Allowable Deductions vs Normal Wear and Tear

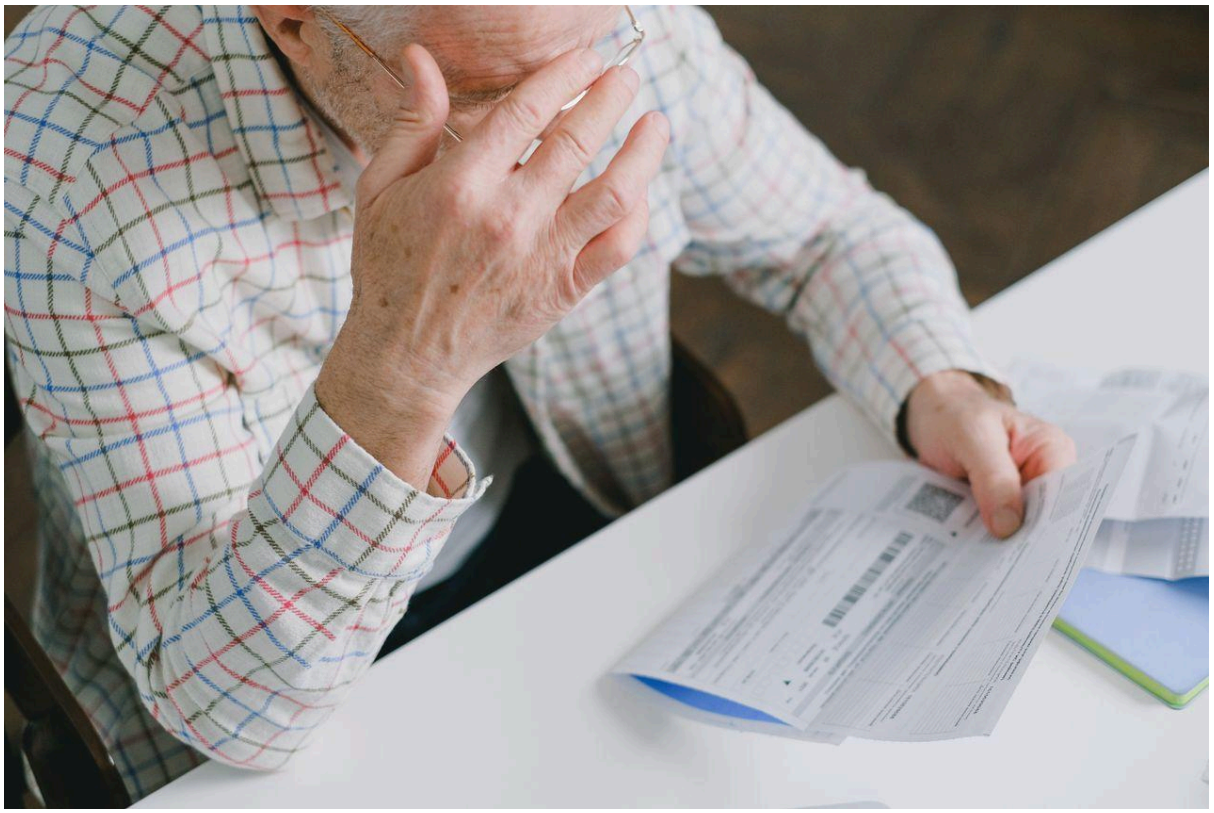


Image Alt Text: Stressed tenant looking at bill

As a landlord, you may find it difficult to determine how much of a renter's security deposit to deduct. It would be unfair to charge too much; however, you should not have to absorb the renter's costs.

Understanding the difference between normal wear and tear and actual damage is important for making a fair deduction and an informed decision. Fortunately, this article will cover what you need to know, from understanding normal wear and tear to navigating disagreements regarding deductions.

Distinction between Tenant-Caused Damage vs Normal Wear and Tear

Understanding how to determine whether a property is damaged by ordinary wear and tear or by negligence will help avoid issues with the deposit when moving out of a rental unit.

Here’s the definition and difference:

Normal Wear and Tear

Normal wear and tear is the gradual loss of quality you would expect based on use. Consider faded paint, worn-out door hardware, minor carpet shrinkage, or small scratches on walls. In most cases, this will occur even if the tenant is responsible. As a result, you cannot recover any money from the tenant for the common wear and tear associated with standard usage.

Tenant-Caused Damage

Damage caused by the tenant, however, results from neglect or misuse of the property. For example, large holes in walls, pet stains, dangerous hoarding, damaged appliances due to careless handling, or missing fixture(s). There is no way to explain away that type of damage.

That being said, because it is avoidable, you can subtract the cost of repairs from the amount available under the security deposit. However, you must first establish the original condition of the property before making such deductions.

The Difference

The distinction lies solely in responsibility. A small scratch on a floor near an entrance is normal wear and tear; however, a deep gouge resulting from moving heavy furniture across the floor is damage. Faded curtains are normal; however, missing blinds are damaged.

One small hole drilled into a wall using a finishing nail is normal; however, multiple large screw anchor holes are not. The landlord pays for normal usage (everyday wear and tear) while the tenant pays for their own carelessness.

Repair Costs vs Replacement Costs



Image Alt Text: Skilled craftsman restoring a broken chair

When there is an incident, the decision to either repair or replace the damaged object will determine the amount of deposit that can reasonably be deducted. Here are the accurate definitions to help make this decision better:

Repair Costs

Repair costs will apply if an item can be repaired rather than replaced. For example, a small burn on a kitchen counter could be sanded down and then resealed. This is one way you can reduce costly rental property repairs caused by neglected maintenance.

A customer should only pay the repair cost. It is unreasonable and would most likely result in a dispute to ask for the total cost of installing a completely new kitchen counter.

Replacement Costs

Consider replacement when an item is so damaged that it cannot be repaired. However, do not claim the entire retail price of a brand-new item. Claim only the depreciation for the remaining useful life of the item. For example, if a piece of carpet is destroyed after 5 years of use but was only used for 3 years, you can claim the cost of use for the remaining 2 years.

How Should Property Managers Navigate Disagreements in Deductions?

Disputes over renter deposits frequently arise; however, they do not have to lead to legal action. The majority of deposit-related disputes can be resolved quickly and equitably by each party maintaining knowledge of applicable regulations and keeping accurate documentation of all parties' actions.

Landlords:

- **Record of every interaction:** Document the property prior to the start of the tenancy using photographs or video evidence. In many instances, photographic evidence will allow disputes to be resolved without the necessity of further litigation.
- **Create an inventory list:** Document the property and its contents at the commencement of the tenancy. Conduct a walk-through with the new tenant and have them document the property's condition at that time. This way, any future claims regarding the deposit may be reviewed based upon documented evidence.
- **Provide itemized deductions on time:** Many jurisdictions require written notification to tenants regarding deductions from their security deposit within a specified timeframe (e.g., 30 days). Failure to provide such notification could result in loss of the entire deposit.
- **Charge fairly:** Do not make unreasonable deductions for damages or normal wear-and-tear. If you can demonstrate that your deductions are legitimate, it is less likely that the tenant will challenge your claim.
- **Understand local laws:** Certain jurisdictions restrict deductions from security deposits and require receipted documentation for all charges. Familiarity with applicable regulations provides protection should you need to defend yourself against a tenant who initiates civil litigation.

Tenants:

- **Photograph/Video Recordings:** Document the initial condition of the rental unit as well as the final condition at the termination of the lease. Evidence supporting your position can greatly enhance your chances of having valid claims accepted by a judge or arbitrator.
- **Notify your landlord of problems immediately:** Even minor issues, if left unaddressed, can lead to major damage. Promptly notifying your landlord of any issue demonstrates your responsibility and reduces potential liability.
- **Request Receipts for All Charges:** If your landlord intends to withhold a portion of your security deposit for repairs, demand receipts to substantiate the actual cost incurred. No one can be held accountable for unauthorized or uncompleted work.
- **Review your lease and local law:** Understand what constitutes normal wear-and-tear under applicable law. Certain jurisdictions place limits on allowable deductions from security deposits and establish strict guidelines for timely compliance.
- **Maintain Calm Communication via Writing:** Should you receive a notice disputing an aspect of your security deposit, maintain a calm demeanor and respond clearly

and factually. A written response creates a permanent paper trail which supports your case.

In the end, most issues regarding deposits come down to communication and proof. If both of you can stay organized and factual, you can avoid court battles and part ways fairly. Working with a property manager in Baltimore can help landlords document property conditions and apply consistent inspection procedures.

Conclusion

Documenting each unit properly, understanding the cost to replace or repair items, being fair with tenants, and keeping communication open can help prevent disputes when a tenant is moving out.

If all parties are honest and educated about their rights and responsibilities, you can protect your rental property's equity without losing a tenant. Consistently using this information as a guide will also help eliminate costly mistakes and reduce personal stress.