

81-O-02

**AN ORDINANCE**

**Amending Section 5-3-5-1 of the Evanston City Code  
Pertaining to the Interest Rate on Security Deposits**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON,  
COOK COUNTY, ILLINOIS:

**SECTION 1:** That Section 5-3-5-1 of the Evanston City Code, 1979, as amended, is further amended by deleting the existing subsection (B) in its entirety and substituting in lieu thereof the following new subsection:

**5-3-5-1: SECURITY DEPOSITS AND PREPAID RENT:**

- (B) Effective October 1, 2002, a landlord who receives security or prepaid rent from a tenant shall pay interest to the tenant at the rate equal to the interest rate paid on such security deposits in the City of Chicago. Interest on security deposits on leases commencing prior to October 1, 2002, shall be paid at a rate of four percent (4%) per year through December 31, 1975, and five percent (5%) per year from January 1, 1976 through September 30, 2002. A landlord shall pay to the tenant interest on all deposits within thirty (30) days after the end of each twelve (12) month rental period, by cash or credit to be applied to the rent due, except when the tenant is in default under the terms of the rental agreement. Interest on that portion of a security deposit or prepaid rent exceeding one month's rent, if paid in installments, shall not be computed until all installments are paid to the landlord.

**SECTION 2:** That Section 5-3-5-1 of the Evanston City Code, 1979, as amended, is further amended by adding the following new subsection (D) and relettering current subsections (D) and (E) as subsections (F) and (G):

**5-3-5-1: SECURITY DEPOSITS AND PREPAID RENT:**

- (D) A landlord shall hold all security deposits received by him or her in a federally insured interest-bearing account in a bank, savings and loan association or other financial institution located in the State of Illinois. A security deposit and interest due thereon shall continue to be the property of the tenant making such deposit, shall not be commingled with the assets of the landlord, and shall not be subject to the claims of any creditor of the landlord or of the landlord's successors in interest, including a foreclosing mortgagee or trustee in bankruptcy.

**SECTION 3:** That Section 5-3-5-1 of the Evanston City Code, 1979, as amended, is further amended by adding the following new subsection (E):

- (E) The City shall cause the new rate of security deposit interest to be published once a week for two consecutive weeks in two or more newspapers of general circulation in the City. The City Manager shall direct the Human Relations Department to prepare and publish for free public distribution at government offices and libraries, a pamphlet or brochure describing the respective rights, obligations and remedies of landlords and tenants with respect to security deposits, including the new interest rate as well as the interest rate for each of the prior two years. Said pamphlet shall also be available on the City's website.

**SECTION 4:** That all ordinances or parts of ordinances in conflict herewith are hereby repealed.

**SECTION 5:** That this ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

Introduced: August 12, 2002  
Adopted: September 9, 2002

Approved: September 10, 2002

Lorraine H. Morton  
Mayor

ATTEST:

Mary J. Morris  
City Clerk

Approved as to form:

[Signature]  
Corporation Counsel

