

# The Exit Process



# 2025 Fair Housing Education Conference & Trade Show

## Welcome to Today's Class!

A few announcements before we get  
started...



# Education Resources

All of the presentations and handouts from today's conference are available online for you access during class or afterwards by scanning the QR Code to the right.



Scan QR Code  
for Access:







# Lunch Time Prize Giveaways

Lunch is in **Hall 4**, which you can get to from the tradeshow floor on the South/East side. **There will be \$10K in prizes given away - 1 in 15 can win!**





**As you visit the tradeshow floor, remember to get your signature card filled out.** Turn it in at registration by 3:15 PM to be entered to **win two \$500 Cash prizes** at the 3:30 closing ceremonies, also in Hall 4.

Entrance

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
































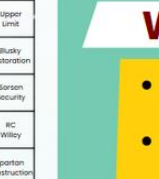


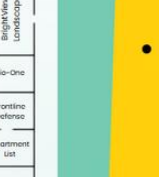












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
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

















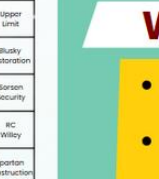


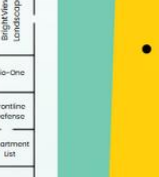












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# RHA P.A.C. Fundraising Giveaway

**Donate at least \$25 to the RHA PAC, you can be entered to win a \$500 Cash prize at 3:30 Closing Ceremonies!**



## Rental Housing Association of Utah P.A.C.

### Why Donate to the RHA P.A.C. (Political Action Committee)?

"Every man owes a part of his time to the business in which he is engaged. No man has the moral right to withhold his support for an organization that is striving to improve condition within his sphere"

- Theodore Roosevelt

Scan Me To  
Donate Today



[www.rhautah.org/event-pac-donation](http://www.rhautah.org/event-pac-donation)

### The RHA P.A.C. Funds Efforts That:



Monitor legislative and regulatory issues at the local, state, and federal level.



Help elect and maintain officials who are supportive of property rights.



Support balanced laws and suggest alternatives to ineffective ones.



Build relationships with other stakeholders, including local governments and advocacy groups.





# Class Surveys

At the end of today's class, please use the QR Code to fill out a survey for today's class. **Everyone who submits a survey will be entered to win a \$50 Prize at closing ceremonies at 3:30!**



Scan QR Code  
to submit your  
Survey



# Thank you to our class Sponsor!



This class is sponsored by: HECC Construction



# The Exit Process



# Purpose of Security Deposits

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# Setting Deposits

There is no limit on the amount of a security deposit in Utah

While renter's advocates claim that high deposits are barriers to entry, it is wise to charge as much as possible due to how quickly damages add up and to provide an incentive to renters to comply with contracts and take good care of the rental.

Never restrict any portion of the deposit by calling it *"last month's rent"* or *"pet deposit"*. All deposits should be classified as *"security deposit"* so if there are additional amounts required call it *"additional security deposit"* and make sure tenant understands that \$ can be used for any legitimate purpose.

# Utah's Security Deposit Laws

(Utah Code Ann. 57-17-1-5)

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- [Section 1](#) Return or explanation of retainage upon termination of tenancy.
- [Section 2](#) Non-refundable deposit -- Written notice required.
- [Section 3](#) Deductions from deposit -- Written itemization -- Time for return.
- [Section 4](#) Holder of owner's or designated agent's interest bound by provisions.
- [Section 5](#) Failure to return deposit or prepaid rent or to give required notice -- Recovery of deposit, penalty, costs, and attorney fees.
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# Before You Sign a Lease

DO NOT give keys or possession before payment

Non-Refundable Deposits MUST be in writing – **call these “Fees”**

Consider certified funds for payment



# During Your Lease

Use Deposits according to your Lease! If you have questions, refer to your lease agreement

Do NOT apply to monthly rent (serve a pay or vacate notice)

What if you use the deposit for damage or repairs?

- Inform tenant/teach them security deposit lease provision
- Use it to pay for expenses (keep receipts and invoices)
- Notify tenant that the deposit needs to be **replenished**
- **Replenish** the deposit, normally with next rent payment or (30 days)
- Apply payments – refill deposit, pay fees/damages first and last to rent
- Default – if they don't pay, serve a pay or vacate notice



# Avoiding Disputes Upon Move-out

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## #1 – Follow Your Lease

How is the deposit used, applied and replenished?

Lease = Ledger (if its not in the lease, leave it off the ledger)

## #2 – Paper > Opinions

Document move-in and move-out conditions (checklists)

Pictures, pictures and more pictures

## #3 – Apply Deposit (NEVER just keep it)

Courts do not like forfeitures (viewed as disappearing money)

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## #4 – Pre-Move Out Inspections

Know they're moving? Meet with them in the property BEFORE they move

Review items of concern and create a preliminary checklist

## #5 – Be Reasonable

If it's in the grey area – don't charge it

Is it really worth it? Court cases take time, effort and money

# Tips for a Smooth Process

## MOVE OUT NOTICES

If you are giving notice make sure to:

- Provide sufficient time (consider extra time in tight market)
- Provide them a copy of their move-in/move-out checklist and a cleaning/damage fee schedule
- Reminders and check ins

If tenant giving notice:

- Communicate and follow-up/check-in
- Ask if they are out early/if you can get in early to work on some things
- Consider refunding rent to get extra time/especially if you have a move in on first

## EARLY DEPOSIT RETURN IN TRADE FOR MOVE-OUT INSPECTION

Offer “expedited” or early deposit return under certain conditions such as:

- Move on time (no holdover)
- Meet to do a check-out/walk-through
- Return keys/remotes etc.

## Showing Rental Home

- Negotiate

# After Your Lease - Timelines

Day	Timeline for Deposits and Notices
0	Tenants “vacate and return possession” to Owner/Manager
30	Owner/Manager either (1) returns deposit or (2) provides Deposit Disposition Statement
31	If Owner doesn’t comply – Tenants may give 5-day notice (Notice to Provide Deposit Disposition)
36	Tenant can sue for: <ul style="list-style-type: none"><li>• Automatic \$100 statutory damages</li><li>• Return of FULL deposit</li><li>• Attorney fees &amp; costs</li></ul>

NOTE: These are MINIMUM timeframes showing the FASTEST this could happen



# Failure to Comply – 5 Day Notice

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A “Tenants” **Notice to Provide Deposit Disposition** must include:

- ☐ Names of the landlord and tenant,
- ☐ The day the tenant vacated the property,
- ☐ Statement that the owner has failed to comply,
- ☐ The forwarding address where the deposit statement/refund should be sent, and
- ☐ Must be “substantially in the following form” Utah Code Ann 57-17-3(3)(b)

# Failure to Comply – 5 Day Notice

<b>TENANT'S NOTICE TO PROVIDE DEPOSIT DISPOSITION</b>	
TO:	_____
	<i>(Owner or Community Name)</i>
RE:	_____
	<i>(Leased Address)</i>
<p><b>NOTICE IS HEREBY GIVEN THAT WITHIN FIVE (5) CALENDAR DAYS</b> pursuant to Utah Code sections 57-17-3 et seq, the Owner or its agent must provide to the Tenant at the address below a refund of the security deposit and/or notice of any deductions from such security deposit as allowed by law.</p> <p><b>NOTICE IS FURTHER GIVEN</b> failure to comply with this notice require the refund of the entire security deposit and a penalty of \$100. If such amounts are not tendered and litigation is required to enforce the provisions of the statute, Owner and/or its agent may be liable for such court costs and attorney fees as incurred.</p>	
Tenant's Name(s)	_____
Mailing Address	_____
City	_____
State	_____
Zip	_____
<p><b>This is a legal document. Please read and comply with the terms herein.</b></p>	
Dated this _____ day of _____, 20____.	
_____	
Tenant	
Tenant Telephone (____) _____ - _____	_____

# Handling Deposit Refunds



**What is required?**

A written notice that itemizes and explains the reason for each deduction (use a Deposit Disposition Statement – available for RHA members)



**Where is it sent?**

The last known address. What if no forwarding address? Send it anyway.



**What can be deducted from the deposit?**

Rent  
Cleaning  
Damages beyond normal wear and tear  
Other costs and fees provided for in the lease, such as utilities



# Paper vs. Opinion

Focus on the EVIDENCE a judge would use to decide...

Paper	Opinion
What attorney says to the Judge: "It really doesn't matter what the Tenant is saying, these pictures and papers prove our case."	What attorney says to the Judge: "I hope you believe my client more than the Tenant."
Doesn't require opinions or major testimony to prove our case	We must rely on witnesses for opinions - Judge to Landlord – "I hear what you're saying. I just don't believe you."

## Good Landlords can turn an Opinion Case into a Paper Case

- Before and After Pictures
- Move in/Move out statements
- Invoices, receipts & estimates

# What is “Reasonable Wear & Tear?”

## Reasonable Wear & Tear:

Damage based on ordinary use and exposure over time resulting from the expected deterioration that occurs naturally or organically.

- Main Point – Things wear out!
- Defining Reasonable Wear and Tear can be tricky and ambiguous . . . Normal in one situation isn’t normal in another
  - Pets? Several young children? Business?
- Who is responsible for the cost for wear and tear? The owner

## Damage:

Damage that exceeds reasonable wear and tear through negligence, carelessness, accident, misuse or abuse.

- Who is responsible for the cost? The tenant



# Wear & Tear v. Damage

When could each of these be Damage or Wear & Tear?

	Damage	Wear & Tear
<b>Broken Window</b>	Baseball hits window	Foundation Shifting
<b>Painting Cost</b>	Unapproved paint, crayons, etc.	General fading or peeling
<b>Clogged Toilet</b>	Flushing foreign objects	Tree Roots
<b>Replacing Carpet</b>	Stains, burns, excessive wear	General fading or wear
<b>Holes in Walls</b>	Almost always	Almost never
<b>Wood Flooring</b>	Gouges & scratches	Scuffs, general fading or wear
<b>Bathtub Refinish</b>	Chips and broken enamel	Worn enamel over time





# Calculating Depreciation

## When do you split an expense?

- Cleaning? Usually charge 100%
- Repairs? Usually charge 100%
- Replacing? Often need to depreciate

## The TWO things you need to know?

- #1 – How long did it last? And compare that to....
- #2 – How long should it have lasted?
  - Industry standard for depreciation – 5 years carpet
  - Could be adjusted based on the item, quality, warranty, etc.

## How much is reduced?

- Charge lost use (if 2-year-old carpet – claim 3/5ths (60%) of cost).



# Frequently Asked Questions?

Can you do the work in-house or yourself?

- Legally – Sure, but be careful (consider getting 2-3 professional bids)
- Professional Invoices = Judge will consider with magnifying glass
- Owner Invoices = Judge will use a microscope

Owner gives a deposit disposition within timeline but tenant claims not to have received it?

- Send it again!
- Document it via certified mail
- Consider emailing a copy as a secondary measure

Business or Calendar days?

- Landlord's 30 days = Calendar days
- Tenant's 5 days = Statute say both – go with Calendar



# Special Thanks to:

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Much of this material is courtesy of  
Jeremy Shorts with Utah Eviction Law.

[www.utahevictionlaw.com](http://www.utahevictionlaw.com)

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