# Detailed Reference Guide 7: Additional bond amounts for long-term rental agreement and for renter modifications

This reform has come into force.

## New requirements

The rental provider can require an additional bond amount if:

* the rental agreement is a long-term rental agreement (more than 5 years), or
* the renter makes modifications to the property.

See Detailed Reference Guide 16 for further detail on modifications to the property by the renter and modification bonds.

Under a standard form rental agreement for a fixed term of more than 5 years, the rental provider may require the renter to pay an additional amount of bond (a bond top-up), if:

* the additional payment of bond is required by the rental provider after the expiry of a period of 5 years of continuous occupation by the renter,
* there are 5 or more years left on the lease, and
* the rental provider has given the renter 120 days written notice in a form approved by the Director requiring an additional payment of bond. This additional amount must be paid by the renter on or before the end of the 120-day notice period.

The rental provider must not require an additional amount of bond more than once in any 5-year period.

### Calculating the additional bond amount

The additional bond amount is determined by:

* calculating a total amount of bond for the next 5 year period of the rental agreement by using the rent payable at the commencement of the next 5 year period of the rental agreement as a basis, and
* subtracting the total amount of bond currently lodged with the Residential Tenancies Bond Authority (RTBA) from the total amount of bond calculated in step one.

### Renter may apply to VCAT to vary additional amount of bond

Where a rental provider seeks an additional amount of bond, the renter may apply to VCAT to:

* vary any term in the rental agreement which permits the rental provider to require an additional amount of bond, or
* vary the amount of additional amount of bond to be paid.

VCAT may make any order it considers appropriate if satisfied that not making an order would result in severe hardship for the renter. In making an order, VCAT must have regard to:

* whether the rental provider or renter are otherwise in breach of any terms of the rental agreement or under this Act, and
* the financial circumstances of the renter and rental provider, and
* the condition of the rented premises, and
* any other matter VCAT considers relevant.

## Previous requirements

A rental provider could not require the payment of additional bonds in respect of a rental agreement where the renter continued occupation of the property.

## Relevant legislation in the *Residential Tenancies Act 1997*

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| 34 | Not more than 1 bond is payable in respect of continuous occupation |
| 34A | Additional amount of bond proportionate with rent increase |
| 34B | Renter may apply to VCAT to vary additional amount of bond |

Note: This was Reform 28 in the Fairer Safer Housing review.