

for landlords & tenants

security deposits

“confident consumers – protected communities”

“our goal is to educate landlords and tenants by informing them of their rights and responsibilities”

The Security Deposit

In Yukon, under the [Landlord and Tenant Act](#), Part 4 (the Act), tenants may be asked to pay a security deposit (sometimes referred to as a damage deposit) at the time the tenancy starts.

Payment of security deposit

Landlords hold security deposits to either cover any damage caused by the tenant beyond normal wear and tear, or for the payment of last month's rent.

Move-in inspection of the rental unit

A move-in [condition of premises checklist](#) should be completed before the tenant moves in.

The landlord and the tenant will inspect the premises together and record the condition of the premises on the checklist. This checklist should be signed and dated by the landlord and tenant. Copies should be made for both parties.

The checklist is a written record of the rental unit's condition at the start of the tenancy. If there are any holes in the walls, or any other noticeable damage it should be recorded on the checklist.

Move-out inspection of the rental unit

The tenant should clean the premises and move out all of their belongings before a move-out inspection with the landlord takes place. If there has been any damage caused by the tenant, or by the tenant's guests, that damage needs to be fixed.

If the tenant does not repair the damage the landlord may advise the tenant of the cost of repair and state his intention to deduct from the tenant's security deposit.

The tenant has a responsibility to pay for repairs.

Once the landlord and the tenant have inspected the rental unit together, the [condition of premises checklist](#) should be signed and dated by both parties again.

The move-out checklist is a written record of the condition, or state of repair, that the unit is in.

Comparing the move-in and move-out checklist will help both parties to reach an agreement about the amount of money a landlord can keep from the security deposit to fix damages.

Amount of security deposit

A security deposit may not be more than the amount of rent payable for the first month of tenancy. Example: If the tenant pays \$700. a month for rent, the landlord cannot ask for any more than \$700 for a security deposit.

It is an offence for a landlord to require or collect a security deposit of more than the amount of rent payable for the first month of tenancy or require the tenant to pay more than one security deposit.

Disputes about security deposits

When a landlord and tenant cannot agree about whether the landlord can keep some or all of the deposit either party can apply to the Courts for a hearing (see Enforcement of Responsibilities); alternately, they can jointly make application to have the matter heard by a rentals officer.

Returning the tenant's security deposit

A deposit that is held by the landlord will be returned to the tenant at the end of the tenancy. A landlord must pay the tenant interest on the security deposit either annually or 15 days after the tenancy has been terminated.

Security deposits are expected to cover unpaid rent, any damage caused by the tenants during the tenancy beyond normal wear and tear, any unpaid costs to the landlord if the tenants move out without proper notice. The deposit can also be used to pay last month's rent.

Interest rates

The interest rate that landlords must pay on security deposits is 2% below the Bank of Canada's prime rate (calculated on January 1 and July 1 of each year).

For a complete list of interest rates, please contact [Consumer Services](#), or visit the website at: <http://www.community.gov.yk.ca>

The formula used to calculate the interest is:

$$\text{(Amount)} \times (\% \text{ Rate}) \div (365) \\ \times (\text{No. of days})$$

Example of interest calculation:

Mary rented an apartment on July 1, 1999. Her security deposit was \$500. On May 31, 2000, Mary moved out of the rental suite.

July 1, 1999 to Dec. 31, 1999 = 184 days. Listed interest rate is 4.25%

**$\$500 \times 4.25\% \div 365 \text{ days}$
 $\times 184 \text{ days} = \10.71**

Jan. 1, 2000 to May 31, 2000 = 152 days. Listed interest rate is 4.5%

**$\$500 \times 4.5\% \div 365 \text{ days}$
 $\times 152 \text{ days} = \9.37**

The landlord owes Mary \$20.08 (\$10.71 + \$9.37) in interest on her security deposit.

Enforcement of responsibilities

If a landlord wants to sue the tenant for damages, or the tenant objects to the landlord's retention of the security deposit, either party can make application to the Courts for a hearing by a judge.

To start the court process, you can go to the Court Registry located in Whitehorse, Watson Lake, or Dawson City. You will be required to fill out a form, and information will be provided on how to proceed with the process.

If you wish to contact the Court Registry office call 667-5441, or toll-free at 1-800-661-0408 Ext. 5441). The Court Registry is located on the ground floor of the Law Courts, located at 2134 Second Avenue in Whitehorse, Yukon.

Need more information

Landlords and tenants can learn more about their rights and responsibilities under the [Landlord and Tenant Act](#) by contacting [Consumer Services](#). Phone 667-5111, or toll-free outside of Whitehorse 1-800-661-0408.

This tipsheet provides general information about the Landlord and Tenant Act. To interpret or apply the legislation, the Act should be consulted.