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BOMA Toronto Position on Consumer Security Deposit Issues

In general our views echo those of the Canadian Federation of Independent Business in that we are seeking clear, commercially reasonable policies. More specifically:

1. Credit ratings, where available, should be used to reduce security deposits for non-residential customers *both less than and greater than 5 MW*. We see no basis for the distinction.
2. We are pleased that “a satisfactory credit check” will be allowed as a means to avoid security deposits. However we remain concerned that the lack of definition in this area could lead to inconsistent interpretation on the part of LDC’s. We recommend formally listing acceptable credit ranking firms and the applicable criteria as a means of providing clarity to both the customer and the LDC.
3. We are concerned about flexibility provided to the LDC’s that otherwise burdens or penalizes customers. Specifically, the need to request return of security deposits in writing, as opposed to being automatic, and the allowance of a full LDC budget cycle to occur before return of deposits.
4. Our largest concern, stated again, is the need for LDC’s to recognize that commercial property owners often own a portfolio of buildings (accounts). In many cases the building is owned by a titleholder company, which in turn is wholly owned by another company – the beneficial owner. The LDC’s must recognize common ownership of buildings, where it exists, and not subject each individual building to a separate security deposit. We recommend that where the Owner or Property Manager can confirm responsibility for utility bill payment for any individual account, then the good payment history and/or creditworthiness ascribed to that Owner/Property Manger should be considered in application of any security deposit.