

ASSEMBLY BILL NO. 512—COMMITTEE ON COMMERCE AND LABOR

MARCH 23, 2009

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to security deposits for the rental of real property. (BDR 10-921)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to real property; providing that a tenant may give a landlord a surety bond, or a combination of a surety bond and other security, instead of a security deposit under certain circumstances; providing that upon termination of a landlord's interest in the property, the successor in interest must accept the tenant's security or surety bond; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires a landlord and a tenant to perform certain obligations with respect to a lease of real property. As part of a lease, a landlord may demand a tenant provide security for the tenant's obligations, such as: (1) payment of rent; (2) repairing damage to the premises; and (3) cleaning the dwelling. (NRS 118A.240-118A.250)

Section 2 of this bill provides that, instead of requiring a security deposit, a landlord may allow a tenant to provide the landlord with a surety bond, or a combination of a surety bond and other security, to cover the amount of security demanded by the landlord. This section also: (1) provides that a landlord is not required to accept a surety bond; (2) provides that a landlord may not require a tenant to provide a surety bond in place of security; and (3) imposes a duty on the tenant to ensure the surety bond remains in effect. (NRS 118A.242)

Section 3 of this bill requires, at the termination of the landlord's interest in the dwelling unit under certain circumstances, that the successor in interest accept the tenant's security or surety bond, or a combination thereof, and prohibits the successor in interest from demanding additional security or surety during the term of the rental agreement. (NRS 118A.244)

Section 1 of this bill amends the existing definition of security to provide that a payment made to a licensed surety to secure a surety bond is not security for the purposes of determining security given to a landlord. (NRS 188A.240)



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 118A.240 is hereby amended to read as follows:

118A.240 1. Any payment, deposit, fee or charge that is to be used for any of the following purposes is “security” and is governed by the provisions of this section and NRS 118A.242 and 118A.244:

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

2. “Security” does not include ~~any~~:

(a) Any payment, deposit or fee to secure an option to purchase the premises ~~H~~; or

(b) Any payment to a corporation qualified under the laws of this State as a surety, guarantor or obligator for a premium paid to secure a surety bond or a similar bond, guarantee or insurance coverage for purposes of securing a tenant’s obligations to a landlord as described in NRS 118A.242.

Sec. 2. NRS 118A.242 is hereby amended to read as follows:

118A.242 1. The landlord may not demand or receive security ~~H~~ or a surety bond, or a combination thereof, including the last month’s rent, whose total amount or value exceeds 3 months’ periodic rent.

2. *In lieu of paying all or part of the security required by the landlord, a tenant may, if the landlord consents, purchase a surety bond to secure the tenant’s obligation to the landlord under the rental agreement to:*

- (a) *Remedy any default of the tenant in the payment of rent.*
- (b) *Repair damages to the premises other than normal wear and tear.*
- (c) *Clean the dwelling unit.*

3. *The landlord:*

(a) *Is not required to accept a surety bond purchased by the tenant in lieu of paying all or part of the security; and*

(b) *May not require a tenant to purchase a security bond in lieu of paying all or part of the security.*

4. *If a landlord accepts a surety bond in lieu of all or part of the security, the tenant shall maintain the surety and ensure the surety remains in full force, unless the tenant has been relieved of the requirement to maintain the surety.*



5. Upon termination of the tenancy by either party for any reason, the landlord may claim of the security **or surety bond, or a combination thereof**, only 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 normal wear and to pay the reasonable costs of cleaning the premises. The landlord shall provide the tenant with an itemized written accounting of the disposition of the security **or surety bond, or a combination thereof**, and return any remaining portion of the security to the tenant no later than 30 days after the termination of the tenancy by handing it to him personally at the place where the rent is paid, or by mailing it to him at his present address ~~§~~ or , if that address is unknown, at the tenant's last known address.

~~§~~ 6. If the landlord fails or refuses to return the remainder of a security deposit within 30 days after the end of a tenancy, he is liable to the tenant for damages:

(a) In an amount equal to the entire deposit; and

(b) For a sum to be fixed by the court of not more than the amount of the entire deposit.

~~§~~ 7. In determining the sum, if any, to be awarded under paragraph (b) of subsection ~~§~~ 6, the court shall consider:

(a) Whether the landlord acted in good faith;

(b) The course of conduct between the landlord and the tenant; and

(c) The degree of harm to the tenant caused by the landlord's conduct.

~~§~~ 8. Except for an agreement which provides for a nonrefundable charge for cleaning, in a reasonable amount, 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.

~~§~~ 9. The claim of a tenant to security to which he is entitled under this chapter takes precedence over the claim of any creditor of the landlord.

Sec. 3. NRS 118A.244 is hereby amended to read as follows:

118A.244 1. Upon termination of the landlord's interest in the dwelling unit, whether by sale, assignment, death, appointment of receiver or otherwise, the landlord or his agent shall, within a reasonable time, do one of the following, which relieves him of further liability with respect to the security **§ or surety bond, or a combination thereof**:

(a) Notify the tenant in writing of the name, address and telephone number of his successor in interest, and that he has transferred to his successor in interest ~~the portion of the~~ **any**



1 security remaining after making any deductions allowed under NRS
2 118A.242 ***and any documentation relating to any surety bond of***
3 ***the tenant.***

4 (b) Return to the tenant the portion of the security remaining
5 after making any deductions allowed under NRS 118A.242.

6 ➡ The successor has the rights, obligations and liabilities of the
7 former landlord as to any securities which are owed under this
8 section or NRS 118A.242 at the time of transfer.

9 2. The landlord shall, before he records a deed transferring any
10 dwelling unit:

11 (a) Transfer to his successor, in writing, the portion of any
12 tenant's security deposit or other money held by him which remains
13 after making any deductions allowed under NRS 118A.242; or

14 (b) Notify his successor in writing that he has returned all such
15 deposits or portions thereof to the tenant.

16 ***3. Upon the termination of a landlord's interest in the***
17 ***dwelling unit, whether by sale, assignment, death, appointment of***
18 ***receiver or otherwise, the successor in interest:***

19 ***(a) Shall accept the tenant's security or surety bond, or a***
20 ***combination thereof; and***

21 ***(b) Shall not require any additional security or surety bond, or***
22 ***a combination thereof, from the tenant during the term of the***
23 ***rental agreement.***

24 **Sec. 4.** NRS 118A.250 is hereby amended to read as follows:

25 118A.250 The landlord shall deliver to the tenant upon his
26 request a signed written receipt for ***the security or surety bond, or a***
27 ***combination thereof,*** and any other payments, deposits or fees,
28 including rent, paid by the tenant and received by the landlord. The
29 tenant may refuse to make rent payments until the landlord tenders
30 the requested receipt.

