



Important Update on Security Deposit Requirements Under HSTPA

As your trusted advisors in New York real estate law, we are committed to keeping you informed of significant legal updates that may impact your responsibilities and rights as landlords. A recent change under the Housing Stability and Tenant Protection Act (HSTPA) affects how security deposits must be managed upon a tenant's move-out.

Key Requirements for Refunding Security Deposits:

Under HSTPA, landlords must now comply with specific procedures for handling a tenant's security deposit after they vacate a rental property:

14-Day Refund or Itemized Statement Requirement

When a tenant vacates, landlords are now legally required to either:

- Refund the entire security deposit within 14 days of the tenant's departure; OR
- Provide a detailed, itemized statement of any deductions made from the security deposit for damages, unpaid rent, or other allowable charges, along with any remaining balance of the deposit.

Consequences for Non-Compliance

If a landlord does not comply with this requirement within the 14-day period:

- The landlord forfeits the right to retain any portion of the security deposit.
- The tenant may be entitled to a full refund of the security deposit, regardless of any alleged damages or outstanding charges.
- Additionally, landlords may be held liable for damages equal to double the security deposit amount if they fail to comply with the refund or itemization requirements within the specified timeframe.

Best Practices to Ensure Compliance:

To protect your interests and remain compliant with the HSTPA:

- **Document Damages:** Conduct a thorough move-out inspection and document any damages immediately after the tenant vacates.
- **Prepare an Itemized Statement:** Create a detailed list of deductions, supported by receipts or estimates, if applicable, to justify any withholdings.
- **Timely Communication:** Ensure that the refund or itemized statement is sent to the tenant within the 14-day window. Use certified mail or another trackable method to establish a record of compliance.

Conclusion

This new HSTPA regulation underscores the importance of proper handling and documentation of security deposits. Non-compliance not only impacts your right to retain portions of the deposit but could result in penalties that require payment of up to double the original deposit amount. Our team is here to

guide you through these changes and provide support in aligning with the updated regulations.

For further assistance or to discuss how these updates may impact your leasing practices, please don't hesitate to contact us.

Contact Us

If you need any assistance, our team at James G. Dibbini & Associates, P.C. is here to help. Contact us today at (914) 240-8270 or jdibbini@dibbinilaw.com.

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