

Assembly Bill No. 533

Passed the Assembly September 4, 2001

Chief Clerk of the Assembly

Passed the Senate August 30, 2001

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2001, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to add Section 1950.8 to the Civil Code, relating to landlord-tenant.

LEGISLATIVE COUNSEL'S DIGEST

AB 533, Cedillo. Landlord-tenant: payments.

Existing law regulates the relationship between landlord and tenant, as specified.

This bill would provide, with respect to commercial leases and nonresidential tenancies, that it is unlawful for any person (1) to require, demand, or cause to make payable any payment of money, including, but not limited to, “key money,” however denominated, or the lessor’s attorney’s fees, as a condition of initiating, continuing, or renewing a lease or rental agreement unless the amount of the payment is stated in the written lease or rental agreement. Any payment in violation of this provision would be subject to a civil penalty of 3 times the amount of actual damages proximately suffered by the person seeking to obtain the lease of the real property, and the person so damaged would be entitled to an award of costs, including reasonable attorney’s fees, reasonably incurred in connection with obtaining the civil penalty. The bill would also contain clarifying provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 1950.8 is added to the Civil Code, to read:

1950.8. (a) This section applies only to commercial leases and nonresidential tenancies of real property.

(b) It shall be unlawful for any person to require, demand, or cause to make payable any payment of money, including, but not limited to, “key money,” however denominated, or the lessor’s attorney’s fees reasonably incurred in preparing the lease or rental agreement, as a condition of initiating, continuing, or renewing a lease or rental agreement, unless the amount of payment is stated in the written lease or rental agreement.

(c) Any person who requires, demands, or causes to make payable any payment in violation of subdivision (a), shall be



subject to civil penalty of three times the amount of actual damages proximately suffered by the person seeking to obtain the lease or rental of real property, and the person so damaged shall be entitled to an award of costs, including reasonable attorney's fees, reasonable incurred in connection with obtaining the civil penalty.

(d) Nothing in this section shall prohibit the advance payment of rent, if the amount and character of the payment are clearly stated in a written lease or rental agreement.

(e) Nothing in this section shall prohibit any person from charging a reasonable amount for the purpose of conducting reasonable business activity in connection with initiating, continuing, or renewing a lease or rental agreement for nonresidential real property, including, but not limited to, verifying creditworthiness or qualifications of any person seeking to initiate, continue, or renew a lease or rental agreement for any use other than residential use, or cleaning fees, reasonably incurred in connection with the hiring of the real property.

(f) Nothing in this section shall prohibit a person from increasing a tenant's rent for nonresidential real property in order to recover building operating costs incurred on behalf of the tenant, if the right to the rent, the method of calculating the increase, and the period of time covered by the increase is stated in the lease or rental agreement.



Approved _____, 2001

Governor

