



# Rental Deposit Guide

## Introduction

The rental deposit is a fundamental component of every residential Lease Agreement. It serves as financial security for the Landlord while remaining the property of the Tenant, subject to lawful application upon termination of the lease.

**NR Nagel Attorneys Inc administers rental deposits in strict compliance with the Rental Housing Act, the Legal Practice Act, and the provisions of the Lease Agreement. The deposit is safeguarded within a regulated legal framework that protects both parties and ensures transparency, accountability, and procedural fairness throughout the lease term.**

# Purpose of the Rental Deposit

**The rental deposit secures the Tenant's obligations under the Lease Agreement. It provides financial protection to the Landlord in the event of unpaid rental, outstanding utilities where applicable, or damages to the property beyond fair wear and tear.**

The deposit is not an advance rental payment and may not be utilised by the Tenant as payment for the final month's rent. It remains held as security until the lease terminates and the formal reconciliation process has been completed in accordance with the Lease Agreement.

# Investment in an Attorney's Trust Investment Account

**All rental deposits administered by NR Nagel Attorneys Inc are invested in an interest-bearing attorney's trust investment account in terms of the Legal Practice Act.**

An attorney's trust account is a regulated banking environment specifically designed for the safeguarding of client funds. These accounts are subject to strict accounting controls, annual independent audits, and regulatory oversight by the Legal Practice Council. Funds held in trust are separate from operational business accounts and are administered in accordance with fiduciary duties imposed on legal practitioners.

For the Tenant, this structure provides financial security, regulatory protection, and transparency. The deposit is securely invested, properly recorded, and interest accrues for the benefit of the Tenant for the duration of the lease, as prescribed by law and the Lease Agreement.

For the Landlord, the benefit lies in knowing that the deposit is professionally administered within a regulated legal framework, with accurate accounting and strict compliance, thereby reducing risk exposure and strengthening enforceability in the event of dispute.

# Payment and Safeguarding of the Deposit

The deposit amount is determined in accordance with the Lease Agreement and is typically equivalent to one month's rental unless otherwise agreed in writing.

The full deposit must be paid and cleared prior to occupation, as stipulated in the Lease Agreement. Once received, the funds are invested in the attorney's trust investment account where they remain safeguarded for the duration of the lease.

Proper accounting records are maintained throughout the tenancy to ensure that the deposit and accrued interest can be accurately reconciled within the timeframes stipulated in the Lease Agreement upon termination.

# Ingoing and Outgoing Inspections

An ingoing inspection is conducted prior to occupation in accordance with the Lease Agreement. A detailed condition report is prepared and supported by photographic evidence. This report establishes the recorded condition of the property at the commencement of the lease.

Upon termination of the lease, an outgoing inspection is conducted within the period provided for in the Lease Agreement. The outgoing inspection is compared against the ingoing report to determine whether any damages beyond fair wear and tear exist. Where necessary, repair quotations or invoices are obtained to substantiate remedial costs.

These inspection procedures are conducted strictly within the timelines set out in the Lease Agreement and applicable legislation, ensuring procedural compliance and fairness to both parties.

# Deposit Reconciliation Process

Following termination of the lease and completion of the outgoing inspection, a full reconciliation of the rental account is conducted in accordance with the Lease Agreement.

Any outstanding rental, unpaid utilities where applicable, and verified damages beyond fair wear and tear are calculated and supported by documentation. The deposit is then applied in accordance with the structured reconciliation process provided for in the Lease Agreement.

A detailed reconciliation statement is prepared reflecting the application of the deposit, the interest accrued, and any balance due. This reconciliation is finalised within the timeframes stipulated in the Lease Agreement and applicable law.

## Refund of the Deposit

If no amounts are outstanding and no damages beyond fair wear and tear are identified, the full deposit together with accrued interest is refunded within the period provided for in the Lease Agreement and in compliance with statutory requirements.

If lawful deductions are required, the remaining balance of the deposit together with accrued interest is refunded after such deductions have been applied and accounted for, within the timeframe stipulated in the Lease Agreement.

The administration of refunds is conducted with strict adherence to contractual and legislative timelines to ensure transparency and certainty for both parties.

## Insufficient Deposit and Arrear Rental Recovery

If the Tenant vacates the property with rental arrears exceeding the deposit amount, the deposit is first applied in accordance with the reconciliation process set out in the Lease Agreement. Should a shortfall remain after application of the deposit, the outstanding arrear rental may be pursued through formal demand and, if necessary, legal recovery proceedings.

**Under the Managed Rental Mandate, NR Nagel Attorneys Inc manages arrear rental recovery on behalf of the Landlord.**

## A Structured and Compliant Framework

The structured investment of rental deposits in an attorney's trust investment account, combined with formal inspection procedures and detailed reconciliation protocols conducted within the timeframes set out in the Lease Agreement, ensures that the deposit functions as meaningful financial security rather than a mere administrative requirement.

For the Tenant, this framework provides security, transparency, and regulatory protection of funds. For the Landlord, it provides compliance, financial control, and strengthened asset protection.

**Through this legally aligned and professionally managed process, NR Nagel Attorneys Inc ensures that the rental deposit is safeguarded, fairly administered, and reconciled strictly in accordance with the Lease Agreement and applicable legislation.**