

Last month's rent in Ontario

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There are many fallacies among residents – and the occasional landlord – with respect to last month's rent in Ontario, its purpose, and the rules governing it. My intention is to set the record straight for all parties concerned. It's a simple practice, but for some people it has become complicated.

Let's begin by saying that a landlord in Ontario only has the right to ask for first and last month's rent with respect to an application for an apartment. They can ask for no more – and most are unwilling to accept less. Every landlord is different as to when and how they are going to accept these funds. Some landlords expect first and last month's rent to be submitted with an application, others will accept last month's rent with the application and let you pay first month's rent before you pick up your keys. The preference for most companies is that these cheques come in the form of a certified cheque or money order. Some landlords will now accept a debit card transaction in their offices as a form of payment.

Last month's rent deposit can only be applied to pay for the last month you live in the apartment. Once you've given your 60 days notice, you need to pay your second-to-last month's rent and the last month's rent deposit will be applied to take care of the rent in your final month. This is the only way that last month's rent can be used. Last month's rent in Ontario is not a damage deposit. Landlords must send an exiting resident an invoice or take them to court for damages if the bill is not paid when a resident breaks something in an apartment or leaves a mess behind. We are firm believers that landlords should go after everyone and anyone who abuses their rental accommodations. Cleaning bills are common, especially when units are not left in a reasonable condition. Pick up or pay up!

Last month's rent is not a back-up plan for the month that you don't have all the rent money. Rent is due on the first of the month in Ontario, and if you don't pay on the first, under the present guidelines, we strongly recommend to our clients that they serve N4's (demands for payment of rent or an invitation to move out) on the second of each month. Last month's rent is not a bargaining tool to rent an apartment. Nobody wants that payment in installments. They want it up front and definitely before you take possession of the unit. If you are unable to put together first and last month's rent then you should be prepared to stay where you are.

You are entitled to interest on your last month's rent deposit. Landlords generally distribute interest payments to all residents at the same time, at a date of their choosing. If you owe the landlord money, the normal practice is that they will apply your interest amount toward your outstanding debt. We are not talking about large amounts here. At one time the standard interest rate on the last month's rent deposit was six per cent, but that rate has dropped significantly under current legislation. That rate now varies from year to year and is dictated by the same percentage point that landlords are legally allowed to

raise rents for that calendar year. Of course, when you move out a landlord should ensure that they pay any interest amount that may be due. That's why it's important to provide a forwarding address when you move. You should receive an interest cheque from your previous landlord, if entitled, about four weeks after you move.

As a final note, a landlord cannot ask for a year's rent up front in this province. They can't charge you a special fee (key money) to rent an apartment; and, most offices are not set up to take cash. If you do pay cash, make sure that you do get a receipt for it as this is your only record of payment.

Keep in mind that, at the moment, the vacancy rate is very low throughout Ontario. If you want an apartment you should be prepared to get the money for first and last month's rent right away. Most landlords today will not even look at an application without money. Why? It now costs so much money to process an application that landlords don't want to waste their time or resources if you're not serious. Everyone takes money seriously. Before you ask, if your application is declined for any reason – yes - your money is returned.

Happy renting!



Bonnie Hoy & Associates is one of Canada's premiere leaders in providing marketing and public relations services to major landlords.