**PRESS RELEASE**

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**NO EMBARGO**

**UNDERSTANDING THE TERMS OF YOUR RENTAL DEPOSIT IS CRITICAL**

One of the most common areas of conflict between letting agents and tenants is around the refund of the tenant’s deposit. A particular area of concern is the time it takes the agent or landlord to pay back the deposit, as many tenants want to use these funds for a deposit for their new rental.

“Fortunately, this conflict is easily avoided by carefully reading the lease agreement and taking note of the contractual obligations you are agreeing to upfront,” says Paul Stevens, the chief executive of Just Property.

Specifically related to the repayment of deposits, lease agreements usually stipulate that an outgoing inspection will be carried out within seven days of the termination of the lease, and if no damages are discovered, that the deposit will be refunded within the seven-day period.

However, if damages do need to be repaired, the landlord or letting agent is usually permitted another 14 days to complete the repairs, provide the ex-tenant with the invoices as proof of the costs, then pay back the difference in the deposit. This means that it is possible that the repayment period could stretch to 21 days in total, in keeping with the terms of the lease.

Many tenants do not fully understand this clause and that is where the potential for conflict arises.

“If you feel that these obligations or restrictions are in any way onerous or unreasonable, the time for negotiation is before you’ve signed the contract,” Stevens. “If you understand what is expected of you over the term of your lease, it makes for a far easier and less complicated relationship between all parties.

These are some of the types of clauses that relate to the handling of deposits that you should be aware of:

* The deposit may be used by the landlord/rental agent to cover the costs of any repairs or damages for which the tenant is liable when he/she vacates the premises, or to cover any outstanding payments due by the tenant.
* The damages deposit will be increased each year in proportion to the rental increase. The tenant must pay the top-up amount to the deposit in at the same time as they pay their first increased rental payment in the next year.
* The agent must keep the deposit in an interest-bearing trust account for the duration of the lease.
* The tenant may not at their own discretion use the deposit in place of any month’s rental, including the last. If the agent has to use the deposit to cover a month’s unpaid rental, the deposit immediately becomes owning to the agent.

“As you can see, there are clauses that protect both the tenant and the landlord or agent,” says Stevens. “Be sure that you have fully understood the requirements of your lease, have queried any problem areas, and have entered into an agreement with your agent or landlord that is satisfactory to you both.”

For more information on Just Property please visit [www.just.property](http://www.just.property) or call (081) 355 6700

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