

Fact sheet

Rental bonds

The *Residential Tenancies and Rooming Accommodation Act 2008* (the Act) outlines the rules for collection, management and refund of rental bonds in Queensland. The Residential Tenancies Authority (RTA) administers the Act and holds bonds during a tenancy.

What is a rental bond?

A rental bond is money paid by the tenant at the start of a tenancy agreement. It is used as financial protection for the lessor in case the tenant breaches the terms of the agreement. A bond is sometimes referred to by other names such as a security deposit, linen deposit, key (or security card) deposit or pet bond. However, if it is money paid as protection over the property and its inclusions that is not rent – then it is a rental bond. It is paid in addition to rent or rent in advance.

Does a rental bond have to be taken?

The Act does not require a bond to be taken. However, most lessors/agents take bond money as security for the premises. They may need to claim a part or all of the bond money at the end of the tenancy if the tenant costs them money by damaging the premises, breaching the agreement or owing rent.

When is a bond taken?

A bond can be taken only after the prospective tenant is given a copy of the proposed tenancy agreement containing any special terms that apply to the tenancy, as well as copies of other paperwork such as park rules or body corporate by-laws.

What happens once bond money is taken?

The lessor/agent has the following responsibilities once the bond money is taken:

- to give the tenant a receipt straight away
- to fill in a *Bond lodgement* (Form 2) that the tenant/s have to sign, and
- to send all bond money and the form to the RTA within 10 days of receiving it.

How much bond can be taken?

For general tenancies the law says if the rent is \$700 or less per week, the maximum bond amount is four weeks rent. If the weekly rent is higher than \$700, the amount of bond should be negotiated between the lessor/agent and tenant. The law gives no maximum amount where the weekly rent is higher than \$700.

For moveable dwelling tenancies, the maximum bond is the same as two weeks rent, or if the electricity is connected to the premises in the owner's name, three weeks rent.

The maximum amounts stated in the Act apply to all bonds, no matter what they are called (e.g. pet bond) or how many bonds are taken.

There are different rules where accommodation is provided by an employer. Check with the RTA for more information.

What if the tenant can not afford the bond?

If the tenant can not afford the bond money upfront, they may be able to:

- pay off the bond in instalments over time if the lessor/agent agrees by making part-payments. The tenant and lessor/agent complete a *Bond lodgement*, then the lessor/agent lodges the first instalment and the form within 10 days to the RTA. Each time the tenant makes another part-payment, another *Bond lodgement* needs to be completed and, together with the rental bond money, must be lodged with the RTA by the lessor/agent within 10 days of receipt. This process continues until the full bond is paid.
- take out a bond loan. Contact the Department of Housing and Public Works to find out more about bond loans and eligibility criteria.

What happens to a bond?

All bond money must be sent by the lessor/agent within 10 days of receipt to the RTA for safekeeping during the tenancy. At the end of the agreement, either party can make a claim on the bond.

Can a bond be transferred from one property to another?

Sometimes a tenant will want to transfer their bond from one property to another they are moving into. This form will **only** change the address of an existing rental bond. Bond amount, tenants/residents and property manager/owner cannot be changed. Complete a *Refund of rental bond* (Form 4) before the *Change of rental property* (Form 3) if the new rental bond is less than the previous bond. Submit a *Bond lodgement* (Form 2) if additional money is to be added to the bond.

How is a bond refunded at the end of a tenancy?

The tenant/s or property manager/owner can apply for the bond to be refunded once the notice ending the tenancy has expired. If no notice has been provided parties can apply for the bond to be refunded once the tenants have vacated the property.

If the parties agree

If the tenant/s and lessor/agent agree on how the bond is to be refunded, they should fill out the *Refund of rental bond* (Form 4) together and send it, signed by all parties, to the RTA. The RTA will refund the bond as directed on the form.

If the parties don't agree

If the tenant/s and lessor/agent do not agree on how the bond is to be refunded, any party to the bond (tenant or lessor/agent) can fill in a *Refund of rental bond* and lodge it with the RTA without the other parties' signatures. The RTA will refund any undisputed amount from the first form processed and send the other parties a *Notice of claim*.

The person receiving the *Notice of claim* has 14 days to:

- dispute the claim by filling in a *Dispute resolution request* (Form 16) and sending it to the RTA, or
- agree with the other person's claim by signing the back of the *Notice of claim* and sending it to the RTA, or
- take no action.

It is important to note that if the party receiving the notice takes no action, after 14 days the RTA will refund the bond as requested on the first form received.

The RTA will send the *Notice of claim* to the tenant's last known address, which may be the rental premises they have just vacated. Tenants should always keep the RTA informed about changes to their forwarding address, in case there is a claim against their bond.

What happens if a *Dispute resolution request (Form 16)* is sent to the RTA?

If dispute resolution is requested through the RTA, a conciliator will contact the parties and help them come to an agreement. If no agreement is reached, they will issue a *Notice of unresolved dispute*, allowing the parties to apply to the Tribunal for a decision to be made. There are tight time limits that apply.

Visit www.qcat.qld.gov.au for more information on applying to the Tribunal.

Further information

For more information contact the Residential Tenancies Authority on 1300 366 311.

Accessing RTA forms

The RTA's forms can be obtained electronically or in person by:

- rta.qld.gov.au
- 1300 366 311
- Level 23, 179 Turbot St Brisbane



If you need interpreting assistance to help you understand this information, contact TIS on 13 14 50 (for the cost of a local call) and ask to speak to the Residential Tenancies Authority (RTA).

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Disclaimer

This fact sheet is prepared for information only. The Residential Tenancies and Rooming Accommodation Act 2008 is the primary source on the law and takes precedence over this information should there be any inconsistency between the Act and this fact sheet.