

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Section 5-12-030 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

5-12-030 Definitions.

Whenever used in this chapter, the following words and phrases shall have the following meanings:

(Omitted text is unaffected by this ordinance)

(c-1) "Move-in fee" means a fee that a landlord charges to a tenant that is reasonably related to the landlord's actual, out of pocket costs for a tenant moving into the dwelling unit including, but not limited to, additional security costs or additional trash removal. The term "move-in fee" does not include rent, including prepaid rent, or security deposits.

(Omitted text is unaffected by this ordinance)

(j) "Security deposit" means funds provided to a landlord to secure payment or performance of a tenant's obligations under a rental agreement, or the obligations of the tenant for their guests or pets, and the identifiable proceeds of the funds, however denominated. The term "security deposit" does not include rent, including prepaid rent, or fees, including any applicable move-in fee.

(k) "Tenant" means a person entitled by written or oral agreement, subtenancy approved by the landlord or by sufferance, to occupy a dwelling unit to the exclusion of others.

SECTION 2. Section 5-12-080 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

5-12-080 Security deposits.

(a) ~~(1) A landlord shall hold all security deposits received by him 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.~~

(2) Notwithstanding subsection (a)(1), a landlord may accept the payment of the first month's rent and security deposit in one check or one electronic funds transfer, and deposit the check or electronic funds transfer into one account, if within 5 business days of the acceptance

of the check or electronic transfer, the landlord transfers the amount of the security deposit into a separate account that complies with subsection (a)(1).

(3) The name and address of the financial institution where the security deposit will be deposited shall be clearly and conspicuously disclosed in the written rental agreement signed by the tenant. If no written rental agreement is provided, the landlord shall, within 14 days of receipt of the security deposit, notify the tenant in writing of the name and address of the financial institution where the security deposit was deposited.

If, during the pendency of the rental agreement, a security deposit is transferred from one financial institution to another, the landlord shall, within 14 days of such transfer, notify the tenant in writing of the name and address of the new financial institution.

~~(4) Notwithstanding subsection (a)(1), a landlord shall not be considered to be commingling the security deposits with the landlord's assets if there is excess interest in the account in which the security deposits are deposited. "Excess interest" means the amount of money in excess of the total amount of security deposits deposited into the account plus any interest due thereon.~~

(b) (1) Except as provided for in subsection (b)(2), any landlord who receives a security deposit from a tenant or prospective tenant shall give said tenant or prospective tenant at the time of receiving such security deposit a receipt indicating the amount of such security deposit, the name of the person receiving it and, in the case of the agent, the name of the landlord for whom such security deposit is received, the date on which it is received, and a description of the dwelling unit. The receipt shall be signed by the person receiving the security deposit. Failure to comply with this subsection shall entitle the tenant to immediate return of security deposit.

(2) Upon payment of the security deposit by means of an electronic funds transfer, the landlord shall give the tenant a receipt that complies with subsection (b)(1), or an electronic receipt that acknowledges the receipt of the security deposit. The electronic receipt shall set forth the date of the receipt of the security deposit, the amount of the deposit, a description of the dwelling unit and an electronic or digital signature, as those terms are defined in 5 ILCS 175/5-105, of the person receiving the deposit.

~~(c) A landlord may not demand or receive a security deposit in an amount in excess of one and one-half months' rent. A landlord may not avoid the coverage of this subsection by labeling the fee or charge as anything other than a security deposit. A landlord who holds a security deposit or prepaid rent pursuant to this section for more than six months shall pay interest to the tenant accruing from the beginning date of the rental term specified in the rental agreement at the rate determined in accordance with Section 5-12-081 for the year in which the rental agreement was entered into. The landlord shall, within 30 days after the end of each 12-month rental period, pay to the tenant any interest, by cash or credit to be applied to the rent due.~~

(d) The landlord shall, within 45 days after the date that the tenant vacates the dwelling unit or within seven days after the date that the tenant provides notice of termination of the rental agreement pursuant to Section 5-12-110(g), return to the tenant the security deposit or any balance thereof ~~and the required interest thereon~~; provided, however, that the landlord, or successor landlord, may deduct from such security deposit ~~or interest due thereon~~ for the following:

(1) Any unpaid rent which has not been validly withheld or deducted pursuant to state or federal law or local ordinance; and

(2) A reasonable amount necessary to repair any damage caused to the premises by the tenant or any person under the tenant's control or on the premises with the tenant's consent, reasonable wear and tear excluded. In case of such damage, the landlord shall deliver or mail to the last known address of the tenant within 30 days an itemized statement of the damages allegedly caused to the premises and the estimated or actual cost for repairing or replacing each item on that statement, attaching copies of the paid receipts for the repair or replacement. If estimated cost is given, the landlord shall furnish the tenant with copies of paid receipts or a certification of actual costs of repairs of damage if the work was performed by the landlord's employees within 30 days from the date the statement showing estimated cost was furnished to the tenant.

(e) In the event of a sale, lease, transfer of ownership or control, or other direct or indirect disposition of residential real property by a landlord who has received a security deposit or prepaid rent from a tenant, the successor landlord of such property shall be liable to that tenant for any security deposit, ~~including statutory interest,~~ or prepaid rent which the tenant has paid to the transferor.

The successor landlord shall, within 14 days from the date of such transfer, notify the tenant who made such security deposit by delivering or mailing to the tenant's last known address that such security deposit was transferred to the successor landlord and that the successor landlord is holding said security deposit. Such notice shall also contain the successor landlord's name, business address, and business telephone number of the successor landlord's agent, if any. The notice shall be in writing.

The transferor shall remain jointly and severally liable with the successor landlord to the tenant for such security deposit or prepaid rent, unless and until such transferor transfers said security deposit or prepaid rent to the successor landlord and provides notice, in writing, to the tenant of such transfer of said security deposit or prepaid rent, specifying the name, business address and business telephone number of the successor landlord or his agent within ten days of said transfer.

(f) (1) Subject to subsection (f)(2), if the landlord fails to comply with any provision of subsections (c) or (d). Section 5-12-080(a) — (e), the tenant shall be awarded damages in an amount equal to two times the security deposit plus reasonable attorney's fees. ~~plus interest at a rate determined in accordance with Section 5-12-081. This subsection does not preclude the tenant from recovering other damages to which he may be entitled under this chapter.~~

(2) If the landlord fails to comply with one or more administrative requirements set forth in subsections (a), (b), or (e), the tenant may notify the landlord of such failure in writing. Within two business days after receipt of the tenant's written notice, the landlord shall remedy any such failure to comply with the administrative requirements of those subsections. The notice from the tenant must include that there has been a breach of the rental agreement, and that the landlord must remedy such breach within two business days or be subject to damages. If the landlord fails to timely remedy, the tenant shall be awarded damages in an amount equal to two times the security deposit plus reasonable attorney's fees.

(3) Nothing in this subsection shall preclude the tenant or landlord from recovering other damages to which they may be entitled under this chapter.

~~(2) If a landlord pays the interest on a security deposit or prepaid rent within the 30-day period provided for in subsection (c), or within the 45-day period provided for in subsection (d), whichever is applicable, but the amount of interest is deficient, the landlord shall not be liable for damages under subsection (f)(2) unless:~~

~~(A) the tenant gives written notice to the landlord that the amount of the interest returned was deficient; and~~

~~(B) within fourteen days of the receipt of the notice, the landlord fails to either:~~

~~(i) pay to the tenant the correct amount of interest due plus \$50.00; or~~

~~(ii) provide to the tenant a written response which sets forth an explanation of how the interest paid was calculated.~~

~~If the tenant disagrees with the calculation of the interest, as set forth in the written response, the tenant may bring a cause of action in a court of competent jurisdiction challenging the correctness of the written response. If the court determines that the interest calculation was not accurate, the tenant shall be awarded damages in an amount equal to two times the security deposit plus interest at a rate determined in accordance with Section 5-12-081.~~

SECTION 3. Chapter 5-12 of the Municipal Code of Chicago is hereby amended by deleting Section 5-12-081 and Section 5-12-082 in their entirety.

SECTION 4. Chapter 5-12 of the Municipal Code of Chicago is hereby amended by inserting a new Section 5-12-085, as follows:

5-12-085 Move-in Fees.

When the landlord charges a move-in fee, the landlord shall provide the tenant with an itemized list of the landlord's reasonable estimate of the costs that comprise the move-in fee and shall not charge the tenant moving into the premises for costs associated with routine maintenance and the upkeep of the premises.

SECTION 5. Section 5-12-140 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

5-12-110 Tenant remedies.

(Omitted text is unaffected by this ordinance)

(a) *Noncompliance by Landlord.* If there is material noncompliance by the landlord with a rental agreement or with Section 5-12-070 either of which renders the premises not reasonably fit and habitable, the tenant under the rental agreement may deliver a written notice to the landlord specifying the acts and/or omissions constituting the material noncompliance and specifying that the rental agreement will terminate on a date not less than 14 days after receipt of the notice by the landlord, unless the material noncompliance is remedied by the landlord within the time period specified in the notice. If the material noncompliance is not remedied

within the time period so specified in the notice, the rental agreement shall terminate, and the tenant shall deliver possession of the dwelling unit to the landlord within 30 days after the expiration of the time period specified in the notice. If possession shall not be so delivered, then the tenant's notice shall be deemed withdrawn and the lease shall remain in full force and effect. If the rental agreement is terminated, the landlord shall return all prepaid rent; or security deposit and interest recoverable by the tenant under Section 5-12-080.

(Omitted text is unaffected by this ordinance)

(f) *Failure to Provide Essential Services.* If there is material noncompliance by the landlord with the rental agreement or with Section 5-12-070, either of which constitutes an immediate danger to the health and safety of the tenant or if, contrary to the rental agreement or Section 5-12-070, the landlord fails to supply heat, running water, hot water, electricity, gas or plumbing, the tenant may give written notice to the landlord specifying the material noncompliance or failure. If the landlord has, pursuant to this ordinance or in the rental agreement, informed the tenant of an address at which notices to the landlord are to be received, the tenant shall mail or deliver the written notice required in this section to such address. If the landlord has not informed the tenant of an address at which notices to the landlord are to be received, the written notice required in this section shall be delivered by mail to the last known address of the landlord or by other reasonable means designed in good faith to provide written notice to the landlord. After such notice, the tenant may during the period of the landlord's noncompliance or failure:

(Omitted text is unaffected by this ordinance)

(5) Terminate the rental agreement by written notice to the landlord if the material noncompliance or failure persists for more than 72 hours after the tenant has notified the landlord of the material noncompliance or failure; provided, however, that no termination shall be allowed if the failure is due to the inability of the utility provider to provide service. If the rental agreement is terminated, the landlord shall return all prepaid rent; or security deposits and interest thereon in accordance with Section 5-12-080 and tenant shall deliver possession of the dwelling unit to the landlord within 30 days after the expiration of the 72-hour time period specified in the notice. If possession shall not be so delivered, then the tenant's notice shall be deemed withdrawn and the lease shall remain in full force and effect.

SECTION 6. Section 5-12-140 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

5-12-140 Rental agreement.

Except as otherwise specifically provided by this chapter, no rental agreement may provide that the landlord or tenant:

(Omitted text is unaffected by this ordinance)

(h) Agrees that a tenant shall pay a charge, fee or penalty in excess of \$10.00 per month for the first \$1,000 ~~\$500.00~~ in monthly rent plus five percent per month for any amount in excess of \$1,000 ~~\$500.00~~ in monthly rent for the late payment of rent;

(i) Agrees that, if a tenant pays rent before a specified date or within a specified time period in the month, the tenant shall receive a discount or reduction in the rental amount in excess of \$10.00 per month for the first ~~\$1,000~~ ~~\$500.00~~ in monthly rent plus five percent per month for any amount in excess of ~~\$1,000~~ ~~\$500.00~~ in monthly rent;

(j) Agrees that the landlord may impose a fee in excess of the reasonable cost of that expense, including, but not limited to, credit-check fees and move-in fees. A landlord shall not rename a fee or charge to avoid application of this prohibition.

A provision prohibited by this section included in a rental agreement is unenforceable. The tenant may recover actual damages sustained by the tenant because of the enforcement of a prohibited provision. If the landlord attempts to enforce a provision in a rental agreement prohibited by this section the tenant may recover two months' rent.

SECTION 7. Section 5-12-150 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

5-12-150 Prohibition on retaliatory conduct by landlord.

(Omitted text is unaffected by this ordinance)

If the landlord acts in violation of this section, the tenant has a defense in any retaliatory action ~~against him~~ for possession and is entitled to the following remedies: ~~he the tenant~~ shall recover possession or terminate the rental agreement and, in either case, recover an amount equal to and not more than two months' rent or twice the damages sustained by the tenant, him, whichever is greater, and reasonable attorneys' fees. If the rental agreement is terminated, the landlord shall return all prepaid rent or security deposits in accordance with Section 5-12-080. ~~security and interest recoverable under Section 5-12-080 and all prepaid rent.~~ In an action by or against the tenant, if there is evidence of tenant conduct protected herein within one year prior to the alleged act of retaliation, that evidence shall create a rebuttable presumption that the landlord's conduct was retaliatory. The presumption shall not arise if the protected tenant activity was initiated after the alleged act of retaliation.

SECTION 8. Section 5-12-170 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, as follows:

5-12-170 Summary of ordinance attached to rental agreement.

The Commissioner of Housing shall prepare a summary of this chapter, describing the respective rights, obligations and remedies of landlords and tenants hereunder, and shall make such summary available for public inspection and copying. ~~The commissioner shall also, after the city comptroller has announced the rate of interest on security deposits on the first business day of the year, prepare a separate summary 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 rate for each of the prior two years. The commissioner shall also distribute the new rate of security deposit interest, as well as the rate for each of the prior two years, through public service announcements to all radio and television outlets broadcasting in the city.~~ A copy of such summary shall be attached to each written rental agreement when any such agreement is initially offered to any tenant or prospective tenant by or on behalf of a landlord

and whether such agreement is for a new rental or a renewal thereof. Where there is an oral agreement, the landlord shall give to the tenant a copy of the summary.

(Omitted text is unaffected by this ordinance)

SECTION 9. Notwithstanding anything in this ordinance to the contrary, all interest accrued on any security deposit prior to the effective date of this ordinance shall remain the property of the tenant making such deposit, and shall be returned to the tenant upon the earlier of termination of tenancy or renewal of the rental agreement. If the landlord fails to timely return all interest accrued on any security deposit pursuant to this section then the tenant shall be awarded damages in accordance with the applicable lease entered into prior to the effective date of this ordinance.

SECTION 10. This ordinance takes effect 60 days after passage and publication.


MATTHEW J. MARTIN
Alderman, 47th Ward