

TIPS FOR TENANTS

HOW DOES A RENTAL BOND WORK

When taking on a residential tenancy, typically the owner requires the tenant to pay a security bond upfront. By law, the maximum-security bond is four weeks rent.

The purpose of the bond is to provide the owner with an opportunity to mitigate any losses, should the tenant cause any damage to the premises.

The Government Bond Administrator

The security bond is lodged with a specific State Government managed trust fund called the Government Bond Administrator. The security bond is not kept by the owner or managing agent.

If landlords and property managers do not pay the bond into the Government managed trust, they may be faced with severe penalties.

A recent example of this resulted in the owner of self-managed rental properties being fined \$24,000 for the misuse of bond monies.

