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Security Deposit

1) What is it?

We get a lot of questions on the legal information line about security deposits: how they are defined, who is responsible for holding them and when the tenant is entitled to their return. NRS 118A.240 defines security as “Any payment, deposit, fee or charge that is to be used for any of the following purposes is “security”

- (a) Remediating any default of tenant in the payment of rent.
- (b) Repairing damages to the premises other than normal wear caused by the tenant.
- (c) Cleaning the dwelling unit.”

2) How much can a landlord demand as a security deposit?

The landlord may not demand more than three month’s rent including the security deposit and last month’s rent. Some landlords will try and collect three months’ rent plus last month’s rent, so be aware as a property manager or landlord that you do not do so. NRS 118A.242(1)

3) Can a security deposit be nonrefundable?

No. We get this question a lot though. Landlords often want to make a pet deposit nonrefundable. They feel like they are entitled to keep certain funds no matter what, because they are allowing a pet to reside in the property. That is not the case in Nevada. With the very narrow exception of a nonrefundable cleaning charge set forth in NRS 118A.242(8), the security deposit cannot be nonrefundable. In addition, no rental agreement may contain any provision characterizing any security under this section as nonrefundable or any provision waiving or modifying a tenant’s rights under this section. Any such provision is void as contrary to public policy. With that in mind, be aware that you cannot double charge your tenant. For example, if you have a nonrefundable cleaning deposit of \$175 and the total amount to clean the place is \$200, you can keep an additional \$25 from their refundable security deposit. You are not entitled to keep an additional \$200 from the refundable deposit on top of their \$175 nonrefundable amount.

4) What happens when the tenancy is terminated?



After a tenancy is terminated the landlord may keep all or part of the security deposit. However, they may only keep “such amounts as are reasonably necessary to remedy any default of the tenant in the payment of rent to repair damages to the premises caused by the tenant other than the normal wear and to pay the reasonable costs of cleaning the premises.” NRS 118A.242(4)

The landlord has 30 days to provide the tenant with an itemized written accounting of how the security deposit was used as well as return the unused portion to the tenant.

5) *What happens if the tenant disputes the charges?*

If the tenant disputes the itemized written accounting the tenant may send a written response stating which items they are disputing. NRS 118A.242(5)

6) *What happens if the landlord fails or refuses to return the remainder of the security deposit?*

If the landlord fails or refuses to return the remainder of the deposit to the tenant within 30 days after the end of a tenancy, the landlord may be liable to the tenant for damages. Those damages can be an amount equal to the entire deposit or an amount fixed by the court of no more than the amount of the entire deposit. NRS 118A.242(6)

7) *What happens if the landlord's interest in the property is terminated?*

If the landlord's interest in the property is terminated, the landlord or his or her agent shall within a reasonable time, notify the tenant in writing of the name address and telephone number of the landlord's successor in interest. In addition, they must also notify the tenant that the landlord has transferred to his or her successor in interest the portion of the security remaining after making any deductions allowed under NRS.118A.242 or; return to the tenant the portion of the security remaining after making any deductions allowed under NRS 118A.242.

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