



Order under Section 69 Residential Tenancies Act, 2006

Citation: KBS Inc. v Bagyan, 2026 ONLTB 830

Date: 2026-01-08

File Number: LTB-L-079807-25

In the matter of: 307 SARNIA ROAD
LONDON ON N6G1N4

Between: KBS Inc. Landlord

And

Courtney Jane Bagyan Tenant

KBS Inc. (the 'Landlord') applied for an order to terminate the tenancy and evict Courtney Jane Bagyan (the 'Tenant') because the Tenant did not pay the rent that the Tenant owes.

This application was heard by videoconference on December 2, 2025.

The Landlord's Legal Representative Wendy Cavacas the Tenant and the Tenant's support persons Tracy Nemi and Paul Dale attended the hearing.

Determinations:

Adjournment Request

1. At the outset of the hearing the Tenants requested an adjournment of the matter claiming to have just found out about the hearing and wanted to seek legal advice.
2. The Landlord was opposed to the adjournment request.
3. The Tenant was sent a notice of hearing on October 29, 2025. Notwithstanding the tenant vacated the property she did not do so until November 16, 2025 and would have been deemed served with the Notice of hearing on November 3, 2025.
4. The Tenant had received the Landlord's N4 notice and was aware of alleged rental arrears.
5. Having considered the factors in Rule 21.8, the reason for the adjournment request, the position of the parties the prejudice to the parties, I am not satisfied that an adjournment was appropriate. The adjournment request was denied

L1 Application

1. The Landlord served the Tenant with a valid Notice to End Tenancy Early for Non-payment of Rent (N4 Notice). The Tenant did not void the notice by paying the amount of rent arrears owing by the termination date in the N4 Notice or before the date the application was filed.
2. The Tenant was in possession of the rental unit on the date the application was filed.
3. The Tenant vacated the rental unit on November 16, 2025. Rent arrears are calculated up to the date the Tenant vacated the unit
4. The lawful rent is \$1,419.50. It was due on the 1st day of each month.
5. The Tenant has not made any payments since the application was filed.

Amount of arrears owing

6. The Landlord's L1 Application seeks arrears dating back from April 1, 2024 to August 1, 2025. During that period the monthly rent changed from \$1,300.00 to \$1,419.50. The change occurred on May 1, 2024. The parties agree that they entered into a new lease agreement at that time.
7. The Tenant asserts that the change in rent on May 1, 2025 is an illegal rent increase above the guideline and the amount of arrears sought by the Landlord are incorrect.
8. The Landlord's legal representative submits that the new lease agreement included utilities while the original agreement did not, and amounts to a substantial material change to the tenancy agreement. Alternatively, the Landlord submits that the Tenant has not brought an application disputing the lawfulness of the rent increase within one year.
9. The Tenant testified that utilities were included as part of her rent in the first lease agreement.
10. Section 3(1) of the *Residential Tenancies Act*, 2006 (the 'Act') states:

This Act, except Part V.1, applies with respect to rental units in residential complexes, despite any other Act and despite any agreement or waiver to the contrary.

11. The new lease agreement could be an attempt to contract out of the Act, whether intentional or not. In particular Section 110 of the Act which states that no landlord shall increase the rent charged to a tenant for a rental unit, except in accordance with the Act's rent increase rules.
12. Section 116 of the Act states that a landlord shall not increase the rent charged to a tenant for a rental unit without first giving the tenant at least 90 days written notice of the landlord's intention to do so using a Board approved form.

13. In this case the Landlord increased the rent from \$1,300.00 to \$1,419.50, without first serving the required Notice of Rent Increase (NORI).
14. In addition, even if the Landlord had given the Tenant a NORI, the increase would still have been illegal because the landlord was limited to the 2024 guideline increase of 2.5%.
15. The fact that the Tenants signed a new lease containing a potential illegal rent increase does not make it lawful. The Court of Appeal for Ontario addressed this very issue in *Honsberger v. Grant Lake Forest Resources Ltd.*, [2019 ONCA 44](#). The Court found that while parties are free to enter into a new tenancy agreement at the expiry of their existing fixed term agreement, the landlord must also provide a written notice of rental increase.
16. Although a rent increase may be illegal at the time it is imposed, it may become lawful. Section 136(1) of the Act states:

Rent charged one or more years earlier shall be deemed to be lawful rent unless an application has been made within one year after the date that amount was first charged and the lawfulness of the rent charged is in issue in the application.

and goes on to state in subsection (2)

An increase in rent shall be deemed to be lawful unless an application has been made within one year after the date the increase was first charged and the lawfulness of the rent increase is in issue in the application.

17. The Tenant did not commence an application within one year after the date the increase was first charged contending the lawfulness of the rent increase. As such the rent increase is deemed lawful and no determination will be made with respect to whether the new lease agreement did or did not include a significant material change contemplated by section 121(1) of the Act, which could also result in a lawful above guideline rent increase.
18. The lawful monthly rent is \$1,419.50.
19. I am satisfied that the rent arrears owing to November 16, 2025 are \$16,932.22 as claimed by the Landlord.
20. The Landlord incurred costs of \$186.00 for filing the application and is entitled to reimbursement of those costs.
21. The Landlord collected a rent deposit of \$1,300.00 from the Tenant and this deposit is still being held by the Landlord. The rent deposit is applied to the arrears of rent because the tenancy terminated.
22. Interest on the rent deposit, in the amount of \$83.16 is owing to the Tenant for the period from April 27, 2023 to November 16, 2025.

It is ordered that:

1. The tenancy between the Landlord and the Tenant is terminated as of November 16, 2025, the date the Tenant moved out of the rental unit.

2. The Tenant shall pay to the Landlord \$15,735.06. This amount includes rent arrears owing up to the date the Tenant moved out of the rental unit and the cost of filing the application. The rent deposit and interest the Landlord owes on the rent deposit is deducted from the amount owing by the Tenant. See Schedule 1 for the calculation of the amount owing.
3. If the Tenant does not pay the Landlord the full amount owing on or before January 19, 2026, the Tenant will start to owe interest. This will be simple interest calculated from January 20, 2026 at 4.00% annually on the balance outstanding.

January 8, 2026

Date Issued

Sean Ramage

Member, Landlord and Tenant Board

15 Grosvenor Street, Ground Floor
Toronto ON M7A 2G6

If you have any questions about this order, call 416-645-8080 or toll free at 1-888-332-3234.

Schedule 1
SUMMARY OF CALCULATIONS

A. Amount the Tenant must pay as the tenancy is terminated

Rent Owing To Move Out Date	\$16,932.22
Application Filing Fee	\$186.00
Less the amount of the last month's rent deposit	- \$1,300.00
Less the amount of the interest on the last month's rent deposit	- \$83.16
Total amount owing to the Landlord	\$15,735.06