

# Bay Area Tenants Sue Corporate Landlord For Charging Illegal and Unfair Late Fees

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## One of Nation's Largest Landlords "Unlawfully Profits" off of Low-Income Tenants

**East Palo Alto, CA**-Today, tenants in the Woodland Park Apartments filed a class action lawsuit in Alameda County Superior Court against Equity Residential (EQR), one of the nation's largest landlords, for charging unlawful and excessive fees to tenants in California. EQR owns or manages over 25,000 rental units throughout California. The tenants are represented by Community Legal Services in East Palo Alto and the law firm Goldstein, Borgen, Dardarian & Ho.

"It's time EQR and other big landlords stop profiting off of working class tenants by charging unfair late fees," said tenant and plaintiff Javanni Munguia-Brown.

"At a time when we are suffering a crisis of affordable housing, landlords like EQR use predatory late fees to take advantage of tenants who struggle to pay their rent and fear being evicted," said Jason Tarricone, Directing Attorney of the Housing & Anti-Predatory Lending programs at Community Legal Services in East Palo Alto.

The complaint alleges that EQR makes unlawful profits from tenants in two ways. First, EQR charges tenants excessive late fee penalties of \$50 to \$100, even when the tenant pays rent only one day late. Plaintiff Norma Rodriguez paid her rent one day late in August 2012. She was charged a late fee of \$50. On her rent of \$1000, this was an annual percentage rate (APR) of 1,824 percent.

Second, EQR compounds the unfairness of charging excessive late fees by stacking the late fees, meaning that even if a tenant pays his full rent on time, the tenant is charged a late fee if he has any previous balance of \$100 or more, even if the tenant's balance consists only of prior late fees. Tenants are not informed of their balance or EQR's policy, which results in a regular and unlawful monthly increase on their rent. Two \$50 late fee charges, if not paid in full or on time, can turn into hundreds of dollars of late fees.

Plaintiff Munguia-Brown, a child care worker raising three children in East Palo Alto, for example, paid her complete rent and all fees one day early in March 2014. However, EQR assessed an automatic \$50 late fee because she had a balance consisting of \$200 in previous late fees and \$122 in city administrative fees and water and sewer charges. Ms. Munguia-Brown's lease does not explain that EQR will charge her a late fee if she has a balance from a previous month. In fact, Ms. Munguia-Brown received no notice of these fees until around June 2014, when her late fee balance had accumulated to about \$350.

"Landlords are allowed to recoup reasonable costs associated with late rent, but are not allowed to profit from excessive late fees or stacking late fees," explained Laura L. Ho, partner at Goldstein, Borgen, Dardarian & Ho. "Affordable housing is hard enough to find in many California cities without EQR unlawfully profiting off of their tenants who struggle to pay their rent."

Megan Ryan, attorney at Goldstein, Borgen, Dardarian & Ho, stated, "For over 100 years, the California Supreme Court and legislature have made clear that late fee penalties charged by landlords are usually unlawful because landlords are only entitled to simple interest of a few cents a day plus actual damages, if any."

The lawsuit, *Munguia-Brown v. Equity Residential*, asks the court to declare EQR's actions in violation of the California Civil Code Section 1671 and California's Unfair Competition Law, to enjoin the company from threatening or forcing the payment of illegal fees, and to order restitution of all late fees collected from the tenants.

A complete copy of lawsuit is available above. Attorneys and plaintiffs are available for interviews by calling the press contacts above.

*Community Legal Services in East Palo Alto provides legal assistance to low-income individuals and families in East Palo Alto and the surrounding community, with a focus on housing, immigration, and predatory consumer practices. Goldstein, Borgen, Dardarian & Ho (GBDH), is one of the oldest and most successful public interest law firms in the country, representing plaintiffs in complex and class action lawsuits in the areas of employment discrimination, wage and hour, disability access, voting rights, environmental justice, and consumer rights.*