

**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.
- 20 b. A lessor may demand an amount or value up to two months rent, as security,  
21 from an individual who has had a judgment entered against that individual for  
22 violating the terms of a previous rental agreement.
- 23 2. A lessor may charge a lessee a pet security deposit for keeping an animal that is not a  
24 service animal or ~~companion~~assistance animal required by a tenant with a disability as

1 a reasonable accommodation under fair housing laws. A pet security deposit may not  
2 exceed the greater of two thousand five hundred dollars or an amount equivalent to  
3 two months' rent.

4 3. A lessor may apply security deposit money and accrued interest upon termination of a  
5 lease towards:

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

9 b. Any unpaid rent.

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

13 4. Application of any portion of a security deposit not paid to the lessee upon termination  
14 of the lease under subsection 3 must be itemized by the lessor. ~~Such~~The  
15 ~~itemization~~itemized list together with the amount due must be delivered or mailed to  
16 the lessee at the last address furnished to the lessor, along with a written notice within  
17 thirty days ~~after termination of the lease and delivery of possession by the lessee of the~~of the  
18 move-out inspection as provided under section 2 of this Act. The itemized list sent to  
19 the lessee under this subsection must include the reasonable estimate provided to the  
20 tenant at the end of the move-out inspection under section 2 of this Act and the final  
21 amount deducted from the security deposit, plus any additional costs not covered by  
22 the deposit. The notice must contain a statement of any amount still due to the lessor  
23 or the refund due to the lessee. A lessor is not required to pay interest on security  
24 deposits if the period of occupancy was less than nine months in duration. Any  
25 amounts not claimed from the lessor by the lessee within one year of the termination  
26 of the lease agreement are subject to the reporting requirements of section  
27 47-30.2-04.

28 ~~4.5.~~ A lessor is liable for treble damages for any security deposit money withheld without  
29 reasonable justification.

30 ~~5.6.~~ Upon a transfer in ownership of the leased real property or dwelling, the security  
31 deposit and accrued interest shall be transferred to the grantee of the lessor's interest.

1           The grantor shall not be relieved of liability under this section until transfer of the  
2           security deposit to the grantee. The holder of the lessor's interest in the real property  
3           or dwelling at the termination of a lease shall be bound by this section even though  
4           such the holder was not the original lessor who received the security deposit.

5       6-7. This section applies to the state and to political subdivisions of the state that lease real  
6           property or dwellings and require money as a security deposit.

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

9           **Mandatory inspections.**

- 10       1. Before, at the time of, or shortly after a tenant accepts possession of a leased  
11           premises, the landlord and the tenant shall inspect the premises and note on a written  
12           statement all damages to the premises and a remediation plan to repair any damages,  
13           with normal wear and tear excepted. At the conclusion of the inspection, the landlord  
14           and tenant shall sign and date the statement acknowledging the inspection under this  
15           section has occurred. The landlord shall deliver the statement to the tenant within a  
16           reasonable time following the inspection.
- 17       2. The landlord and tenant shall conduct a move-out inspection after providing a notice to  
18           vacate but before the expiration date or earlier termination of the lease. Except as  
19           provided in section 47-16-07.3, the landlord may not re-enter the premises until an  
20           inspection is conducted. The landlord and tenant shall schedule the inspection at a  
21           mutually agreeable time. At the conclusion of the inspection, the landlord and tenant  
22           shall sign and date the statement acknowledging the inspection under this section has  
23           occurred. The statement must include a reasonable estimate, as agreed upon by the  
24           landlord and the tenant, of any costs to be withheld from the security deposit as  
25           provided in section 47-16-07.1, plus any additional costs not covered by the deposit.  
26           The landlord shall provide a copy of the statement at the conclusion of the inspection.
- 27       3. If the tenant fails to appear at the scheduled inspection without communicating to the  
28           landlord a reason for the absence, the landlord shall conduct the inspection and note  
29           any damages to the premises on a written statement. The landlord shall deliver the  
30           statement to the tenant by mail or electronic mail. The tenant's absence is deemed

1           acceptance of the statement created by the landlord. The tenant may designate an  
2           agent to act on behalf of the tenant for the inspections under this section.  
3        4. If the landlord fails to schedule an inspection, or refuses to communicate with the  
4           tenant, or if the landlord fails to appear at the scheduled inspection, the landlord's  
5           absence or failure is deemed acceptance of the condition of the premises and full  
6           responsibility for all damages and the security deposit and accrued interest must be  
7           returned in full to the tenant.