

Security Deposits

Understand Portland's limits on the allowable Security Deposits, how to account for these funds, the types of repairs that can and can't be covered, and how to record the Condition Report.



Allowable Amounts

The maximum allowable amount that can be charged for a Security Deposit depends on whether or not a Landlord requires pre-payment of last month's Rent.

Is pre-payment of last month's Rent required?

YES. A Security Deposit can be no more than *half* of one month's Rent.

NO. A Security Deposit can be no more than one month's Rent.

Example A	last month's Rent required
One-Month's Rent	\$1,200
Last Month's Rent	\$1,200
Security Deposit <small>max</small>	\$600
TOTAL	\$3,000

Example B	last month's Rent not required
One-Month's Rent	\$1,200
Last Month's Rent	\$0
Security Deposit <small>max</small>	\$1,200
TOTAL	\$2,400

In Case of Conditional Approval

If Landlord is accepting an application upon conditional approval¹, an additional Security Deposit up to half of one month's Rent may be required in either example scenario above.

If requested by Tenant, the additional amount may be paid in installments over a period of up to three months.

¹ See Portland City Code 30.01.086.

What Costs Can the Security Deposit Cover?

Allowable

- Repair and replacement of fixtures, appliances, equipment, or personal property **itemized in Rental Agreement**, if malfunction or damage is due to Tenant act or omission
- Actual costs, reasonably incurred, to repair unit to its condition at commencement date

Not Allowable

- Routine maintenance
- Ordinary wear and tear
- Replacement of appliances or fixtures that failed or sustained damage not caused by Tenant act or omission
- Repair or replacement of pre-existing damage or malfunctioning appliances, fixtures, equipment, or property as noted in the required move-in Condition Report
- Any cost that is reimbursed by Landlord's property or comprehensive general liability insurance, or by warranty
- Repair or replacement of floors (unless caused by use **in excess of ordinary wear and tear**, and limited to costs associated with the discrete impacted area only)
- Interior painting (unless repairing specific damage caused by Tenant in excess of ordinary wear and tear) or to repaint walls that were painted without permission

Find Documents and Forms Online



Find the Rental History Form, Administrative Rules, full City Code and more at: portland.gov/rso/security-deposits

LANDLORD CHECKLIST

At Move In

- Within the Rental Agreement, Landlord must incorporate an itemized description of any Landlord-provided fixtures, appliances, equipment, or personal property, that the Landlord intends to cover the repair or replacement of by the Tenant Security Deposit.
- In Rental Agreement, provide name and address of the banking institution where Security Deposit and/or pre-paid last month's Rent will be held.
- Within two weeks of receiving funds, deposit funds into a separate holding account.
- Provide Condition Report form to Tenant at move-in.
- Landlord shall take photos of the items noted in the Condition Report and provide photos and a copy of the Condition Report to Tenant.

During Tenancy

- If Security Deposit funds are applied to costs of repair or replacement, then Landlord shall provide Tenant with an updated Condition Report within 15 days of repair or replacement. Replaced items shall be noted along with the item condition.
- Landlord may provide maintenance work order history in place of an updated Condition Report if the work order lists the repair or replacement date; damage being repaired or replaced; and amount of funds applied from the Security Deposit for repair or replacement. Any replaced items must be noted with item condition.

Upon Termination

- Within five days of receiving or giving notice of lease termination, provide to Tenant a written accounting of their Rent payment history (up to two years) with a fully completed Rental History form.
- Within one week following termination date, conduct Final Inspection with Tenant. Give Tenant at least 24 hours notice of scheduled inspection.
- Any remaining Security Deposit funds and accrued interest must be refunded to Tenant no later than 31 days following termination of tenancy.
- Include written notice of rights regarding Security Deposits and written accounting in accordance with ORS 90.300 (12).

How is Move-In and Move-Out Condition Determined?

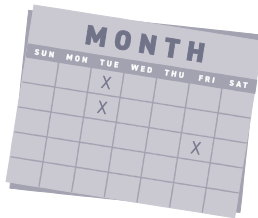
The **Condition Report** establishes the baseline condition of the unit at move-in, against which Landlord shall assess any repair or replacement needs that are identified in the **Final Inspection**.

1 Prior to Commencement Date/ At Move-in

Prior to Commencement Date, Landlord must make reasonable efforts to schedule a convenient time for both Tenant and Landlord to complete a walk through and establish the baseline Condition Report noting (a) condition of all fixtures, appliances, equipment, and personal property listed in the Rental Agreement, (b) condition of leased premises, and (c) notes of any existing damage. If a walk through is not completed, Landlord must complete Condition Report and take photos of items noted in Condition Report. These must be provided to Tenant on commencement date.

Tenant has seven days from the beginning of the lease to complete and submit Condition Report Addendum to Landlord, noting any other damage to unit. If there are no disputes, then the Condition Report Addendum will be used to establish the baseline. Landlord has seven days to dispute Condition Report Addendum in writing. If disputed, Landlord must keep both the Condition Report and Condition Report Addendum.

If Tenant does not complete and submit Condition Report Addendum within the first seven days of tenancy, then Landlord's Condition Report becomes final.



2 During Tenancy

Landlord shall update Condition Report to reflect all repairs and replacements impacting the unit during the term of the Rental Agreement, and provide the updated Condition Report to Tenant. Landlord may provide a maintenance work order history in place of an updated Condition Report, so long as it meets the requirements listed within the Permanent Administrative Rule.

3 Upon Termination

Within five days of receiving or giving notice of termination, Landlord must provide Tenant with written accounting of their payment history (up to two years) with a fully completed **Rental History** form.

Within one week following termination date, Landlord shall conduct a **Final Inspection** and walk-through of the unit with Tenant (or tenant representative) to document any damage beyond ordinary wear and tear not noted in Condition Report.

Tenant may choose to be present for the Final Inspection. Landlord must give Tenant notice of inspection date and time at least 24 hours in advance.

Landlord must prepare an itemized description of any repair, matching itemization in Rental Agreement. Landlord must document any visual damage in excess of normal wear and tear with photos, and provide these to Tenant, along with written accounting in accordance with ORS 90.300 (12).



Failure to Comply

A Landlord that fails to comply with any of these requirements is liable to Tenant for an amount of \$250 per violation, plus actual damages, and reasonable attorney fees and cost.

How Should Security Deposits Be Held?

- Security Deposits and pre-paid last month's Rent must be kept in an account separate from Landlord funds. This can be a checking, savings, money market, or client trust account.
- Landlord must deposit funds within two weeks of receipt. Landlord must provide bank institution's name and address in Rental Agreement.
- If Tenant requests, Landlord must provide receipt of account and interest earned (no more than once per year).
- If interest is accrued, it must be paid to Tenant when deposit is refunded. Landlord may deduct up to 5% of accrued interest for administrative costs.

How Much Can Be Charged for Repairs?

For the Security Deposit to cover Landlord-provided fixtures, appliances, equipment, or personal property, **these items must be itemized in the Rental Agreement**, along with a description and condition. Landlord shall photograph any visual damage in excess of normal wear and tear and provide photos to Tenant with a written accounting in accordance with ORS 90.300(12).

If Landlord charges Tenant for labor costs greater than \$200, Landlord must provide documentation demonstrating that costs are reasonable and consistent with typical rates in the metropolitan region.



Have Questions?

If you are a Landlord or Tenant with questions or concerns about the Security Deposit Ordinance, or seeking general information, contact PHB's Rental Services Office.

Rental Services Office Helpdesk

PHONE

503-823-1303

EMAIL

rentalservices@portlandoregon.gov

ONLINE

portland.gov/rso

OFFICE

1900 SW 4th Avenue, Suite 7007
Portland, Oregon 97201

PHONE AND EMAIL HOURS

Mondays, Wednesdays, and Fridays
9-11:00am and 1-4:00pm

Please contact the RSO Helpdesk for information about in-person options.

Staff at the Rental Services Office will provide information about city laws and policy, and referrals to other resources and information. They cannot offer legal advice or tell a person what to do in a situation.

Administrative Rules

Full Administrative Rules for Portland City Code 30.01.087 can be found at: portland.gov/rso/security-deposits

! All city requirements are in addition to state requirements; see ORS 90.300.

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