

# SECURITY DEPOSIT INTEREST RATES

2% below prime rate  
(calculated on January 1 and on July 1 annually)

Formula to calculate the interest:

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

Period	Interest Rate	Period	Interest Rate
Up to Sept. 30, 1994	10%	Jan. 1, 2005 to June 30, 2005	2.25%
Oct. 1, 1994 to Dec. 31, 1994	6%	July 1, 2005 to Dec. 31, 2005	2.25%
Jan. 1, 1995 to June 30, 1995	6%	Jan. 1, 2006 to June 30, 2006	3%
July 1, 1995 to Dec. 31, 1995	6.75%	July 1, 2006 to Dec. 31, 2006	4%
Jan. 1, 1996 to June 30, 1996	5.5%	Jan. 1, 2007 to June 30, 2007	4%
July 1, 1996 to Dec. 31, 1996	4.5%	July 1, 2007 to Dec. 31, 2007	4%
Jan. 1, 1997 to June 30, 1997	2.75%	Jan. 1, 2008 to June 30, 2008	4%
July 1, 1997 to Dec. 31, 1997	2.75%	July 1, 2008 to Dec. 31, 2008	2.75%
Jan. 1, 1998 to June 30, 1998	4%	Jan. 1, 2009 to June 30, 2009	1.5%
July 1, 1998 to Dec. 31, 1998	4.5%	July 1, 2009 to Dec. 31, 2009	.25%
Jan. 1, 1999 to June 30, 1999	4.75%		
July 1, 1999 to Dec. 31, 1999	4.25%		
Jan. 1, 2000 to June 30, 2000	4.5%		
July 1, 2000 to Dec. 31, 2000	5.5%		
Jan. 1, 2001 to June 30, 2001	5.5%		
July 1, 2001 to Dec. 31, 2001	4.25%		
Jan. 1, 2002 to June 30, 2002	2.00%		
July 1, 2002 to Dec. 31, 2002	2.25%		
Jan. 1, 2003 to June 30, 2003	2.5%		
July 1, 2003 to Dec. 31, 2003	1.5%		
Jan. 1, 2004 to June 30, 2004	2.5%		
July 1, 2004 to Dec. 31, 2004	1.75%		

This tip sheet is intended to provide general information and is not a substitute for legal advice. We believe it to be accurate, but it is not an authoritative legal text. Produced by Consumer Services as information for landlords and tenants.

# LANDLORD AND TENANT ACT SECURITY DEPOSITS

Landlords may ask tenants for a security deposit. A security deposit cannot be more than the equivalent of the first month's rent at the time the tenancy begins.

This sheet is provided for assistance only and is not a statement of law. To interpret or apply the legislation, the *Landlord and Tenant Act*, Part 4, should be consulted. Sections 63 and 64 refer to security deposits.

There are specific rules about how the security deposit may be used. They are detailed in the *Landlord and Tenant Act*. Please contact Consumer Services at (867) 667-5111 to determine whether you are eligible to use the security deposit for the last month's rent.

## Interest on Security Deposits

The landlord must pay interest to the tenant annually (at the end of each tenancy year) or 15 days after the date the tenant moves out (the earlier date applies). The interest rate is payable at 2% lower than the bank prime rate as of January 1 and July 1 of each year.

The table on the reverse of this sheet shows the interest to be paid on the security deposit for each time period. The interest is not compounded, it is calculated for each time period.

## Calculating the Interest

Formula for calculating the interest owed:

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

### **Example of an interest calculation**

Mary rented an apartment on July 1, 1999. Her security deposit was \$500.00. 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% (see reverse)

$$\text{\$500.00} \times 4.25\% \div 365 \text{ days} \times 184 \text{ days} = \text{\$ 10.71}$$

Jan. 1, 2000 to May 31, 2000 = 152 days; listed interest rate is 4.5% (see reverse)

$$\text{\$500.00} \times 4.5\% \div 365 \text{ days} \times 152 \text{ days} = \text{\$ 9.37}$$

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

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