

## **NEW LAW Prohibits Landlords From Demanding Cash From Tenants**

By Michael K. Elson, Esq.

New legislation has been passed, **effective January 1, 2005**, which greatly limits the circumstances in which a residential landlord may demand cash payments from tenants and prospective tenants for rents and security deposits. Senate Bill 115 was passed primarily in an attempt to prevent theft of rent payments by managers collecting rent. Apparently, the legislature and tenant rights groups were concerned regarding a pattern among dishonest apartment managers. By demanding cash only and refusing to give a receipt, these managers were able to pocket the cash and deny the rent was ever paid. With no receipt and no proof that payment was ever made, tenants will face eviction for non-payment of rent. Also common is the classic scheme whereby the manager charges a higher cash rent than the owner of the property is aware of, and then pockets the difference.

The only exception to this law is where the tenant has tendered a bad check or stopped payment on a check, cashier's check or money order. In such case, the landlord may require the tenant to pay cash for the following three month period only by giving the tenant a written notice, with a copy of the check attached, explaining that the check or money order was dishonored and that cash must be paid during that period. Under SB 115, if these terms are not written in the existing lease, then the notice must comply with California Civil Code Section 827, which provides that the change be pursuant to a standard thirty day notice to change the terms of tenancy. This change of terms form and others may be obtained from the AOA.

*Michael K. Elson is an associate at the Law Firm of Dennis P. Block & Associates. The firm can be reached at the following offices: Los Angeles: (323) 938-2868, Encino: (818) 986-3147, Inglewood: (310) 673-2996, Long Beach: (310) 434-5000, Ventura: (805) 653-7264, Pasadena (626) 798-1014, Orange: (714) 634-8232 or by visiting [www.evict123.com](http://www.evict123.com).*