



Order under Section 21.2 of the Statutory Powers Procedure Act and the Residential Tenancies Act, 2006

Citation: Rajendran V Northstar Property Management, 2026 ONLTB 41280

Date: 2026-06-08

File Number: LTB-T-039522-25-RV

In the matter of: 12, 110 BRETON RD
SAULT STE. MARIE ON P6B1B1

Between: Lakshmanan Rajendran Tenant

And

Northstar Property Management Landlord

Review Order

Lakshmanan Rajendran (the 'Tenant') applied for an order determining that Northstar Property Management (the 'Landlord') collected or retained money illegally.

This application was resolved by order LTB-T-039522-25 issued on February 23, 2026.

On March 25, 2026, the Tenant requested a review of the order. On March 27, 2026 interim order LTB-T-039522-25-RV-IN was issued, staying the order issued on February 23, 2026.

This application was heard by videoconference on May 20, 2026.

The Landlord's agent Jason Naccarato and the Tenant attended the hearing.

Determinations:

Original Order

1. The order under review was dismissed as the hearing member found the Landlord did not retain the prospective Tenant's rent deposit.

Request for Review

2. The Tenant filed a request for review on the basis that the hearing member made serious errors as they misapprehended or misinterpreted the evidence before them and applied an incorrect legal test. Specifically, the Tenant submits:
 1. The member erred by relying on Divisional Court case *Musilla v. Avcan Management Inc.*, 2010 ONSC 5425 that was overturned by the Court of Appeal *Musilla v. Avcan Management Inc.*, 2011 ONCA 502.

2. The member erred in facts in paragraph 4 of the order by stating the Tenant submitted an application the same day as viewing the apartment, being April 4, 2025 and in paragraph 7 that a binding agreement was made on April 26, 2025.

Tenant's Evidence

3. At the review hearing, the Tenant submitted that the hearing Member's reliance on the Divisional Court decision in *Musilla* was incorrect as the Court of Appeal decision is binding on the Board and had overturned the lower Court's decision, in part.
4. The Tenant stated the facts in paragraph 4 of the original order were incorrect as the application was not submitted the same day as viewing the Rental Unit (April 7, 2025). Rather, the Tenant states that their application was submitted April 26, 2025.

Landlord's Evidence

5. The Landlord's agent did not contest the Tenant's evidence at the reviewing hearing.

Law and analysis on the Review Request

6. I have considered the evidence given at the original hearing by reviewing the recording and also considered the evidence before me at the review hearing. I find the hearing Member's order did not contain serious errors for the reasons that follow.

Application of the Musilla Divisional Court case law

7. The original hearing recording demonstrates that the Tenant testified he provided information to the Landlord on April 7, 2025 that included his credit report. The Landlord Jason Nacarrato testified that the Tenant completed an application which included his credit report and that this process is the first step in vetting an applicant for a tenancy. Once the applicant is approved for the tenancy, the tenant is asked to provide a rent deposit and invited to sign the Landlord's lease, along with an additional application.
8. It was undisputed at the original hearing that the Tenant was advised by the Landlord that his application for the rental unit was approved and that the Tenant was then asked to provide a rent deposit for the tenancy, which was then given to the Landlord on April 11, 2025.
9. While I agree that the Court of Appeal decision in *Musilla* is binding on the Board, I find that the hearing Member did not err in applying the reasoning of the Divisional Court decision to this application as the Court of Appeal agreed with the Divisional Court in relation to the following findings,

[8] The Board and the Divisional Court held that s. 107(1) requires a landlord to return a rent deposit only if vacant possession is refused by the landlord. Where there is an agreement for rental of a residence and a tenant does not take possession of the residence when offered, the landlord is entitled to retain a rent deposit in accordance with the provisions in a rental agreement.

[9] We agree with the reasons of the Divisional Court that s. 107(1) of the Act does not authorize a tenant to obtain the automatic return of a rent deposit where the landlord has done everything necessary to give the possession of the leased premises and the tenant has unilaterally repudiated the rental agreement.

...

[11] This interpretation accords with common sense and fairness. To permit a tenant, who is legally obligated to take possession, to regain a rent deposit where the landlord has done everything it was required to do in order to give possession would render meaningless the concept of a rent deposit to secure the tenant's obligation to pay rent.

10. The Court of Appeal's decision varied from that of the Divisional Court in relation to the requirement of a forfeiture of a deposit where a tenant fails to enter into a tenancy agreement. Therefore, I find that the principles regarding s. 107 remain the same in both Court decisions; ultimately the law/legal principle applied by the Member was therefore not incorrect.
11. In the present case, based on the facts before the Member, they determined that a tenancy agreement was entered into and the Landlord did not retain the rent deposit as a penalty. Once the Tenant was told by the Landlord that their application had been approved, the Tenant accepted the tenancy by attending and paying the Landlord the required rent deposit. At this point, I find the tenancy agreement was formed.
12. Subsection 2(1) of the *Residential Tenancies Act, 2006* (the 'Act') provides the following definition:

“tenancy agreement” means a written, oral or **implied agreement** between a tenant and a landlord for occupancy of a rental unit and includes a licence to occupy a rental unit; [Emphasis added].

13. Based on the evidence before the Board, the case law and the Act, I find the hearing Member's determination was not unreasonable, capricious or made without supporting evidence. I find the Member's determination was correct in finding a tenancy agreement was reached when the Landlord had a discussion with the Tenant regarding the tenancy and their right to occupy the rental unit (approval of the application) and the Tenant acted upon that discussion and provided a rent deposit to secure the rental unit (acceptance and consideration for the agreement).
14. On the basis of the submissions made in the request and the hearing, I am not satisfied that there is a serious error in the order or that a serious error occurred in the proceedings. I do not find that there was a misapprehension or misapplication of the evidence before the hearing Member or an error in the application of the binding case law.

It is ordered that:

1. The request to review order LTB-T-039522-25 issued on February 23, 2026 is denied. The order is confirmed and remains unchanged.
2. The interim order issued on March 27, 2026 is cancelled. The stay of order LTB-T-039522-25 is lifted immediately.

June 8, 2026
Date Issued

Elena Jacob
Member, Landlord and Tenant Board

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