

AMENDED IN ASSEMBLY MAY 17, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1316

Introduced by Assembly Member Correa

February 26, 1999

An act to add *and repeal* Chapter 6.6 (commencing with Section 3079) to Part 4 of Division 3 of the Civil Code, relating to commercial leases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1316, as amended, Correa. Commercial leaseholds.

Existing law provides for the creation of leasehold interests.

This bill would, *until January 1, 2003*, provide that a real estate licensee who is owed *pursuant to a written contract* a commission pursuant to services performed in connection with securing a tenant for a commercial lease may demand the submission of the dispute to arbitration, as specified. The bill would provide that its requirements only apply to claims for unpaid commissions that meet specified criteria.

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. Chapter 6.6 (commencing with Section
2 3079) is added to Part 4 of Division 3 of the Civil Code, to
3 read:
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CHAPTER 6.6. COMMERCIAL LEASES

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3079. As used in this chapter, the following definitions shall apply:

(1) "Commission" means compensation for acts that require a real estate license.

(2) "Commercial lease" means a leasehold interest in real estate improved for nonresidential purposes. "Commercial lease" does not include a contract binding a natural person who seeks to obtain, goods or services, whether directly or through employment benefits, that are intended primarily for personal, family, or household purposes.

3079.1. A real estate licensee who is owed pursuant to a written contract a commission payable pursuant to services performed in connection with securing a tenant for a commercial lease may demand the submission of any dispute over the commission with the person who received the services to arbitration within 30 days of the date of the demand for the commission *only if the demand is made no later than 180 days from the date that the commission is due. Any claim made pursuant to the demand may only be made against the owner of the real estate.*

3079.2. (a) Arbitration under this chapter shall be conducted by rules consistent with rules of the American Arbitration Association, or other rules mutually agreed upon by the parties. Except as otherwise provided by this chapter, arbitration shall be conducted in accordance with Title 9 (commencing with Section 1280) of Part 3 of the Code of Civil Procedure.

(b) As part of his or her demand for arbitration of the commission dispute the real estate licensee demanding the arbitration shall nominate one or more arbitrators. If the nominated arbitrators are not acceptable to the responding party, the licensee and the responding party may mutually agree upon a different arbitrator or select an arbitrator under the procedure set out in the rules of the American Arbitration Association.



1 (c) Regardless of the method of selection, the
2 arbitrator shall be qualified in the law of leases and real
3 estate, *as determined by an agreement between the*
4 *parties or, in the absence of this agreement, pursuant to*
5 *the rules for the selection of arbitrators adopted by the*
6 *American Arbitration Association. This section shall not*
7 *be construed to require the use of panel members of the*
8 *American Arbitration Association.*

9 3079.3. This chapter shall apply only to claims for
10 unpaid commission that exceed the jurisdiction of the
11 small claims court and do not exceed the sum of fifty
12 thousand dollars (\$50,000). The limitation of amount in
13 this section applies to the amount of commission payable
14 and not received, and not to the total value of a contract.

15 3079.4. A decision in an arbitration proceeding under
16 this chapter may include whether any compensation is
17 owed, and the amount, if any, that is owed. A decision that
18 requires the payment of money may be enforced as
19 provided by Chapter 4 (commencing with Section 1285)
20 of Title 9 of Part 3 of the Code of Civil Procedure.

21 3079.5. *Every written contract for the payment of a*
22 *commission upon securing a tenant for a commercial*
23 *lease shall include a boldface warning that a dispute over*
24 *the commission may require arbitration if the amount in*
25 *dispute meets the requirements of Section 3079.3.*

26 3079.6. *This chapter shall remain in effect only until*
27 *January 1, 2003, and as of that date is repealed unless a*
28 *later enacted statute that is enacted before January 1,*
29 *2003, deletes or extends that date.*

