



RENTAL SECURITY DEPOSITS

KEY ISSUES AND GUIDANCE FOR CONNECTICUT LANDLORDS AND TENANTS



CONNECTICUT
Department of Banking

Welcome!

When it comes to rental security deposits, both landlords and tenants have specific rights and responsibilities. This booklet answers common questions about rental security deposits. Learn the basic rules landlords must follow, the guidelines tenants should know to protect their security deposit, and the options for resolving disputes.

It is our attempt to help **both** landlords and tenants understand their obligations and Connecticut's law.

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



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.

You may wish to review the publications below for more detailed information.

Connecticut Judicial Branch
Rights and Responsibilities of Landlords and Tenants in Connecticut

Connecticut General Assembly
Section 47a-21





FREQUENTLY ASKED QUESTIONS

What Is a Security Deposit?

A security deposit is any advance rental payment or any installment 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 financial institution located in Connecticut.

How Large of 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 a 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** or at **www.ct.gov/dob**. 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 month(s) when they are **more than ten days late** paying their rent. The only exception is when a landlord imposes a late charge previously agreed upon in the tenant's rental agreement.

How Can **Tenants** Ensure Their Security Deposits Will Be Returned?

Tenants should carefully document their apartment's condition upon move-in, confirm that condition in writing with their new landlord, and follow the lease terms. Prior to moving out, 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 strongly recommend 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 should inspect the condition of the rental both **before moving in** and **before moving 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 **twenty-one days** of when tenancy ends. 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 booklet 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.



Tenants are expected to leave when their lease agreement or rental period ends, **unless they have made other arrangements with their landlord.**

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.

Landlords must return security deposits **within 21 days** of when tenants move.

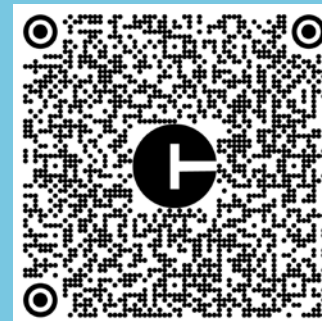
What Records Should Tenants Keep?

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.



What are the Rights and Responsibilities of Landlords and Tenants in Foreclosed Properties?

Tenants who rent a property that is going through foreclosure have legal protections that safeguard them from unfair treatment and upheaval. Recent legislation has enhanced some of these protections. Property owners of foreclosed properties as well as property managing and servicing companies and real estate brokers must adhere to these protections. Additional information about these protections can be found by scanning the QR Code or by visiting www.ct.gov/dob/rental-security-deposits.



OPTIONS FOR RESOLVING DISPUTES

Tenants have two options for resolving disputes:



THE DEPARTMENT OF BANKING

Consumer Affairs is available to answer questions on rental 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:

Connecticut Department of Banking Consumer Affairs

280 Trumbull Street, 16th Floor
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, quicker alternative, landlords or tenants with disputes about rental security deposits may bring small claims suits in a Housing Session or in the local Geographical Area Court if there is no Housing Session. Small Claims Court allows for a person to sue up to a certain dollar amount. The amount is set by state law and may change from time to time. Please reference CT Judicial Branch's **Frequently Asked Questions** for information regarding current amounts.

"How Small Claims Court Works," a booklet explaining the small claims process is available at Housing Session and Geographical Area Court locations throughout the state or on the publications section of their website at www.jud.ct.gov.