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# California Security Deposit Law

## Security Deposit Limits

Starting July 1, 2024, California's new [Assembly Bill 12](#) (AB 12) will limit security deposits to one month's rent. This law applies to both furnished units and unfurnished units.

However, there are certain exceptions for small landlords who own just two properties, provided the total rental units between these properties does not exceed four. Landlords who qualify as small property owners may charge up to two months' rent.

While the bill seeks to reduce the financial burden for California tenants and increase housing affordability, it also offers safeguards for landlords, giving them the right to seek damages from tenants that surpass the security deposit amount.

Prior to this bill, landlords were permitted to collect security deposits greater than one month's rent, depending on the status of the rental unit.

Landlords renting out an unfurnished residential property could collect a security deposit equal to two months' rent. For a furnished residential property, landlords could collect three months' rent.

## Security Deposit Returns

Upon the termination of a rental agreement, California landlords have **21 days** to return the security deposit to the tenant.

If the landlord intends to withhold all or part of the deposit, they must provide tenants with an itemized statement or written notice, covering the reasons and costs of the deductions.

Landlords can choose to hand deliver this information or send it via first-class mail with pre-paid postage. In case the tenant failed to provide a forwarding address, the landlord is required to send the notice to the vacant rental property.

If repair receipts are not yet available, as the work is still ongoing, you must provide estimates with the security deposit itemization. Landlords are then required to provide tenants with receipts within 14 days of the completion or receiving the necessary documentation.

Landlords should also provide tenants with copies of invoices for contracted services and receipts for items used to correct the deductions. However, the property owner is not required to provide an itemized list if:

- The repairs/deductions are less than \$125.
- The tenant waived their right to get receipts.

## Allowable deductions

California law permits landlords to make specific deductions from a tenant's security deposit. The deductions include:

1. **Unpaid rent:** Deductions can be made for any unpaid rent at the end of the tenancy.
2. **Damage excluding ordinary wear and tear:** Landlords can deduct costs for repairing damage caused by the tenant that goes beyond the expected normal wear and tear. [Normal wear and tear](#) refers to the natural deterioration of the property that occurs over time with everyday use, like faded paint, moderately worn carpets, or damaged bathroom fixtures.
3. **Cleaning:** Costs for cleaning the rental unit to restore it to the same level of cleanliness as at the beginning of the tenancy.
4. **Restoration costs:** If the tenant has altered the property without permission, the cost of restoring it to its original state can be deducted.

It's essential for landlords to explicitly mention these deductions in the lease or rental agreement to ensure clarity and avoid disputes at the end of the tenancy.