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The Residential Tenancies Branch

FACT SHEET

Cette information existe également en français.
Composez le 204-945-2476.

Guarantee Agreements: Information for Landlords

As a landlord, there may be times when you are not sure you can rely on someone who wants to rent from you. If an applicant has a bad rent (or credit) history, you have the right to ask the applicant to find someone to sign a guarantee agreement (a guarantor), before you rent the unit. The agreement says that if the rent (or other charges) is not paid, the guarantor may be responsible (have to pay you) for that rent.

You cannot use guarantee agreements to keep certain groups of people from renting. For example, you cannot use them for all renters between the ages of 18 and 25. You can only ask for a guarantor when you have a valid reason to be worried about a particular applicant's ability to pay the rent.

What is a guarantor?

A guarantor is a person who agrees, in writing, to cover the payment of any money a tenant owes a landlord while the tenant is renting. The money can be for unpaid rent, damages or repairs for the rental unit.

What is a guarantee agreement?

A guarantee agreement is a written document **signed** by you and the guarantor that states what payments the guarantor is going to cover if the tenant does not. This can be for rent, damages, repairs and other money that the tenant may owe you. The maximum amount the guarantor is responsible for must be stated in the agreement. See *Guarantee Agreements: What they must include* fact sheet for more information. Copies of the fact sheet are available from the Residential Tenancies Branch; or online at www.manitoba.ca/rtb.

You must give the guarantor a **signed** copy of the guarantee agreement and the tenancy agreement (or lease) for the rental unit, within 21 days after the date the tenant can move in. For example, if the move-in date is July 1, you must give them copies by July 22.

The guarantee agreement can be for a fixed term (ex: one year), month-to-month, or for the length of the tenancy. You must make sure the agreement states, in writing, exactly how long the guarantor is going to be responsible.

What about rent increases?

You must give the guarantor three months' written notice of any increase in rent. For example, if you give notice to the tenant that the rent will increase on July 1, the guarantor and the tenant must receive that notice by March 31. If you don't give the guarantor proper notice, the guarantor is not responsible for the increased amount of rent.

(see over)

What are my responsibilities to the guarantor?

If the tenant does not pay the rent, and misses two rental payments, you must give the guarantor written notice within 10 days of that time. For example, if rent is due on the first of the month and the tenant does not pay rent on July 1 and August 1, you must give the guarantor notice by August 11.

If a tenant doesn't live up to the tenancy agreement in other ways (ex: damages, noise and disturbance), you must give the guarantor notice as soon as possible. For example: if the tenant causes \$2,000 in damages to the unit and has not paid for the repairs, you must tell the guarantor, in writing, **as soon as possible**.

What about lease renewals and sublets?

Sometimes the tenancy is for a fixed term and the agreement says the guarantor will cover that term plus another term. If the tenant stays for another term, you must give the guarantor notice of the renewal three months before the end of the tenancy agreement.

The notice must show any increase in rent. It must also say that the guarantor will continue to be responsible unless the guarantor chooses to end the agreement. For example, if the tenancy agreement ends on June 30, you must give notice to the guarantor in writing by March 31.

If you do not give the renewal notice to the guarantor, the guarantee agreement ends when the existing tenancy agreement ends.

A tenant may ask you for permission to sublet the rental unit. If you agree, the guarantor is not responsible for the sublet unless he/she agrees to sign a new guarantee agreement for the tenant who is subletting. You must give the guarantor written notice that you've agreed to allow the tenant to sublet.

Guarantor's right to terminate agreement

If the tenancy agreement (lease) is for a fixed term (ex: one year) the guarantee agreement cannot end before the tenancy agreement, **unless** the guarantee agreement says it can or there is a sublet.

If the lease is for a fixed term (example: one year) and the guarantee agreement says that the guarantor will be responsible for one or more of the renewals, the guarantor can still end the guarantee agreement by giving you written notice two months before the current lease ends. For example, if the tenancy agreement started on July 1 and ends the following June 30, the guarantor can give you notice by April 30 to end the guarantee agreement on June 30.

If the lease is a month-to-month, the guarantor can end the agreement by giving one rental payment period's notice. For example, if the rent is due on July 1, the guarantor must give you notice in writing by May 31.

If the guarantor ends the agreement and you still believe the tenant needs a guarantor, you can ask the tenant to find a new one. If the tenant cannot find a new guarantor, you may be able to give the tenant notice to move.

Note: Landlords cannot charge the guarantor any money, except the fees allowed under *The Residential Tenancies Act*. To view a copy of the Act, go to www.manitoba.ca/rtb.

This fact sheet is only a brief explanation. For more information on **guarantee agreements**, contact the Residential Tenancies Branch.

This information is available in multiple formats upon request.