

# Handling Your Resident's Security Deposit after Move-out

**Thanks for completing your lease term (or coming to terms on a lease break)! Please leverage this guide and sample *Security Deposit Disposition Letter* to finalize the reconciliation of your resident's security deposit.**

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## **Common Process for Reconciling the Deposit**

Reconciling a resident's deposit involves ensuring that the security deposit is properly accounted for, deductions are justified, and any remaining balance is returned to the tenant within a legally compliant timeframe.

While we aim to ensure compliance with applicable laws and regulations, it is ultimately the responsibility of the landlord to ensure they are adhering to all relevant local, state, and federal laws regarding their property and rental practices. To aid in your compliance, please refer to following resources in addition to the process noted below:

- [\*\*Security Deposit Laws by State\*\*](#)
- [\*\*Understanding Wear & Tear\*\*](#)

Here's a step-by-step process that landlords commonly follow to reconcile a resident's deposit:

## 1. Review Lease Agreement

- Check deposit terms:** Identify the security deposit amount paid and any conditions or policies regarding deductions (e.g., cleaning fees, unpaid rent, damages, etc.).
- Know legal requirements:** Understand the state and local laws governing security deposits, including the allowable deductions, required processes or documentation, and the deadline for returning the deposit (often 14-30 days after the tenant vacates).

## 2. Conduct a Move-Out Inspection

- Plan a walk-through:** Perform a thorough move-out inspection with the tenant (if possible) or independently. Use a checklist that includes every room, appliance, and fixture. The walk-through should be completed as close to the lease end date as possible. Delays in inspecting your property could result in disputes.
- Take photos:** Document the condition of the property with photos and notes on any damage, wear and tear, or cleaning issues.
- Differentiate between normal wear and tear and damage:** Normal wear and tear (e.g., worn carpets, faded paint) cannot typically be deducted, while excessive damage (e.g., broken appliances, large stains, holes in walls) can be deducted from the deposit.

## 3. Assess Deductions

- Unpaid charges:** If the tenant owes unpaid charges (e.g. flat rate utility passthrough), these amounts can be deducted from the security deposit.
- Damages:** Estimate repair costs for damage beyond normal wear and tear. Get quotes from contractors or use standard repair costs for common issues.
- Cleaning fees:** If the property requires cleaning beyond normal use (e.g., excessively dirty carpets, stained appliances), you can deduct reasonable cleaning fees.
- Other deductions:** Review any other charges allowed by the lease (e.g., key replacement, unpaid fees).

## 4. Itemize Deductions

- Create a detailed list:** Itemize each deduction with a description of the issue, the cost for repairs or services, and any unpaid rent. [*Note: Accounting for your personal time, meals, travel expenses, etc. are generally not an approved/eligible expense*]
- Include supporting documentation:** Attach receipts, invoices, or estimates for repairs or cleaning to justify the deductions.

## 5. Calculate the Balance

- Total the deductions:** Subtract the total of all legitimate deductions from the original security deposit amount.
- Remaining deposit:** If there is any remaining balance after deductions, this is the amount to be refunded to the tenant.

## 6. Prepare the Security Deposit Disposition Letter

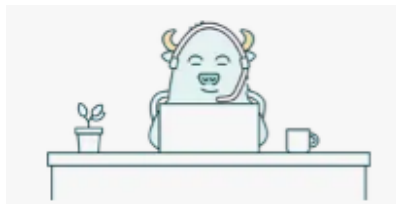
- Collect New Contact Information:** Make note of your former resident's contact information and be sure to follow up to confirm their forwarding address
- Draft & send the letter:** Provide an itemized breakdown of the deductions, the remaining balance, and any necessary explanations for the charges to your former residents. For the avoidance of doubt, you may wish to send or resend the letter via certified mail to allow for tracking & receipt.
- Include payment:** Enclose a check for the remaining balance, or specify how the refund will be issued if via direct deposit or other means.

## 7. Send the Disposition Letter and Refund

- Meet legal deadlines:** Ensure the letter and any refund are sent within the legal time frame required by your state or local jurisdiction (often 14-30 days after the tenant vacates).
- Keep records:** Maintain copies of the letter, supporting documents, and evidence of delivery (e.g., certified mail) for your records.

## 8. Handle Disputes (If Necessary)

- Respond to tenant inquiries:** If the tenant disputes any deductions, review the lease, your local laws, and your documentation. Offer to explain the charges or provide additional proof (e.g. photos, receipts).
- Negotiate or escalate if needed:** If the tenant challenges the deductions, try to resolve the issue amicably and explore [Mediation Services](#) before things escalate! Note, if the tenant files a formal dispute, you may need to provide evidence in court or arbitration.



**Need more help?** Should you have any additional questions or concerns regarding next steps that are not addressed by these resources, please submit a ticket via the [Help Module](#) of your Portal or via email to **Nomad Support** and a member of our team will reach out to assist you!

## Sample Security Deposit Disposition Letter

Please see below for a generic Security Deposit Disposition Letter template you can use.

This letter is typically sent by landlords to inform tenants of the disposition of their security deposit at the end of their lease term, including any deductions made for damages, unpaid rent, or other expenses due to the owner in accordance with their recent lease terms.

**[Landlord's Name]**  
**[Landlord's Address]**  
**[City, State, ZIP Code]**  
**[Phone Number]**  
**[Email Address]**

**[Date]**

**[Tenant's Name]**  
**[Tenant's Forwarding Address]**  
**[City, State, ZIP Code]**

Subject: **Security Deposit Disposition for [Rental Property Address]**

Dear [Tenant's Name],

This letter serves as the disposition of your security deposit for the rental property located at **[Rental Property Address]**, which you vacated on **[Move-Out Date]**.

As per the terms of your lease agreement and applicable state law, the following is an itemized statement of the charges deducted from your security deposit:

**Security Deposit: \$[Total Deposit Amount]**

**Deductions:**

1. **Unpaid Charges** for the period of [Dates]: \$[Amount]
2. **Cleaning Fees** (necessary beyond normal wear and tear): \$[Amount]
3. **Repairs** (beyond normal wear and tear): \$[Amount]
  - [Description of damages or repairs needed]
4. **Other Charges:** \$[Amount]
  - [Description of additional charges, if any]

**Total Deductions: \$[Total Deductions]**

**Remaining Balance to be Returned:** \$[Deposit Balance]

Enclosed with this letter is a check for the remaining balance of your security deposit, in the amount of **\$(Balance)**. If there are no deductions, the full security deposit will be returned to you.

Please review the above deductions carefully. If you have any questions or need further clarification, feel free to contact me at **[Phone Number]** or **[Email Address]**.

Thank you for renting with us, and I wish you the best in your future endeavors.

Sincerely,

**[Landlord's Name]**

**[Signature]**