

Taking a bond

Information for landlords

Property agents and self-managing landlords must be registered with Rental Bonds Online

From **30 January 2017**, property agents and self-managing landlords must be registered with Rental Bonds Online (RBO), Fair Trading's easy and secure service to manage bonds online. Agents and landlords must also offer the service to new tenants as the first option for lodgement of their bond. To register as a user, read the How can I get started section below.

A rental bond is money paid by the tenant as a form of security in case they breach the tenancy agreement. A bond should not be treated as a substitute for careful selection of prospective tenants. All bonds must be lodged with Fair Trading and you can make a claim against the bond for certain reasons after the tenancy ends.

Most tenants do the right thing and get their bond back at the end of the tenancy. However, sometimes a bond does not cover the damage and rent owed by a tenant. If you are concerned about this risk, consider taking out landlord insurance.

Amount of rental bond

While not compulsory, taking a rental bond is highly recommended unless there is a good reason not to.

Be aware that a rental bond:

- cannot be an amount more than 4 weeks' rent. This is paid at the start of the tenancy and applies to all NSW rental properties, whether furnished or unfurnished. Higher bonds cannot be charged for tenants with pets, children or for any other reason. Also, you cannot request or receive additional bond payments ('top-ups') during the tenancy.

- must be in money, not in a form such as personal goods or a written guarantee from the tenant's friends or relatives. The only exception is for Tenancy Guarantees issued by Housing NSW. These guarantees (of up to \$1,000 over and above any bond paid) help those with a limited or poor rental history to rent a place in the private rental market.
- does not need to be paid before signing the tenancy agreement. This includes applicants for the tenancy and those who have paid a holding fee. The tenant may decide to transfer the bond into a bank account before signing the tenancy agreement but they are not obliged to do so.
 - However, this does not prevent a landlord or real estate agent from requiring the tenant to provide evidence that the rental bond has been deposited with Fair Trading before the tenancy agreement is signed.
 - If the tenant is using Rental Bonds Online, they must lodge the bond with Fair Trading prior to the agreement being finalised.
- is for the whole tenancy: if there is more than one tenant, you cannot take a separate bond from each of them.
- can be paid in instalments if you as the landlord allow this. Learn more in the 'Bond instalments' section below.

Rent in advance

At the beginning of the tenancy, the tenant can be required to pay the first 2 weeks' rent. This is not another form of bond. The tenant is simply paying their rent in advance, meaning that no rent is due until 2 weeks have passed. Besides a rental bond and 2 weeks' rent in advance, you cannot ask the tenant for any other money at the start of a tenancy.

Bond lodgement

If you have employed an agent to manage your property, they should arrange the bond lodgement process on your

behalf, either through Rental Bonds Online or the paper-based process. However, if you are acting as a self-managing landlord, you are responsible for managing the bond lodgement process with NSW Fair Trading.

You can lodge a bond through Rental Bonds Online, Fair Trading's easy and secure service to manage bonds online, or a paper-based process.

If you are already registered, you can log on at <https://rbo.fairtrading.nsw.gov.au/agent/login>

Rental Bonds Online - how can I get started?

If you are using an agent and your tenant has agreed to use the service, the agent will manage this process for you.

If you are a self-managing landlord, you will need to be set-up on Rental Bonds Online.

1. Download and complete the Rental Bonds Online - Landlord/Owner Proof of Identity and Registration Form (PDF size: 68kB)
2. Email rboregistration@finance.nsw.gov.au your completed form with a certified copy of the required proof of identity documents (as outlined in the form), endorsed as a true copy by a Justice of the Peace OR
Visit any Service NSW Centre with the completed form and the required original proof of identity documents. Locate your nearest Service NSW centre on the Service NSW web page or call 13 77 88.
3. Once NSW Fair Trading has verified your Proof of Identification documents with your completed form, you will receive emails (to the address provided in the form) with your new Landlord Code and instructions to activate your account.

Rental Bonds Online users

Once you are a registered user, you can start inviting your tenants to use the service to manage their rental bond. First, confirm the tenant is willing to use Rental Bonds Online and has internet access, a mobile phone, an email account, a Visa, Mastercard or the ability to pay by BPAY and an Australian bank account.

When discussing the online service with tenants, it may help to direct them to these resources:

- Getting started with Rental Bonds online - information for tenants factsheet (PDF size: 345Kb)
- the Rental Bonds Online - for tenants page on our website.

If the tenant pays the bond online by Visa or Mastercard, you will be immediately notified by email or SMS that the bond is held by Fair Trading. BPAY payments may take up to 3 days before the tenant's financial institution advises Fair Trading that the bond has been paid.

Getting help with Rental Bonds Online

If you are already a registered user, you can log on to <https://rbo.fairtrading.nsw.gov.au/agent/login> to access online help. This will guide you through processes such as how to lodge a bond or make a claim.

You can also refer to the information you received when you registered, or the Frequently Asked Questions page on our website.

If you still can't find what you are looking for or need further help, access support by emailing rbosupport@finance.nsw.gov.au or making a free call to 1800 990 724.

Paper based bond lodgement

Where a tenant chooses to use the paper based process, you can complete the bond lodgement as follows:

1. Download a Rental Bond Lodgement form from the Links section in Rental Bonds Online.
2. Fill out and get the tenant to sign the Rental Bond Lodgement form.
3. Post the Lodgement form along with a cheque/ money order for the amount of the bond to the address on the form, or lodge it in person at any Service NSW Centre.

If letting and managing the property yourself, you have 10 working days to lodge the bond with Fair Trading. You will receive confirmation (with the bond number) from Fair Trading once the bond is processed.

If you have employed an agent, they will lodge the bond and handle the paperwork. Agents have 10 working days from the end of each month to lodge all bonds received during that month. These are maximum timeframes and you can lodge a bond sooner.

You are advised to accept bond payments in either cash, bank cheque or bank transfer from the tenant's account.

Fair Trading does not accept liability for a tenant's dishonoured personal bond cheque. If the cheque bounces, this means you have no bond or security. You will need to try to collect the money again and re-lodge the bond or issue a termination notice for breach of the tenancy agreement.

When a bond is taken from a tenant they must receive a receipt or record of the payment details on the tenancy agreement. The bond must be lodged with NSW Fair Trading. A landlord or agent cannot keep the money or put it into an account in the tenant's name.

Bond instalments

Most landlords request the tenant to pay the bond in one lump sum before handing over the keys to the property. However, landlords may allow a tenant to pay in instalments.

If you agree to this, you can keep the part payments until the whole bond is paid then lodge the bond with NSW Fair Trading in one amount. However, if this takes more than 3 months, you will need to lodge what you have received no later than every three months.

If you and the tenant are Rental Bonds Online (RBO) users and have initially agreed that the bond can be paid in instalments, you can request that the tenant pay a bond instalment using RBO. An email will be sent to the tenant. This will prompt them to log on to their RBO account and pay the instalment. You will be notified when the tenant pays the instalment. Once paid, the instalment amount is included in the full bond amount held.

Penalties apply

Fair Trading can take you to court or issue fines if you do not follow the bond rules. This includes taking more than 4 weeks' rent as a bond or not lodging a bond on time.

From 30 January 2017, if a landlord or agent fails to invite a new tenant to lodge their bond using Rental Bonds Online, prior to accepting a bond, a penalty of \$2,200 may apply.

Updating bond records using Rental Bonds Online

Log on to your account and go to 'Your Details'.

To update your details, you can also contact Rental Bonds Online Security and Support by email: rbosupport@finance.nsw.gov.au or phone: 1800 990 724 (free call).

Updating bond records using paper-based forms

If the name of the landlord, agent or co-tenants changes during the tenancy, a Change of Shared Tenancy Arrangement or Change of Managing Agent/Owner form will need to be completed and lodged with NSW Fair Trading.