



Office of the Mayor

SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2

Meeting Date: April 14, 2020

Item Number: 40

Item Description: **Amending Tenant Screening Fees Ordinance for Existing Tenancies**

Submitted by: **Mayor Arreguin**

A revised version of the item is attached, making corrections and adding Councilmembers Harrison and Robinson as a co-sponsor.

For background, also attached please find the following:

- A copy of California Civil Code Section 1950.6, the state Tenant Screening Fee law
- A copy of California Civil Code Section 1951.2, state law governing breaching of leases
- “Lease Renewal and New Roommate Policies” from Premium Properties, a Berkeley rental housing provider, that includes references to additional fees for roommate replacements



Office of the Mayor

REVISED
ACTION CALENDAR
April 14, 2020

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín (Author), Councilmember Harrison (Co-Sponsor),
and Councilmember Robinson (Co-Sponsor)

Subject: Amending Tenant Screening Fees Ordinance for Existing Tenancies

RECOMMENDATION

Adopt a first reading of an Ordinance ~~to amend~~ing Berkeley Municipal Code Chapter 13.78 (Tenant Screening Fees) to add subsections to prohibit additional fees for existing tenancies and lease terminations.

POLICY COMMITTEE RECOMMENDATION

On February 6, 2020, the Land Use, Housing & Economic Development Committee adopted the following action: M/S/C (Arreguín/Bartlett) to move the item with a positive recommendation as written. Vote: All Ayes.

CURRENT SITUATION AND ITS EFFECTS

An owner of a residential rental property or their agent can charge an applicant of a rental property a fee to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property. The fee is currently set at \$52.59 and increases to the fee are tied to the Consumer Price Index (CPI). The fee cannot exceed the costs of the services needed to review the application.

Multiple tenants have contacted the Rent Stabilization Board and the Mayor's Office to express concern over the usage-imposition of additional fees ~~that have been applied~~relating to lease renewals and roommate replacements. Specifically, some owners of residential rental property have charged fees for tenants who wish to vacate and lawfully surrender possession of their tenancy. In addition, some owners have charged fees to existing tenant households when they wish to replace a member of that household. No statute expressly permits the levying of such fees. While tenants who "break" leases are susceptible to incurring damages after they depart per California Civil Code section 1951.2, the imposition of additional fees charged "up front" creates a windfall for property owners/management companies that use such fees as a predatory practice to simply collect additional rent and creates an unnecessary burden for tenants seeking to either surrender possession or replace a roommate. Other than a small administrative burden, for which Civil Code Section 1950.6 already provides relief, owners and management companies should not have to expend a substantial amount

of administrative resources to process such routine tenancy transactions. To allow for such fees is to simply transfer what is a standard management transaction from those who own or manage the property to those who rent it.

To the extent that these fees are designed to cover the costs to screen tenants, this is in violation of state law as described in the background section. There is a predatory nature to such fees, as it places additional financial burdens on a tenant’s right to move out of the unit they are renting, or for adding or replacing roommates. Updating BMC 13.78 will help clarify and make explicit that such fees are unlawful.

BACKGROUND

In April 2011, the City Council unanimously approved Ordinance [No. 7,171-N.S.](#), to add [Section-Chapter 13.78](#) to the Berkeley Municipal Code relating to tenant screening fees. This was enacted to advance implementation of state law by requiring a copy of California Civil Code Section 1950.6 (the state tenant screening fee law) and information regarding the current maximum allowable fee as set by state law, be given to all applicants who pay an application fee for rental housing. The ordinance also provides a private right of action for individual tenants if an owner is found to be in violation of the ordinance.

Adopted in 1996 by the California Legislature, Civil Code Section 1950.6 set a cap on the amount that can be charged for a screening fee at \$30.00, with increases annually based on the CPI. In October 2014, BMC Section 13.78 was updated to designate the Rent Stabilization Board to calculate the maximum allowable tenant screening fee in accordance to Civil Code Section 1950.6.

ENVIRONMENTAL SUSTAINABILITY

Not applicable.

FISCAL IMPACTS OF RECOMMENDATION

None

RATIONALE FOR RECOMMENDATION

As we approach the lease renewal season, these amendments will clarify existing protections for tenants who are targeted by excessive fees.

CONTACT PERSON

Mayor Jesse Arreguín 510-981-7100

Attachments:

- 1: Ordinance
- [2: Copy of California Civil Code Section 1950.6](#)
- [3. Copy of California Civil Code Section 1951.2](#)

4: “Lease Renewal and New Roommate Policies” from Premium Properties, a Berkeley housing provider, which contains references to additional fees being charged for roommate add ons or replacements

ORDINANCE NO.

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 13.78 TO PROHIBIT NON-REFUNDABLE APPLICATION FEES ASSOCIATED WITH EXISTING TENANCIES AND LEASE TERMINATION FEES

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Berkeley Municipal Code Chapter 13.78 is hereby amended to read as follows:

Chapter 13.78
TENANT SCREENING AND LEASE FEES

Sections:

- 13.78.010 Notification of state law limitation on tenant screening fees.
- 13.78.015 Calculation and publication of maximum allowable tenant screening fee.
- 13.78.016 Prohibition of non-refundable application fees associated with existing tenancies.
- 13.78.017 Prohibition of lease termination fees.
- 13.78.018 Applicability to existing rental agreements.
- 13.78.020 Remedies – Civil penalty – Not exclusive.

13.78.010 Notification of state law limitation on tenant screening fees.

When an owner of residential rental property or ~~his or her~~ the owner's agent receives a request to rent residential property in the City of Berkeley from an applicant and ~~he or she~~ the owner charges that applicant a fee to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property, ~~he or she~~ the owner shall provide, either in the rental application or in a separate disclosure prior to receipt of the fee, a clear and conspicuous tenant screening fee rights statement and a statement of the maximum fee cap permitted under California Civil Code Section 1950.6(b). The "Tenant Screening Fee Rights Statement" shall mean the following statement or a statement substantially similar to the following statement:

"Pursuant to California law you have tenant screening fee rights, including the right to a copy of your consumer credit report if one is obtained with your screening fee, a refund of any unused portion of the fee and a receipt of the costs of the screening. For more information about your rights, please visit [URL to be provided by City]."

13.78.015 Calculation and publication of maximum allowable tenant screening fee.

Beginning on January 1, 2015, the Rent Stabilization Board shall calculate and publish on an annual basis the maximum allowable tenant screening fee in accordance with California Civil Code Section 1950.6(b).

13.78.016 Prohibition of Non-refundable Application Fees Associated with Existing Tenancies

It is unlawful for an owner of residential rental property or the owner's agent to charge a non-refundable fee to any existing tenant for the purpose of renewing a tenancy, in whole or in part, including any fee associated with the departure of a roommate or to request to add or replace a roommate in a pre-existing household.

Nothing in this law is intended to disallow a property owner, or the owner's agent, to charge a "tenant screening fee" as permitted under California Civil Code Section 1950.6 to any tenant, including any new or additional roommate who seeks to be added to an existing rental agreement or lease, seeking to rent or lease residential rental property.

13.78.017 Prohibition of Lease Termination Fees

It is unlawful for an owner of residential property, or the owner's agent, to charge any fee for the termination of their tenancy prior to the expiration of a lease. Nothing in this section shall prohibit a landlord from recovering any charges, fees or damages, associated with termination of tenancies that are authorized under California Civil Code Section 1951.2.

13.78.018 Applicability to Existing Rental Agreements

This chapter is applicable to all residential rental agreements regardless of any contractual language in any rental agreement or lease to the contrary. Any provision of an existing rental agreement or lease that violates the provisions of this chapter shall be null, void, and unenforceable.

13.78.019 Reserved

13.78.020 Remedies – Civil penalty – Not exclusive.

A. The remedies provided under this section are in addition to any the City or any person might have under applicable law.

B. Any owner of residential rental property shall be liable to any applicant or tenant harmed for a civil penalty of two hundred fifty dollars (\$250.00) if the owner fails to comply with any part of this Chapter.

C. Any person aggrieved by the owner's failure to comply with this Chapter may bring a civil action against the owner of the residential rental property for all appropriate relief including damages and costs which ~~she or he~~ the applicant may have incurred as a result of the owner's failure to comply with this Chapter.

D. In any action to recover damages resulting from a violation of this Chapter the prevailing plaintiff(s) shall be entitled to reasonable attorneys' fees in addition to other costs, and in addition to any liability for damages

Section 2. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

State of California

CIVIL CODE

Section 1950.6

1950.6. (a) Notwithstanding Section 1950.5, when a landlord or his or her agent receives a request to rent a residential property from an applicant, the landlord or his or her agent may charge that applicant an application screening fee to cover the costs of obtaining information about the applicant. The information requested and obtained by the landlord or his or her agent may include, but is not limited to, personal reference checks and consumer credit reports produced by consumer credit reporting agencies as defined in Section 1785.3. A landlord or his or her agent may, but is not required to, accept and rely upon a consumer credit report presented by an applicant.

(b) The amount of the application screening fee shall not be greater than the actual out-of-pocket costs of gathering information concerning the applicant, including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service, and the reasonable value of time spent by the landlord or his or her agent in obtaining information on the applicant. In no case shall the amount of the application screening fee charged by the landlord or his or her agent be greater than thirty dollars (\$30) per applicant. The thirty dollar (\$30) application screening fee may be adjusted annually by the landlord or his or her agent commensurate with an increase in the Consumer Price Index, beginning on January 1, 1998.

(c) Unless the applicant agrees in writing, a landlord or his or her agent may not charge an applicant an application screening fee when he or she knows or should have known that no rental unit is available at that time or will be available within a reasonable period of time.

(d) The landlord or his or her agent shall provide, personally, or by mail, the applicant with a receipt for the fee paid by the applicant, which receipt shall itemize the out-of-pocket expenses and time spent by the landlord or his or her agent to obtain and process the information about the applicant.

(e) If the landlord or his or her agent does not perform a personal reference check or does not obtain a consumer credit report, the landlord or his or her agent shall return any amount of the screening fee that is not used for the purposes authorized by this section to the applicant.

(f) If an application screening fee has been paid by the applicant and if requested by the applicant, the landlord or his or her agent shall provide a copy of the consumer credit report to the applicant who is the subject of that report.

(g) As used in this section, "landlord" means an owner of residential rental property.

(h) As used in this section, "application screening fee" means any nonrefundable payment of money charged by a landlord or his or her agent to an applicant, the

purpose of which is to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property.

(i) As used in this section, "applicant" means any entity or individual who makes a request to a landlord or his or her agent to rent a residential housing unit, or an entity or individual who agrees to act as a guarantor or cosignor on a rental agreement.

(j) The application screening fee shall not be considered an "advance fee" as that term is used in Section 10026 of the Business and Professions Code, and shall not be considered "security" as that term is used in Section 1950.5.

(k) This section is not intended to preempt any provisions or regulations that govern the collection of deposits and fees under federal or state housing assistance programs.

(Added by Stats. 1996, Ch. 525, Sec. 1. Effective January 1, 1997.)

State of California

CIVIL CODE

Section 1951.2

1951.2. (a) Except as otherwise provided in Section 1951.4, if a lessee of real property breaches the lease and abandons the property before the end of the term or if his right to possession is terminated by the lessor because of a breach of the lease, the lease terminates. Upon such termination, the lessor may recover from the lessee:

(1) The worth at the time of award of the unpaid rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the lessee proves could have been reasonably avoided;

(3) Subject to subdivision (c), the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the lessee proves could be reasonably avoided; and

(4) Any other amount necessary to compensate the lessor for all the detriment proximately caused by the lessee's failure to perform his obligations under the lease or which in the ordinary course of things would be likely to result therefrom.

(b) The "worth at the time of award" of the amounts referred to in paragraphs (1) and (2) of subdivision (a) is computed by allowing interest at such lawful rate as may be specified in the lease or, if no such rate is specified in the lease, at the legal rate. The worth at the time of award of the amount referred to in paragraph (3) of subdivision (a) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1 percent.

(c) The lessor may recover damages under paragraph (3) of subdivision (a) only if:

(1) The lease provides that the damages he may recover include the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award, or for any shorter period of time specified in the lease, exceeds the amount of such rental loss for the same period that the lessee proves could be reasonably avoided; or

(2) The lessor relet the property prior to the time of award and proves that in reletting the property he acted reasonably and in a good-faith effort to mitigate the damages, but the recovery of damages under this paragraph is subject to any limitations specified in the lease.

(d) Efforts by the lessor to mitigate the damages caused by the lessee's breach of the lease do not waive the lessor's right to recover damages under this section.

(e) Nothing in this section affects the right of the lessor under a lease of real property to indemnification for liability arising prior to the termination of the lease

for personal injuries or property damage where the lease provides for such indemnification.

(Added by Stats. 1970, Ch. 89.)

LEASE RENEWAL & NEW ROOMMATE POLICIES



I. Lease Renewal Policies

It is Premium Properties' policy to have all of our units rented on a fixed-term basis. In most cases when we rent a unit, the initial lease is for one year. However, in the event there is an off-season vacancy (September through May), we will offer shorter leases that expire on May 31st or July 31st. The expiration date options are different depending on the building location & unit type.

Once the initial term of the lease is over, the lease will automatically terminate & you will need to vacate. **However, you always have the option to stay for another year.** But the decision must be made either 60, 90 or 150 days (the notice requirement is stipulated in the original rental agreement) before the lease expires.

Premium Properties sends out its renewal letters at least 21 days before the deadline to renew. The letter will stipulate any changes to the lease & will give you the option to either renew the lease or to confirm that you will be vacating at the end of the lease.

Once we receive your form, we will sign the agreement & post it to your portal (when applicable) or mail you back a copy. If you are moving, you will also receive a letter describing our move out procedures. In addition, the Assistant Property Manager will begin marketing your unit. We always pre-lease apartments well in advance of you vacating in order to avoid a vacancy.

Keep in mind if we do not receive anything, Termination Letters will be sent out confirming that we have not received a Lease Renewal & that the unit will be vacated at the end of the lease.

We always hope that our residents will choose to renew their lease with us. We value your residency & will do whatever we can to make your stay better. But, unfortunately, we cannot offer any flexibility with respect to our lease renewal policy. **We never offer six-month or month-to-month lease renewals.** We apologize for any inconvenience this may cause, but our management contracts do not offer us this option.

FREQUENTLY ASKED QUESTIONS:

What if I can't decide by the deadline?

You should immediately contact Premium Properties if you don't think you can decide during the required deadline. Depending on the property & the time of year, we may be able to give you a short extension of a few days or weeks. However, once the Termination Letter is sent, we will begin marketing your unit & it is possible that it may be rented to another person. We often have waiting lists for certain buildings.

What if one or more housemates want to stay, while the others want to leave?

Certainly, for a variety of reasons, the original group may not want to continue staying together in the rental for another year. This is what we can call a Split Renewal. Again, it is always our preference to have somebody renew the lease. So, the procedure is as follows:

1. The housemate(s) who wants to stay should indicate that they are renewing.
2. The housemate(s) who plan on vacating should indicating that they are vacating.
3. The housemates(s) who want to leave should submit all requests & application fees, a fully completed & signed "Roommate Replacement Request," along with the application (available online at www.premiumpd.com) for the new incoming resident. Please note that this can occur at any time before the lease expires. In the event the outgoing resident is not being replaced by a new roommate, then a "Request to be Removed from Rental Agreement" should be submitted instead.

If a roommate decides to move out or not renew their lease, is he or she still responsible for the rental even after the initial term expires?

The answer is **YES**. All parties to the original lease remain responsible to the agreement until either the unit is completely vacated at the end of the contract or Premium Properties has officially (in writing) released them from the contract. **This means that even if one of the members of a group does not decide to renew, he or she is still a party to the lease & all future extensions, until the entire apartment has been vacated.**

How can I be officially released from the contract?

In order to be released from the contract, you have to either have another qualified roommate take over your position on the lease by completing a “**Roommate Replacement Request**” (see attached form), which once approved by Premium Properties, by default releases you from your obligations to the lease (see below for Roommate Replacement Policies) **OR** you must make an official “**Request to be Removed from Rental Agreement**” (see attached form). Once we receive an official request to be removed, then we will grant your request so long as the group has not defaulted on the lease **and** so long as the remaining roommates still qualify for the unit & meet our tenant screening criteria based on their original application & screening materials.

Under certain circumstances, your group's approval for the rental may have been dependent on the outgoing resident's financial strength. For example, it is possible that the income of the remaining roommates may not equal three times the monthly rent, unless the outgoing roommate's income is included. If the remaining roommates do not qualify based on information found in the original file, they have the option to reapply for the apartment & present us with more current information to meet the required income/savings guidelines. Unfortunately, this will require new application forms & payment of all relevant screening fees.

In the event the remaining roommates still cannot qualify after re-applying, then unfortunately the outgoing resident will still remain a party to the contract & still be responsible for the rental. This, of course, is extremely problematic as the outgoing roommate will be responsible for a place that he or she is not living in. Therefore, it is recommended that in this circumstance that the entire group vacates at the end of the term. Unfortunately, due to local ordinances Premium Properties cannot require the other residents to move out due to lack of future qualification, especially if rent has been paid on time & other rules of the lease have been followed. However, the outgoing resident may have some legal recourse to require the roommates to vacate, though.

Will Premium Properties send me back my portion of the security deposit if I decide to move out & my roommates decide to stay?

NO. Premium Properties only sends back security deposits, minus any deductions, once the entire unit is vacated, all keys are returned to us & a final inspection is performed. However, typically, as long as the remaining roommates have agreed to allow the departing roommate to move out & be released from the contract, the remaining roommates will return that portion of the deposit to the outgoing roommate. But Premium Properties cannot enforce this. **WARNING: The remaining roommates may be left financially responsible for damages caused by the outgoing roommate.** So, it is important that the unit is inspected & appropriate deductions are made to compensate the remaining roommates for damages that might be assessed in the future by Premium Properties.

II. Roommate Replacement Policies

Premium Properties will grant a request to replace an existing roommate with another roommate under the following conditions:

1. The original group of roommates has paid their rent timely & has followed the other terms of the rental agreement. This includes not allowing a new roommate to move in to the unit without receiving approval from us. In other words, the original group will receive a positive tenancy reference from us.
2. We have received a completed “Roommate Replacement Request” signed by all parties (the incoming roommate, the roommate who plans to move out & the roommates who plan on staying) **along with the processing fee (see attached)**. It is important to note that the outgoing roommate cannot just find anybody to move in; the other housemates have to agree to the switch & all remaining roommates must sign the request form.

3. The prospective new incoming replacement roommate will need to complete a rental application (available online at www.premiumpd.com) & submit the appropriate screening fees & screening material with financial documentation. The new roommate must qualify under our Tenant Screening Policy.
4. The new housemate must agree to all of the terms of the existing rental agreement & obtain a copy from an Original Resident.
5. Upon the new roommate's approval of their application, Premium Properties will sign the "Approval of New Roommate" & return a copy of the completed & approved "Roommate Replacement Request" to the outgoing roommate & all remaining roommates, including the replacement.

At no time should the new roommate move in to the apartment until the request has been approved & Premium Properties has returned the request with the "Approval of New Roommate" section signed & dated to the entire group. This is a clear violation of your rental application & you may be subject to eviction proceedings. DON'T DO THIS!!

In Rent Control jurisdictions, such as Berkeley & Oakland, replacement housemates are considered "Substitute Residents." Once Premium Properties signs the Approval of the request, the "Roommate Replacement Request" is also considered to be the "Substitute Resident Agreement." This determines the incoming roommate's occupancy rather than having them sign a new lease. Not only does this request/agreement commit the new housemate to the terms of the lease, it also clarifies his or her status with respect to Rent Control. **Unfortunately, due to certain case law, we cannot accept rent payments from Substitute Residents.** All rents must be paid by the remaining original parties to lease.

In the event the "Roommate Replacement Request" is denied, the \$95 processing fee will be applied to any future requests over the next 6 months.

FREQUENTLY ASKED QUESTIONS:

My housemates, who are the Original Residents on the lease, are out of town & they didn't leave me a check for the rent. Can I bring a check from my account?

Under no circumstance can we accept rent payments from a Substitute Resident. To avoid late fees, we recommend that the original parties to the lease contact our office to arrangement to pay the rent on time. One way is to have them use our on-line portal.

Should the new roommate pay a security deposit? If so, who should they pay it to?

Premium Properties will not typically (unless the base occupancy has increased) require an additional security deposit if the request is approved. However, once the new roommate signs the "Substitute Resident Agreement", the new roommate will have equal claim to the security deposit on file for the apartment & Premium Properties will issue any proceeds from security deposit upon vacating to all the residents including the new roommates in one check. Therefore, it is important that the existing roommates collect from the new roommate the appropriate share of the deposit prior to move-in. Premium Properties will have no way to require payment after move-in.

What happens when all the original parties to the lease decide to move out?

Once all original parties to the lease have either provided notices to vacate or have moved out of the rental, Premium Properties will present the Substitute Residents with a new rental agreement. Since prior rent ceilings & other limitations are no longer in effect, Premium Properties will have the option to change the terms of the lease. This includes, but is not limited to, the monthly rent amount & security deposit. Depending on how long it has been since the original parties to the lease moved in, the rent increase may be significant. Unfortunately, rent control ordinances restrict property owners from phasing in rent increases over months or even years. However, once the new rental agreement is signed, all Substitute Residents will become original parties to the new lease & will have all the rights associated with any applicable Rent Control ordinances.

What happens when an Original Resident moves out & is replaced, but then wants to move back in as a replacement roommate at a later date?

Once the original party to the lease is removed or replaced by another roommate, they lose their position as an Original Resident & once brought back in, the person falls under the Substitute Resident category & are no longer an Original party to the lease since they were once removed. Again, under no circumstance can we accept rent payments from a Substitute Resident.

III. Roommate Add-On Policies

Occasionally, residents in our properties will want to add an additional roommate & thus increase the occupancy beyond the total number of residents who originally occupied the premises. Premium Properties has sole discretion as to whether to allow the increase in occupancy and may deny the request without cause. In addition, Premium Properties may condition the approval by requiring the total rent to be increased by as much as 10% for each additional occupant to the apartment, in order to compensate for increased wear & tear & utility usage or to help bring the unit to the current market rent. We will inform you upon receiving your request & before processing it if additional rent &/or security deposit will be required. In order to add a roommate, the existing group & potential new additional roommate will need to complete a "Roommate Add-On Request" (see attached) & **pay the appropriate fee**. In addition, the prospective roommates will need to complete a rental application (available online at www.premiumpd.com) & **submit the appropriate screening fees & supporting documentation & qualify based on our Tenant Screening Policy**. Once the screening process is completed, Premium Properties will approve or deny the request & return a copy of the completed & approved "Roommate Add-On Request" to the new group, including the additional roommate.

In the event the "Request to Add an Additional Roommate" results in a monthly rent & subsequent security deposit increase, the additional funds must be paid in the form of cashier's check &/or money order prior to Premium Properties approving, signing off & returning the "Roommate Add-On Request" to the new group & new resident.

At no time should the new additional roommate move in to the apartment until the request has been approved & Premium Properties has returned the request with the "Approval of New Roommate" section signed & dated to the entire group & any additional funds have been paid (if applicable). This is a clear violation of your rental application & you may be subject to eviction proceedings. DON'T DO THIS!!

In Rent Control jurisdictions, such as Berkeley & Oakland, additional roommates are considered Additional Substitute Residents. Once Premium Properties signs the Approval of the request, the "Roommate Add-On Request" is also considered to be the "Additional Substitute Resident Agreement." This determines the additional roommate's occupancy rather than having them sign a new lease. Not only does this request/agreement commit the new roommate to the terms of the lease, it also clarifies his or her status with respect to rent control. **Unfortunately, due to certain case law, we cannot accept rent payments from Substitute Residents.** All rents must be paid by the original parties to lease.

In the event, Premium Properties denies the "Roommate Add-On Request," the \$95 processing fee will be applied to any future requests over the next 6 months.

REQUEST TO BE REMOVED FROM RENTAL AGREEMENT

(\$50 per Request)



Dear Premium Properties:

I, _____ currently live at _____
(address) & plan on moving out on _____ (date). My other roommates plan on
remaining at the apartment. Their names are as follows:

- _____
- _____
- _____
- _____

At this time, my roommates have decided not to have a replacement roommate fulfill my responsibilities to the lease. Furthermore, my roommates & their respective cosigners, if applicable, are willing to release me from my individual responsibility to the apartment & its current & future rental agreements & extensions.

Therefore, I am **requesting** Premium Properties to officially remove me from the rental agreement & release me from any current & future obligations to the apartment. I understand that if my request is approved, I will waive any & all claims to my rights & interests to the apartment, including the security deposit. It will be my responsibility to receive a refund of my portion of the original security deposit from the remaining roommates; as security deposits are only refunded to the then parties to the lease by the Owner/Agent only when the entire apartment has been completely vacated.

I understand that until the request is approved, I remain responsible to all of the obligations to the apartment.

Date	Outgoing Resident's Name	Signature
Date	Remaining Resident's Name	Signature
Date	Remaining Resident's Name	Signature
Date	Remaining Resident's Name	Signature

Premium Properties approves Outgoing Resident's request to be released from the rental agreement as of _____.

Date _____
Premium Properties

PAYMENT AUTHORIZATION

Funds Request to Be Removed from Rental Agreement Fee: **\$50**
Due: Account Holder Name: _____
ACH/Check Bank Name: _____ Checking Savings
Account #: _____
Routing #: _____
Billing Address: _____
Account Holder Signature: _____

-OR-

I authorize Premium Properties to charge my Resident Portal for the processing fees.
PLEASE NOTE: THIS OPTION IS ONLY AVAILABLE IF YOU PAY YOUR MONTHLY RENT TO PREMIUM PROPERTIES.

*Payment on the portal must be made within 24 hours of submitting this request.
Failure to do so will result in an immediate denial of the Request.*

Please note: Premium Properties will not begin processing Requests to be Removed from Rental Agreement until this Form & the Processing Fees are received. It takes a week from receipt to process each request. **Outgoing Roommate will only be removed from the Rental Agreement after Premium Properties Signs this Request.**

ROOMMATE REPLACEMENT REQUEST

**(\$95 per Request + Applicable Screening Fees:
\$40 per Rental Application + \$35 per Cosigner Application)**



I, _____ (“Outgoing Roommate”) currently live at _____ (“Premises”) & I will be moving out on _____ (Date). Upon vacating I agree to waive any & all claims to my rights & interests to the apartment, including the security deposit. **However, I understand that until Premium Properties, “Owner/Agent” signs this agreement, that I am still responsible for all responsibilities stipulated in the lease, including rent.** My other roommate(s) “Remaining Roommates” plan on remaining in the Premises after I vacate & request that Owner/Agent allow _____ (provide New Roommate’s cell phone number _____ & email address _____) (“New Roommate”) to move-in to the apartment the day after I move out. The current rent on our apartment is \$_____ per month. New Roommate will be paying \$_____ per month as his/her portion of the rent, which is not more than the proportional share of the total rent. He/she will pay \$_____ towards the Total Security Deposit. I will be responsible for collecting any security deposit owed to me upon vacating directly from either New Roommate or Remaining Roommates. I recognize that Owner/Agent does not issue security deposits until the entire unit has been vacated & shall not be responsible for retuning my portion of the Security Deposit after this agreement is executed by all parties.

In order to be approved, the New Roommate agrees to the following:

1. New Roommate agrees to take over Outgoing Roommates responsibilities the day after the Outgoing Roommate moves out.
2. New Roommate understands that he/she is a “Substitute Resident” as opposed to an “Original Resident” under the rental agreement. Original Residents are those residents that signed the lease when it was originally occupied & have claim to the current rent ceiling. It is possible that not all existing roommate are Original Residents. New Roommate further understands that the future departure of the last remaining Original Resident will be considered a “Vacancy Decontrol Event” under local Rent Control & California’s Costa- Hawkins Vacancy Decontrol Act, meaning that Owner/Agent may at that time, regardless of any existing lease extensions, increase the rent to the market rent, change other lease terms &/or require a new rental agreement to be executed. Owner/Agent shall provide at least the minimum required notice for a rent increase per state & local laws. Owner/Agent shall have the option, but not the obligation, to delay the start of the increase until the end of the existing lease extension. Remaining Substitute Residents will have the choice of staying & paying the new rent charged by the owner or providing at least 30 days’ written notice to vacate for the date the new rent will become effective.
3. New Roommate recognizes that although as a Substitute Resident, he/she is not a signatory to the rental agreement, New Roommate agrees to abide by all its terms & conditions, as well as any extensions thereafter signed by the Original Residents, unless he/she is officially released in writing by Owner/Agent. New Roommate acknowledges receipt of a copy of the rental agreement & the most current extension.

4. New Roommate should arrange to reimburse any Outgoing or Remaining Roommates for their agreed upon portion of the security deposit already paid. Furthermore, it is understood that any future charges made by Owner/Agent to the security deposit may include reimbursement for damages which occurred prior to the execution of this agreement. A careful inspection of the unit should be made by New Roommate prior to payment of a security deposit to the Outgoing Roommate in order to be reimbursed in advance for any for any anticipated future charges to the total security deposit.

5. New Roommate understands that in order to avoid any confusion as to which residents are Original or Substitute, **Owner/Agent will only accept rent & non-emergency maintenance requests from Original Resident(s).** New Roommate agrees to arrange to pay his/her portion of the rent to the designated Original Roommate at least 3 days in advance of the 1st of each month.

Outgoing Roommate

Name	Signature	Date
------	-----------	------

Remaining Roommates

Name	Signature	Date
------	-----------	------

Name	Signature	Date
------	-----------	------

Name	Signature	Date
------	-----------	------

New Roommate (Please Submit a Rental Application & Photo ID Online ASAP)

Name	Signature	Date
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PAYMENT AUTHORIZATION

Funds \$95 Replacement Request + \$40 Application Fee + \$35 Cosigner Application Fee =

Due: **\$170 (Request + Screening Fees)**

If a Cosigner is not required for qualification \$35 will be credited to your account.

Account Holder Name: _____

ACH/Check Bank Name: _____ Checking Savings

Account #: _____

Routing #: _____

Billing Address: _____

Account Holder Signature: _____

-OR-

I authorize Premium Properties to charge my Resident Portal for the processing fees.
PLEASE NOTE: THIS OPTION IS ONLY AVAILABLE IF YOU PAY YOUR MONTHLY RENT TO PREMIUM PROPERTIES.

*Payment on the portal must be made within 24 hours of submitting this request.
Failure to do so will result in an immediate denial of the Request.*

Please note: Premium Properties will not begin processing Roommate Replacement Requests until this Form, all Screening & Processing Fees, the Rental Application & a copy of the New Roommate's photo ID are received. It takes a week from receipt to process each request. **New Roommate May Only Move In AFTER Premium Properties signs this Agreement.**

APPROVAL OF NEW ROOMMATE

Owner/Agent agrees to allow _____, New Roommate to occupy the Premises upon the vacating of the Outgoing Roommate. Owner/Agent recognizes the following Remaining Roommate(s) as Original Resident(s), with a claim to the Premises' rent ceiling:

Name

Name

Upon New Roommate occupying the Premises & paying all the required funds, Owner/Agent agrees to release _____, Outgoing Roommate from his/her responsibility to the rental agreement.

Owner/Agent Signature

Date

**Screening fees are charged to reimburse Owner/Agent for the actual costs related to screening an applicant, which includes obtaining a credit report, unlawful detainer search, & other reports (Cost: \$8.95) & for processing & verifying information obtained (Cost: \$25). The applicant is entitled to a copy of the credit report upon written request. Premium Properties' official screening & selection process is available on our website.*

California Civil Code Section 1950.6.

This applies protection for the applicant for any payment, including but not limited to fees, deposit or charge. The landlord may claim fees, deposit or charge only for those amounts as are reasonably necessary for the purposes specified by the subdivision. Any fees, deposit or charge shall be held by the landlord for the tenant who is party to the lease agreement. For more information about California Civil Code 1950.6 you can go to <http://law.onecle.com/california/civil/1950.5.html>.

ROOMMATE ADD-ON REQUEST

(\$95 per Request + Applicable Screening Fees:
\$40 per Rental Application + \$35 per Cosigner Application)



I/we, live at _____ (“Premises”) & request that Premium Properties “Owner/Agent” allow _____ (provide New Roommate’s cell phone number _____ & email address _____) (“New Roommate”) to move-in to the Premises on _____ (Date). The current rent on the Premises is \$_____ per month. New Roommate will be paying \$_____ per month, which is not more than the proportional share of the total rent. He/she shall pay \$_____ towards the total security deposit already paid to Owner/Agent.

In order to be approved, New Roommate agrees to the following:

1. New Roommate understand that he/she is a “Substitute Resident” as opposed to an “Original Resident” under the rental agreement. Original Residents are those residents that signed the lease when it was originally occupied & have claim to the current rent ceiling. It is possible that not all existing roommate are Original Residents. New Roommate further understands that the future departure of the last remaining Original Resident will be considered a “Vacancy Decontrol Event” under local Rent Control & California’s Costa- Hawkins Vacancy Decontrol Act, meaning that Owner/Agent may at that time, regardless of any existing lease extensions, increase the rent to the market rent, change other lease terms &/or require a new rental agreement to be executed. Owner/Agent shall provide at least the minimum required notice for a rent increase per state & local laws. Owner/Agent shall have the option, but not the obligation, to delay the start of the increase until the end of the existing lease extension. Remaining Substitute Residents will have the choice of staying & paying the new rent charged by the owner or providing at least 30 days’ written notice to vacate for the date the new rent will become effective.
2. New Roommate recognizes that although as a Substitute Resident, he/she is not a signatory to the rental agreement, New Roommate agrees to abide by all its terms & conditions, as well as any extensions thereafter signed by the Original Residents, unless he/she is officially released in writing by Owner/Agent. New Roommate acknowledges receipt of a copy of the rental agreement & the most current extension.
3. New Roommate should arrange to pay the current residents his/her agreed upon portion of the security deposit prior to move-in. New Roommates recognizes that any future charges made by Owner/Agent to the security deposit may include reimbursement for damages which occurred prior to New Roommate moving in. A careful inspection of the Premises should be made by New Roommate prior to payment of a security deposit in order to be reimbursed in advance for any for any anticipated future charges to the total security deposit.
4. New Roommate understands that in order to avoid any confusion as to which residents are Original or Substitute, **Owner/Agent will only accept rent & non-emergency maintenance requests from Original Resident(s).** New Roommate agrees to arrange to pay his/her portion of the rent to the designated Original Roommate at least 3 days in advance of the 1st of each month.

Updated: 12/10/2018

Current Roommate(s)

Name Signature Date

Name Signature Date

Name Signature Date

Name Signature Date

New Roommate (Please Submit a Rental Application & Photo ID Online ASAP)

Name Signature Date

PAYMENT AUTHORIZATION

Funds \$95 Replacement Request + \$40 Application Fee + \$35 Cosigner Application Fee =

Due: **\$170 (Request + Screening Fees)**
If a Cosigner is not required for qualification \$35 will be credited to your account.

Account Holder Name: _____

ACH/Check Bank Name: _____ Checking Savings

Account #: _____

Routing #: _____

Billing Address: _____

Account Holder Signature: _____

-OR-

I authorize Premium Properties to charge my Resident Portal for the processing fees.
PLEASE NOTE: THIS OPTION IS ONLY AVAILABLE IF YOU PAY YOUR MONTHLY RENT TO PREMIUM PROPERTIES.

Payment on the portal must be made within 24 hours of submitting this request. Failure to do so will result in an immediate denial of the Request.

Please note: Premium Properties will not begin processing Roommate Add- On Requests until this Form, all Screening & Processing Fees, the Rental Application & a copy of the New Roommate's photo ID are received. It takes a week from receipt to process each request. **New Roommate May Only Move-In AFTER Premium Properties signs this Agreement.**

APPROVAL OF NEW ADDITIONAL ROOMMATE

Owner/Agent recognizes the following Remaining Roommate(s) as Original Resident(s), with a claim to the Premises' rent ceiling:

Name

Name

Name

Name

Owner/Agent agrees to allow _____, New Roommate to occupy the Premises as of _____

The **Monthly Rent** after this change shall:

Remain the Same. Increase from \$_____ to \$_____ + 1.8 % AHTF**.

The **Security Deposit** to be held on file until the entire unit is vacated shall:

Remain the Same. Increase from \$_____ to \$_____.

Owner/Agent Signature

Date

**Screening fees are charged to reimburse Owner/Agent for the actual costs related to screening an applicant, which includes obtaining a credit report, unlawful detainer search, & other reports (Cost: \$8.95) & for processing & verifying information obtained (Cost: \$25). The applicant is entitled to a copy of the credit report upon written request. Premium Properties' official screening & selection process is available on our website.*

California Civil Code Section 1950.6

This applies protection for the applicant for any payment, including but not limited to fees, deposit or charge. The landlord may claim fees, deposit or charge only for those amounts as are reasonably necessary for the purposes specified by the subdivision. Any fees, deposit or charge shall be held by the landlord for the tenant who is party to the lease agreement. For more information about California Civil Code 1950.6 you can go to <http://law.onecle.com/california/civil/1950.5.html>.

**If checked, this property is subject Measure U1, which was adopted by Berkeley voters in 2016. Therefore, the rent, plus any adjustments to the rent like parking, shall be increased by 1.8%, in order to contribute to the Affordable Housing Trust Fund (AHTF).*