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# Security deposits can slip through cracks

By Erin Brereton | Special to the Chicago Tribune  
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Most renters realize that getting a security deposit back isn't always easy—but many in Chicago don't know that they can be getting a return on that deposit *before* they move.

According to Chicago's Residential Landlord and Tenant Ordinance, renters are owed interest on their deposit each year if the landlord has had it for more than six months.

Using an interest rate set annually by the city comptroller, Chicago landlords are required to pay tenants interest on the security deposit within 30 days of the move-in anniversary each year, according to [Douglas Pensack](#), associate director of the Illinois Tenant [Union](#), a non-profit tenant-rights organization.

"The interest [rate now set] is at 1.26 percent," says Pensack. For a security deposit of \$1,000, Chicago landlords should be paying \$12.60 in interest this year and could face a penalty fee if they miss payment, Pensack says.

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"The rate changes every year," says Mark Silverman, a Chicago attorney specializing in tenant's rights. That means if a landlord paid the interest in one lump sum to a tenant who was moving out this year after living in an apartment for three years, the tenant would not be receiving the full interest because the rate was higher in 2006 and 2007.

Then, in addition to the proper interest, there's the matter of getting your full deposit returned when you move out.

Not all renters know that, by law, they should get the full deposit back within 45 days of the move-out date. The two exceptions to that rule are if a landlord is owed money to cover the repair of damages to the unit, or if rent is due (such as the last monthly payment of the lease).

If the apartment is damaged, the cost of repairs can be subtracted from the deposit—but the landlord must notify the renter within 30 days.

Although some area suburbs, such as Oak Park and [Mount Prospect](#), also have landlord and tenant ordinances, Chicago's ordinance features the most requirements regarding the handling of security deposits, according to Pensack.

Chicago landlords are required to keep security deposits in a separate, interest-bearing account in an Illinois bank and pay tenants interest once a year. (However, if the building has less than six units and the owner lives in the building, the landlord and tenant ordinance which covers the return of deposits, does not apply.)

The interest on a security deposit isn't

much money—but landlords can face a hefty penalty if they hold onto it. Renters can claim

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up to twice the deposit, plus interest, according to Chicago law.

If the landlord and tenant ordinance is not followed, renters can take legal action to seek the amount owed them and attorney's fees, Pensack says.

Most tenants-rights organizations report that disagreements over security deposits are a major source of calls, Pensack says.

But there are legitimate reasons for not immediately returning a security deposit, says Maurice Ortiz, marketing director for the Apartment People, a Chicago-based service that helps renters find apartments.

"A lot of times, the owner or landlord wants to look at the property to make sure no unusual damage was done to the apartment," Ortiz says. "And it takes time to coordinate that with one tenant moving out and a new tenant moving in."

If there is a dispute over the amount deducted for damages, tenants should ask to see the repair receipts.

Many landlords are trying to be fair—and just want to recoup the expense of fixing damaged units, says Richard Magnone of Chicago-based law firm Reda Ciprian Magnone LLC.

"There is probably not enough awareness of the law [on both sides] and not enough knowledge of how to comply with the law," says Magnone.

Magnone handles eviction cases and often reviews leases to make sure landlords are in compliance with the city's ordinances.

"The vast majority of landlords are trying to do the right thing," he says.

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