



CHICAGO LANDLORD 101: AN INTRODUCTION TO THE RESIDENTIAL LANDLORD TENANT ORDINANCE

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The **Chicago Residential Landlord Tenant Ordinance** (CRLTO) may be the most tenant friendly legislation of its kind in the United States. CRLTO imposes an absolute duty to comply with the law – it is the landlord’s responsibility to know the rules – even unintentional violations are severely punished. If the tenant can prove that the landlord violated a CRLTO provision, the tenant may be entitled to terminate the lease and/or file a lawsuit for compensation and attorneys’ fees.

Does CRLTO apply to you? CRLTO applies to every rental agreement for a “dwelling unit” located within the City of Chicago, specifically excluding dwelling units in *owner-occupied buildings containing six units or less*. This exception does not always apply in situations involving townhouses, but can apply to coach house rentals, when certain requirements are met.

Is your lease form CRLTO-compliant? Most generic lease forms contain provisions that CRLTO identifies as unenforceable. If the landlord attempts to enforce a prohibited provision, the tenant may recover two months’ rent, plus attorneys’ fees.

Have you delivered all required disclosures and attachments? The lease must disclose specifics concerning the security deposit, as well as contact information for the owner and any property managers – without which the property manager or agent is liable for all obligations of the landlord, and the tenant may be entitled to terminate the lease. The lease and all renewals must also include certain attachments providing information on CRLTO, security deposit rules and interest rates, as well as various disclosure forms regarding lead paint, radon, bed bugs, building code violations, utility shutoff notices, foreclosure information, and additional requirements for condo leases.

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Have you complied with Security Deposit rules? While the security deposit fundamentally exists for the tenant's failure to pay rent and repairs to damage caused by the tenant, the security deposit is at all times the tenant's property and it must be held in a segregated, interest bearing FDIC insured account. Both the city and the state have requirements concerning security deposit collection / return and interest rates due to tenant. Failure to comply with the rules may result in the tenant being awarded a sum of two times the deposit amount plus attorneys' fees.

Have you considered a move-in fee? The landlord can avoid onerous security deposit requirements by charging a non-refundable "move-in fee" rather than a deposit. Move-in fees are not regulated by CRLTO and are therefore the landlord's property, which can be used for any expense at any time, with no interest requirements. The lease should clearly state that the move-in fee is *not* a security deposit and that it is non-refundable.

Must your tenant vacate when the lease expires? Another twist – a tenancy in Chicago does not automatically terminate at the expiration of the lease term, despite what the lease may say. A landlord's written notice of intent not to renew must be served on tenant a minimum of 30 days prior to the expiration of the lease. A variety of strategies are available when the landlord is uncertain whether a tenant will renew.

While Chicago landlords may not be conversant with all aspects of CRLTO, their attorneys at Burke, Warren, MacKay & Serritella are, and we would be pleased to provide guidance and draft a CRLTO-compliant lease form.

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