

Ask Dr. Cash Flow

“I Changed My Mind – Can I Have My Deposit Back?”

By Nick Sidoti, R.A.M.

- Q. I recently had someone apply to rent one of my apartments. The prospective tenant left a deposit of \$100 with the completed application. After checking all the references the tenant listed on the application, I called the tenant and told him he was accepted. We agreed to meet in three days to sign the rental agreement and turn over the keys when the balance of the security deposit and the rent was paid. When the date to meet came, the new tenant called and said he had found another apartment and requested that I refund his \$100 deposit. Do I have to return it? I took the property off the market, discontinued my classified ad and took down the FOR RENT sign.
- A. You may be able to keep some or all of the hold deposit since the tenant changed his mind after you informed him he was accepted. You may be able to keep some or all of the deposit as “liquidated damages” which include the following:
- The cost of readvertising the unit until you find a replacement tenant
 - The amount of daily rent from the time that the tenant agreed to move in until it is rented
 - Any other costs or fees you incur.

Be sure to keep records of your costs and send the tenant a copy of all receipts and the itemized cost of rent on a daily basis in invoice form deducting them from the \$100 deposit.

PLEASE NOTE: This information is based on my knowledge and experience as a property manager and by no means should be interpreted as legal advice as I do not practice law. In addition, the laws regarding this issue many vary from one state to another.

To avoid misunderstandings in the future, you should have a written policy regarding hold deposits. *[Editor’s Note: AOA form #100B, Deposit Receipt and Offer to Rent, specifically lists exact deductions that may be taken should a tenant change his mind after agreeing to rent. If you make it a practice of taking holding deposits, it is highly recommended that you and your new tenant agree to all terms in writing by using this form.]*

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