SECURITY DEPOSIT DEFINITION

A landlord can collect a security deposit at the beginning of the tenancy. A security deposit can be money, property or right paid or given by a tenant that is agreed to by the landlord and the tenant. The security deposit amount should be listed in the tenancy agreement, which should be in writing.

The purpose of a security deposit is:

- To cover the landlord's costs of repairing or replacing physical damage to premises.
- To cover the costs of cleaning because of extraordinary or abnormal use. This does **not** include cleaning associated with normal wear and tear.
- To cover any arrears of rental payments.
- To cover other costs agreed to by the tenant in the residential tenancy agreement, such as legal fees, utilities, late fees, etc.

Security Deposit Interest Rate Regulation (all sections)

GUIDELINES

A landlord can ask a tenant to pay a security deposit, which is money paid by a tenant in addition to the rent that is due. The landlord holds the deposit as security for damage, cleaning costs, unpaid rent or other obligations the tenant may have to the landlord. A security deposit is sometimes referred to as a damage deposit. The tenant's basic obligations are to look after the residential premises and pay the rent when it is due. If no rent is owing, no damage has been done and the residential premises has been cleaned, the money **must** be returned with interest after the tenant moves out.

The security deposit is **not** to be used as the last month's rent, which the tenant is responsible to pay.

FAQ – Can the landlord or tenant ever "break the lease"?

Substantial Breach

There are certain situations where a landlord or tenant may be able to "break the lease" or end the lease early. If the tenant or landlord has committed a substantial breach of the residential tenancy agreement, a 14 day notice can be served to end the tenancy or an application can be made through the Residential Tenancy Dispute Resolution Service or Provincial Court to end the tenancy. See our pages on Eviction Notices and Tenant's 14 Day Notice to Terminate Tenancy for more information.

Personal Circumstances

If a tenant wants to break the lease early because of personal circumstances (i.e. lost job, relocating for work), the tenant should talk to the landlord and see if the landlord will consent to ending the lease early. Tenants could offer to help the landlord find a new tenant by advertising the suite online or in local community hubs. The landlord is under no obligation to consent to breaking the lease, but might be willing if the tenant agrees to help with advertising and making sure the suite can get rented. If the landlord agrees to break the lease early, the tenant should make sure this agreement is in writing and signed by the landlord to prevent any problems in the future. When a landlord will not agree to end a lease early, a tenant may want to consider subletting the property or assigning the lease. For more information, see our tip sheet If Your Employment Ends.

A landlord cannot break a tenant's lease and make a tenant leave the property before the end of the lease. A landlord can ask the tenant to consent to ending the lease early but the tenant is not obligated to do so.

March 2015