

Security Deposits

Understand new Portland limits on the amounts collected as 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 and determine the value of property.



**Portland
Housing Bureau**
Rental Services Office



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 (max) | \$ 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 (max) | \$ 1,200 |
| TOTAL | \$ 2,400 |

In Case of Conditional Approval

If a 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.

Landlord Checklist

At Move In

- In rental agreement, provide itemized list of all landlord-provided fixtures, appliances, equipment, or personal property; include description, condition, and replacement cost.
- In rental agreement, provide name and address of the banking institution where security deposit and/or pre-payment of 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.
- If tenant does not complete and submit the Condition Report within seven days, complete the report and provide to tenant by 17th day of tenancy with digital photographs.

During Tenancy

- If security deposit funds are applied to costs of repair or replacement, provide written accounting or receipt to tenant within 30 days.
- Update Condition Report to reflect all repairs and replacements impacting unit during term of rental agreement, and provide updated Condition Report to tenant.

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 should be refunded to tenant no later than 31 days following termination of tenancy.
- Include info about written notice of rights regarding security deposits and written accounting in accordance with ORS 90.300 (12).

Have Questions?

If you are a landlord or tenant with questions or concerns about the Security Deposit Ordinance, or seeking general guidance, contact PHB's Rental Services Office. Call, email, or stop by during helpdesk hours.

Rental Services Office Helpdesk

PHONE 503-823-1303

EMAIL rentalservices@portlandoregon.gov

ONLINE portland.gov/rso

WALK-IN 421 SW 6th Avenue, Suite 500
Portland, Oregon 97204

HOURS Mondays, Wednesdays & Fridays
9-11:00AM and 1-4:00PM

Staff at the Rental Services Office will provide information about city laws and policy, and referrals to other resources and information. However, 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.



published November 2019

What Costs Can the Security Deposit Cover?

Allowable

Repair and replacement of fixtures, appliances, equipment, or personal property **itemized in the rental agreement**, if malfunction or damage is due to Tenant act or omission

Actual costs, reasonably incurred, to repair unit to its condition at beginning of lease

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

Cleaning or repairing floors (unless caused by use **in excess of ordinary wear and tear**, and limited to costs associated with the impacted area only)

Interior painting (unless repairing specific damage caused by tenant)

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

The tenant's **Condition Report** establishes the baseline condition of the unit at move-in, against which the landlord should assess any repair or replacement needs that are identified in the **Final Inspection**. Unresolved disputes regarding condition of the unit should be resolved in favor of tenant.

1 At Move In

Landlord must provide a **Condition Report** form to tenant, noting (a) the condition of all fixtures, appliances, equipment, and personal property listed in the rental agreement, (b) the condition of the leased premises, and (c) notes of any existing damage.

Tenant has seven days from beginning of lease to complete and submit the Condition Report to landlord, noting any other damage to unit.



If tenant does not complete and submit a Condition Report within the first seven days of tenancy, landlord should then complete, and provide to tenant, a Condition Report that includes digital photos of the premises by the 17th day of tenancy.

2 During Tenancy

Landlord should update the 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.

3 Upon Termination

Within five days of receiving or giving notice of lease termination, landlord should 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 should conduct a **Final Inspection** and walk-through of the unit with tenant (or tenant representative) to document any damage beyond ordinary wear and tear that is not noted in the 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 should prepare an itemized description of any repair, matching the itemization in the rental agreement. Landlord should document any visual damage in excess of normal wear and tear with photos, and provide this to tenant, along with written accounting in accordance with ORS 90.300 (12).

Find Documents & Forms Online

Find the Rental History Form, the City of Portland's Depreciation Schedule, and more at:
portland.gov/rso/security-deposits



Failure to Comply

A landlord that fails to comply with any of these requirements is liable to tenant for an amount of two times the full security deposit, and attorney fees and costs. Additional damages under ORS 90.300 may apply.

How Should Security Deposits Be Held?

- Security deposits and pre-payments of 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 receiving them. 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, condition, and full replacement cost. For each itemization, value should be assigned in accordance with the City of Portland's **Depreciation Schedule**. This value should be taken into account when charging for repairs. A landlord may provide documentation, reasonable to the tenant, demonstrating why different calculations are justified. **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.