

AMENDED IN SENATE AUGUST 9, 2012
AMENDED IN ASSEMBLY MARCH 15, 2012
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1679

Introduced by Assembly Member Bonilla

February 14, 2012

An act to amend Section 1950.5 of the Civil Code, relating to landlord-tenant relations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1679, as amended, Bonilla. Landlord-tenant relations: security deposits.

Existing law requires that no later than 21 calendar days after the tenant has vacated the premises, but not earlier than the time that either the landlord or the tenant provides a notice to terminate the tenancy, as specified, or not earlier than 60 calendar days prior to the expiration of a fixed-term lease, the landlord furnish the tenant, by personal delivery or by first-class mail, postage prepaid, a copy of an itemized statement indicating the basis for, and the amount of, any security received and the disposition of the security and to return any remaining portion of the security to the tenant. Existing law also requires that along with the itemized statement, the landlord include copies of documents showing charges incurred and deducted by the landlord to repair or clean the premises, as specified.

This bill would, in addition, provide that after either the landlord or the tenant provides notice to terminate the tenancy, a landlord and tenant may mutually agree to have the landlord deposit any remaining portion of the security deposit electronically to a bank account or other financial

institution designated by the tenant. The bill would also provide that after either the landlord or the tenant provides notice to terminate the tenancy, the landlord and the tenant may agree to have the landlord provide a copy of the itemized statement along with the copies of documents showing charges incurred and deducted by the landlord to repair or clean the premises to an e-mail account provided by the tenant.

This bill would incorporate additional changes in Section 1950.5 of the Civil Code proposed in AB 2521, that would become operative only if AB 2521 and this bill are both chaptered and become effective on or before January 1, 2013, and this bill is chaptered last.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 1950.5 of the Civil Code is amended to
2 read:

3 1950.5. (a) This section applies to security for a rental
4 agreement for residential property that is used as the dwelling of
5 the tenant.

6 (b) As used in this section, “security” means any payment, fee,
7 deposit, or charge, including, but not limited to, any payment, fee,
8 deposit, or charge, except as provided in Section 1950.6, that is
9 imposed at the beginning of the tenancy to be used to reimburse
10 the landlord for costs associated with processing a new tenant or
11 that is imposed as an advance payment of rent, used or to be used
12 for any purpose, including, but not limited to, any of the following:

13 (1) The compensation of a landlord for a tenant’s default in the
14 payment of rent.

15 (2) The repair of damages to the premises, exclusive of ordinary
16 wear and tear, caused by the tenant or by a guest or licensee of the
17 tenant.

18 (3) The cleaning of the premises upon termination of the tenancy
19 necessary to return the unit to the same level of cleanliness it was
20 in at the inception of the tenancy. The amendments to this
21 paragraph enacted by the act adding this sentence shall apply only
22 to tenancies for which the tenant’s right to occupy begins after
23 January 1, 2003.

24 (4) To remedy future defaults by the tenant in any obligation
25 under the rental agreement to restore, replace, or return personal

1 property or appurtenances, exclusive of ordinary wear and tear, if
2 the security deposit is authorized to be applied thereto by the rental
3 agreement.

4 (c) A landlord may not demand or receive security, however
5 denominated, in an amount or value in excess of an amount equal
6 to two months' rent, in the case of unfurnished residential property,
7 and an amount equal to three months' rent, in the case of furnished
8 residential property, in addition to any rent for the first month paid
9 on or before initial occupancy.

10 This subdivision does not prohibit an advance payment of not
11 less than six months' rent if the term of the lease is six months or
12 longer.

13 This subdivision does not preclude a landlord and a tenant from
14 entering into a mutual agreement for the landlord, at the request
15 of the tenant and for a specified fee or charge, to make structural,
16 decorative, furnishing, or other similar alterations, if the alterations
17 are other than cleaning or repairing for which the landlord may
18 charge the previous tenant as provided by subdivision (e).

19 (d) Any security shall be held by the landlord for the tenant who
20 is party to the lease or agreement. The claim of a tenant to the
21 security shall be prior to the claim of any creditor of the landlord.

22 (e) The landlord may claim of the security only those amounts
23 as are reasonably necessary for the purposes specified in
24 subdivision (b). The landlord may not assert a claim against the
25 tenant or the security for damages to the premises or any defective
26 conditions that preexisted the tenancy, for ordinary wear and tear
27 or the effects thereof, whether the wear and tear preexisted the
28 tenancy or occurred during the tenancy, or for the cumulative
29 effects of ordinary wear and tear occurring during any one or more
30 tenancies.

31 (f) (1) Within a reasonable time after notification of either
32 party's intention to terminate the tenancy, or before the end of the
33 lease term, the landlord shall notify the tenant in writing of his or
34 her option to request an initial inspection and of his or her right to
35 be present at the inspection. The requirements of this subdivision
36 do not apply when the tenancy is terminated pursuant to subdivision
37 (2), (3), or (4) of Section 1161 of the Code of Civil Procedure. At
38 a reasonable time, but no earlier than two weeks before the
39 termination or the end of lease date, the landlord, or an agent of
40 the landlord, shall, upon the request of the tenant, make an initial

1 inspection of the premises prior to any final inspection the landlord
2 makes after the tenant has vacated the premises. The purpose of
3 the initial inspection shall be to allow the tenant an opportunity to
4 remedy identified deficiencies, in a manner consistent with the
5 rights and obligations of the parties under the rental agreement, in
6 order to avoid deductions from the security. If a tenant chooses
7 not to request an initial inspection, the duties of the landlord under
8 this subdivision are discharged. If an inspection is requested, the
9 parties shall attempt to schedule the inspection at a mutually
10 acceptable date and time. The landlord shall give at least 48 hours'
11 prior written notice of the date and time of the inspection if either
12 a mutual time is agreed upon, or if a mutually agreed time cannot
13 be scheduled but the tenant still wishes an inspection. The tenant
14 and landlord may agree to forgo the 48-hour prior written notice
15 by both signing a written waiver. The landlord shall proceed with
16 the inspection whether the tenant is present or not, unless the tenant
17 previously withdrew his or her request for the inspection.

18 (2) Based on the inspection, the landlord shall give the tenant
19 an itemized statement specifying repairs or cleanings that are
20 proposed to be the basis of any deductions from the security the
21 landlord intends to make pursuant to paragraphs (1) to (4),
22 inclusive, of subdivision (b). This statement shall also include the
23 texts of paragraphs (1) to (4), inclusive, of subdivision (b). The
24 statement shall be given to the tenant, if the tenant is present for
25 the inspection, or shall be left inside the premises.

26 (3) The tenant shall have the opportunity during the period
27 following the initial inspection until termination of the tenancy to
28 remedy identified deficiencies, in a manner consistent with the
29 rights and obligations of the parties under the rental agreement, in
30 order to avoid deductions from the security.

31 (4) Nothing in this subdivision shall prevent a landlord from
32 using the security for deductions itemized in the statement provided
33 for in paragraph (2) that were not cured by the tenant so long as
34 the deductions are for damages authorized by this section.

35 (5) Nothing in this subdivision shall prevent a landlord from
36 using the security for any purpose specified in paragraphs (1) to
37 (4), inclusive, of subdivision (b) that occurs between completion
38 of the initial inspection and termination of the tenancy or was not
39 identified during the initial inspection due to the presence of a
40 tenant's possessions.

1 (g) (1) No later than 21 calendar days after the tenant has
2 vacated the premises, but not earlier than the time that either the
3 landlord or the tenant provides a notice to terminate the tenancy
4 under Section 1946 or 1946.1, Section 1161 of the Code of Civil
5 Procedure, or not earlier than 60 calendar days prior to the
6 expiration of a fixed-term lease, the landlord shall furnish the
7 tenant, by personal delivery or by first-class mail, postage prepaid,
8 a copy of an itemized statement indicating the basis for, and the
9 amount of, any security received and the disposition of the security,
10 and shall return any remaining portion of the security to the tenant.
11 After either the landlord or the tenant provides notice to terminate
12 the tenancy, the landlord and tenant may mutually agree to have
13 the landlord deposit any remaining portion of the security deposit
14 electronically to a bank account or other financial institution
15 designated by the tenant. After either the landlord or the tenant
16 provides notice to terminate the tenancy, the landlord and the tenant
17 may also agree to have the landlord provide a copy of the itemized
18 statement along with the copies required by paragraph (2) to an
19 e-mail account provided by the tenant.

20 (2) Along with the itemized statement, the landlord shall also
21 include copies of documents showing charges incurred and
22 deducted by the landlord to repair or clean the premises, as follows:

23 (A) If the landlord or landlord's employee did the work, the
24 itemized statement shall reasonably describe the work performed.
25 The itemized statement shall include the time spent and the
26 reasonable hourly rate charged.

27 (B) If the landlord or landlord's employee did not do the work,
28 the landlord shall provide the tenant a copy of the bill, invoice, or
29 receipt supplied by the person or entity performing the work. The
30 itemized statement shall provide the tenant with the name, address,
31 and telephone number of the person or entity, if the bill, invoice,
32 or receipt does not include that information.

33 (C) If a deduction is made for materials or supplies, the landlord
34 shall provide a copy of the bill, invoice, or receipt. If a particular
35 material or supply item is purchased by the landlord on an ongoing
36 basis, the landlord may document the cost of the item by providing
37 a copy of a bill, invoice, receipt, vendor price list, or other vendor
38 document that reasonably documents the cost of the item used in
39 the repair or cleaning of the unit.

1 (3) If a repair to be done by the landlord or the landlord's
2 employee cannot reasonably be completed within 21 calendar days
3 after the tenant has vacated the premises, or if the documents from
4 a person or entity providing services, materials, or supplies are not
5 in the landlord's possession within 21 calendar days after the tenant
6 has vacated the premises, the landlord may deduct the amount of
7 a good faith estimate of the charges that will be incurred and
8 provide that estimate with the itemized statement. If the reason for
9 the estimate is because the documents from a person or entity
10 providing services, materials, or supplies are not in the landlord's
11 possession, the itemized statement shall include the name, address,
12 and telephone number of the person or entity. Within 14 calendar
13 days of completing the repair or receiving the documentation, the
14 landlord shall complete the requirements in paragraphs (1) and (2)
15 in the manner specified.

16 (4) The landlord need not comply with paragraph (2) or (3) if
17 either of the following apply:

18 (A) The deductions for repairs and cleaning together do not
19 exceed one hundred twenty-five dollars (\$125).

20 (B) The tenant waived the rights specified in paragraphs (2) and
21 (3). The waiver shall only be effective if it is signed by the tenant
22 at the same time or after a notice to terminate a tenancy under
23 Section 1946 or 1946.1 has been given, a notice under Section
24 1161 of the Code of Civil Procedure has been given, or no earlier
25 than 60 calendar days prior to the expiration of a fixed-term lease.
26 The waiver shall substantially include the text of paragraph (2).

27 (5) Notwithstanding paragraph (4), the landlord shall comply
28 with paragraphs (2) and (3) when a tenant makes a request for
29 documentation within 14 calendar days after receiving the itemized
30 statement specified in paragraph (1). The landlord shall comply
31 within 14 calendar days after receiving the request from the tenant.

32 (6) Any mailings to the tenant pursuant to this subdivision shall
33 be sent to the address provided by the tenant. If the tenant does
34 not provide an address, mailings pursuant to this subdivision shall
35 be sent to the unit that has been vacated.

36 (h) Upon termination of the landlord's interest in the premises,
37 whether by sale, assignment, death, appointment of receiver, or
38 otherwise, the landlord or the landlord's agent shall, within a
39 reasonable time, do one of the following acts, either of which shall

1 relieve the landlord of further liability with respect to the security
2 held:

3 (1) Transfer the portion of the security remaining after any
4 lawful deductions made under subdivision (e) to the landlord's
5 successor in interest. The landlord shall thereafter notify the tenant
6 by personal delivery or by first-class mail, postage prepaid, of the
7 transfer, of any claims made against the security, of the amount
8 of the security deposited, and of the names of the successors in
9 interest, their addresses, and their telephone numbers. If the notice
10 to the tenant is made by personal delivery, the tenant shall
11 acknowledge receipt of the notice and sign his or her name on the
12 landlord's copy of the notice.

13 (2) Return the portion of the security remaining after any lawful
14 deductions made under subdivision (e) to the tenant, together with
15 an accounting as provided in subdivision (g).

16 (i) Prior to the voluntary transfer of a landlord's interest in the
17 premises, the landlord shall deliver to the landlord's successor in
18 interest a written statement indicating the following:

19 (1) The security remaining after any lawful deductions are made.

20 (2) An itemization of any lawful deductions from any security
21 received.

22 (3) His or her election under paragraph (1) or (2) of subdivision
23 (h).

24 This subdivision does not affect the validity of title to the real
25 property transferred in violation of this subdivision.

26 (j) In the event of noncompliance with subdivision (h), the
27 landlord's successors in interest shall be jointly and severally liable
28 with the landlord for repayment of the security, or that portion
29 thereof to which the tenant is entitled, when and as provided in
30 subdivisions (e) and (g). A successor in interest of a landlord may
31 not require the tenant to post any security to replace that amount
32 not transferred to the tenant or successors in interest as provided
33 in subdivision (h), unless and until the successor in interest first
34 makes restitution of the initial security as provided in paragraph
35 (2) of subdivision (h) or provides the tenant with an accounting as
36 provided in subdivision (g).

37 This subdivision does not preclude a successor in interest from
38 recovering from the tenant compensatory damages that are in
39 excess of the security received from the landlord previously paid
40 by the tenant to the landlord.

1 Notwithstanding this subdivision, if, upon inquiry and reasonable
2 investigation, a landlord's successor in interest has a good faith
3 belief that the lawfully remaining security deposit is transferred
4 to him or her or returned to the tenant pursuant to subdivision (h),
5 he or she is not liable for damages as provided in subdivision (l),
6 or any security not transferred pursuant to subdivision (h).

7 (k) Upon receipt of any portion of the security under paragraph
8 (1) of subdivision (h), the landlord's successors in interest shall
9 have all of the rights and obligations of a landlord holding the
10 security with respect to the security.

11 (l) The bad faith claim or retention by a landlord or the
12 landlord's successors in interest of the security or any portion
13 thereof in violation of this section, or the bad faith demand of
14 replacement security in violation of subdivision (j), may subject
15 the landlord or the landlord's successors in interest to statutory
16 damages of up to twice the amount of the security, in addition to
17 actual damages. The court may award damages for bad faith
18 whenever the facts warrant that award, regardless of whether the
19 injured party has specifically requested relief. In any action under
20 this section, the landlord or the landlord's successors in interest
21 shall have the burden of proof as to the reasonableness of the
22 amounts claimed or the authority pursuant to this section to demand
23 additional security deposits.

24 (m) No lease or rental agreement may contain any provision
25 characterizing any security as "nonrefundable."

26 (n) Any action under this section may be maintained in small
27 claims court if the damages claimed, whether actual or statutory
28 or both, are within the jurisdictional amount allowed by Section
29 116.220 or 116.221 of the Code of Civil Procedure.

30 (o) Proof of the existence of and the amount of a security deposit
31 may be established by any credible evidence, including, but not
32 limited to, a canceled check, a receipt, a lease indicating the
33 requirement of a deposit as well as the amount, prior consistent
34 statements or actions of the landlord or tenant, or a statement under
35 penalty of perjury that satisfies the credibility requirements set
36 forth in Section 780 of the Evidence Code.

37 (p) The amendments to this section made during the 1985
38 portion of the 1985–86 Regular Session of the Legislature that are
39 set forth in subdivision (e) are declaratory of existing law.

1 (q) The amendments to this section made during the 2003
2 portion of the 2003–04 Regular Session of the Legislature that are
3 set forth in paragraph (1) of subdivision (f) are declaratory of
4 existing law.

5 *SEC. 1.5. Section 1950.5 of the Civil Code is amended to read:*

6 1950.5. (a) This section applies to security for a rental
7 agreement for residential property that is used as the dwelling of
8 the tenant.

9 (b) As used in this section, “security” means any payment, fee,
10 ~~deposit~~ *deposit*, or charge, including, but not limited to, any
11 payment, fee, deposit, or charge, except as provided in Section
12 1950.6, that is imposed at the beginning of the tenancy to be used
13 to reimburse the landlord for costs associated with processing a
14 new tenant or that is imposed as an advance payment of rent, used
15 or to be used for any purpose, including, but not limited to, any of
16 the following:

17 (1) The compensation of a landlord for a tenant’s default in the
18 payment of rent.

19 (2) The repair of damages to the premises, exclusive of ordinary
20 wear and tear, caused by the tenant or by a guest or licensee of the
21 tenant.

22 (3) The cleaning of the premises upon termination of the tenancy
23 necessary to return the unit to the same level of cleanliness it was
24 in at the inception of the tenancy. The amendments to this
25 paragraph enacted by the act adding this sentence shall apply only
26 to tenancies for which the tenant’s right to occupy begins after
27 January 1, 2003.

28 (4) To remedy future defaults by the tenant in any obligation
29 under the rental agreement to restore, replace, or return personal
30 property or appurtenances, exclusive of ordinary wear and tear, if
31 the security deposit is authorized to be applied thereto by the rental
32 agreement.

33 (c) A landlord may not demand or receive security, however
34 denominated, in an amount or value in excess of an amount equal
35 to two months’ rent, in the case of unfurnished residential property,
36 and an amount equal to three months’ rent, in the case of furnished
37 residential property, in addition to any rent for the first month paid
38 on or before initial occupancy.

1 This subdivision does not prohibit an advance payment of not
2 less than six months' rent if the term of the lease is six months or
3 longer.

4 This subdivision does not preclude a landlord and a tenant from
5 entering into a mutual agreement for the landlord, at the request
6 of the tenant and for a specified fee or charge, to make structural,
7 decorative, furnishing, or other similar alterations, if the alterations
8 are other than cleaning or repairing for which the landlord may
9 charge the previous tenant as provided by subdivision (e).

10 (d) Any security shall be held by the landlord for the tenant who
11 is party to the lease or agreement. The claim of a tenant to the
12 security shall be prior to the claim of any creditor of the landlord.

13 (e) The landlord may claim of the security only those amounts
14 as are reasonably necessary for the purposes specified in
15 subdivision (b). The landlord may not assert a claim against the
16 tenant or the security for damages to the premises or any defective
17 conditions that preexisted the tenancy, for ordinary wear and tear
18 or the effects thereof, whether the wear and tear preexisted the
19 tenancy or occurred during the tenancy, or for the cumulative
20 effects of ordinary wear and tear occurring during any one or more
21 tenancies.

22 (f) (1) Within a reasonable time after notification of either
23 party's intention to terminate the tenancy, or before the end of the
24 lease term, the landlord shall notify the tenant in writing of his or
25 her option to request an initial inspection and of his or her right to
26 be present at the inspection. The requirements of this subdivision
27 do not apply when the tenancy is terminated pursuant to subdivision
28 (2), (3), or (4) of Section 1161 of the Code of Civil Procedure. At
29 a reasonable time, but no earlier than two weeks before the
30 termination or the end of lease date, the landlord, or an agent of
31 the landlord, shall, upon the request of the tenant, make an initial
32 inspection of the premises prior to any final inspection the landlord
33 makes after the tenant has vacated the premises. The purpose of
34 the initial inspection shall be to allow the tenant an opportunity to
35 remedy identified deficiencies, in a manner consistent with the
36 rights and obligations of the parties under the rental agreement, in
37 order to avoid deductions from the security. If a tenant chooses
38 not to request an initial inspection, the duties of the landlord under
39 this subdivision are discharged. If an inspection is requested, the
40 parties shall attempt to schedule the inspection at a mutually

1 acceptable date and time. The landlord shall give at least 48 hours’
2 prior written notice of the date and time of the inspection if either
3 a mutual time is agreed upon, or if a mutually agreed time cannot
4 be scheduled but the tenant still wishes an inspection. The tenant
5 and landlord may agree to forgo the 48-hour prior written notice
6 by both signing a written waiver. The landlord shall proceed with
7 the inspection whether the tenant is present or not, unless the tenant
8 previously withdrew his or her request for the inspection. *Written*
9 *notice by the landlord shall contain, in substantially the same form,*
10 *the following:*

11
12 *“State law permits former tenants to reclaim abandoned personal*
13 *property left at the former address of the tenant, subject to certain*
14 *conditions. You may or may not be able to reclaim property without*
15 *incurring additional costs, depending on the cost of storing the*
16 *property and the length of time before it is reclaimed. In general,*
17 *these costs will be lower the sooner you contact your former*
18 *landlord after being notified that property belonging to you was*
19 *left behind after you moved out.”*

20
21 (2) Based on the inspection, the landlord shall give the tenant
22 an itemized statement specifying repairs or ~~cleaning~~ *cleanings* that
23 are proposed to be the basis of any deductions from the security
24 the landlord intends to make pursuant to paragraphs (1) to (4),
25 inclusive, of subdivision (b). This statement shall also include the
26 texts of paragraphs (1) to (4), inclusive, of subdivision (b). The
27 statement shall be given to the tenant, if the tenant is present for
28 the inspection, or shall be left inside the premises.

29 (3) The tenant shall have the opportunity during the period
30 following the initial inspection until termination of the tenancy to
31 remedy identified deficiencies, in a manner consistent with the
32 rights and obligations of the parties under the rental agreement, in
33 order to avoid deductions from the security.

34 (4) Nothing in this subdivision shall prevent a landlord from
35 using the security for deductions itemized in the statement provided
36 for in paragraph (2) that were not cured by the tenant so long as
37 the deductions are for damages authorized by this section.

38 (5) Nothing in this subdivision shall prevent a landlord from
39 using the security for any purpose specified in paragraphs (1) to
40 (4), inclusive, of subdivision (b) that occurs between completion

1 of the initial inspection and termination of the tenancy or was not
2 identified during the initial inspection due to the presence of a
3 tenant's possessions.

4 (g) (1) No later than 21 calendar days after the tenant has
5 vacated the premises, but not earlier than the time that either the
6 landlord or the tenant provides a notice to terminate the tenancy
7 under Section 1946 or 1946.1, Section 1161 of the Code of Civil
8 Procedure, or not earlier than 60 calendar days prior to the
9 expiration of a fixed-term lease, the landlord shall furnish the
10 tenant, by personal delivery or by first-class mail, postage prepaid,
11 a copy of an itemized statement indicating the basis for, and the
12 amount of, any security received and the disposition of the ~~security~~
13 *security*, and shall return any remaining portion of the security to
14 the tenant. *After either the landlord or the tenant provides notice*
15 *to terminate the tenancy, the landlord and tenant may mutually*
16 *agree to have the landlord deposit any remaining portion of the*
17 *security deposit electronically to a bank account or other financial*
18 *institution designated by the tenant. After either the landlord or*
19 *the tenant provides notice to terminate the tenancy, the landlord*
20 *and the tenant may also agree to have the landlord provide a copy*
21 *of the itemized statement along with the copies required by*
22 *paragraph (2) to an e-mail account provided by the tenant.*

23 (2) Along with the itemized statement, the landlord shall also
24 include copies of documents showing charges incurred and
25 deducted by the landlord to repair or clean the premises, as follows:

26 (A) If the landlord or landlord's employee did the work, the
27 itemized statement shall reasonably describe the work performed.
28 The itemized statement shall include the time spent and the
29 reasonable hourly rate charged.

30 (B) If the landlord or landlord's employee did not do the work,
31 the landlord shall provide the tenant a copy of the bill, invoice, or
32 receipt supplied by the person or entity performing the work. The
33 itemized statement shall provide the tenant with the name, address,
34 and telephone number of the person or entity, if the bill, invoice,
35 or receipt does not include that information.

36 (C) If a deduction is made for materials or supplies, the landlord
37 shall provide a copy of the bill, invoice, or receipt. If a particular
38 material or supply item is purchased by the landlord on an ongoing
39 basis, the landlord may document the cost of the item by providing
40 a copy of a bill, invoice, receipt, vendor price list, or other vendor

1 document that reasonably documents the cost of the item used in
2 the repair or cleaning of the unit.

3 (3) If a repair to be done by the landlord or the landlord's
4 employee cannot reasonably be completed within 21 calendar days
5 after the tenant has vacated the premises, or if the documents from
6 a person or entity providing services, materials, or supplies are not
7 in the landlord's possession within 21 calendar days after the tenant
8 has vacated the premises, the landlord may deduct the amount of
9 a good faith estimate of the charges that will be incurred and
10 provide that estimate with the itemized statement. If the reason for
11 the estimate is because the documents from a person or entity
12 providing services, materials, or supplies are not in the landlord's
13 possession, the itemized statement shall include the name, address,
14 and telephone number of the person or entity. Within 14 calendar
15 days of completing the repair or receiving the documentation, the
16 landlord shall complete the requirements in paragraphs (1) and (2)
17 in the manner specified.

18 (4) The landlord need not comply with paragraph (2) or (3) if
19 either of the following apply:

20 (A) The deductions for repairs and cleaning together do not
21 exceed one hundred twenty-five dollars (\$125).

22 (B) The tenant waived the rights specified in paragraphs (2) and
23 (3). The waiver shall only be effective if it is signed by the tenant
24 at the same time or after a notice to terminate a tenancy under
25 Section 1946 or 1946.1 has been given, a notice under Section
26 1161 of the Code of Civil Procedure has been given, or no earlier
27 than 60 calendar days prior to the expiration of a fixed-term lease.
28 The waiver shall substantially include the text of paragraph (2).

29 (5) Notwithstanding paragraph (4), the landlord shall comply
30 with paragraphs (2) and (3) when a tenant makes a request for
31 documentation within 14 calendar days after receiving the itemized
32 statement specified in paragraph (1). The landlord shall comply
33 within 14 calendar days after receiving the request from the tenant.

34 (6) Any mailings to the tenant pursuant to this subdivision shall
35 be sent to the address provided by the tenant. If the tenant does
36 not provide an address, mailings pursuant to this subdivision shall
37 be sent to the unit that has been vacated.

38 (h) Upon termination of the landlord's interest in the premises,
39 whether by sale, assignment, death, appointment of ~~receiver~~
40 *receiver*, or otherwise, the landlord or the landlord's agent shall,

1 within a reasonable time, do one of the following acts, either of
2 which shall relieve the landlord of further liability with respect to
3 the security held:

4 (1) Transfer the portion of the security remaining after any
5 lawful deductions made under subdivision (e) to the landlord's
6 successor in interest. The landlord shall thereafter notify the tenant
7 by personal delivery or by first-class mail, postage prepaid, of the
8 transfer, of any claims made against the security, of the amount
9 of the security deposited, and of the names of the successors in
10 interest, their ~~address~~, *addresses*, and their telephone ~~number~~.
11 *numbers*. If the notice to the tenant is made by personal delivery,
12 the tenant shall acknowledge receipt of the notice and sign his or
13 her name on the landlord's copy of the notice.

14 (2) Return the portion of the security remaining after any lawful
15 deductions made under subdivision (e) to the tenant, together with
16 an accounting as provided in subdivision (g).

17 (i) Prior to the voluntary transfer of a landlord's interest in the
18 premises, the landlord shall deliver to the landlord's successor in
19 interest a written statement indicating the following:

20 (1) The security remaining after any lawful deductions are made.

21 (2) An itemization of any lawful deductions from any security
22 received.

23 (3) His or her election under paragraph (1) or (2) of subdivision
24 (h).

25 This subdivision does not affect the validity of title to the real
26 property transferred in violation of this subdivision.

27 (j) In the event of noncompliance with subdivision (h), the
28 landlord's successors in interest shall be jointly and severally liable
29 with the landlord for repayment of the security, or that portion
30 thereof to which the tenant is entitled, when and as provided in
31 subdivisions (e) and (g). A successor in interest of a landlord may
32 not require the tenant to post any security to replace that amount
33 not transferred to the tenant or successors in interest as provided
34 in subdivision (h), unless and until the successor in interest first
35 makes restitution of the initial security as provided in paragraph
36 (2) of subdivision (h) or provides the tenant with an accounting as
37 provided in subdivision (g).

38 This subdivision does not preclude a successor in interest from
39 recovering from the tenant compensatory damages that are in

1 excess of the security received from the landlord previously paid
2 by the tenant to the landlord.

3 Notwithstanding this subdivision, if, upon inquiry and reasonable
4 investigation, a landlord's successor in interest has a good faith
5 belief that the lawfully remaining security deposit is transferred
6 to him or her or returned to the tenant pursuant to subdivision (h),
7 he or she is not liable for damages as provided in subdivision (l),
8 or any security not transferred pursuant to subdivision (h).

9 (k) Upon receipt of any portion of the security under paragraph
10 (1) of subdivision (h), the landlord's successors in interest shall
11 have all of the rights and obligations of a landlord holding the
12 security with respect to the security.

13 (l) The bad faith claim or retention by a landlord or the
14 landlord's successors in interest of the security or any portion
15 thereof in violation of this section, or the bad faith demand of
16 replacement security in violation of subdivision (j), may subject
17 the landlord or the landlord's successors in interest to statutory
18 damages of up to twice the amount of the security, in addition to
19 actual damages. The court may award damages for bad faith
20 whenever the facts warrant that award, regardless of whether the
21 injured party has specifically requested relief. In any action under
22 this section, the landlord or the landlord's successors in interest
23 shall have the burden of proof as to the reasonableness of the
24 amounts claimed or the authority pursuant to this section to demand
25 additional security deposits.

26 (m) No lease or rental agreement may contain any provision
27 characterizing any security as "nonrefundable."

28 (n) Any action under this section may be maintained in small
29 claims court if the damages claimed, whether actual or statutory
30 or both, are within the jurisdictional amount allowed by Section
31 116.220 or 116.221 of the Code of Civil Procedure.

32 (o) Proof of the existence of and the amount of a security deposit
33 may be established by any credible evidence, including, but not
34 limited to, a canceled check, a receipt, a lease indicating the
35 requirement of a deposit as well as the amount, prior consistent
36 statements or actions of the landlord or tenant, or a statement under
37 penalty of perjury that satisfies the credibility requirements set
38 forth in Section 780 of the Evidence Code.

1 (p) The amendments to this section made during the 1985
2 portion of the 1985–86 Regular Session of the Legislature that are
3 set forth in subdivision (e) are declaratory of existing law.

4 (q) The amendments to this section made during the 2003
5 portion of the 2003–04 Regular Session of the Legislature that are
6 set forth in paragraph (1) of subdivision (f) are declaratory of
7 existing law.

8 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
9 *Section 1950.5 of the Civil Code proposed by both this bill and*
10 *Assembly Bill 2521. It shall only become operative if (1) both bills*
11 *are enacted and become effective on or before January 1, 2013,*
12 *(2) each bill amends Section 1950.5 of the Civil Code, and (3) this*
13 *bill is enacted after Assembly Bill 2521, in which case Section 1*
14 *of this bill shall not become operative.*

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