

Fifty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1232

Introduced by

Representatives Maragos, Severson

Senator Krebsbach

1 A BILL for an Act to amend and reenact section 47-16-07.1 of the North Dakota Century Code,
2 relating to security deposits for the lease of real property or a dwelling.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 47-16-07.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **47-16-07.1. Real property and dwelling security deposits - Limitations and**
7 **requirements.**

8 1. The lessor of real property or a dwelling who requires money as a security deposit,
9 however denominated, shall ~~deposit the money in a federally insured~~
10 ~~interest bearing savings or passbook account established solely for security~~
11 ~~deposits~~ hold the money for the benefit of the tenant. The interest on the deposit is
12 deemed to be a simple noncompounded interest rate of three percent per annum.

13 The security deposit and any interest accruing on the deposit must be paid to the
14 lessee upon termination of a lease, subject to the conditions of subsection 2. A
15 lessor may not demand or receive security, however denominated, in an amount or
16 value in excess of one month's rent, except if the lessee is housing a pet on the
17 leased premises, the security may not exceed one thousand five hundred dollars.

18 2. A lessor may apply security deposit money and accrued interest upon termination
19 of a lease towards:

20 a. Any damages the lessor has suffered by reason of deteriorations or injuries to
21 the real property or dwelling through the negligence of the lessee or the
22 lessee's guest.

23 b. Any unpaid rent.

1 c. The costs of cleaning or other repairs which were the responsibility of the
2 lessee, and which are necessary to return the dwelling unit to its original state
3 when the lessee took possession, reasonable wear and tear excepted.

4 Application of any portion of a security deposit not paid to the lessee upon
5 termination of the lease must be itemized by the lessor. Such itemization together
6 with the amount due must be delivered or mailed to the lessee at the last address
7 furnished lessor, along with a written notice within thirty days after termination of
8 the lease and delivery of possession by the lessee. The notice must contain a
9 statement of any amount still due the lessor or the refund due the lessee. A lessor
10 is not required to pay interest on security deposits if the period of occupancy was
11 less than nine months in duration.

12 3. A lessor is liable for treble damages for any security deposit money withheld
13 without reasonable justification.

14 4. Upon a transfer in ownership of the leased real property or dwelling, the security
15 deposit and accrued interest shall be transferred to the grantee of the lessor's
16 interest. The grantor shall not be relieved of liability under this section until transfer
17 of the security deposit to the grantee. The holder of the lessor's interest in the real
18 property or dwelling at the termination of a lease shall be bound by this section
19 even though such holder was not the original lessor who received the security
20 deposit.

21 5. This section applies to the state and to political subdivisions of the state that lease
22 real property or dwellings and require money as a security deposit.