



Order under Section 135 Residential Tenancies Act, 2006

File Number: LTB-T-066307-25

In the matter of: 2707, 85 QUEENS WHARF RD
TORONTO ON M5V0J9

Between: Amir Forghani Tenants
Rana Vosooghi

And

Mohammad Hossein Rezaei Landlords
Sanaz Mehdipour

Amir Forghani and Rana Vosooghi (the 'Tenants ') applied for an order determining that Mohammad Hossein Rezae (MR) and Sanaz Mehdipour (SM), and Homelife Golconda Realty Inc. (the 'Landlords') collected or retained money illegally.

This application was heard by videoconference on January 6, 2026.

The Landlord Sanaz Mehdipour and the Tenants attended the hearing. Parisa Mehdipour attended the hearing as the Landlords' witness.

The Tenants consulted with tenant duty counsel before the hearing.

Preliminary issue:

Who are the Landlords:

1. The Tenants filed this application against MR and SM, the owners of the rental unit, and also against the real estate company Homelife Golconda Realty Inc.
2. Section 2 of the *Residential Tenancies Act*, 2006 (the 'Act') defines a landlord in part as:
 - (a) the owner of a rental unit or any other person who permits occupancy of a rental unit, other than a tenant who occupies a rental unit in a residential complex and who permits another person to also occupy the unit or any part of the unit, and
 - (c) a person, other than a tenant occupying a rental unit in a residential complex, who is entitled to possession of the residential complex and who attempts to enforce any of the

rights of a landlord under a tenancy agreement or this Act, including the right to collect rent.

3. MR and SM are the owners of the rental unit. They permitted occupancy of the rental unit and enforced the rights of the landlords under the tenancy agreement including collection of rent throughout the tenancy. As such, I find that MR and SM are the Landlords. The real estate company acted as the Landlords' agent in setting up the lease agreement between the parties. They did not collect rent throughout the tenancy, nor did they enforce the rights of landlords. As such, I find that the real estate company was the Landlords' agent, not a Landlord. Accordingly, the real estate company Homelife Golconda Realty Inc. shall be removed from the application as a respondent Landlord.

Determinations:

4. The parties entered into a one-year lease agreement commencing September 1, 2024 ending August 31, 2025. The monthly rent was \$2,500.00.
5. Before moving into the rental unit, the Tenants gave the Landlords a last month's rent deposit in the amount of \$2,500.00 and a key deposit in the amount of \$300.00.
6. The Tenants vacated the rental unit on July 28, 2025. Keys were returned on or about August 1, 2025.
7. The Tenants claim that the Landlords collected and retained the Tenants' last month's rent deposit in the amount of \$2,500.00, interest accrued thereon, and a key deposit in the amount of \$300.00 in contravention of the Act.

Key deposit:

8. The Landlords did not contest that they owe the Tenants \$300.00 for the key deposit. In fact, they say that they attempted to return the deposit to the Tenants; however, they did not have an active contact for the Tenants; and as such did not do so.
9. The Landlords shall return the \$300.00 key deposit to the Tenants.

Interest on the last month's rent deposit:

10. It was also not disputed that the Landlords did not pay the Tenants the interest on the last month's rent deposit.
11. Subsection 106(6) of the Act says

A landlord of a rental unit shall pay interest to the tenant annually on the amount of the rent deposit at a rate equal to the guideline determined under section 120 that is in effect at the time payment becomes due.

12. The Landlords did not dispute that they did not pay interest on the last month's rent deposit. Interest is due for the period of September 1, 2024 to July 31, 2025. The interest in effect at the time was 2.5%. I calculated the interest to be \$57.20.

13. The Landlords shall pay \$57.20 to the Tenants for the interest on the last month's rent deposit.

Last month's rent deposit:

14. The issue to be determined in this application is whether the Landlords retained the last month's rent deposit in contravention of the Act. As the last month's rent deposit may only be applied to the last month of the tenancy, the issue then becomes what was the last month of the tenancy.
15. The Tenants claim that they had agreed with the Landlords that they would terminate the tenancy early, presumably on July 31, 2025.
16. The Landlords dispute the existence of an agreement to terminate the tenancy early.
17. As noted above, the parties entered into a one-year lease commencing September 1, 2024, ending August 31, 2025.
18. The Tenants vacated the rental unit on July 28, 2025, that is before the end of term. The keys were returned on or about August 1, 2025.

Evidence:

19. On July 8, 2025, the Tenants sent an email to the Landlords to the address for serving documents as set out in the lease. In the email, the Tenants informed the Landlords that they would not be renewing their lease at the end of August 2025. The Tenants said that they planned to travel at the end of July 2025 and that they would be ready to vacate the unit by July 28, 2025. The Tenants asked the Landlords to refund their last month's rent deposit if a new Tenant took over the rental unit before August 2025.
20. The email reads in part:.. "we would be ready to vacate the unit earlier by July 28, 2025. If it's possible, we kindly ask if the last month's rent can be refunded in case a new tenant takes over before August. This would be a great help in our current situation".
21. The Tenants conceded that the Landlords did not accept this early notice of termination at the time.
22. According to the Tenants, on July 27, 2025, one day before their scheduled flight to their home country, they told the Landlords that they would only vacate the rental unit if the Landlords returned their last month's rent deposit. The Landlord SM then left a voice mail for the Tenants stating that her sister's friend was coming from abroad and wanted to move in. The Landlord allegedly agreed to return the last month's rent deposit and asked the Tenants to speak to her sister for confirmation.
23. The Tenants then informed the Landlord SM that they talked to her sister PM and agreed with the sister to hand over the rental unit on August 1, 2025. The Tenants write to the Landlords [on July 27, 2025]: ..We talked to Ms. Parisa [the sister of Landlord SM] and we agreed to hand over the house on August 1". The Landlords responds: .."Okay, no problem. Please coordinate with Parisa and Mr. PF [the Landlords real estate agent]. Parisa herself will give you August amount from my account for home delivery".

24. The Landlord SM and her sister had different recollections of the communications with the Tenants. They say that they told the Tenants that the last month's rent deposit would be returned only if the Landlords found someone to move into the rental unit. The Landlords' version of events was confirmed by a voice mail submitted into evidence. The voicemail, in the parties' original language was translated at the hearing by Artificial Intelligence. In the voicemail the Landlord SM stated that her sister [PM] may be able to find someone.
25. PM, the sister of Landlord SM testified that the Tenants told her on July 27, 2025 that they were leaving the next day. The Tenants would give the keys to the rental unit to their cousin, who would then return the keys to the unit to the Landlords. As the Tenants left some of their possessions in the rental unit, the cousin would have to retrieve them before returning the keys. PM told the Tenants that if she could find someone to rent the unit, she would return the last month's rent deposit.
26. The Landlords' real estate agent picked up the keys at the Tenants' cousin's residence on August 1, 2025 and the last key was returned later on or about August 4, 2025.
27. After they had vacated the rental unit, the Tenants, in a letter dated August 9, 2025, demanded their last month's rent deposit on the grounds that they had vacated the property and returned the keys before August 1, 2025.
28. The Landlords responded on August 11, 2025 stating that the parties had an agreement for a fixed term, to September 1, 2025, and as such, the last month's rent deposit will be deposited for August 2025 rent, the keys were not returned until after the Tenants vacated and were out of Canada. The Landlords also claimed that the rental unit was in need of repairs due to damage, and as such they were unable to rent the rental unit right away. The Landlords said they would address the alleged damage through the appropriate legal process.
29. On August 26, 2025 the Landlords write that the return of the last month's rent deposit was conditional on the Tenants' return of the rental unit in its original condition so that the Landlords could re-rent the rental unit. However, as the Tenants did not return the rental unit in its original condition and claimed that there was damage, the Landlords were unable to re-rent the rental unit for August.
30. The Tenants claim that the above messages mean that the Landlords intended to retain the last month's rent deposit for alleged damage the Tenants caused to the rental unit.

Analysis:

31. In order to determine whether the Tenants are entitled to their last month's rent deposit, it is necessary to determine whether the tenancy terminated effective July 31, 2025.
32. For the reasons below, I am not satisfied that the tenancy terminated on July 31, 2025.
33. Section 37 of the Act states that a tenancy may be terminated only in accordance with this Act. That is by a valid notice or an agreement.
34. Section 47 of the Act states that a tenant may terminate a tenancy at the end of a period of the tenancy or at the end of the term of a tenancy for a fixed term by giving notice of termination to the landlord in accordance with section 44.

35. Section 44 of the Act states in part that a notice under section 47 to terminate a yearly tenancy shall be given at least 60 days before the date the termination is specified to be effective and that date shall be on the last day of a yearly period on which the tenancy is based.
36. In this case, the Tenants did not give the Landlords a valid notice of termination. They informed the Landlords on July 8, 2025, that is less than 60 days before the end of term, that they would not be renewing the lease ending August 31, 2025.
37. Despite this invalid notice of termination, the Landlords seemed to have accepted the termination date of August 31, 2025. However, the Tenants insist that the Landlords agreed to terminate the tenancy even earlier, that is, effective July 31, 2025.
38. The Tenants rely on the Whatsapp communication between the parties dated July 27, 2025, suggesting that August rent would be refunded, to establish that the parties agreed to terminate the tenancy as of July 31, 2025. I find the Tenants' position problematic for the following reasons.
39. The Tenants' assertion that they told the Landlords that they would move out in July, only if the Landlord found a Tenant for August, is inconsistent with the Tenant's email of July 8, 2025 where they inform the Landlords that they were vacating the rental unit at the end of the month [July]. They ask the Landlord if the Landlords would kindly return the last month's rent deposit if the Landlords find a new Tenant for August.
40. The Tenants' position that the Landlords changed their minds on July 27, 2025, a day before the Tenants' scheduled departure, and agreed on an earlier termination date, seems rather unlikely.
41. The evidence leads to a conclusion that the Tenants decided to vacate the rental unit at the end of July whether the Landlords agreed or not. The fact that the Landlords accepted the Tenants' departure and accepted the keys to the rental unit does not amount to an agreement to terminate the tenancy. Rather, it seems to be a gesture of goodwill by the Landlords and an attempt to minimize the Tenants' losses and re-rent the rental unit as soon as possible.
42. I do not find that the Landlords' message that PM would return the Tenant's rent for August 2025 constitutes an unequivocal agreement to terminate the tenancy effective July 31, 2025.
43. The Landlords' language does not bind them to an agreement to terminate on July 31, 2025. In the context of the overall communications between the parties, the Landlords seem to be informing the Tenants that they plan to return their money as a gesture of goodwill should the Tenants return possession of the rental unit to the Landlords and the Landlords find a new tenant for the unit.
44. The Landlords agreed to return last month's rent deposit if they found a new Tenant for August; however, they did not. According to the Landlords' emails, the rental unit was not in a state to be re-rented immediately.

45. I am also not satisfied that the evidence supports a finding that the Landlords intended to retain the last month's rent deposit for alleged damage to the rental unit. Rather, the evidence suggests that the Landlords intended to pursue the alleged damage in their own application.
46. In conclusion, it is the Tenants' burden of proof that the parties agreed to terminate the tenancy effective July 31 2025, and as a result the Landlords are obligated to return the last month's rent deposit. I am not satisfied that the Tenants met the burden of proof. As such, I find that the Tenants are not entitled to the last month's rent deposit.

It is ordered that:

1. Homelife Golconda Realty Inc. shall be removed from the application as a respondent Landlord.
2. The total amount the Landlords shall pay the Tenants is \$405.20. This amount represents:
 - \$300.00 for the key deposit,
 - \$57.20 for interest on the last month's rent deposit;
 - \$48.00 for the cost of filing the application.
3. The Landlords shall pay the Tenants the full amount owing by February 23, 2026.
4. If the Landlords do not pay the Tenants the full amount owing by February 23, 2026, the Landlords will owe interest. This will be simple interest calculated from February 24, 2026 at 4.00% annually on the balance outstanding.
5. The Tenants have the right, at any time, to collect the full amount owing or any balance outstanding under this order.

February 12, 2026

Date Issued

Jana Rozehnal

Member, Landlord and Tenant Board

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