



Alert to Real Estate Licensees and Others Who Lease or Rent, or Offer to Lease or Rent, Residential Real Property in the Fire-Ravaged Counties of California Where a State of Emergency Has Been Declared:

The Critical Importance of *Not* Taking Unfair Advantage of Consumers, and Knowing -- and the Pitfalls of Failing to Strictly Follow -- the Laws Pertaining to “Price Gouging”

By Wayne Bell, California Real Estate Commissioner

This Alert has been written because the California Bureau of Real Estate (“CalBRE”) has been informed that one or more real estate licensees may be involved in unlawful “price gouging” (with respect to the rental of residential real property) in one or more counties devastated by the recent fires and where a state of emergency has been proclaimed.

California law provides, in section 396 of the California Penal Code, that upon and after the declaration of a state of emergency (including one resulting from fire), those persons who rent or lease, or offer to rent or lease, rental housing [for a term of less than one year] at a rate more than 10 percent above the rate immediately prior to the onset of the state of emergency, are committing a misdemeanor and engaged in an “unlawful business practice”.

Violations of the law are punishable by imprisonment or a fine of not more than \$10,000, or by both that fine and imprisonment.

“Unlawful business practice” actions can also be brought against those who violate the anti-price gouging law, under section 17200 of the California Business and Professions Code.

CalBRE will also carefully investigate claims in connection with price gouging by its licensees and take appropriate disciplinary action.

The people who have suffered losses due to the horrific fires should never have to suffer further from price gouging. In exercising its disciplinary functions, and in enforcing the Real Estate Law with respect to residential rental services in the State of California, CalBRE will continue to make protection of the public its highest priority.

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