

What Is A Security Deposit?

A security deposit is any advance rental payment *other than* an advance for the first month's rent or a deposit for a key or any special equipment. A security deposit remains the tenant's property but the landlord holds a security interest in it. Security deposits must be kept in an escrow account in a Connecticut bank if the landlord rents four or more units.

How Large A Security Deposit Can A Landlord Require?

Landlords can't require more than two months rent as a security deposit. This limit is reduced to one month's rent if tenant is 62 years of age or older.

Do Landlords Pay Tenants Interest on Security Deposits?

Yes. Landlords must pay tenants interest on security deposits of at least the average commercial banks savings deposit rate as annually determined and published by the Banking Commissioner. Current rate information is available by calling (860) 240-8199. This interest must be paid annually on the anniversary date of a tenancy. Landlords may pay tenants directly or provide credit toward the next month's rent.

What If a Tenant is Late Paying Rent?

Tenants forfeit interest on their security deposits for any months when they are more than ten days late paying their rent. The only exception is when a tenant's rental agreement already contains a late charge for overdue rental payments.

How Can Tenants Ensure Their Security Deposits Will Be Returned?

Tenants should carefully note the condition of their apartment when they first move in and confirm that condition *in writing* with their new landlord. When tenants decide to move, they should notify their landlord in writing of their plans to leave and must provide *written notice* of a forwarding address where the landlord may send their security deposit with interest. We require that written notices be sent *certified mail* with a return receipt requested. All rental payments should be made on time and tenants should repair any damage they cause. Before moving out, if possible, tenants should inspect the apartment together with their landlord. Keys should be returned the day the tenancy ends.



Tenants and landlords together should inspect and note the condition of apartments when tenants first move in and before tenants move out.

When Do Landlords Have To Return Security Deposits?

Landlords must return security deposits with interest or give tenants written notice of damages being claimed within *thirty days* of when tenants move. The *only* exception is if a tenant fails to provide a written forwarding address: landlords then need not return security deposits or provide a notice of damages until *fifteen days* after receipt of a forwarding address in writing.

If a landlord does *not* return a security deposit with interest or provide a written notice of damages within these statutory time limits, the landlord may have to pay the tenant *twice* the amount of the security deposit.

Tenants may pursue this remedy in court. For further information, see the section in this pamphlet on options for resolving disputes.

A landlord's written notice of damages must itemize the nature and amount of tenant damages, including any unpaid rent or utility payments, and must be accompanied by the balance, if any, of the tenant's security deposit not being claimed for damages plus interest.

What Records Should Tenants Keep?

Tenants should save their lease or rental agreement, all rent checks or receipts and, after they move, a copy of the written notice of their new forwarding address which they have provided their landlord. These records should be kept until all accounts have been settled and the tenant's security deposit with interest has been returned.

Do Tenants Who Fail to Leave After Their Rental Period Ends Have To Pay Additional Rent?

Tenants are expected to leave when their leases or rental periods end unless they have made other arrangements with their landlord. Normal rental periods start on the first day of a month and end on the last day of a month. If a lease ends on a certain day, tenants must leave by that date. Tenants who do not leave before the next rental period starts without an agreement with their landlord may have to pay additional rent. If tenants don't pay additional rent owed, they may lose all or part of their security deposit.



The Department of Banking requires that tenants use certified mail, with a return receipt, to provide landlords with written notice of their plans to move and their new forwarding addresses.

Landlords and Tenants: Options for Resolving Disputes

The Department of Banking

A full-time employee is available to answer questions on rent security deposits. The Banking Commissioner may investigate complaints, issue cease and desist orders or refer matters to the Attorney General's Office for legal action. For further information, contact:

Security Deposit Investigator Connecticut Department of Banking

260 Constitution Plaza
Hartford, CT 06103-1800
Telephone: (860) 240-8154
or toll-free 1-800-831-7225 x 8154
www.ct.gov/dob

Going to Court (Small Claims)

As a simple, quick alternative, landlords or tenants with disputes about rent security deposits may bring small claims suits in a Housing Session or in the local Geographical Area Court if there is no Housing Session, provided that the dollar amount claimed falls within the jurisdiction of the small claims court.

A booklet explaining the small claims process is available at Housing Session and Geographical Area Court locations throughout the state. Refer to the telephone book blue pages under the State of Connecticut Judicial Department for local court addresses.

Landlords and Tenants:

Landlords, once you give the key to your rental apartment or home to a tenant, you must follow basic rules for security deposits.

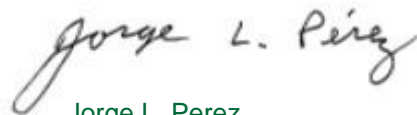
Tenants, once you accept the key to your new home, you must also follow guidelines to protect your security deposit.

Connecticut law outlines the rights and responsibilities of both landlords and tenants about the collection, holding and return of rent security deposits.

This pamphlet answers common questions on rent security deposits. It is our attempt to help *both* landlords and tenants understand their obligations and Connecticut's law.

You may wish to review Section 47a-21 of the Connecticut General Statutes for more detailed information.

Sincerely,



Jorge L. Perez
Banking Commissioner

STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 Constitution Plaza
Hartford, CT 06103-1800

Rent Security Deposits

Key Issues for Connecticut Landlords and Tenants



Connecticut Department of Banking