

# SENATE BILL No. 8

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 32-7-5.

**Synopsis:** Security deposits and landlord attorney's fees. Extends the period for a landlord to comply with requirements regarding the return of security deposits and itemization of damages from 45 days to 60 days. Requires a tenant to notify a landlord of the tenant's new address by certified mail. Allows a landlord to recover reasonable attorney's fees, court costs, reasonable collection costs, and other damages associated with lawfully withholding security deposits and with recovering money owed to the landlord by a tenant because of accrued rent, damages sustained by the landlord because of the tenant's noncompliance with the law or rental agreement, and unpaid utility or sewer charges.

**Effective:** July 1, 1998.

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November 18, 1998, read first time and referred to Committee on Commerce and Consumer Affairs.

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Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

## SENATE BILL No. 8

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A BILL FOR AN ACT to amend the Indiana Code concerning property.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 32-7-5-12, AS AMENDED BY P.L.274-1995,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 1998]: Sec. 12. (a) Upon termination of a rental agreement, all  
4 of the security deposit held by the landlord shall be returned to the tenant,  
5 except for any amount applied to:  
6 (1) the payment of accrued rent;  
7 (2) the amount of damages that the landlord has or will reasonably  
8 suffer by reason of the tenant's noncompliance with law or the rental  
9 agreement; and  
10 (3) unpaid utility or sewer charges that the tenant is obligated to pay  
11 under the rental agreement;  
12 all as itemized by the landlord in a written notice delivered to the tenant  
13 together with the amount due within ~~forty-five (45)~~ **sixty (60)** days after  
14 termination of the rental agreement and delivery of possession. The  
15 landlord is not liable under this chapter until supplied by the tenant in  
16 writing, **delivered by certified mail**, with a mailing address to which to  
17 deliver the notice and amount prescribed by this subsection. Unless

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1 otherwise agreed, the tenant is not entitled to apply a security deposit to  
2 rent.

3 (b) If the landlord fails to comply with subsection (a), the tenant may  
4 recover all of the security deposit due the tenant and reasonable attorney's  
5 fees.

6 **(c) The landlord may recover from the tenant reasonable**  
7 **attorney's fees, court costs, reasonable collection costs, and other**  
8 **damages associated with:**

9 **(1) accrued rent;**

10 **(2) damages that the landlord has or will reasonably suffer by**  
11 **reason of the tenant's noncompliance with law or the rental**  
12 **agreement; and**

13 **(3) unpaid utility or sewer charges that the tenant is obligated**  
14 **to pay under the rental agreement.**

15 ~~(c)~~ (d) This section does not preclude the landlord or tenant from  
16 recovering other damages to which either is entitled.

17 ~~(d)~~ (e) The owner of the dwelling unit at the time of the termination of  
18 the rental agreement is bound by this section.

19 SECTION 2. IC 32-7-5-13 IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 13. (a) A security  
21 deposit may be used only for the following purposes:

22 (1) To reimburse the landlord for actual damages to the rental unit  
23 or any ancillary facility that are not the result of ordinary wear and  
24 tear expected in the normal course of habitation of a dwelling.

25 (2) To pay the landlord for all rent in arrearage under the rental  
26 agreement, and rent due for premature termination of the rental  
27 agreement by the tenant.

28 (3) To pay for the last payment period of a residential rental  
29 agreement where there is a written agreement between the landlord  
30 and the tenant that stipulates the security deposit will serve as the  
31 last payment of rent due.

32 (4) To reimburse the landlord for utility or sewer charges paid by  
33 the landlord that:

34 (A) are the obligation of the tenant under the rental agreement;  
35 and

36 (B) are unpaid by the tenant.

37 **(b) The landlord may recover from the tenant reasonable**  
38 **attorney's fees, court costs, and other damages associated with**  
39 **lawfully using a security deposit for the purposes set forth in**  
40 **subsection (a).**

41 SECTION 3. IC 32-7-5-14 IS AMENDED TO READ AS  
42 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 14. In case of damage to



1 the rental unit or other obligation against the security deposit, the landlord  
2 shall mail to the tenant, within ~~forty-five (45)~~ **sixty (60)** days after the  
3 termination of occupancy, an itemized list of damages claimed for which  
4 the security deposit may be used as provided in section 13 of this chapter,  
5 including the estimated cost of repair for each damaged item and the  
6 amounts and lease on which the landlord intends to assess the tenant. The  
7 list must be accompanied by a check or money order for the difference  
8 between the damages claimed and the amount of the security deposit held  
9 by the landlord.

10 SECTION 4. IC 32-7-5-15 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 15. Failure by the  
12 landlord to comply with the notice of damages requirement within the  
13 ~~forty-five (45)~~ **sixty (60)** days after the termination of occupancy  
14 constitutes agreement by the landlord that no damages are due, and the  
15 landlord must remit to the tenant immediately the full security deposit.

16 SECTION 5. IC 32-7-5-16 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 16. A landlord who fails  
18 to provide a written statement within ~~forty-five (45)~~ **sixty (60)** days of  
19 termination of the tenancy or the return of the appropriate security deposit  
20 is liable to the tenant in an amount equal to the part of the deposit  
21 withheld by the landlord, plus reasonable attorney's fees and court costs.

