

ATTORNEY GENERAL OF THE STATE OF NEW YORK  
SUFFOLK REGIONAL OFFICE

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In the Matter of

Assurance No. 22-069

**Investigation by LETITIA JAMES,  
Attorney General of the State of New York, of**

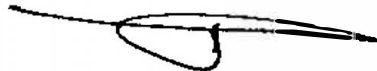
FAIRCO MANAGEMENT, GMM MANAGEMENT  
MAB MANAGEMENT, NHB MANAGEMENT, and  
FAIRCO MANAGEMENT, collectively known as  
FAIRFIELD PROPERTIES  
538 Broadhollow Road, Third Floor East  
Melville, NY 11747

Respondents.

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**ASSURANCE OF DISCONTINUANCE**

The Office of the Attorney General of the State of New York (“OAG”) commenced an investigation pursuant to New York State General Obligations Law § 7-109 and New York State Executive Law § 63(12) into Respondents’ security deposit practices in residential rental apartments. This Assurance of Discontinuance (“Assurance”) contains the findings of the OAG’s investigation and the relief agreed to by the OAG and Fairco Management, GMM Management, MAB Management and NHB Management (collectively known as “Fairfield Properties” and referred to herein as “Fairfield Properties” or “Respondents”), whether acting through their respective directors, officers, employees, representatives, agents, affiliates, or subsidiaries. OAG and Respondents are collectively referred to herein as the “Parties”.



## OAG's FINDINGS

1. Fairfield Properties is a New York-based real estate company which began its business of renting apartments in 1973. Among other things, Fairfield Properties owns and operates 196 rental buildings, through single purpose entities ("SPE") formed solely to own each of the buildings. The SPE rental buildings are located in the counties of Suffolk (123 buildings), Nassau (66 buildings) and Queens (7 buildings), which comprise 13,620 rental units, making it the largest apartment owner in the region. A list of the SPE rental buildings Fairfield Properties owns in New York State is attached as Exhibit A.

2. During the times relevant to this Assurance, the SPE rental buildings were managed by one of Fairfield Properties' affiliated management entities – Fairco Management, GMM Management, MAB Management and NHB Management.

### **New York State's Security Deposit Law**

#### ***Escrow Requirements***

3. Landlords who accept a security deposit from a tenant are required to hold the deposit in trust for the tenant and may not mingle the tenant's security deposit with the landlord's personal money or otherwise have it become the landlord's asset. N.Y. GOL § 7-103.

4. Landlords of buildings with six or more units must deposit the tenant's security deposit into an interest-bearing account in a bank within the state that pays a prevailing rate for such a deposit. *Id.* The landlord is required to provide notice to the tenant of the name and address of the bank where the security deposit is located along with the amount deposited. *Id.* Any interest accrued from the deposited security is the property of the tenant, minus a 1% administrative fee and must be applied to ongoing rent, paid on a yearly basis or returned when the tenant vacates the apartment.



*Return of Security Deposits*

5. On June 14, 2019, the Housing Stability and Tenant Protection Act created additional protections around security deposits when tenants vacate an apartment.

6. When a tenant vacates an apartment, the landlord must refund the tenant's security deposit except for "an amount lawfully retained for the reasonable and itemized costs due to non-payment of rent, damage caused by the tenant beyond normal wear and tear, non-payment of utility charges payable directly to the landlord under the terms of the lease or tenancy, and moving and storage of the tenant's belongings." N.Y. GOL § 7-108.

7. If either party gives notice that they intend to terminate the tenancy, the landlord is required to notify their tenant in writing that the tenant has a right to have the apartment inspected before moving out where both parties are present. This notice is not required if the tenant gives less than 14 days' notice that they are terminating the tenancy. If requested, the inspection shall occur no earlier than 2 weeks and no later than 1 week before the end of the tenancy. At the end of the inspection, the landlord must provide the tenant with an itemized statement specifying the repairs and cleaning that are the basis for any deduction from the tenant's security deposit. The tenant has the right to cure any such conditions before the end of the tenancy.

8. Within fourteen (14) days after the tenant has vacated the apartment, the landlord must provide the tenant with an itemized statement specifying the basis for any deduction from the tenant's security deposit, including any repairs or cleaning. The landlord forfeits any right to retain any portion of the tenant's security deposit if it fails to provide the itemized statement and/or fails to return any portion of the security deposit due within 14 days after the tenant has vacated.

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9. The landlord bears the burden of proof in showing the reasonableness of the amount retained.

10. The Attorney General is authorized to commence a proceeding against a landlord who violates the security deposit law and may seek restitution, injunctive relief and up to \$2000 for the cost of investigation.

**Respondents' Failure to Comply with the General Obligations Law**

11. Respondents collected security deposits from tenants, which were deposited into accounts segregated by building.

12. Respondents failed to pay any interest accrued from the security deposit but represent that they complied with NY GOL §7-103 because interest rates were lower than the 1% management fee under the law.

13. Since June 14, 2019, Respondents have not been in strict compliance with the 2019 changes to the General Obligations Law concerning return of tenant security deposit. Respondents represent that they provided verbal notice to tenants about their right to have the apartment inspected with the landlord present, but failed to always provide notice in writing. Respondents represent that they inspected all apartments, but failed to always inspect apartments with their tenants present. Respondents represent that they provided tenants with notices of rent owed, and/or verbal notice of repair deductions, but failed always to provide their tenants an itemized statement specifying the basis for any deduction from the tenant's security deposit in writing. Respondents failed to always provide their tenants the opportunity to cure the repairs and cleaning before moving out.

14. Respondents withheld security deposits from the list of tenants attached to this Assurance as Exhibit B. For these tenants, Respondents either did not properly or timely provide

an itemized written statement specifying the basis for the deduction from the tenant's security deposit within 14 days of the tenant vacating the apartment, or the Respondents cannot provide documentation to that effect.

15. Respondents fully cooperated with the OAG in its investigation.

16. OAG finds that Respondents' failure to provide written proper notices and timely return tenant security deposits were in violation of N.Y. GOL §§ 7-103, 7-108 and Executive Law § 63(12).

17. Respondents admit the OAG's Findings, paragraphs 1 - 16 above.

18. The OAG finds the relief and agreements contained in this Assurance are appropriate and in the public interest. THEREFORE, the OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding for violations of N.Y. GOL §§ 7-103 and 7-108 based on the conduct described above during June 2019 – December 2021.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties:

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## RELIEF

19. General Injunction: Respondents shall not engage, or attempt to engage, in conduct in violation of the N.Y. GOL Article 7 Title 1, and expressly agrees and acknowledges that any such conduct is a violation of the Assurance, and that the OAG thereafter may commence the civil action or proceeding contemplated in paragraph 18, *supra*, in addition to any other appropriate investigation, action, or proceeding.

20. Programmatic Relief:

- a. Respondents agrees to comply with the law concerning security deposits by following the policies and procedures attached as Exhibit C.
- b. Respondents will implement the relief described in this paragraph promptly and continue to implement the relief, unless the sections of the New York General Obligation Law that are the subject of this Assurance are modified.
- c. Respondents shall promptly train its applicable staff on the security deposit policies and procedures attached as Exhibit C.
  - i. All applicable new employees hired subsequent to the effective date of the Assurance shall promptly be trained on the security deposit policies and procedures attached as Exhibit C.
  - ii. Respondents shall hold yearly trainings for all of its applicable staff on the security deposit policies and procedures attached as Exhibit C.
- d. Acceptance of this Assurance by the OAG is not an approval or endorsement by OAG of any of Respondents' policies practices or procedures, and the Respondents shall make no representation to the contrary.



e. Pursuant to New York General Obligations Law 7-109, Respondents, in addition to any other remedies found in this Assurance or available at law, shall pay, upon further investigation by the OAG, to the State of New York a statutory penalty of \$2000.00 for each and every *non-de minimis* default in the performance of any obligation under this paragraph if a pattern and practice of violation or gross negligence is shown by the OAG, occurring after the effective date of the Assurance.

21. Restitution

- a. Respondents will pay restitution in the amount of \$422,598.21. Respondents have identified in Exhibit B all former tenants who, upon review, vacated between June 14, 2019 and December 31, 2021 and whose security deposit Respondents retained, either in whole or in part. Excluded from this list are tenants who settled their security deposit claims with Respondents, or tenants whose security was properly retained pursuant to the relevant law, such as, for example, when the tenant requested security to be applied to rent or other charges, or when a tenant was relocated.
- b. Respondents shall immediately notify the OAG of any tenant in Exhibit B who did not provide a forwarding address. For these tenants, Respondents will provide the OAG with their email and telephone number, if available. The OAG will contact these tenants to obtain a forwarding address for Respondents and will notify Respondents of any tenant where no forwarding address can be found. If the tenant prefers the OAG to send the check, the OAG will also notify Respondents.

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- c. Within 30 days of the Effective date of this Assurance, Respondents will send via first class mail to all tenants on Exhibit B with forwarding addresses who do not prefer the OAG to send the check:
  - i. A letter substantively the same as the letter attached as Exhibit D; and
  - ii. A check made out in the tenant's name for the amount of security deposit that Respondents withheld.
- d. Respondents will notify the OAG of all letters and checks that are returned undeliverable on a monthly basis, starting the month following the month that the letter and check in paragraph 21(c) are sent. For these tenants, Respondents will provide the OAG with their email and telephone number, as available, and the Parties will follow the applicable procedures in paragraph 21(b). For tenants with new forwarding addresses, Respondents will comply with the requirements in paragraph 21(c) within 30 days of the OAG providing the tenant's forwarding address.
- e. After 180 days have elapsed from the date a check was issued, Respondents will notify the OAG of all checks that have not been cashed. For those tenants, Respondents will provide the OAG with their email and telephone number if not already provided, as available. The Parties will follow the applicable procedures in paragraph 21(b). For tenants with new forwarding addresses, Respondents will comply with the requirements in paragraph 21(c) within 30 days of the OAG providing the tenant's forwarding address.

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- f. Within 30 days of notice by the OAG, Respondents will deliver to the OAG checks for all tenants the OAG identified as wishing the OAG to send their checks.
- g. The OAG shall provide Respondents with notice of all tenants where no forwarding address can be found. Within 30 days of that notice, Respondents shall send to the OAG a check for the cumulative amount that would have been sent to these tenants, complying with the instructions in paragraph 23(b).

22. Oversight/Monitoring:

- a. *Periodic Certification of Compliance:* The Respondents shall provide the OAG with a written signed certification affirming its compliance with the requirements set forth in this Assurance, paragraph 20 (Programmatic Relief), to be submitted to the OAG within thirty (30) days of the Effective Date of this Assurance. Thereafter, a certification of compliance shall be submitted to the OAG on an annual basis for the following three (3) years. In any case where the circumstances warrant, the OAG may require Respondents to file an interim certification of compliance upon thirty (30) days' notice.
- b. Respondents expressly agree and acknowledge that a default in the performance of any obligation under this paragraph is a violation of the Assurance, and that the OAG, after providing a written notice with 30 days to cure, thereafter may commence the civil action or proceeding contemplated in paragraph 18, in addition to any other appropriate investigation, action, or proceeding, and that evidence that the Assurance has been violated shall constitute prima facie proof of



the statutory violations described in paragraph 16, pursuant to Executive Law § 63(15).

23. Monetary Relief

- a. Respondents shall pay to the State of New York \$180,000 in penalties (the “Monetary Relief Amount”). However, based on Respondents’ cooperation in this investigation and in reliance on factual representations made by Respondents concerning identification of all affected tenants in buildings it owns, the OAG agrees to suspend payment of \$90,000 from said Monetary Relief Amount, provided that Respondents make a timely payment of the unsuspended balance of \$90,000 in full upon execution of this Assurance.
- b. Payments shall be made by attorney check, corporate or certified check, or bank draft, which shall be made payable to the “State of New York,” and shall reference Assurance No. 22-069; payments shall be addressed to the attention of AAG Rachael C. Anello, State of New York, Office of the Attorney General, Suffolk Regional Office, 300 Motor Parkway, Suite 230, Hauppauge, NY 11788.
- c. Respondents’ misrepresentation of any material fact in this Assurance, including the buildings it owns or the tenants eligible for return of their security deposit, shall constitute a default under this Assurance and the OAG may seek the suspended amount and any other claims it is entitled to by the Assurance or other law. A good faith representation shall not be construed as a misrepresentation for the purposes of this subsection.



## MISCELLANEOUS

### Subsequent Proceedings.

24. Respondents expressly agree and acknowledge that the OAG may initiate a subsequent investigation, civil action, or proceeding to enforce this Assurance, for violations of the Assurance, or if the Assurance is voided pursuant to paragraph 32, and agrees and acknowledges that in such event:

- a. any statute of limitations or other time-related defenses to matters that are not already barred as of the effective date of this assurance are tolled from and after the effective date of this Assurance;
- b. the OAG may use statements, documents or other materials produced or provided by the Respondents prior to or after the effective date of this Assurance;
- c. any civil action or proceeding must be adjudicated by the courts of the State of New York, and that Respondents irrevocably and unconditionally waives any objection based upon personal jurisdiction, inconvenient forum, or venue.
- d. evidence of a violation of this Assurance shall constitute prima facie proof of a violation of the applicable law pursuant to Executive Law § 63(15).

25. Prior to commencing a proceeding to enforce this Assurance, the OAG will provide Respondents with written notice of the violation and an opportunity to cure within thirty days.

26. If a court of competent jurisdiction determines that the Respondents have violated the Assurance, the Respondents shall pay to the OAG the reasonable cost, if any, of obtaining such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and costs.



Effects of Assurance:

27. This Assurance is not intended for use by any third party in any other proceeding.
28. This Assurance is not intended, and should not be construed, as an admission of wrongdoing or liability by the Respondents.
29. All terms and conditions of this Assurance shall continue in full force and effect on the Respondents and upon any assignee or transferee of the properties covered by this Assurance that is wholly or partially owned and/or managed by the Respondents and/or its principals ("Successor"). Respondents shall include in the transfer to a Successor of such properties a provision that binds the Successor to the terms of this Assurance. No party to this Assurance may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written notice to the OAG. Nothing contained herein shall be construed as to deprive Respondents or any person of any private right under the law.
30. Any failure by the OAG to insist upon the strict performance by Respondents of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions hereof, and the OAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by the Respondents.

Communications:

31. All notices, reports, requests, and other communications pursuant to this Assurance must reference Assurance No. 22-069, and shall be sent electronically, and shall be addressed as follows:

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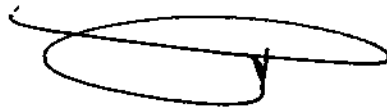
If to the Respondents, to: David K. Berger, Director of Leasing and Commercial Property Management, [David.berger@fairfieldproperties.com](mailto:David.berger@fairfieldproperties.com), or in his absence, to the person holding the title of Director of Leasing and Commercial Property Management with a copy to Harfenist Kraut & Perlstein LLP, 3000 Marcus Avenue, Suite 2E1, Lake Success, New York 11042.

If to the OAG, to: AAG Rachael C. Anello, [rachael.anello@ag.ny.gov](mailto:rachael.anello@ag.ny.gov), or in her absence, to the person holding the title of Assistant Attorney General-In-Charge of the Suffolk Regional Office.

Representations and Warranties:

32. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by the Respondents directly, or through counsel and the OAG's own factual investigation as set forth in Findings, paragraphs 1 – 16 above. These representations include the number of buildings owed by Respondents, the number of tenants affected by this Assurance, and the amount of security deposits withheld by Respondents. The Respondents represent and warrant that neither they directly, nor through its counsel have made any material representations to the OAG that are knowingly inaccurate or misleading. If any material representations by Respondents or its counsel are later found to be knowingly inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

33. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Respondents in agreeing to this Assurance.

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34. The Respondents represents and warrants, through the signature below, that the terms and conditions of this Assurance are duly approved. Respondents further represent and warrants that Fairfield Properties, Inc. by Gary Broxmeyer, Co-Managing Partner and President, as the signatory to this AOD, is a duly authorized officer acting at the direction of the Board of Directors of Fairfield Properties, Inc., Fairco Management, GMM Management, MAB Management, and NHB Management.

General Principles:

35. Unless a term limit for compliance is otherwise specified within this Assurance, the Respondents' obligations under this Assurance are enduring. Nothing in this Agreement shall relieve Respondents of other obligations imposed by any applicable state or federal law or regulation or other applicable law.
36. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that the Assurance is without legal or factual basis.
37. Nothing contained herein shall be construed to limit the remedies available to the OAG in the event that the Respondents violate the Assurance after its effective date.
38. This Assurance may not be amended except by an instrument in writing signed on behalf of the Parties to this Assurance.
39. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.
40. Respondents acknowledges that they have entered this Assurance freely and voluntarily and upon due deliberation with the advice of counsel.

41. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

42. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.

43. This Assurance may be executed in multiple counterparts by the Parties hereto. All counterparts so executed shall constitute one agreement binding upon all Parties, notwithstanding that all Parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Assurance, all of which shall constitute one agreement to be valid as of the effective date of this Assurance. For purposes of this Assurance, copies of signatures shall be treated the same as originals. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Assurance and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

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DELETED	157 Sound Ave	Southampton	NY	11968	7	0	Apartment	
1453	Fairfield 453 Merrick Road LLC	36 453 Merrick Road	Rossville Cgdg	NY	11570	7	0	Apartment
1465	Fairfield Woodmere LLC	110 37 Woodmere Blvd 307 Brook Ave., Apts. 1A - 2B	Woodmere	NY	11596	30	0	Apartment
1470	East Bay Associates	111 309 Brook Ave., Apts. 1A - 2B	Bayshore	NY	11706	64	0	Apartment
1474	Fairfield 1314 Smithtown Avenue LLC	10 1314 Smithtown Avenue	Bohemia	NY	11719	58	0	Apartment
1475	Fairfield North Patchogue LLC	112 Apts. 1 - 17 (no 13) 74 Mt. Vernon Ave.	Patchogue	NY	11772	89	0	Apartment
1478	Fairfield 72-78 South Clinton LLC	13 72-78 South Clinton Avenue	Bayshore	NY	11706	24	0	Apartment
1482	Fairfield Victorian Residences LLC	2 158 Fire Island Avenue	Babylon	NY	11702	6	0	Apartment
1482	Fairfield Victorian Residences LLC	3 153 Fire Island Avenue	Babylon	NY	11702	6	0	Apartment
1482	Fairfield Victorian Residences LLC	4 10 Ellen Avenue	Babylon	NY	11702	5	0	Apartment
1483	Fairfield Beach 8TH LLC	5 707 Beach 8th	Far Rockaway	NY	11691	104	0	Apartment
1484	Fairfield Tudor at Rosville Centre	89 565 Merrick Road	Rockville Centro	NY	11570	23	0	Apartment
1485	Fairfield Amityville Village LLC	186 40 Broadway	Amityville	NY	11701	16	0	Apartment
1492	Fairfield 98-100 Park LLC	43 98 Park Avenue	Amityville	NY	11953	2	0	Apartment
1492	Fairfield 98-100 Park LLC	50 100 Park Avenue	Amityville	NY	11953	3	0	Apartment
1492	Fairfield 98-100 Park LLC	53 100 A Park Avenue (West bldg)	Amityville	NY	11953	5	0	Apartment
1492	Fairfield 98-100 Park LLC	56 100 A Park Avenue	Amityville	NY	11953	5	0	Apartment
1492	Fairfield 98-100 Park LLC	98-100 Park Avenue Garage (1 st auto)	Amityville	NY	11953	0	0	Apartment
1494	Fairfield Brightwaters LLC	140 Onitoca Drive (2-6 Richmond Boulevard Richmond Bld)	Brightwaters	NY	11716	18	0	Apartment
1495	Fairfield Northport Village LLC	113 428 East Main St. (Apts. A-H)	Northport	NY	11766	32	0	Apartment
1509	DP Properties	41 Lucille Lane	Deer Park	NY	11729	32	0	Apartment
1505	Fairfield Golden Avenue LLC	149-55 Golden Avenue 115 45-47 Golden Avenue	Deer Park	NY	11729	95	0	Apartment
1506	Fairfield Lynbrook Terrace LLC	192 148 Broadway	Lynbrook	NY	11563	19	0	Apartment
1507	Fairfield West Hempstead LLC	191 26 Shaftford Road	West Hempstead	NY	11552	8	0	Apartment
1508	Fairfield Conklin East LLC	190 717 Conklin Street 13-38 Briarlane Walk	Farmingdale	NY	11735	12	0	Apartment
1512	Greenbrook Associates LLC	116 116-121 Starlight Walk	Holbrook	NY	11741	173	0	Apartment
1515	Fairfield at Northport Harbor LLC	117 7 Beach Ave. (apts. 1-10)	Northport	NY	11766	10	0	Apartment
1520	Fairfield at Lake Grove, LLC	Apts. 2A1 - 2H2 184 Hallowick Road Apts. 3A1 - 3H2 184 Hallowick Road	Lake Grove	NY	11755	85	0	Apartment
1532	Selden Greens A LLC	Apts. 7 - 12 Overlook Drive 119 Apts. 13 - 18 Overlook Drive	Farmingdale	NY	11738	202	0	Apartment
1542	Fairfield Centarach Gardens LLC	120 Apts. 52-1A - 52-7B Horseblock Road	Centarach	NY	11720	98	0	Apartment
1545	Fairfield Port Jeff Gardens LLC	121 Apts. 1 - 15 (no 13) 125 Terryville Road	Pl. Jefferson	NY	11777	68	0	Apartment
1550	EC Equities LLC	112 Easy Street 122 118 122 - 142 Easy Street	Saville	NY	11782	36	0	Apartment
1552	Fairfield Suburbia LLC	Rd. (Apts. 367A - 401D) 124 McGraw Place	West Babylon	NY	11740	47	0	Apartment
1555	Fairfield Thunderbird LLC	124 Apts. B1 - B17 (16 apts.) 120 & 118 11C 11D 11E 11F 11G	West Babylon	NY	11704	38	0	Apartment
1560	Fairfield at Ryehead, LLC	125 11H 15A 15B 15C 15D 15E 15F 15G 15H 15I 15J 15K 15L 15M 15N 15O 15P 15Q 15R 15S 15T 15U 15V 15W 15X 15Y 15Z	Ryehead	NY	11801	168	0	Apartment
1562	Selden Greens B LLC	Apts. 7 - 12 Horizon View Drive Apts. 13 - 18 Horizon View Drive	Farmingdale	NY	11738	169	0	Apartment
1562	Fairfield Al Setauket LLC	Apts. 13 - 13-18 Neal Path 127 Apts. 19 - 24 19-24 Neal Path	South Setauket	NY	11720	64	0	Apartment
1602	Dark Hollow Holdings, LLC	Apts. 7 - 12 Phinacle Drive Apts. 12A - 18 Phinacle Drive	Pl. Jefferson	NY	11777	66	0	Apartment
1612	Fairfield Ronkonkoma LLC	7-12 Village Plaza Drive 126 13-18 Village Plaza Drive	Ronkonkoma	NY	11779	60	0	Apartment
1622	Port Jefferson Town Properties LLC	Apts. 15 - 22 15-22 Village Green Drive	Pl. Jefferson	NY	11777	261	0	Apartment













































## **Security Deposit Policy and Procedures**

### **1. Initial Security Deposit**

- a. The tenant security deposit shall be placed in an interest bearing segregated account. Owner is entitled to a 1% administration fee. Any remaining interest to be paid to tenants.
- b. Tenant shall be provided notice of the name and address of the bank where security is deposited.
- c. The amount of the security can be no more than one month's rent.

### **2. Security Deposit Increases**

- a. If monthly rent increases the owner may request that the tenant pay an additional sum so that the security deposit equals the current monthly rent.

### **3. Post Lease Signing Inspection Requirements**

- a. After lease signing, but before the tenant takes possession, a "Notice of Right Inspection" must be provided to tenants. See **Exhibit A**.
- b. If the tenant elects to have an inspection the parties shall enter an "Initial Inspection Agreement" stating the condition of the apartment. See **Exhibit B**.
- c. The owner may not deduct from the security deposit based on any conditions listed in the "Initial Inspection Agreement" upon surrender of the apartment.

### **4. Surrender Inspection Requirements**

- a. If Landlord terminates tenancy it must provide a "Notice of Right to Inspection Prior to Surrender of Apartment." See **Exhibit C**.
- b. If Tenant terminates tenancy and provides at least two weeks reasonable notice, Landlord must provide a "Notice of Right to Inspection." See **Exhibit C**.
  - i. If tenant fails to provide reasonable sufficient notice Landlord is not required to provide the inspection notice.
- c. If an inspection is requested, it must be held no earlier than two weeks prior, but no later than one week before the vacate date.
- d. Landlord must provide "48 Hour Notice of Inspection" in writing stating the date and time of inspection. See **Exhibit D**.
- e. After the inspection the Landlord is to provide "Post-Inspection Proposed Repairs and Cleaning." See **Exhibit E**. The landlord will lists all items that will be the basis for deductions. Tenant is given an opportunity to cure.

## 5. Security Deposit Return/Deduction Procedures

- a. Within 14 days of tenant vacating the apartment, the owner will provide a "Fourteen Day Notice: Statement of Security Deduction". See **Exhibit F**. The statement will indicate the basis and amount for deductions for the security deposit. Any remaining amount, must be returned to the tenant.
- b. Failure to provide the statement and/or return deposit within 14 days will result in owner forfeiting any rights to retain any portion of the security.
- c. Whether or not an inspection is conducted pursuant to "Paragraph 4. Surrender Inspection Requirements," upon the surrender of the apartment, by the tenant, the Landlord has 14 days to provide **Exhibit F**.
- d. Landlord has no obligation to return the security deposit or provide the Fourteen Day Notice: Statement of Security Deduction until such time as a forwarding address or other contact information is provided by the tenant.

## 6. Form of Notice

- a. Electronic format can be utilized for notices and agreements in these policy and procedures.



## SECURITY DEPOSIT RIDER

You are required to provide the Owner the sum of \$ \_\_\_\_\_  
when you execute the lease. Said sum shall constitute the security deposit.  
Owner/Landlord will deposit the security in

\_\_\_\_\_ Bank with an address of  
\_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Landlord

BY:

\_\_\_\_\_  
Tenant

BY:

# **EXHIBIT A**

## NOTICE OF RIGHT TO INSPECTION

Upon signing your initial lease, you are afforded the opportunity to inspect the apartment, with the landlord/landlord agent to determine the condition of the property.

To schedule an inspection you may contact \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_ 20\_\_

Tenant: \_\_\_\_\_

BY:

# **EXHIBIT B**



# **EXHIBIT C**

## **NOTICE OF RIGHT TO INSPECTION**

You are entitled to request an inspection of your apartment to take place no earlier than two weeks and no later than one week before vacating the premises. You have the right to be present at the inspection.

If you wish for an inspection to be conducted, please contact management at:

\_\_\_\_\_.

You will be advised of the date and time, 48 hours prior to the inspection.

# **EXHIBIT D**



## 48 HOUR NOTICE OF INSPECTION

Please be advised the surrender inspection shall place on:

\_\_\_\_\_, \_\_\_\_\_, 20\_\_

between: \_\_:\_\_\_\_ AM/PM and \_\_:\_\_\_\_ AM/PM

This Notice was provided to you by \_\_\_\_\_

# **EXHIBIT E**



# **EXHIBIT F**

**14-DAY NOTICE:  
STATEMENT OF SECURITY DEDUCTION**

1. The total amount of security held by the landlord was: \$ \_\_\_\_\_

2. The following are the basis for amount of the deposit retained by the landlord:

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Following deductions, the amount to be returned to you is \$ \_\_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Landlord  
BY:

## Exhibit D

Dear Tenant/Name of Tenant:

Fairfield Properties and its rental management companies, Fairco Management, GMM Management and MAB Management, have entered into a settlement with the Office of the New York Attorney General to return to security deposits, or portions thereof, that were retained by Fairfield with respect to tenants who vacated between June 14, 2019 and December 31, 2021 (excluding tenants who settled their security deposit claims with Fairfield, or tenants whose security deposits were property retained pursuant to relevant law).

Upon review of our records, you are entitled to a return of rent security in accordance within the terms of this settlement. Enclosed please find a check representing same.

This payment does not constitute a waiver or settlement of any rights, outside of security, the Landlord may have as to the tenancy, including rent.

Should you have immediate questions, please call [Landlord's Managing Agent] at \_\_\_\_\_ and ask to speak with \_\_\_\_\_ about this Notice.

[Landlord]




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538 BROADHOLLOW ROAD, THIRD FLOOR EAST, MELVILLE, NEW YORK 11747-3634 • 631-499-6660 • WWW.FAIRFIELDPROPERTIES.COM

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Should you have immediate questions, please call [Landlord's Managing Agent] at \_\_\_\_\_ and ask to speak with \_\_\_\_\_ about this Notice.

[Landlord]

DEVELOPER • OWNER  
 MULTIFAMILY COMMUNITIES • OFFICE COMPLEXES  
 CO-OP, CONDO, HOA MANAGEMENT • REAL ESTATE BROKERAGE • MORTGAGE FINANCING • FULL SERVICE INSURANCE AGENCY

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