



Office of the
Director of Residential
Rental Property
Bureau du
directeur des propriétés
résidentielles à louer

Prince Edward Island
Île-du-Prince-Édouard
CANADA

What Should I Know About Security Deposits?



A Useful Guide for Landlords & Tenants

Suite 501, 5th Floor
National Bank Tower
134 Kent Street, PO Box 577
Charlottetown, PE, C1A 7L1
T 902-892-3501 or 1-800-501-6268
F 902-566-4076
www.irac.pe.ca/rental

Please note that "landlord" and "tenant" are used in this pamphlet while "lessor" (landlord) and "lessee" (tenant) are used in the **Rental of Residential Property Act**.

What is a security deposit?

A security deposit is money or property given by a tenant to a landlord on or before moving in. The landlord holds the security deposit for the length of the rental agreement.

How much money can a landlord charge for a security deposit?

A landlord can ask for a security deposit up to one month's rent if the rent is paid monthly, or up to one week's rent if rent is paid weekly.

What happens to the security deposit if the premises are sold?

It is the responsibility of the landlord to pass on the security deposit to the new landlord. The new landlord will be responsible for returning the funds to the tenant at the end of the rental agreement.

Does the landlord have to return the security deposit to the tenant after the unit has been vacated?

After a tenant moves out, a landlord has 10 days to return the security deposit, with applicable interest, or serve the tenant with a Notice of Intention to Retain Security Deposit. If a landlord believes he should keep the security deposit, he must provide details on the Notice of Intention to Retain Security Deposit as to why and how much is being kept. In order to receive this Notice, the tenant should provide a forwarding address to the landlord when he moves out.

What can a tenant do if he does not agree with the reasons on the Notice of Intention to Retain Security Deposit?

If a tenant does not agree with the landlord's reasons, he has 15 days to file an application with the Director.

What can a tenant do if a forwarding address was provided and the landlord does not return the security deposit or send a Notice of Intention to Retain Security Deposit?

In this situation, the tenant can contact the Office of the Director of Residential Rental Property about filing an application.

What are some reasons a landlord may keep a security deposit?

A landlord may keep all or part of a security deposit if:

- the tenant did not clean before moving out;
- the tenant has damaged the unit beyond normal wear and tear;
- the tenant owes rent to the landlord.

Either party should contact the Office of the Director of Residential Rental Property if they require further explanation.

Can a tenant hold the keys until the landlord returns the security deposit?

No. If a tenant does not return the keys the landlord may charge for changing the locks and in some cases, charge rent for each day the tenant has the keys.

Does a landlord have to pay interest on a security deposit?

Yes. Please contact the Office of the Director of Residential Rental Property to obtain the rates of interest for each year or visit our website at www@irac.pe.ca/rental.

Should a tenant and landlord take pictures after the apartment is cleaned or vacated?

This is a good idea. Whenever there is a dispute regarding cleanliness or damages, tenants and landlords may need to present pictures, video tape, receipts or evidence by witnesses at a hearing to substantiate their claims.

What can a landlord do if a tenant has caused damages to a rental unit but has not paid a security deposit?

The landlord will have to pursue any action for damages with the Small Claims Division of the Supreme Court of Prince Edward Island.

Can a tenant get the security deposit back if he changes his mind and does not move in?

No, in most cases. However, it would be advisable for either party to contact the Office of the Director of Residential Rental Property to discuss their particular case.

Can a landlord terminate a rental agreement if the tenant does not pay a security deposit?

Yes. A landlord may serve a tenant with a Notice of Termination if the tenant did not pay the requested security deposit within 30 days of entering into a rental agreement.

The information in this pamphlet is intended as a guide for landlords and tenants under the Rental of Residential Property Act. Further information can be obtained at the Office of the Director of Residential Rental Property on the 5th Floor, National Bank Tower, 134 Kent Street, Charlottetown. Copies of the Act and forms can also be obtained at any Access PEI office or online at www@irac.pe.ca/rental. Our telephone number is (902) 892-3501 or 1-800-501-6268