

Chapter 12

YOUR SECURITY DEPOSIT

When you rent an apartment, the landlord almost always ask for a security deposit. This is a sum of money that the landlord holds to cover any damage that may occur while you are living in the apartment. Although the landlord holds it, a security deposit remains the property of the tenant. The security deposit may be used only for damages that make the apartment un-rentable. A landlord is not to use the tenant's security deposit to redecorate the apartment. Deductions for cleaning carpets and appliances are not proper unless there is extraordinary damage caused by the tenant beyond normal wear and tear. The Chicago Residential Landlord and Tenant Ordinance includes several regulations concerning security deposits. The pertinent parts are as follows:

1. The person who receives the security deposit **must give you a receipt** that lists the amount of the deposit, the name of the landlord (if different from the person receiving the money), the date and a description of the apartment.
2. The landlord **must keep the deposit in a federally insured, interest bearing account** at a financial institution. The deposit may not be combined with the landlord's funds.
3. The landlord **must pay you interest** on the deposit at a rate determined annually by the City Comptroller. The interest must be paid to you within 30 days of the end of each 12-month period you have rented the apartment. Interest may be paid in cash or applied towards the next month's rent.
4. If the landlord intends to withhold a portion of the security deposit because the tenant caused damage to the apartment, the landlord **must notify the tenant in writing within (30) days**. In the letter, the landlord must supply the tenant with a **detailed list of damages** and the cost for each repair. A landlord may not deduct any amount from the security deposit unless the letter is sent. **A landlord has 45 days after a tenant moves out to return the entire security deposit or the balance** after proper withholding for damage, plus any accrued interest. In other words, if your landlord gives you a list of damages on the thirtieth day after you move out s/he has only 15 days thereafter in which to return the balance of your security deposit to you.
5. If building ownership changes, **both the old and new landlord may be liable** to you for the security deposit unless notice of the transfer is given to the tenant.
6. If the landlord or the landlord's agent fails to comply with any of the above conditions, the **landlord may be liable for twice the amount** of the security deposit, plus interest and attorney fees. You should consult a lawyer before initiating a lawsuit.