

# FACT SHEET



George E. Pataki, Governor  
Joseph H. Holland, Commissioner

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DIVISION OF HOUSING AND COMMUNITY RENEWAL  
OFFICE OF RENT ADMINISTRATION

## #9 Security Deposit

A security deposit is money that a tenant deposits with the owner of the apartment for the repair of any damages to the apartment for which tenant is responsible.

The amount of a security deposit for a rent regulated apartment is usually limited by law to one month's rent. However, if two months' security deposit was collected from a tenant by the owner when the apartment first came under rent stabilization, and the same tenant is still occupying the apartment, that tenant remains bound by the two months' requirement. The next tenant cannot be required to deposit more than one month's rent as security.

When a lease is renewed at a higher rental amount, or the rent is increased during the term of the lease, the owner can collect additional money from the tenant to bring the security deposit up to the new monthly rent. Even though a tenant may be exempt from paying a lease increase because of his or her *Senior Citizen Rent Increase Exemption* (SCRIE), (See Fact Sheet #21, *Special Rights of Senior Citizens*), the tenant must still pay the increased security.

The security deposit must be kept by the owner in an interest-bearing account in a New York State bank. The owner must notify the tenant of the name and address of the bank and credit the tenant the full annual interest, less 1% of the security deposit per year for the owner's administrative costs. The tenant can choose whether the interest is to be subtracted from the rent, held in trust until the end of the tenancy, or paid in a lump sum at the end of each year.

A security deposit should not be used as a final month's rent. At the end of the lease, if the tenant honored the terms and conditions of the lease and left the apartment in the same condition as it was when rented, except for normal wear, the owner must return the full security deposit. If damage was done, the owner may apply part or all of the security deposit to the cost of repair.

If the tenant disagrees with the owner over the security deposit or interest, and if the problem is building-wide, the tenant may contact the Consumer Frauds and Protection Bureau of the New York State Attorney General's Office. Where the problem is not building-wide, the tenant may begin a proceeding in small claims court. The tenant can file a *"Tenant's Complaint of Rent Overcharges and/or Excess Security Deposit"* (DHCR Form RA-89) if the owner demands and the tenant pays more than one month's security.

*For more information or assistance, call the DHCR Rent InfoLine, or visit your Borough or County Rent Office.*

**Central**  
92-31 Union Hall Street  
4th Floor  
Jamaica, NY 11433  
(718) 739-6400

**Brooklyn**  
250 Schermerhorn Street  
3rd Floor  
Brooklyn, NY 11201

**Upper Manhattan**  
163 W. 125th Street  
5th Floor  
New York, NY 10027  
North side of 110th St. and above

**Nassau County**  
50 Clinton Street  
6th Floor  
Hempstead, NY 11550

**Westchester County**  
55 Church Street  
White Plains, NY 10601

**Lower Manhattan**  
156 William Street  
9th Floor  
New York, NY 10038  
South side of 110th St. and below

**Bronx**  
1 Fordham Plaza  
2nd Floor  
Bronx, NY 10458

**Staten Island**  
60 Bay Street  
7th Floor  
Staten Island, NY 10301

**Rockland County**  
94-96 North Main Street  
Spring Valley, NY 10977