



**Policy Number:** 02-004  
**Subject:** Deposits, Payments and Fees  
**Chapter:** Rental Agreement

<b>Legislation</b>	s. 12, 14, 15
<b>Definitions</b>	<p><b>Security Deposit:</b> money or other value paid or required to be paid under a rental agreement by a tenant to a landlord and held in trust to cover a liability of the tenant.</p> <p><b>Holding Deposit:</b> an amount of money received by a landlord from a prospective tenant before a rental agreement is entered into. A tenant may pay a holding deposit while deciding whether to accept the rental premises. Money or other value paid to hold the rental unit before a decision to accept or deny the tenant's application has been made by the landlord. Deposits outside the rental agreement do not come under the jurisdiction of the Residential Tenancies Act.</p> <p><b>Late Fee:</b> A fee charged by the landlord to the tenant when the tenant fails to pay rent within the time identified by the rental agreement.</p> <p><b>NSF Fee:</b> A fee charged by a bank or other financial institution to the landlord when a cheque received from the tenant is returned because the tenant did not have enough money in the account to cover the cheque amount.</p>
<b>Purpose</b>	The purpose of this policy is to inform landlords and tenants of monies in the form of deposits, payments and fees that may be collected from tenants.
<b>Policy</b>	<p><b>Rent Payment</b> A landlord is prohibited from requiring or accepting from a tenant an advance payment of the last week's or last month's rent. However, a landlord may accept post dated cheques or some other type of post dated (pre-authorized) payment method for the payment of rent (s. 12.(1)(2).</p> <p>A landlord is also prohibited from requiring or accepting a single rent payment that is greater than any other regular rent payment (s.12.(1)(b)).</p>



	<p><b>Security Deposit</b> A landlord is limited to collecting a security deposit that is not more than <math>\frac{3}{4}</math> of the months' rent where the rental period is month to month or where the rental period is week to week, not more than 2 weeks' rent (s.14(1)).</p> <p>A landlord cannot charge the tenant for the replacement of locks unless the locks were damaged by the tenant or guests of the tenant. Replacing locks is considered a cost of doing business for a landlord. When a rental agreement is terminated and another tenant is taking occupancy of the unit, the landlord is expected to change locks for the security of the new tenant.</p> <p><b>Late Fees</b> When rent is not paid on time, a landlord may charge a late fee of \$5.00 for the first day rent is in arrears and \$2.00 for each additional day that the rent remains in arrears in any consecutive number of rental periods up to a maximum of \$75.00 (s. 15.(1)).</p> <p><b>NSF Fees</b> When a tenant pays rent to a landlord by cheque that does not clear and is returned to the landlord by the bank or other financial institution, the landlord may charge the tenant a fee equal to the amount of the fee charged to the landlord by the bank for returned (bounced) cheque (s. 15.(2)).</p>
<b>Procedure Overview</b>	N/A
<b>Forms &amp; Form Letters</b>	N/A
<b>X-Reference</b>	N/A
<b>Policy Developed</b>	September, 2000
<b>Policy Revised</b>	January, 2002 August, 2021
<b>Other Resources</b>	