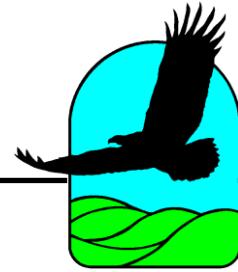


CITY OF WATSONVILLE

OFFICE OF THE ADMINISTRATIVE SERVICES DIRECTOR



FINANCE DEPARTMENT

250 MAIN STREET WATSONVILLE, CA 95076
(831) 768-3470 FAX: (831) 763-4066

December 02, 2013

SUBJECT: Residential Renter's Security Deposit Interest Rate: **waived for 2014.**

Dear Sir or Madam:

The City of Watsonville City Council **no longer requires tenant interest payments when the adopted rate drops below 0.50%.** The rate adopted by the County of Santa Cruz for 2014 was 0.01%. Since this rate is below 0.50%, interest payments are not required for deposits held within Watsonville during the calendar year 2014.

Watsonville's Municipal Code section 5.40 requires that residential renters be paid interest on any security deposit in excess of \$50 held by the landlords and held for more than thirty (30) days. However, starting with 2011 deposits, no payment is required when the rate drops below 0.50% (section 5-40.04(d)).

The City of Watsonville's rate is aligned with the rate calculated and adopted by the County of Santa Cruz. The table on the right displays the 2014 rate along with the historical rates for the past 15 years.

If you know of anyone that would like to be added to the distribution of this notice, please send an email to finance@cityofwatsonville.org or fax your request with contact and address information to my attention at (831) 763-4066. This notice can also be found within the Finance Department's homepage.

If you have any questions, you can reach me at (831) 768-3470.

Sincerely,

Originally signed by:

Ezequiel Vega
Administrative Services Director

CC City Staff

| Calendar Year | County of Santa Cruz Interest Rate | Watsonville Interest Rate |
|---------------|------------------------------------|---------------------------|
| 1999 | 2.00% | 2.00% |
| 2000 | 2.00% | 2.00% |
| 2001 | 2.00% | 2.00% |
| 2002 | 1.00% | 1.00% |
| 2003 | 0.58% | 0.58% |
| 2004 | 0.32% | 0.32% |
| 2005 | 0.32% | 0.32% |
| 2006 | 0.43% | 0.43% |
| 2007 | 0.34% | 0.34% |
| 2008 | 0.31% | 0.31% |
| 2009 | 0.23% | 0.23% |
| 2010 | 0.10% | 0.10% |
| 2011 | 0.06% | n/a |
| 2012 | 0.04% | n/a |
| 2013 | 0.02% | n/a |
| 2014 | 0.01% | n/a |