first-class mail, postage prepaid, to an address provided by the tenant.

**Multiple Tenants:** If multiple adult tenants reside in the unit, the landlord shall return the remainder of the security by a check made payable to all adult tenants on the rental or lease agreement at the time the tenancy terminates and furnish the itemized statement by personal delivery or first-class mail, postage prepaid, to any one of the adult tenants chosen by the landlord.

**Agreement with Multiple Tenants:** The agreement specifies how the remaining portion of the security deposit is to be divided among the tenants by percentage allocation, who will receive a copy

of the Security Deposit accounting, and whether the accounting will be delivered by email or mail. (See Civ. Code, § 1950.5(h)(1) and all subparts.)

**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	<\$ X,XXX.XX>
Authorized Deduction	<\$ X,XXX.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.

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**, and you may pursue a Small Claims action to recover the additional amount.