

SECURITY DEPOSITS

A **security deposit** (or a damage deposit) is a sum of money given to the landlord at the beginning of a tenancy agreement and returned to the tenant at the end of the tenancy given that the conditions of the lease have been met. It will cover any damage to the rental unit that occurs during the tenants stay.

- The security deposit is often equal to one month's rent (or it could be less), but **never more than one month's rent**.
- The landlord cannot increase the security deposit, and it cannot be increased if the rent increases.
- Receipts for the security deposit indicating the amount, the tenant and landlord's name, and the date of signing is required. The landlord must keep a copy of the deposit records.
- The landlord is required to pay interest on security deposits at the end of each tenancy year unless otherwise agreed upon by both parties, in writing. This number is calculated at a prescribed rate by government regulation which can be found [here](#).

RETURNING THE SECURITY DEPOSIT

The landlord cannot deduct from the security deposit for damages until all the requirements for inspection reports have been met. However, the landlord can deduct for any other costs that are not related to the condition of the residential rental property without an inspection report.

The landlord has **10 days** after the day the tenant leaves the rental property to **either**:

- A. Return the security deposit in full, with no deductions.
 - If the landlord does not return the security deposit in full, the tenant is entitled to pursue legal action to recover the full amount.
- B. Provide the **amount** of the security deposit deducted to the tenant with a statement indicating the amount deducted for, such as damages, cost of repairs or cost of cleaning.
- C. Provide the tenant with an **estimate** of deductions if they are unable to determine the correct amount and return any money that will not be used. They must provide the tenant with a final statement and any money that the tenant/landlord owes within 30 days after the tenancy ends.

The landlord can **withhold** the security deposit if these **conditions are not met** to make up for the costs of any damages:

- If there is no damage beyond **normal wear and tear**.
 - The *RTA* defines normal wear and tear “as the deterioration that occurs over time with the use of the premises even though the premises receive reasonable care and maintenance.”



- The rental property has been properly cleaned. Some landlords provide a suggested list of what needs to be cleaned.
- If there are no costs/rent owed.