2023 SENATE JUDICIARY

SB 2331

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2331
1/30/2023

A bill relating to move-in and post move-out inspections of leased property.

10:30 AM Chairman Larson opened the meeting.

Present are Chairman Larson and Senators Myrdal, Luick, Estenson, Sickler, Braunberger and Paulson.

Discussion Topics:

- Rental properties
- Rental property damages
- Security deposits

10:30 AM Senator Paulson introduced the bill and provided written testimony #17803.

10:34 AM Connie Samuelson gave oral testimony in favor of the bill and suggested two amendments and provided written testimony #17806 .

10:50 AM Christina Sambor North Dakota Coalition for Homeless People testified opposed to the bill. #17815

10:56 AM Chairman Larson closed the public hearing.

Additional written testimony:

Lianne Zeltinger provided written testimony #17638.

Jeremy Petron provided written testimony #17605

10:56 AM Chairman Larson closed the meeting.

Rick Schuchard, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Judiciary Committee
Peace Garden Room, State Capitol

SB 2331
2/8/2023

A bill relating to move-in and post move-out inspections of leased property.

9:26 AM Chairman Larson opened the meeting.

Chairman Larson and Senators Myrdal, Luick, Estenson, Sickler, Paulson and Braunberger are present.

Discussion Topics:

- Committee action

9:26 AM Senator Paulson reviewed amendments and provided written testimony #19767, 19768.

9:28 AM Senator Paulson moved to adopt amendment LC 23.0975.01002. Senator Estenson seconded the motion.

9:28 AM Roll call vote was taken.

Senators	Vote
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	Y
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passed 7-0-0.

9:31 am Senator Paulson moved to Do Pass the bill as amended. Senator Luick seconded the motion.

9:31 AM Roll call vote was taken.

Senators	Vote
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	Y
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passes 7-0-0.

Senator Paulson will carry the bill.

This bill does not affect workforce development.

9:33 AM Chairman Larson closed the meeting.

Rick Schuchard, Committee Clerk

23.0975.01002
Title.02000

Prepared by the Legislative Council staff for
Senator Paulson
February 7, 2023

2-8-23
(1-5)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2331

Page 1, line 9, after the second "damages" insert ", with normal wear and tear excepted"

Page 1, line 14, replace "Notwithstanding any other provision of law" with "Except as provided in section 47-16-07.3"

Page 1, line 17, after the first underscored comma insert "without communicating to the landlord a reason for the absence,"

Page 1, line 20, after the underscored period insert "The tenant may designate an agent to act on behalf of the tenant for the inspections under this section."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2331: Judiciary Committee (Sen. Larson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2331 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 9, after the second "damages" insert ", with normal wear and tear excepted"

Page 1, line 14, replace "Notwithstanding any other provision of law" with "Except as provided in section 47-16-07.3"

Page 1, line 17, after the first underscored comma insert "without communicating to the landlord a reason for the absence,"

Page 1, line 20, after the underscored period insert "The tenant may designate an agent to act on behalf of the tenant for the inspections under this section."

Renumber accordingly

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2331

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2331
3/22/2023

Relating to move-in and post move-out inspections of leased property.

Chairman Louser called meeting to order 10:12 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Industry standard
- Transfers
- Property manager

In Favor:
Senator Bob, Paulson, District 3, Minot, ND (no written testimony)
Connie Samuelson, Minot, ND, #26082

Representative Boschee moved to amend for electronic mail notification, #26360, LC #23.0975.02001
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	AB
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-0-1

Representative Boschee moved a do pass as amended.
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	N
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	AB
Representative Dan Ruby	N
Representative Austen Schauer	Y
Representative Paul J. Thomas	N
Representative Bill Tveit	N
Representative Scott Wagner	Y
Representative Jonathan Warrey	N

Motion passed 8-5-1

Representative Schauer will carry the bill.

Additional written testimony:
Lianne Zeltinger, Minot, ND, #25749
Jeremy Petron, ND Apartment Association, #25955

Chairman Louser adjourned the meeting 11:03 AM

Diane Lillis, Committee Clerk

Adopted by the House Industry, Business and Labor Committee
March 22, 2023

3-22-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2331

Page 1, line 19, replace the second underscored comma with "and"

Page 1, line 20, remove ", and mail the statement to the tenant"

Page 1, line 20, after the underscored period insert "The landlord shall deliver the statement to the tenant by mail or electronic mail."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2331, as engrossed: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2331 was placed on the Sixth order on the calendar.

Page 1, line 19, replace the second underscored comma with "and"

Page 1, line 20, remove ", and mail the statement to the tenant"

Page 1, line 20, after the underscored period insert "The landlord shall deliver the statement to the tenant by mail or electronic mail."

Renumber accordingly

TESTIMONY

SB 2331

January 30, 2023

Jeremy Petron
Lobbyist # 209
North Dakota Apartment Association

Re: In opposition to SB 2331

Chairman and members of the Committee, this Bill is a bit redundant with current statute NDCC 47-16-07.2 that does require a statement describing the condition of premises to accompany the rental agreement, and agreed to and signed by landlord and tenant. However, this Bill does state on line 9, to note all damages and a remediation plan to repair any damages. The word 'damages' can be subjective, depending on the severity of damage. Would this include normal wear & tear? Some could say a nick on the countertop or wall corner is damage, but it could be difficult to repair even minor items without major expense cost for full replacements. This Bill doesn't appear to give an option for normal wear & tear excepted. If the damages are related to non-functioning items or structural issues, for example, the landlord obligations are in current statute under NDCC 47-16-13.1. Landlord obligations – Maintenance of premises.

SB 2331—Recommend a Do Pass

Lianne Zeltinger

Minot, ND 58703

Chairman Larson and members of the Judiciary Committee,

I strongly support this bill as a simple solution to a potential financial hardship for people of all ages who do their very best to prepare their rented home or apartment for vacating. So often, they are denied any or all of their security deposit whether they are in their 20's and have lived there a year or are in their 90's and have lived there for twenty years. They are being denied their deposit even after hiring professional cleaners. There seems to be a lack of understanding between the landlords' expectations and the tenants' expectations.

A simple solution is stated in this bill.

It requires landlords and tenants to meet and inspect the premises prior to the move in date. Once the inspection is complete, they both sign the document which would include a remedial plan, if needed.

Then, at the time of move-out the same thing would occur. The landlord and tenant would meet at the time of move-out, go through the apartment or property together, and sign an agreed document. This meeting should occur before any general work has been done in the apartment at the request of the landlord.

I, also, believe this meeting should occur if there has been a change in roommates at or during the time the original tenant signed the lease. The roommates who are taking over the lease do not know what the condition of the property was or if damage or improvements occurred.

This would provide both a clear understanding of what is expected, what one defines as damage vs general wear and tear, along with a document itemizing the condition at the time of moving in and then again at the time of moving out. That would clarify when and why a deposit is returned or denied.

Respectfully,

Lianne Zeltinger

Good morning Madam Chair and members of the Senate Judiciary Committee. For the record, my name is Bob Paulson, and I am a State Senator from District 3 in Minot.

SB 2331 is a bill brought at the request of a constituent. You will hear her story shortly that resulted in her pursuing this legislation. It involves the timing and procedure of property inspections as part of the rental process. Having moved many times in my military career and rented many properties, I had never heard of an instance of the tenant cleaning a property prior to moving out, then the property owner or manager having turnover work done on the property, and then hiring a professional to clean the property after the turnover work and charging that cleaning to the previous tenant. I now own rental properties which I have professionally managed, and it seems to me that it would be incumbent upon the property manager to determine that further cleaning is required after the previous tenant has moved out and before any turnover work is performed.

Fortunately, when the tenant took her situation to court, the judge found in her favor. This bill is being brought so that it others will not have to go through the same experience.

Madam Chair, that is the bill and you will hear more specifics in the testimony that follows. I would respectfully request a Do Pass, and I will stand for any questions.

RE: North Dakota Century Code #47-16-07

01/30/2023
SB 2331

Madam Chair, and members of the Committee, my name is Connie Samuelson from Minot.

I would like to speak in favor of Senate Bill 2331 with Amendments for the following reasons:

There are currently more than 4000 apartment buildings in North Dakota housing families, single parents, young adults and college students that expect shelter, safety and fairness while living in the dwellings they call home.

NDCC 47-16-07.2 states that a landlord and tenant must sign a statement detailing condition of premises at the beginning of the rental agreement. The first taste of independence a young person experiences is moving out on their own and this often requires signing a Lease. In August 2020 my young daughter, a full time college student, took over a 6-month Lease for a 2-bedroom apartment in Minot. Since this was a Transfer Lease, an inspection with the Landlord was not allowed and she had to sign the *Agreement* to accept responsibility for any and all damages that may have been caused by the previous tenant. When my daughter went to the apartment after the original tenant moved out, she noticed a cat had been living in the apartment with the original tenant. When she contacted the property manager to go and inspect the apartment with her she was denied and reminded that her Transfer Lease is not treated as a new rental agreement but is a "transfer of condition" and she is responsible for the apartment with no recourse. The prior tenant's damage security deposit was returned to her in full, and my daughter had to put up her own damage security deposit to cover damage caused by the prior tenant.

At the end of my daughter's lease, the apartment was thoroughly cleaned by her, my husband and me. The keys were promptly dropped off at the management office on January 15, 2022. NDCC 47-16-07.1, states that a Lessor has 30 days in which to provide to the Lessee an itemized statement or full refund of the security deposit. Since neither had been received, my daughter and I went to the Property Management company on February 25th to collect her security deposit, now 10 days delinquent. It was at this time, we were informed that she would not be getting her damage security deposit back, nor would the property manager have to pay statutory interest on this account. The damages listed were normal wear and tear as well as items listed on the original tenant's July 2020 Rental Inspection Checklist. The building owner was billed for painting the unit, which was considered normal wear and tear. My daughter was billed to patch, texture and prepare the unit for this upgrade. She was also charged for professional cleaning to clean after the maintenance personnel and painters had completed their work. My daughter disputed these charges and allegations and proceeded with, and won a Small Claims Court action. The Judge ruled that pursuant to the file and testimony at the hearing, my daughter proved her claim and was awarded her entire damage security deposit along with Court costs.

Had my daughter been offered a move-in inspection with the Property Manager when she signed the rental agreement and post move-out inspection at the expiration date, she would not have had to go through a Court proceeding to prove the damages were normal wear and tear and not her obligation to pay

North Dakota has 11 public colleges and universities with graduating students eager to get on with their careers. I was an advocate for my young daughter but most college students don't have that advantage so they are left to rely on the laws of the state.

There are two Amendments I would like to recommend in Senate Bill 2331:
The first Amendment in Clause 1. It is prudent to clarify that all Leases, including a lease that is transferred from one tenant to another, would require an inspection with Landlord and Tenant at the time of, or shortly after a tenant accepts possession.
The Second Amendment would be to eliminate the final sentence in Clause 2 that states "The tenant's absence is deemed acceptance of the statement created by the landlord." I believe a tenant has a right to dispute any wrongful accusations and inflated charges and this sentence could possibly hinder a chance of bringing a justified Court action against a landlord.

In closing, I suspect if tenants are informed of a face to face inspection with the landlord, they would treat their apartment with respect and present the unit in clean form. This in turn would provide a shortened turn-around time for the landlord to relet the apartment.
I think both Landlords and Tenants would benefit from the fairness of Senate Bill 2331 and I hope you consider a "DO PASS" vote on this Bill with both Amendments.

Thank you for your time and attention regarding this matter.

Respectfully,

Connie Samuelson
Minot, ND

Testimony in Opposition to SB 2331
Christina Sambor, *Lobbyist No. 312 – Legislative Coordinator, North Dakota Coalition for Homeless People*
North Dakota Senate Judiciary Committee
January 30, 2023

Chairwoman Larson and members of the committee:

My name is Christina Sambor, I am here today on behalf of the North Dakota Coalition for Homeless People. The Coalition opposes SB 2331. This bill contemplates a procedure by which landlords and tenants would engage in inspections at or near taking possession of the property, and again at the lease termination, and providing landlords what amounts to a summary procedure by which they could send a list of damages to an exiting tenant if the tenant fails to show up at the closing inspection. In such a scenario, this bill allows a landlord's account of damages to be deemed "accepted" by the tenant.

In the first paragraph, the bill requires a remediation plan be established for any damages existing in the property at possession. There is no language indicating any consequence of the failure to complete said remediation plan. If a landlord fails to remediate the problems with the premises, this would put an unfair burden on the tenant to pursue repairs, creating conflict between landlord and tenant, without any clear consequence to the landlord of failing to remediate the problems. Furthermore, making the tenant expressly aware of defects could create a situation in which the landlord could then argue that the tenant accepted the state of the property, making it more difficult to get out of a lease where a tenant seeks to terminate the lease based on a landlord's breach of its responsibilities under ND law.

This procedure also ignores the power dynamics between landlords and low income tenants. Given the lack of availability of affordable housing that continues to be a challenge, tenants are likely to minimize defects with the property at the initial inspection in fear that raising any problems will cause them to lose access to the property.

Lastly, this bill penalizes tenants who "fail to show up" at the final inspection, providing no exceptions for emergencies, or even in a situation where the tenant advises the landlord that they can not longer attend the inspection at the previously agreed to time. It also provides to relief to a tenant where the landlord fails to show up. At a minimum, this provision should be amended to address these issues, and make clear that a tenant could be represented by a chosen agent. This bill is also unclear as to what a tenant's "acceptance" of the landlords inspection means in terms of legal consequences. For these reasons, NDCHP requests a do not pass to SB 2331.

23.0975.01002
Title.

Prepared by the Legislative Council staff for
Senator Paulson
February 7, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2331

Page 1, line 9, after the second "damages" insert ", with normal wear and tear excepted"

Page 1, line 14, replace "Notwithstanding any other provision of law" with "Except as provided in section 47-16-07.3"

Page 1, line 17, after the first underscored comma insert "without communicating to the landlord a reason for the absence,"

Page 1, line 20, after the underscored period insert "The tenant may designate an agent to act on behalf of the tenant for the inspections under this section."

Renumber accordingly

23.0975.01002

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2331

Introduced by

Senator Paulson

Representatives Bellew, Hoverson

A BILL for an Act to create and enact a new section to chapter 47-16 of the North Dakota Century Code, relating to move-in and post move-out inspections of leased property.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 47-16 of the North Dakota Century Code is created and enacted as follows:

Mandatory inspections.

1. Before, at the time of, or shortly after a tenant accepts possession of leased premises, the landlord and the tenant shall inspect the premises and note on a written statement all damages to the premises and a remediation plan to repair any damages, with normal wear and tear excepted. At the conclusion of the inspection, the landlord and tenant shall sign and date the statement acknowledging the inspection under this section has occurred. A copy of the statement must be provided to the tenant within a reasonable time following the inspection.
2. The landlord and tenant shall conduct a move-out inspection after the expiration date or earlier termination of the lease. ~~Notwithstanding any other provision of law~~Except as provided in section 47-16-07.3, the landlord may not re-enter the premises until an inspection is conducted. The landlord and tenant shall schedule the inspection at a mutually agreeable time. If the tenant fails to appear at the scheduled inspection, without communicating to the landlord a reason for the absence, the landlord shall conduct the inspection, note any damages to the premises on a written statement, and mail the statement to the tenant. The tenant's absence is deemed acceptance of the statement created by the landlord. The tenant may designate an agent to act on behalf of the tenant for the inspections under this section.

SB 2331—Recommend a Do Pass

Lianne Zeltinger

Minot, ND 58703

Chairman Louser and members of the House IBL Committee,

I strongly support this bill as a simple solution to a potential financial hardship for people of all ages who do their very best to prepare their rented home or apartment for vacating. So often, they are denied any or all of their security deposit whether they are in their 20's and have lived there a year or are in their 90's and have lived there for twenty years. They are being denied their deposit even after hiring professional cleaners. There seems to be a lack of understanding between the landlords' expectations and those of the tenants' expectations.

A simple solution is stated in this bill.

It requires landlords and tenants to meet and inspect the premises prior to the move in date. Once the inspection is complete, they both sign the document which would include a remedial plan, if needed.

Then, at the time of move-out the same thing would occur. The landlord and tenant would meet at the time of move-out, go through the apartment or property together, and sign an agreed document. This meeting should occur before any general work has been done in the apartment at the request of the landlord.

I, also, believe this meeting should occur if there has been a change in roommates at or during the time the original tenant signed the lease. The roommates who are taking over the lease do not know what the condition of the property was when the original tenant moved in or if any damage or improvements occurred during that tenant's stay.

This would provide both a clear understanding of what is expected, what one defines as damage vs general wear and tear, along with a document itemizing the condition at the time of moving in and then again at the time of moving out. That would clarify when and why a deposit is returned or denied.

Respectfully,

Lianne Zeltinger

March 22, 2023

Jeremy Petron
Lobbyist # 209
North Dakota Apartment Association

Re: SB 2331

Chairman and members of the Committee, we are in favor of this Bill as amended. Current statute NDCC 47-16-07.2 does require a statement describing the condition of premises to accompany the rental agreement, and this Bill expounds on those requirements.

Our Association does have a form template for move-in/out inspections that our members can use. We encourage our members to use this form and to comply with current statue regarding detailing the condition of the premises at the time of entering into a rental agreement. This process is done to protect both the tenant and the property owner.

North Dakota Century Code 47-16
Move- in and post move-out inspections of leased property

Chairman Louser and members of the Committee, my name is Connie Samuelson from Minot.

I would like to speak in favor of Senate Bill 2331 for the following reasons:

There are currently over 4000 apartment buildings in North Dakota housing single parents, families, young adults, military personnel and college students who expect shelter, safety and fairness while living in these dwellings they call home.

NDCC 47-16-07.2 states that a landlord and tenant must sign a statement detailing condition of premises at the beginning of the rental agreement. The first taste of independence a young person experiences is moving out on their own and this often requires signing a Lease. In August 2020 my young daughter, a full time college student, took over a Lease for an apartment in Minot. This was a transfer lease so a walk-through inspection with the Landlord was not permitted, nor could any additions be made to the prior tenant's move-in Rental Inspection Checklist. The damage security deposit was returned in full to the prior tenant without any inspection. My daughter had to put up her own damage security deposit. She had to sign an Agreement accepting responsible for any damages or items that may have been missed on the prior tenant's move-in Rental Inspection Checklist. My daughter's damage security deposit would be used to pay for any repairs including the prior tenant's damages. When my daughter went to the apartment after the original tenant moved out, she noticed a cat had been living in the apartment with the original tenant. She promptly contacted the property manager to go and inspect the apartment with her, she was denied and reminded that her transfer lease is not treated as a new rental agreement but is a "transfer of condition" and she is responsible for the apartment without any inspection.

At the end of my daughter's lease, she, my husband and I, throughly cleaned the apartment according to the rental cleaning checklist provided by the Property Manager. The keys were dropped off at the management office on January 15, 2022. NDCC 47-16-07.1, states that a Lessor has 30 days in which to provide to the Lessee an itemized statement or full refund of the damage security deposit. Since neither had been received within the required 30 days, my daughter and I went to the property management company on February 25th to collect her security deposit which was now 10 days delinquent. It was at this time, we were informed that she would not be getting her damage security deposit back. It has been charged to repair items already documented on the original tenant's Rental Inspection Checklist, normal wear and tear as well as to patch, texture and prepare the unit for a full paint. The building owner was billed for the routine painting of the unit which was considered normal wear and tear. My daughter's damage security deposit was also charged for professional cleaning to clean after the maintenance personnel and painters had completed their routine work. I spoke with the owner of the professional cleaning company. She informed me that she does not get a "work order" before going in and cleaning and she does not clean after the tenant vacates the premises but is called to clean after the contractors have been working in the units as well as using the facilities for multiple days. I also spoke with the owner of the maintenance company. He informed me that he does not separate damages from normal wear and tear on the Invoices he submits to the property management company.

My daughter disputed these charges and allegations and proceeded with and won a Small Claims Court action. The Judge ruled that pursuant to the file and testimony at the hearing, my daughter proved her claim and was awarded her entire damage security deposit along with Court costs.

Had my daughter been offered a move-in inspection with the Property Manager and had there been post move-out inspections at the expiration dates, she would not have had to go through a lengthy Court proceeding to prove the claims were not caused by neglect, abuse or carelessness but were normal wear and tear and not her obligation to pay. Reasonable wear and tear are part of the monthly rent cost and should not be deducted from a damage security deposit.

North Dakota has 11 public colleges and universities with graduating students eager to get on with their careers. I was an advocate for my young daughter. Most college students do not have the time nor resources to go through a Court action so they are left to rely on the laws of the state.

It is my position if tenants are informed of a face to face inspection with the landlord, they would treat their apartment with respect and leave the unit in clean form. This in turn would provide a shortened turn-around time for the landlord to relet the apartment. If passed, SB 2331 would hold the proper tenant responsible for how they left the apartment and hold the Landlord accountable for how they found the apartment at the termination of the Lease.

In closing, I think both Landlords and Tenants would benefit from the fairness of Senate Bill 2331 and I hope you consider a "DO PASS" vote on this Bill.

Thank you for your time and attention regarding this matter.

Connie Samuelson

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

1. The lessor of real property or a dwelling who requires money as a security deposit, however denominated, shall deposit the money in a federally insured interest-bearing savings or checking account for the benefit of the tenant. The security deposit and any interest accruing on the deposit must be paid to the lessee upon termination of a lease, subject to the conditions of subsection
2. A lessor may not demand or receive security, however denominated, in an amount or value in excess of one month's rent, except:

a. A lessor may accept an amount or value up to two month's rent, as security, from an individual convicted of a felony offense as an incentive to rent the property to the individual.

b. A lessor may demand an amount or value up to two months rent, as security, from an individual who has had a judgment entered against that individual for violating the terms of a previous rental agreement.

2. A lessor may charge a lessee a pet security deposit for keeping an animal that is not a service animal or companion animal required by a tenant with a disability as a reasonable accommodation under fair housing laws. A pet security deposit may not exceed the greater of two thousand five hundred dollars or an amount equivalent to two months' rent.
3. A lessor may apply security deposit money and accrued interest upon termination of a lease towards:

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

b. Any unpaid rent.

c. The costs of cleaning or other repairs which were the responsibility of the lessee, and which are necessary to return the dwelling unit to its original state when the lessee took possession, reasonable wear and tear excepted. Application of any portion of a security deposit not paid to the lessee upon termination of the lease must be itemized by the lessor. Such itemization together with the amount due must be delivered or mailed to the lessee at the last address furnished lessor, along with a written notice within thirty days after termination of the lease and delivery of possession by the lessee. The notice must contain a statement of any amount still due the lessor or the refund due the lessee. A lessor is not required to pay interest on security deposits if the period of occupancy was less than nine months in duration. Any amounts not claimed from the lessor by the lessee within one year of the termination of the lease agreement are subject to the reporting requirements of section 47-30.2-04.

4. A lessor is liable for treble damages for any security deposit money withheld without reasonable justification.
5. Upon a transfer in ownership of the leased real property or dwelling, the security deposit and accrued interest shall be transferred to the grantee of the lessor's interest. The grantor shall not be relieved of liability under this section until transfer of the security deposit to the grantee. The holder of the lessor's interest in the real property or dwelling at the termination of a lease shall be bound by this section even though such holder was not the original lessor who received the security deposit.
6. This section applies to the state and to political subdivisions of the state that lease real property or dwellings and require money as a security deposit.

47-16-07.2. Statement detailing condition of premises to accompany rental agreement.

A landlord shall provide the tenant with a statement describing the condition of the facilities in and about the premises to be rented at the time of entering a rental agreement. The statement shall be agreed to and signed by the landlord and tenant. The statement shall constitute prima facie proof of the condition of the facilities and the premises at the beginning of the rental agreement.

23.0975.02001
Title.03000

Adopted by the Industry, Business and Labor Committee

March 22, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2331

Page 1, line 19, replace the second underscored comma with "and"

Page 1, line 20, remove ", and mail the statement to the tenant"

Page 1, line 20, after the underscored period insert "The landlord shall deliver the statement to the tenant by mail or electronic mail."

Renumber accordingly