



# Security Deposit Interest Notice

Los Angeles Rent Stabilization Ordinance (RSO) — Important Notice for Landlords & Tenants

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*"In Pursuit of Protecting Property Rights"*

**⚠ Action Required:** If your residential property is subject to the Los Angeles Rent Stabilization Ordinance (RSO), you are **required by law** to pay interest on security deposits annually — on the anniversary of the tenancy commencement date. If you have not paid interest for prior years, you must do so now.

# 4.32%

2025 Interest Rate — Set by the Los Angeles Rent Adjustment Commission

## Who Is Covered?

Landlords of RSO-covered rental units must pay interest on security deposits held for at least **one (1) year**. Covered units include:

- Dwelling units, suites, condominiums, duplexes
- Guest rooms, hotel/motel rooms, rooming or boarding houses (occupied 30+ consecutive days)
- Units in the City of Los Angeles with a **certificate of occupancy issued before October 1, 1978**

*Note: Mobile home parks are NOT subject to this requirement.*

## How Is Interest Calculated?

Method	Description
<b>Simple Interest Rate</b>	Apply the rate set by the Rent Adjustment Commission (4.32% for 2025)
<b>Actual Interest Earned</b>	Pay the actual amount earned; provide tenant with bank statement as proof

If the deposit is **not** in an interest-bearing account, the simple interest rate must be used.

## How & When to Pay

During Tenancy	Upon Tenancy End	Upon Property Transfer
Pay annually on the tenancy anniversary via <b>direct payment</b> or <b>rent credit</b> . Notify tenant in writing of chosen method.	Pay all unpaid accumulated interest at the same time and in the same manner as the security deposit return (per CA Civil Code §1950.5(f)).	Dispose of all accumulated interest per CA Civil Code §1950.5(g) and §1950.5(h).

## Historical Interest Rates (1990–2025)

Period	Rate	Period	Rate
1990–2000	5.00%	2013	0.15%
2001	2.00%	2014	0.18%
2002	0.00%*	2015	0.12%
2003	1.00%	2016	0.06%
2004	0.26%	2017	0.07%
2005	1.21%	2018	0.07%
2006	1.74%	2019	0.06%
2007	2.39%	2020	0.23%
2008	3.22%	2021	0.06%
2009	1.76%	2022	0.03%
2010	0.55%	2023	0.04%
2011	0.29%	2024	0.52%
2012	0.22%	<b>2025</b>	<b>4.32%</b>

\*No interest required for 2002 per Ordinance 175020.

## Tenant Remedies for Non-Payment

If a landlord fails to pay the interest, this would constitute a complete defense to an unlawful detainer action. In addition, the tenant may file a civil action — including in **Small Claims Court** — to recover the amount owed (per RSO §151.06.02(G)). The Rent Stabilization Division does *not* investigate these complaints; it is a civil matter.

### Questions? Contact:

Los Angeles Housing Department (LAHD): (866) 557-RENT [7368] | [housing.lacity.gov](https://housing.lacity.gov)

CA Civil Code §1950.5 inquiries: LA County Consumer Affairs — (800) 593-8222

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This flyer is for informational purposes only and does not constitute legal advice. Laws and guidelines are subject to change.

Consult an attorney for advice specific to your situation.

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