

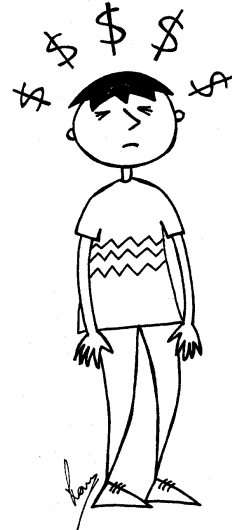
2.07 The Option Fee

What is an option fee?

The owner/agent is allowed to charge an Option Fee while they consider your Application for Tenancy (*Residential Tenancies Act 1987 (WA)* (section 27(2)(a)). You are under no obligation to pay the fee but if you refuse, it may disadvantage your application.

There is no limit on the amount that can be charged. However, the Option fee amount is usually no more than one week's rent.

Be certain you really want the place before you make an application for tenancy and pay the Option fee. If your application is accepted, but you change your mind, you may not get the Option fee back (s.27(2)(a)). In some cases you may be bound to a tenancy you don't want.



Be aware! Make sure you understand what you are agreeing to before you pay the fee.

What happens to the option fee if my application is successful?

If your application is successful, the owner/agent must deduct the money you paid from your first rent payment or return the money to you (s. 27(2)(a)). If you choose not to enter into a tenancy agreement, you may not have the money refunded.

What happens if my application is not successful?

If you have paid an Option fee and your application isn't accepted, the owner/agent must return your money (s.27(2)(a)).

Should I pay a deposit or holding fee?

A deposit or holding fee is not the same as an Option Fee. Do not leave a deposit until you have entered into a tenancy agreement. If you leave a holding fee it could be argued that you have already committed yourself to the tenancy and it is being held for you. The owner/agent can only ask for an Option Fee.

Make certain you know what you are paying and what will happen to the money if you decide not to move in. Always ask for a receipt for the money showing how much you paid and what it was for.

**Always get a receipt for any money you paid and
what it was paid for.**

List of Tenants' Rights Manual chapters referred to in this info sheet:

- 2.06 The Application for Tenancy
- 3.09 When the Owner is in Breach of the Agreement
- 6.02 Preparing for Court
- 6.03 Going to Court