

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 25-0192.01 Richard Sweetman x4333

HOUSE BILL 25-1249

HOUSE SPONSORSHIP

Ricks,

SENATE SPONSORSHIP

(None),

House Committees
Business Affairs & Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING SECURITY DEPOSITS SUBMITTED TO LANDLORDS BY
102 RESIDENTIAL TENANTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill amends and makes additions to existing law concerning security deposits that tenants submit to landlords and the conditions under which a landlord may retain all or part of a security deposit.

For the purposes of security deposits, the bill expands the definition of "normal wear and tear" and narrows the definition of "tenant".

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

Under current law, a landlord may not require a tenant to submit a security deposit in an amount that exceeds the amount of 2 monthly rent payments. The bill changes this maximum to one monthly rent payment.

The bill requires a landlord to permit a tenant to pay a security deposit in multiple installments of substantially equal amounts with installments due no more frequently than once a month over a period of at least 6 months. If a tenant fails to pay an installment, the landlord may seek compensation through a civil action. But a landlord may not terminate the tenancy or initiate an eviction action, and a court may not enter a judgment for possession, based on a tenant's failure to pay an installment.

A landlord that wrongfully demands and retains a security deposit in an excessive amount must return the excess amount to the tenant within 7 days after receiving a written demand from the tenant. A landlord that fails to timely return the excess money is liable for 3 times the excess amount.

A landlord that refuses to allow a tenant to pay a security deposit in installments violates the "Rental Application Fairness Act", and the tenant harmed by the violation may recover damages as provided in existing law.

Under current law, a landlord may not retain a security deposit to cover normal wear and tear and, if actual cause exists for retaining any portion of a security deposit, the landlord must provide the tenant:

- A written statement listing the exact reasons for the retention (written statement); and
- The difference between any sum deposited and the amount retained.

The bill states that a landlord may not retain a security deposit to cover any damage or defective condition that preexisted the tenancy and that when the landlord delivers the written statement, the landlord must also deliver any relevant documentation in the landlord's possession or control.

The bill requires a landlord, upon a tenant's request, to provide the tenant a walk-through inspection of the dwelling unit to identify in writing any damage or defective conditions that are beyond normal wear and tear and that did not preexist the tenancy. If a walk-through inspection of the dwelling unit occurs, the landlord may not retain any amount from the security deposit for damage or defective conditions that are not documented during the walk-through inspection.

A landlord wrongfully withholds a security deposit or any portion of it if the landlord:

- Fails to timely provide the written statement and all relevant documentation;
- Provides a written statement that fails to list the exact reasons for retaining any portion of the security deposit;

- Fails to timely return the difference between any sum deposited and the amount retained; or
- Retains a security deposit or any portion of it in bad faith.

A landlord retains a security deposit or any portion of it in bad faith if the amount retained:

- Unreasonably exceeds the amount of actual damages;
- Is retained without actual cause;
- Is an amount the landlord knew or should have known exceeded the actual damages; or
- Is retained solely or in part for an unlawful, retaliatory, or discriminatory purpose.

A landlord retains an unreasonable amount if the amount retained is 125% or greater than the actual damages.

In any court action brought by a tenant under the provisions of the bill, the landlord bears the burden of proving the amount of actual damages the landlord incurred.

Under current law, upon cessation of a landlord's interest in a dwelling unit, the person in possession of a tenant's security deposit must either transfer the security deposit to the landlord's successor in interest or return the security deposit to the tenant within a reasonable time. The bill states that this must be done within 60 days after cessation of the landlord's interest in the dwelling unit.

If a landlord's payment refunding a tenant's security deposit or any portion of it is returned to the landlord, the landlord must hold the payment for at least one year after receiving it and must disburse the payment to the tenant within 3 business days upon the tenant's request.

A landlord does not have actual cause to retain any amount from a security deposit for the replacement of carpet or painting unless there is substantial and irreparable damage that exceeds normal wear and tear and did not preexist the tenancy. If a landlord has actual cause, the landlord may retain only the minimum amount necessary to replace the carpet or to repaint in the area that is damaged. A landlord may not deem carpet substantially and irreparably damaged if it has not been replaced with new carpet within the 5 years preceding the termination of the lease or surrender of the premises.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 38-12-102, **amend**
 3 (4) and (7); and **add** (4.5) and (6.5) as follows:

4 **38-12-102. Definitions.** As used in this part 1, unless the context
 5 otherwise requires:

1 (4) "Normal wear and tear" means deterioration, DAMAGE, OR
2 UNCLEANLINESS that occurs, based upon the use for which a rental unit or
3 mobile home space, as defined in section 38-12-201.5 (6.5), is intended
4 OR REASONABLY AND TYPICALLY USED, without negligence, carelessness,
5 accident, or abuse of the premises or equipment or ~~chattels~~ PRIVATE
6 PROPERTY by the tenant or home owner or members of the tenant's or
7 home owner's household or their invitees or guests.

8 (4.5) "RENT" MEANS ANY MONEY OR OTHER CONSIDERATION TO BE
9 PAID TO A LANDLORD FOR THE RIGHT OF A TENANT OR A HOME OWNER TO
10 USE, POSSESS, AND OCCUPY A PREMISES, WHICH MONEY OR OTHER
11 CONSIDERATION IS IN AN AMOUNT THAT IS DETERMINED PURSUANT TO A
12 RENTAL AGREEMENT BETWEEN THE LANDLORD AND THE TENANT OR HOME
13 OWNER.

14 (6.5) "SURRENDER OF THE PREMISES" MEANS ACTUAL OR
15 CONSTRUCTIVE NOTICE TO A LANDLORD THAT A TENANT HAS VACATED A
16 DWELLING UNIT OR OTHERWISE RELINQUISHED POSSESSION OF A DWELLING
17 UNIT.

18 (7) "Tenant" has the meaning set forth in ~~section 38-12-502 (9)~~
19 SECTION 38-12-502 (9)(a).

20 **SECTION 2.** In Colorado Revised Statutes, **amend** 38-12-102.5
21 as follows:

22 **38-12-102.5. Security deposits - maximum amount - payment**
23 **in installments - violations and remedies - written receipts -**
24 **definition.** (1) On and after ~~August 7, 2023~~ THE EFFECTIVE DATE OF THIS
25 SECTION, AS AMENDED, a landlord shall not require a tenant to submit a
26 security deposit in an amount that exceeds the amount of ~~two~~ ONE
27 monthly rent ~~payments~~ PAYMENT under the rental agreement. FOR A

1 TENANT WHOSE RENT IS SUBSIDIZED BY A RENT SUBSIDY PROVIDER, "ONE
2 MONTHLY RENT PAYMENT" MEANS THE PORTION OF RENT THAT THE
3 TENANT PAYS FOR ONE MONTH PURSUANT TO THE TENANT'S
4 PARTICIPATION IN A RENT SUBSIDY PROGRAM.

5 (2) (a) FOR RENTAL AGREEMENTS EXECUTED OR RENEWED ON OR
6 AFTER THE EFFECTIVE DATE OF THIS SECTION, AS AMENDED, UPON A
7 TENANT'S OR PROSPECTIVE TENANT'S REQUEST, A LANDLORD SHALL
8 PERMIT THE TENANT OR PROSPECTIVE TENANT TO PAY A SECURITY DEPOSIT
9 IN MULTIPLE INSTALLMENTS OF SUBSTANTIALLY EQUAL AMOUNTS WITH
10 INSTALLMENTS DUE NO MORE FREQUENTLY THAN ONCE A MONTH OVER A
11 PERIOD OF AT LEAST SIX MONTHS, BEGINNING ON THE DAY THE TENANT
12 OBTAINS POSSESSION OF THE DWELLING UNIT.

13 (b) IF A TENANT FAILS TO PAY AN INSTALLMENT OF THE TENANT'S
14 SECURITY DEPOSIT, THE LANDLORD MAY SEEK COMPENSATION THROUGH
15 A CIVIL ACTION FOR MONETARY DAMAGES. A LANDLORD SHALL NOT
16 TERMINATE THE TENANCY OR INITIATE AN EVICTION ACTION, SOLELY OR
17 IN PART, BASED ON A TENANT'S FAILURE TO PAY AN INSTALLMENT
18 PURSUANT TO THIS SUBSECTION (2), AND A COURT SHALL NOT ENTER A
19 JUDGMENT FOR POSSESSION PURSUANT TO ARTICLE 40 OF TITLE 13, SOLELY
20 OR IN PART, BASED ON A TENANT'S FAILURE TO PAY AN INSTALLMENT
21 PURSUANT TO THIS SUBSECTION (2).

22 (3) (a) A LANDLORD THAT VIOLATES SUBSECTION (1) OF THIS
23 SECTION SHALL RETURN TO THE TENANT ANY AMOUNT OF MONEY
24 RECEIVED THAT EXCEEDS THE MAXIMUM AMOUNT PERMITTED PURSUANT
25 TO SUBSECTION (1) OF THIS SECTION WITHIN SEVEN DAYS AFTER
26 RECEIVING A WRITTEN DEMAND FROM THE TENANT REQUESTING THE
27 RETURN OF THE EXCESS MONEY. A LANDLORD THAT FAILS TO TIMELY

1 RETURN THE EXCESS MONEY IS LIABLE FOR TREBLE THE AMOUNT OF THAT
2 PORTION OF THE SECURITY DEPOSIT THAT EXCEEDS THE MAXIMUM
3 AMOUNT PERMITTED UNDER THIS SECTION AND THAT IS NOT TIMELY
4 RETURNED TO THE TENANT.

5 (b) A LANDLORD THAT VIOLATES SUBSECTION (2)(a) OF THIS
6 SECTION IS DEEMED TO HAVE VIOLATED THE "RENTAL APPLICATION
7 FAIRNESS ACT", PART 9 OF THIS ARTICLE 12, AND THE TENANT OR
8 PROSPECTIVE TENANT WHO WAS DENIED THE OPPORTUNITY TO PAY A
9 SECURITY DEPOSIT IN INSTALLMENTS MAY RECOVER AS PROVIDED BY
10 SECTION 38-12-905.

11 (4) IN ANY CIVIL ACTION BROUGHT BY A TENANT UNDER THIS
12 SECTION:

13 (a) A COURT SHALL AWARD TO A PREVAILING TENANT
14 REASONABLE ATTORNEY FEES AND COURT COSTS IN ADDITION TO ANY
15 DAMAGES DESCRIBED IN THIS SECTION; AND

16 (b) THE LANDLORD BEARS THE BURDEN OF PROVING THAT THE
17 LANDLORD COMPLIED WITH THE REQUIREMENTS OF THIS SECTION THAT
18 THE TENANT ALLEGES WERE VIOLATED.

19 (5) WITHIN THREE BUSINESS DAYS AFTER RECEIVING A SECURITY
20 DEPOSIT FROM A TENANT, A LANDLORD SHALL PROVIDE THE TENANT A
21 WRITTEN RECEIPT REFLECTING THE AMOUNT RECEIVED, THE DATE ON
22 WHICH THE MONEY WAS PAID, THE NAMES OF THE TENANT AND LANDLORD,
23 AND THE ADDRESS OF THE DWELLING UNIT.

24 **SECTION 3.** In Colorado Revised Statutes, 38-12-103, **amend**
25 (1), (2), (3), (4) introductory portion, and (7); and **add** (1.5), (2.5), (3.5),
26 (8), (9), (10), and (11) as follows:

27 **38-12-103. Return of security deposit.** (1) (a) A landlord shall,

1 within ~~one month~~ THIRTY DAYS after the termination of a lease or
2 surrender ~~and acceptance of the~~ OF A premises, whichever occurs last,
3 return to the tenant the full security deposit deposited with the landlord
4 by the tenant, unless the lease agreement specifies a longer period of time,
5 but not to exceed sixty days. ~~No~~ A security deposit shall NOT be retained
6 to cover normal wear and tear OR FOR ANY DAMAGE OR DEFECTIVE
7 CONDITION THAT PREEXISTED THE TENANCY. In the event that actual cause
8 exists for retaining any portion of the security deposit, the landlord shall
9 provide the tenant with a written statement listing the exact reasons for
10 the retention of any portion of the security deposit. When the LANDLORD
11 DELIVERS THE statement, ~~is delivered, it~~ THE LANDLORD shall ~~be~~
12 ~~accompanied by payment of~~ ALSO DELIVER the difference between any
13 sum deposited and the amount retained, ~~The~~ ALONG WITH ANY RELEVANT
14 DOCUMENTATION REQUIRED BY SUBSECTION (8) OF THIS SECTION. A
15 landlord is deemed to have complied with this ~~section~~ REQUIREMENT by
16 ~~mailing said~~ SENDING THE statement, ~~and~~ any REQUIRED payment, AND
17 ANY required DOCUMENTATION to the last-known address of the tenant
18 AND TO ANY EMAIL ADDRESS FOR THE TENANT THAT THE LANDLORD HAS
19 ACTUAL NOTICE OF OR BY SENDING ANY REQUIRED PAYMENT TO THE
20 TENANT IN ACCORDANCE WITH SUBSECTION (10) OF THIS SECTION.

21 (b) ~~Nothing in this section shall preclude the landlord from~~
22 ~~retaining~~ EXCEPT AS PROVIDED IN SUBSECTION (3.5)(a)(IV) OF THIS
23 SECTION, A LANDLORD HAS ACTUAL CAUSE TO RETAIN REASONABLE
24 AMOUNTS FROM the security deposit ONLY for:

- 25 (I) Nonpayment of rent; ~~abandonment of the premises, or~~
26 (II) Nonpayment of utility charges; ~~repair work, or cleaning~~
27 ~~contracted for by the tenant.~~

1 (III) NONPAYMENT OF OTHER LAWFUL CHARGES LISTED IN THE
2 LEASE; OR

3 (IV) NECESSARY REPAIR WORK FOR DAMAGE OR DEFECTIVE
4 CONDITIONS THAT EXCEED NORMAL WEAR AND TEAR AND DID NOT
5 PREEXIST THE TENANCY.

6 (1.5)(a) UPON A TENANT'S REQUEST, A LANDLORD SHALL PROVIDE
7 THE TENANT A WALK-THROUGH INSPECTION OF THE DWELLING UNIT WITH
8 THE LANDLORD OR AN AGENT OF THE LANDLORD TO IDENTIFY IN WRITING
9 ANY DAMAGE OR DEFECTIVE CONDITIONS THAT ARE BEYOND NORMAL
10 WEAR AND TEAR AND THAT DID NOT PREEXIST THE TENANCY. THE
11 LANDLORD SHALL PROVIDE A WALK-THROUGH INSPECTION AT A TENANT'S
12 REQUEST BEFORE THE TERMINATION OF THE LEASE OR THE SURRENDER OF
13 THE PREMISES OR WITHIN TEN BUSINESS DAYS AFTER THE TERMINATION OF
14 THE LEASE OR THE TENANT'S SURRENDER OF THE PREMISES.

15 (b) IF A WALK-THROUGH INSPECTION OF THE DWELLING UNIT
16 OCCURS AS DESCRIBED IN SUBSECTION (1.5)(a) OF THIS SECTION, THE
17 LANDLORD SHALL NOT RETAIN ANY AMOUNT FROM THE SECURITY DEPOSIT
18 FOR DAMAGE OR DEFECTIVE CONDITIONS THAT ARE NOT DOCUMENTED
19 DURING THE WALK-THROUGH INSPECTION OF THE DWELLING UNIT.

20 (2) ~~The failure of~~ IF a landlord FAILS to ~~provide a written~~
21 ~~statement within the required time specified in subsection (1) of~~ COMPLY
22 WITH THE REQUIREMENTS OF this section ~~shall work a forfeiture of all his~~
23 OR OTHERWISE WRONGFULLY WITHHOLDS A SECURITY DEPOSIT OR ANY
24 PORTION OF A SECURITY DEPOSIT, THE LANDLORD FORFEITS THE
25 LANDLORD'S rights to withhold any portion of the security deposit under
26 this section.

27 (2.5) A LANDLORD IS DEEMED TO HAVE WRONGFULLY WITHHELD

1 A SECURITY DEPOSIT OR ANY PORTION OF IT IN VIOLATION OF THIS SECTION
2 IF THE LANDLORD:

3 (a) FAILS TO TIMELY PROVIDE THE WRITTEN STATEMENT REQUIRED
4 BY SUBSECTION (1) OF THIS SECTION AND ALL RELEVANT DOCUMENTATION
5 REQUIRED BY SUBSECTION (8) OF THIS SECTION;

6 (b) PROVIDES A WRITTEN STATEMENT THAT FAILS TO LIST THE
7 EXACT REASONS FOR THE RETENTION OF ANY PORTION OF THE SECURITY
8 DEPOSIT;

9 (c) FAILS TO RETURN THE DIFFERENCE BETWEEN ANY SUM
10 DEPOSITED AND THE AMOUNT RETAINED WITHIN THE TIME SPECIFIED IN
11 SUBSECTION (1) OF THIS SECTION; OR

12 (d) RETAINS A SECURITY DEPOSIT OR ANY PORTION OF IT IN BAD
13 FAITH AS DESCRIBED IN SUBSECTION (3.5) OF THIS SECTION.

14 (3) (a) The ~~willful~~ WRONGFUL retention of a security deposit in
15 violation of this section ~~shall render~~ RENDERS a landlord liable for treble
16 the amount of that portion of the security deposit wrongfully withheld
17 from the tenant, together with reasonable attorney fees and court costs;
18 except that the tenant ~~has the obligation to give notice to~~ SHALL NOTIFY
19 the landlord of ~~his~~ THE TENANT'S DEMAND FOR THE RETURN OF THE
20 SECURITY DEPOSIT AND intention to file legal proceedings ~~a minimum of~~
21 AT LEAST seven days ~~prior to~~ BEFORE filing ~~said~~ THE action.

22 (b) In ~~any~~ A court action brought by a tenant under this section,
23 the landlord ~~shall bear~~ BEARS the burden of proving that ~~his~~ THE
24 LANDLORD'S withholding of the security deposit or any portion of it was
25 not wrongful AND THAT THE LANDLORD COMPLIED WITH THE
26 REQUIREMENTS OF THIS SECTION.

27 (c) A TENANT MAY BRING A COURT ACTION FOR TREBLE DAMAGES,

1 REASONABLE ATTORNEY FEES, AND COURT COSTS ONLY IF THE LANDLORD
2 FAILS TO RETURN THE ENTIRE SECURITY DEPOSIT OR ANY WITHHELD
3 PORTION TO THE TENANT WITHIN SEVEN DAYS AFTER RECEIVING A
4 DEMAND AND NOTICE OF THE TENANT'S INTENTION TO FILE LEGAL
5 PROCEEDINGS AS DESCRIBED IN SUBSECTION (3)(a) OF THIS SECTION.

6 (3.5) (a) A LANDLORD RETAINS A SECURITY DEPOSIT OR ANY
7 PORTION OF IT IN BAD FAITH IF THE AMOUNT RETAINED BY THE LANDLORD:

8 (I) UNREASONABLY EXCEEDS THE AMOUNT OF ACTUAL DAMAGES
9 THE LANDLORD INCURRED;

10 (II) IS RETAINED WITHOUT ACTUAL CAUSE EXISTING FOR THE
11 RETENTION OF THE AMOUNT;

12 (III) IS AN AMOUNT THE LANDLORD KNEW OR SHOULD HAVE
13 KNOWN EXCEEDED THE ACTUAL DAMAGES THE LANDLORD INCURRED OR
14 WOULD INCUR; OR

15 (IV) IS RETAINED SOLELY OR IN PART FOR AN UNLAWFUL,
16 RETALIATORY, OR DISCRIMINATORY PURPOSE.

17 (b) AN AMOUNT RETAINED BY A LANDLORD IS PRESUMED TO
18 UNREASONABLY EXCEED THE AMOUNT OF ACTUAL DAMAGES THE
19 LANDLORD INCURRED IF THE AMOUNT RETAINED IS ONE HUNDRED
20 TWENTY-FIVE PERCENT OR GREATER THAN THE ACTUAL DAMAGES
21 INCURRED. NOTHING IN THIS SUBSECTION (3.5)(b) PREVENTS A COURT OR
22 JURY FROM FINDING THAT A LESSER AMOUNT RETAINED BY A LANDLORD
23 UNREASONABLY EXCEEDS THE AMOUNT OF ACTUAL DAMAGES THE
24 LANDLORD INCURRED.

25 (c) IN A COURT ACTION BROUGHT BY A TENANT UNDER THIS
26 SECTION, THE LANDLORD BEARS THE BURDEN OF PROVING THE AMOUNT OF
27 ACTUAL DAMAGES THE LANDLORD INCURRED.

1 (d) IF A LANDLORD RETAINS A SECURITY DEPOSIT OR ANY PORTION
2 OF IT IN GOOD FAITH AND OTHERWISE COMPLIES WITH ALL REQUIREMENTS
3 OF THIS SECTION BUT IS FOUND IN A CIVIL ACTION TO HAVE REASONABLY
4 RETAINED AN AMOUNT THAT EXCEEDED THE ACTUAL DAMAGES THE
5 LANDLORD INCURRED, THE LANDLORD SHALL BE LIABLE TO THE TENANT
6 ONLY FOR THE EXCESS AMOUNT RETAINED AND COURT COSTS.

7 (4) Upon cessation of ~~his~~ A LANDLORD'S interest in ~~the~~ A dwelling
8 unit, whether by sale, assignment, death, appointment of a receiver, or
9 otherwise, the person in possession of the TENANT'S security deposit,
10 including ~~but not limited to~~ the landlord, ~~his~~ THE LANDLORD'S agent, or
11 ~~his~~ THE LANDLORD'S executor, shall, within ~~a reasonable time~~ SIXTY
12 DAYS:

13 (7) (a) Any provision, whether oral or written, in or pertaining to
14 a rental agreement whereby ~~any~~ A provision of this ~~section~~ PART 1 THAT
15 IS for the benefit of a tenant or members of ~~his~~ THE TENANT'S household
16 is waived ~~shall be~~ OR MODIFIED IS deemed to be against public policy and
17 ~~shall be~~ void.

18 (b) A PROVISION, WHETHER ORAL OR WRITTEN, IN OR PERTAINING
19 TO A RENTAL AGREEMENT, WHICH PROVISION ASSIGNS A FEE OR CHARGE
20 TO A TENANT FOR REPAIRS, CLEANING, OR OTHER NECESSARY WORK DUE
21 TO NORMAL WEAR AND TEAR OR FOR ANY DAMAGE OR DEFECTIVE
22 CONDITION THAT PREEXISTS THE TENANCY, IS DEEMED TO BE AGAINST
23 PUBLIC POLICY AND VOID.

24 (8) FOR A TERMINATION OF A LEASE OR A SURRENDER OF THE
25 PREMISES ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, AS
26 AMENDED, A LANDLORD THAT PROVIDES A TENANT WITH A WRITTEN
27 STATEMENT PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL ALSO

1 INCLUDE WITH THE WRITTEN STATEMENT ANY RELEVANT
2 DOCUMENTATION IN THE LANDLORD'S POSSESSION OR CONTROL,
3 INCLUDING PHOTOGRAPHS, INSPECTION FORMS OR REPORTS, RECEIPTS,
4 INVOICES, OR ESTIMATES, THAT IS RELEVANT TO THE RETENTION OF THE
5 TENANT'S SECURITY DEPOSIT OR ANY PORTION OF THE SECURITY DEPOSIT.

6 (9) IF A LANDLORD'S PAYMENT REFUNDING A TENANT'S SECURITY
7 DEPOSIT OR ANY PORTION OF IT AS REQUIRED BY THIS SECTION IS
8 RETURNED TO THE LANDLORD AFTER IT IS SENT TO THE TENANT'S
9 LAST-KNOWN ADDRESS, THE LANDLORD SHALL HOLD THE PAYMENT FOR
10 AT LEAST ONE YEAR AFTER RECEIVING IT AND SHALL DISBURSE THE
11 PAYMENT TO THE TENANT WITHIN THREE BUSINESS DAYS AFTER THE
12 TENANT'S REQUEST.

13 (10) A LANDLORD MAY SEND A PAYMENT REFUNDING A TENANT'S
14 SECURITY DEPOSIT OR ANY PORTION OF IT AS REQUIRED BY THIS SECTION
15 TO THE TENANT USING A SECURED ELECTRONIC TRANSFER OF FUNDS OR BY
16 MAILING CERTIFIED FUNDS TO THE TENANT'S LAST-KNOWN ADDRESS.

17 (11) (a) A LANDLORD DOES NOT HAVE ACTUAL CAUSE TO RETAIN
18 ANY AMOUNT OF A SECURITY DEPOSIT TO PAY FOR THE REPLACEMENT OF
19 CARPET THROUGHOUT A DWELLING UNIT UNLESS THERE IS SUBSTANTIAL
20 AND IRREPARABLE DAMAGE TO THE CARPET THAT EXCEEDS NORMAL WEAR
21 AND TEAR AND DID NOT PREEXIST THE TENANCY.

22 (b) A LANDLORD DOES NOT HAVE ACTUAL CAUSE TO RETAIN ANY
23 AMOUNT OF A SECURITY DEPOSIT TO PAY FOR PAINTING THROUGHOUT THE
24 INTERIOR OF A DWELLING UNIT UNLESS THERE IS SUBSTANTIAL DAMAGE TO
25 THE INTERIOR WALLS OR CEILING THROUGHOUT THE ENTIRE DWELLING
26 UNIT THAT EXCEEDS NORMAL WEAR AND TEAR AND DID NOT PREEXIST THE
27 TENANCY.

1 (c) IF A LANDLORD HAS ACTUAL CAUSE TO RETAIN ANY AMOUNT
2 OF A SECURITY DEPOSIT FOR THE REPLACEMENT OF CARPET OR FOR
3 PAINTING THROUGHOUT THE INTERIOR OF A DWELLING UNIT, THE
4 LANDLORD MAY RETAIN ONLY THE MINIMUM AMOUNT OF THE DEPOSIT
5 NECESSARY TO REPLACE THE CARPET OR TO REPAINT THE WALLS OR
6 CEILING IN THE AREA OF THE PREMISES THAT IS DAMAGED.

7 (d) A LANDLORD SHALL NOT DEEM CARPET TO BE SUBSTANTIALLY
8 AND IRREPARABLY DAMAGED IF THE CARPET HAS NOT BEEN REPLACED
9 WITH NEW CARPET WITHIN FIVE YEARS PRECEDING THE TERMINATION OF
10 THE LEASE OR SURRENDER OF THE PREMISES.

11 **SECTION 4.** In Colorado Revised Statutes, 38-12-104, **amend**
12 (4); and **add** (5) as follows:

13 **38-12-104. Return of security deposit - hazardous condition -**
14 **gas appliance.** (4) If ~~the~~ A landlord does not have ~~the~~ repairs made
15 within seventy-two hours, excluding a Saturday, Sunday, or a legal
16 holiday, AS REQUIRED BY SUBSECTION (3) OF THIS SECTION, and the
17 condition of the building remains hazardous, the tenant may opt to vacate
18 the premises. After the tenant vacates the premises, the lease or other
19 rental agreement between the landlord and tenant becomes ~~null and~~ void,
20 all rights and future obligations between the landlord and tenant ~~pursuant~~
21 ~~to~~ IN the lease or other rental agreement terminate, and the tenant may
22 demand the immediate return of all or any portion of the security deposit
23 held by the landlord to which the tenant is entitled. The landlord ~~shall~~
24 ~~have~~ HAS seventy-two hours following the tenant's vacation of the
25 premises to deliver to the tenant all of, or the appropriate portion of, the
26 security deposit plus any rent rebate owed to the tenant for rent paid by
27 the tenant for the period of time after the tenant has vacated. If the

1 seventy-second hour falls on a Saturday, Sunday, or legal holiday, the
2 LANDLORD SHALL DELIVER THE security deposit ~~must be delivered~~ by
3 noon on the next day that is not a Saturday, Sunday, or legal holiday. The
4 tenant shall provide the landlord with a correct forwarding address. ~~No~~
5 A LANDLORD SHALL NOT RETAIN A security deposit ~~shall be retained~~ to
6 cover normal wear and tear. In the event that actual cause exists for
7 retaining any portion of ~~the~~ A security deposit, the landlord shall provide
8 the tenant ~~with~~ a written statement listing the exact reasons for the
9 retention. ~~of any portion of the security deposit.~~ When the LANDLORD
10 DELIVERS THE statement, ~~is delivered,~~ it THE LANDLORD shall ~~be~~
11 ~~accompanied by payment of~~ ALSO REFUND TO THE TENANT the difference
12 between any sum deposited and the amount retained, ~~The~~ AS WELL AS ANY
13 RELEVANT DOCUMENTATION REQUIRED PURSUANT TO SECTION 38-12-103
14 (8). A landlord is deemed to have complied with this section by ~~mailing~~
15 ~~said~~ SENDING THE statement, DOCUMENTATION, and any payments
16 required by this section to the ~~forwarding~~ LAST-KNOWN address of the
17 tenant AND TO ANY EMAIL ADDRESS FOR THE TENANT THAT THE LANDLORD
18 HAS ACTUAL NOTICE OF. Nothing in this section ~~shall preclude the~~
19 PRECLUDES A landlord from withholding ~~the~~ A security deposit for
20 nonpayment of rent or for nonpayment of utility charges, ~~repair work, or~~
21 ~~cleaning contracted for by the tenant~~ LAWFUL CHARGES LISTED IN THE
22 LEASE, OR REASONABLE AMOUNTS FOR NECESSARY REPAIR WORK TO
23 CORRECT DAMAGE OR A DEFECTIVE CONDITION THAT IS BEYOND NORMAL
24 WEAR AND TEAR AND THAT DID NOT PREEXIST THE TENANCY. If ~~the~~ A
25 tenant does not receive the TENANT'S entire security deposit or a portion
26 of the security deposit together with a written statement listing the exact
27 reasons for the retention of any portion of the security deposit, ALONG

1 WITH ANY RELEVANT DOCUMENTATION REQUIRED BY SECTION 38-12-103
2 (8), within the time period provided for in this section, the retention of the
3 security deposit ~~shall be~~ IS deemed ~~willful and~~ wrongful and,
4 notwithstanding ~~the provisions of~~ section 38-12-103 (3), ~~shall entitle~~
5 ENTITLES the tenant to twice the amount of the security deposit and to
6 reasonable attorney fees AND COURT COSTS.

7 (5) A LANDLORD MAY SEND A PAYMENT REFUNDING A TENANT'S
8 SECURITY DEPOSIT OR ANY PORTION OF IT AS REQUIRED BY THIS SECTION
9 TO THE TENANT USING A SECURED ELECTRONIC TRANSFER OF FUNDS OR BY
10 MAILING CERTIFIED FUNDS TO THE TENANT'S LAST-KNOWN ADDRESS.

11 **SECTION 5. Act subject to petition - effective date -**
12 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
13 the expiration of the ninety-day period after final adjournment of the
14 general assembly; except that, if a referendum petition is filed pursuant
15 to section 1 (3) of article V of the state constitution against this act or an
16 item, section, or part of this act within such period, then the act, item,
17 section, or part will not take effect unless approved by the people at the
18 general election to be held in November 2026 and, in such case, will take
19 effect on the date of the official declaration of the vote thereon by the
20 governor.

21 (2) This act applies to conduct occurring on or after the applicable
22 effective date of this act.