

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1272

Introduced by

Representatives Hendrix, Hoverson, Ista, S. Olson, Heilman, Kasper

Senators Braunberger, Magrum, Mathern, Paulson, Boschee

1 A BILL for an Act to create and enact a new section to chapter 47-16 of the North Dakota
2 Century Code, relating to move-in and post move-out inspections of leased property; and to
3 amend and reenact section 47-16-07.1 of the North Dakota Century Code, relating to tenant
4 security deposits.

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

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

8 **47-16-07.1. Real property and dwelling security deposits - Limitations and**
9 **requirements.**

- 10 1. The lessor of real property or a dwelling who requires money as a security deposit,
11 ~~however denominated,~~ shall deposit the money in a federally insured interest-bearing
12 savings or checking account for the benefit of the tenant. The security deposit and any
13 interest accruing on the deposit must be paid to the lessee upon termination of a
14 lease, subject to the conditions of subsection 2. A lessor may not demand or receive
15 security, ~~however denominated,~~ in an amount or value in excess of one month's rent,
16 except:
- 17 a. A lessor may accept an amount or value up to two month's rent, as security, from
18 an individual convicted of a felony offense as an incentive to rent the property to
19 the individual.

- 1 b. A lessor may demand an amount or value up to two months rent, as security,
2 from an individual who has had a judgment entered against that individual for
3 violating the terms of a previous rental agreement.
- 4 2. A lessor may charge a lessee a pet security deposit for keeping an animal that is not a
5 service animal or ~~companion~~assistance animal required by a tenant with a disability as
6 a reasonable accommodation under fair housing laws. A pet security deposit may not
7 exceed the greater of two thousand five hundred dollars or an amount equivalent to
8 two months' rent.
- 9 3. A lessor may apply security deposit money and accrued interest upon termination of a
10 lease towards:
- 11 a. Any damages the lessor has suffered by reason of deteriorations or injuries to the
12 real property or dwelling by the lessee's pet or through the negligence of the
13 lessee or the lessee's guest.
- 14 b. Any unpaid rent.
- 15 c. The costs of cleaning or other repairs which were the responsibility of the lessee,
16 and which are necessary to return the dwelling unit to its original state when the
17 lessee took possession, reasonable wear and tear excepted.
- 18 4. Application of any portion of a security deposit not paid to the lessee upon termination
19 of the lease under subsection 3 must be itemized by the lessor. ~~Such~~The
20 ~~itemization~~itemized list together with the amount due must be delivered or mailed to
21 the lessee at the last address furnished to the lessor, along with a written notice within
22 thirty days after termination of the lease and delivery of possession by the lessee~~of the~~
23 move-out inspection as provided under section 2 of this Act. The itemized list sent to
24 the lessee under this subsection must include the reasonable estimate~~noted~~ damages
25 to the property provided to the tenant at the end of the move-out inspection under
26 section 2 of this Act and the final amount deducted from the security deposit, plus any
27 additional costs not covered by the deposit. The notice must contain a statement of
28 any amount still due to the lessor or the refund due to the lessee. A lessor is not
29 required to pay interest on security deposits if the period of occupancy was less than
30 nine months in duration. Any amounts not claimed from the lessor by the lessee within

1 one year of the termination of the lease agreement are subject to the reporting
2 requirements of section 47-30.2-04.

3 ~~4-5.~~ A lessor is liable for treble damages for any security deposit money withheld without
4 reasonable justification.

5 ~~5-6.~~ Upon a transfer in ownership of the leased real property or dwelling, the security
6 deposit and accrued interest shall be transferred to the grantee of the lessor's interest.
7 The grantor shall not be relieved of liability under this section until transfer of the
8 security deposit to the grantee. The holder of the lessor's interest in the real property
9 or dwelling at the termination of a lease shall be bound by this section even though
10 ~~such~~the holder was not the original lessor who received the security deposit.

11 ~~6-7.~~ This section applies to the state and to political subdivisions of the state that lease real
12 property or dwellings and require money as a security deposit.

13 **SECTION 2.** A new section to chapter 47-16 of the North Dakota Century Code is created
14 and enacted as follows:

15 **Mandatory inspections.**

16 1. Before, at the time of, or shortly after a tenant accepts possession of a leased
17 premises, the landlord and the tenant shall inspect the premises and note on a written
18 statement all damages to the premises and a remediation plan to repair any damages,
19 with normal wear and tear excepted. At the conclusion of the inspection, the landlord
20 and tenant shall sign and date the statement acknowledging the inspection under this
21 section has occurred. The landlord shall deliver the statement to the tenant within a
22 reasonable time following the inspection.

23 2. The landlord and tenant shall conduct a move-out inspection after providing a notice to
24 vacate but before the expiration date or earlier termination of the lease, or in the case
25 of a holdover tenant, on or before the date the holdover tenant vacates the property.
26 Except as provided in section 47-16-07.3, the landlord may not re-enter the premises
27 until an inspection is conducted. The landlord and tenant shall schedule the inspection
28 at a mutually agreeable time by communicating through the known contact information
29 of the landlord and the tenant. At the conclusion of the inspection, the landlord and
30 tenant shall sign and date the statement acknowledging the inspection under this
31 section has occurred and a list of noted damages to the property. The statement

- 1 ~~must~~may include a reasonable estimate, ~~as agreed upon by the landlord and the~~
2 ~~tenant~~, of any costs to be withheld from the security deposit as provided in section
3 47-16-07.1, plus any additional costs not covered by the deposit. The landlord shall
4 provide a copy of the statement at the conclusion of the inspection.
- 5 3. If the tenant fails to appear at the scheduled inspection without communicating to the
6 landlord a reason for the absence, the landlord shall conduct the inspection and note
7 any damages to the premises on a written statement. The landlord shall deliver the
8 statement to the tenant by mail or electronic mail. The tenant's absence is deemed
9 acceptance of the statement created by the landlord. The tenant may designate an
10 agent to act on behalf of the tenant for the inspections under this section.
- 11 4. If the landlord fails to schedule an inspection without communicating to the tenant a
12 reason for the failure, or refuses to communicate with the tenant, or if the landlord fails
13 to appear at the scheduled inspection, the landlord's absence or failure is deemed
14 acceptance of the condition of the premises and full responsibility for all damages and
15 the security deposit and accrued interest must be returned in full to the tenant.