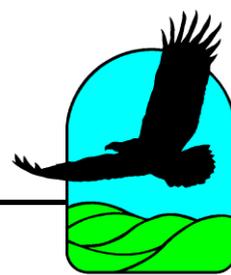


CITY OF WATSONVILLE

OFFICE OF THE ADMINISTRATIVE SERVICES DIRECTOR



FINANCE DEPARTMENT

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

December 13, 2010

SUBJECT: Residential Renter's Security Deposit Interest Rate: **waived for 2011.**

Dear Sir or Madam:

On December 8, 2009, the City of Watsonville City Council approved a measure to **no longer require interest payments when the rate drops below 0.50% starting in 2011.** The rate calculated for 2011 would be 0.06%. Therefore, for deposits held during the upcoming calendar year 2011, no interest payments will be required.

As a reminder, during that same meeting, they adopted the 2010 Residential Renter's Security Deposit Interest rate of 0.10% or \$0.10 for every \$100 held during the 2010 calendar year.

The City of Watsonville 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. This interest payment is due each year and may be paid by check or applied as a reduction in rent. A payment is not required during any year in which the adopted rate is below 0.50%.

The City of Watsonville's rate is aligned with the same rates adopted by the County of Santa Cruz and the City's of Santa Cruz and Capitola. The table on the right displays next year's rate (waived for 2011) 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 fax your request with contact and address information to my attention at (831) 763-4066 or email at finance@ci.watsonville.ca.us. Otherwise, this notice can be found in the Finance Department homepage at: (<http://www.ci.watsonville.ca.us/departments/finance/financedept.html>)

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

Sincerely,

Marc Pimentel
Administrative Services Director

CC City Staff

Calendar Year	Interest Rate
1996	5.00%
1997	1.90%
1998	1.90%
1999	2.00%
2000	2.00%
2001	2.00%
2002	1.00%
2003	0.58%
2004	0.32%
2005	0.32%
2006	0.43%
2007	0.34%
2008	0.31%
2009	0.23%
2010	0.10%
2011	<i>waived</i>