

# Exhibit A

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[EXEMPT FROM FILING FEES  
UNDER GOV. CODE, § 6103]

*Attorneys for the People of the State of California*

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
KERN COUNTY

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**CLEMMER AND COMPANY,**  
  
Defendant.

Case No.

**[PROPOSED] FINAL JUDGMENT AND PERMANENT INJUNCTION**

The People of the State of California (“People”), appearing through their attorney, Rob Bonta, Attorney General of the State of California, by Deputy Attorney General Rachel Foodman, and Clemmer and Company (“Clemmer” or “Defendant”), appearing through their attorney, Scott Pearson of Manatt, Phelps & Phillips, LLP, having stipulated to the entry of this Judgment by the Court without the taking of proof and without trial or adjudication of any fact or law, without this Judgment constituting evidence of or an admission by Defendant regarding any issue of law or fact alleged in the Complaint, without Defendant admitting any liability regarding allegations of violations that occurred prior to entry of this Judgment, and with all parties having waived their

1 right to appeal from the Judgment, and the Court having considered the matter and good cause  
2 appearing:

3 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

4 1. This Court has jurisdiction over the allegations and subject matter of the People’s  
5 Complaint filed in this action, and the parties to this action; venue is proper in this County; and  
6 this Court has jurisdiction to enter this Judgment.

7 2. Defendant does not admit to any violations of law alleged in the Complaint.

8 **DEFINITIONS**

9 3. The following definitions shall apply for purposes of this Judgment:

- 10 A. “COVERED PROPERTY” shall mean a residential rental property or unit  
11 that is managed, owned, or controlled by Defendant.
- 12 B. “RENTAL SUBSIDY” refers to any money paid to a PROPERTY  
13 OWNER by a government agency or nonprofit organization as a portion of  
14 a tenant’s gross rent.
- 15 C. “PROPERTY OWNER” refers to any owner of residential rental property  
16 or unit with whom Defendant has a contractual relationship for property  
17 management services or for whom Defendant provides property  
18 management services.

19 **INJUNCTION**

20 4. Nothing in this Judgment alters the requirements of federal or state law to the  
21 extent they offer greater protection to consumers.

22 5. The injunctive provisions of this Judgment shall become effective immediately  
23 upon entry of this Judgment and shall apply to Defendant as well as its successors and the assigns  
24 of all or substantially all of the assets of its business, and their directors, officers, employees,  
25 agents, independent contractors, and representatives.

26 6. Defendant shall be and hereby is enjoined and restrained, under Business and  
27 Professions Code section 17203, from directly or indirectly engaging in any act or practice that  
28 violates the Tenant Protection Act, Civil Code sections 1946.2, 1947.12, or 1947.13, the Fair

1 Employment and Housing Act, Government Code section 12900, *et seq.*, or any local ordinance  
2 that governs residential rental housing, including but not limited to:

3 A. Serving or causing to be served, whether at its own discretion or at a  
4 PROPERTY OWNER's direction, any notices to terminate a tenancy at a  
5 COVERED PROPERTY that do not meet the requirements in Civil Code  
6 section 1946.2.

7 B. Discriminating in any manner against any tenants or prospective tenants of  
8 COVERED PROPERTIES based on their use of a RENTAL SUBSIDY to  
9 pay rent, including by rejecting or permitting PROPERTY OWNERS to reject  
10 applications of prospective tenants with RENTAL SUBSIDIES, or by serving  
11 notices to terminate tenancy on a tenant, where Defendant knows or should  
12 know that the rejection or termination is motivated by the tenant's source of  
13 income.

14 7. For five years following the entry of this judgment, Defendant shall preserve all  
15 documents and photos substantiating the need to evict a tenant at a COVERED PROPERTY to  
16 complete a substantial remodel as defined by Civil Code section 1946.2 subdivision (b)(2)(D).

17 8. Defendant shall, within 60 days following entry of this Judgment, communicate by  
18 email or certified mail to all PROPERTY OWNERS with whom it has a current management  
19 agreement the obligations of property owners and their agents under the Tenant Protection Act  
20 and Fair Employment and Housing Act. For five years following entry of this Judgment,  
21 Defendant shall likewise communicate this information by email or certified mail to any entities  
22 with whom it enters into an agreement to provide property management services, within ten days  
23 of entering into that agreement. The contents of these communications are attached as Exhibit 1.  
24 To the extent the relevant laws are amended to alter the obligations of property owners, property  
25 managers, or their agents, Defendant shall provide either copies of the relevant laws as amended,  
26 or any updated versions of the Exhibit A materials that reflect such amendments to the relevant  
27 laws.

28

1           9.     For five years following entry of this Judgment, Defendant shall facilitate trainings  
2 at least once a year for all employees regarding their obligations under all applicable federal,  
3 state, and local landlord-tenant and fair housing laws.

4           10.    For five years following entry of this Judgment, Defendant shall provide reports to  
5 the Attorney General detailing each of the following:

6           A.     On an annual basis, certification that Defendant has provided the required  
7 trainings to its employees as described herein. Defendant will also include  
8 a copy of any materials provided or shown to employees during those  
9 trainings. If the training is provided by Defendant or Defendant's employee  
10 or agent, Defendant will also include any separate materials used by those  
11 conducting the training.

12          B.     On an annual basis, copies of all notices to terminate tenancy based on the  
13 intent to substantially remodel the property served on tenants residing in  
14 properties managed by Defendant, and a certification that the remodel in  
15 fact occurred and the date on which it was completed.

16          C.     On a semi-annual basis, a list of all prospective tenants who applied to a  
17 COVERED PROPERTY and indicated that they intend to pay rent at least  
18 in part using a RENTAL SUBSIDY. The list shall include the address of  
19 the unit, the owner of the unit, the outcome of the application, and the  
20 reason for any denial.

#### **MONETARY PROVISIONS**

21           11.    Defendant shall pay a total of \$35,000 in civil penalties under Business and  
22 Professions Code section 17206. Payment shall be made within 45 calendar days of the date of  
23 entry of this Judgment, pursuant to instructions provided by the Attorney General. These funds  
24 shall be allocated in accordance with section 17206, subdivision (c), of the Business and  
25 Professions Code, and the state's portion of these funds and any interest accrued thereon shall be  
26 for the exclusive use of the Attorney General for the enforcement of consumer protection laws,  
27 pursuant to section 17206, subdivision (c)(4), of the Business and Professions Code.  
28

1 **ADDITIONAL PROVISIONS**

2 12. Jurisdiction is retained by the Court for the purpose of enabling either party to the  
3 Judgment to apply to the Court at any time for such further orders and directions as may be  
4 necessary or appropriate for the construction or the carrying out of this Judgment, for the  
5 modification of any of the injunctive provisions hereof, for enforcement of compliance herewith,  
6 and for the punishment of violations hereof, if any.

7 13. Any notices required to be sent to the People or to Defendant under this Judgment  
8 shall be sent by email to the following. Any party may update its designee or address by sending  
9 written notice to the other party informing them of the change.

10 a. For the People of the State of California:

11 Deputy Attorney General Rachel Foodman  
12 Deputy Attorney General Michael Novasky  
13 Supervising Deputy Attorney General Tina Charoenpong  
14 Consumer Protection Section  
15 Office of the Attorney General  
16 455 Golden Gate Ave, Suite 11000  
17 San Francisco, CA 94102



18 b. For Defendants:

19 Clemmer & Co.  
20 Attention: Founder  
21 13061 Rosedale Highway, #G-164  
22 Bakersfield, CA 93314  
23 melinda@clemmerco.com

24 *With a copy to:*

25 Scott M. Pearson  
26 Manatt, Phelps & Phillips, LLP  
27 2049 Century Park East  
28 Suite 1700  
Los Angeles, CA 90067  
SPearson@manatt.com

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14. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Bakersfield, California.

DATED: \_\_\_\_\_

\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT

# EXHIBIT 1



# SOURCE OF INCOME FAQ

## Q What is the new law regarding source of income protections?

A California has a law called the Fair Employment and Housing Act (FEHA) that protects people from housing discrimination based on categories including race, color, national origin, religion, disability, gender, gender identity, familial status, and sexual orientation and some sources of income. The latest amendment to the law regarding source of income protections adds people using a federal, state, or local housing subsidy to this list of protected groups. This means, beginning on January 1, 2020, housing providers, such as landlords, cannot refuse to rent to someone, or otherwise discriminate against them, because they have a housing subsidy, such as a Section 8 Housing Choice Voucher, that helps them to afford their rent.

## Q What types of housing subsidy programs are included under the source of income protection law?

A The new law prohibits discrimination against any applicant because the applicant is using a federal, state, or local housing subsidy to assist with paying rent. Section 8 Housing Choice Vouchers, the HUD-VASH program, Homelessness Prevention and Rapid Re-Housing Programs, Housing Opportunities for Persons with AIDS and security deposit assistance programs, among others, all fall within the scope of the new law's protection. This list of protected subsidies also includes locally funded subsidy programs created by cities, counties and public agencies to address growing homelessness.

## Q What is "Section 8 Housing Choice Voucher rental assistance"? What is a "VASH voucher"?

A Section 8 Housing Choice Voucher rental assistance is funded by the U.S. Department of Housing and Urban Development (HUD) and is administered by a local public housing authority to help households with low income pay their rent. A tenant with a voucher pays a predetermined portion of rent and the Section 8 program pays the remainder of the rent, directly to the housing provider.

The HUD-VASH Program is a type of Section 8 Housing Choice Voucher that provides assistance to veterans who are experiencing homelessness and their families. The program also includes case management and clinical services provided by the Department of Veterans Affairs.

## Q Who must comply with the new law?

A All housing providers must comply with the FEHA's new source of income protection law. This includes private landlords, property management companies, homeowners associations, corporations, and others who rent residential property in California. However, homeowners who live in their house, condominium or other single-family unit and rent out only one room within that unit, are exempt from the law.

**Q What are some examples of practices that are prohibited?**

**A** A housing provider cannot take the following actions based only on a person’s source of income, or the housing assistance that person receives (partial listing):

1. Advertise or state a preference for tenants with certain sources of income.
2. Refuse an application from a prospective tenant, charge a higher deposit or rent, or treat the prospective tenant or tenant differently in any other way because the prospective tenant or tenant uses a Section 8 voucher or other housing subsidy.
3. Refuse to enter into or renew a lease because the tenant will use a Section 8 housing voucher or other housing subsidy.
4. Interrupt or terminate any tenancy because the tenant is using or plans to use a Section 8 voucher or other housing subsidy.
5. Falsely represent that a rental unit is not available for tenancy because the prospective tenant will be using a Section 8 housing voucher or other housing subsidy.
6. Require any clause, condition or restriction in the terms of an agreement solely because the tenant will use a Section 8 voucher (with the exception of those required by a particular subsidy program).
7. Restrict a tenant’s access to facilities or services at the rental property (such as a pool or fitness center) or refuse repairs or improvements to the property associated with the tenancy, because of the use of a Section 8 housing voucher or other subsidy.

**Q Can housing providers indicate in a notice or advertisement, “I do not accept Section 8 Housing Choice Voucher Rental Assistance”?**

**A** No. Beginning January 1, 2020 it is unlawful to make, print, publish, advertise, or disseminate in any way, a notice, statement or advertisement that indicates that a tenant will be declined because their source of income includes a Section 8 voucher subsidy.

**Q Are housing providers prohibited from screening applicants with housing subsidy assistance based on other factors?**

**A** No. While housing providers cannot decline a tenant, or treat a prospective tenant differently than other applicants, based only on the applicant’s receipt of housing assistance, housing providers still have the right to screen all applicants according to their lawful tenant screening criteria. All fair housing laws still apply, ensuring that tenant selection is never based upon race, color, national origin, religion, sex, familial status, disability, age, ancestry, sexual orientation, gender identity, gender expression, genetic information, marital status, military and veteran status, citizenship status,\* primary language,\* or immigration status.\*

\*Covered under the Unruh Civil Rights Act, which applies to most housing accommodations in California.

**Q Can a housing provider still screen for income eligibility to ensure an applicant will be able to pay their rent?**

**A** Yes. However, housing providers must consider all legal verifiable sources of income for an applicant or resident. Any money that will be paid by a household must be included as part of the applicant’s or resident’s annual income when determining whether their income meets the requirements for the rent amount or other financial standard. This means that the housing provider must consider the total income of persons residing together or proposing to reside together on the same basis as the total income of married persons residing together or proposing to reside together.

**Q If a housing provider uses a financial eligibility standard that requires a household to have a certain amount of income to qualify for a unit, how can a Section 8 tenant meet the financial standard?**

**A** If a tenant or applicant is using a housing subsidy, such as a Section 8 voucher, the housing provider is only permitted to consider the tenant’s portion of the rent. If a housing provider uses a financial or income standard that is not solely based on the portion of the rent to be paid by the tenant, then the housing provider has committed an unlawful discriminatory housing practice. For example:

A two-bedroom unit is advertised at a rent of \$2,500 per month. The building has a policy that all households must have an income of at least three times the rent in order to qualify for a unit. A household with a Section 8 voucher applies for the apartment. The tenant’s portion of the rent is \$500 and the housing authority will pay the additional \$2000. The housing provider is permitted to require that the tenant have an income of at least \$1500 a month (the tenant portion X 3). The housing provider cannot require that the tenant make three times the total rent for the unit (\$7500) as this would include the portion that will be paid by the housing authority. See chart illustrating this:

	Standard	Section 8
<i>Rent Due by Tenant:</i>	\$2,500	\$500
<i>Income Minimum:</i>	\$7,500	\$1,500

**Q How are Section 8 Housing Choice Voucher rental assistance tenants screened by the housing authority?**

**A** Households which receive Section 8 Housing Choice Voucher rental assistance undergo a verification process of their income and background checks for certain factors related to tenant suitability, such as criminal background\* and eviction history. Recipients of housing assistance are also typically required to adhere to standards regarding conduct in the assisted units, providing additional incentives for tenants to comply with lease provisions. Housing providers are also permitted to do their own background checks as long as the screening complies with all federal, state, and local laws.

\*FEHA also has specific regulations related to Criminal History Information.

**Q Does the new protection mean a housing provider cannot set rent amounts?**

**A** No. The local public housing agency determines whether or not the rent requested by the housing provider for a Section 8 Housing Choice Voucher rental assistance household is reasonable. Critical market factors that impact rent are considered, such as the location, quality, size, unit type and age of the contract unit, as well as any amenities. To raise the rent, the housing provider first must comply with any law that limits rent increases for certain residential properties and must provide the tenant and the local public housing agency with a written notice of a proposed rent increase and submit a Rent Increase Application. Rents for existing Section 8 Housing Choice Voucher rental assistance tenants may not exceed the rents charged for units with tenants who do not receive rental assistance.

**Q What could happen if a housing provider does not follow the new law?**

**A** Tenants and applicants can file a private lawsuit against housing providers who violate the law, or they can file a complaint with DFEH. DFEH will investigate and attempt to resolve the complaint. If the complaint isn’t resolved and DFEH determines there has been a legal violation, DFEH can file a lawsuit in court seeking remedies that may include recovery of out-of-pocket losses, an injunction prohibiting the unlawful practice, access to housing that the landlord denied, damages for emotional distress, civil penalties or punitive damages, and attorney’s fees.

**Q Where can I obtain more information?**

**A** Please see our website at [www.dfeh.ca.gov](http://www.dfeh.ca.gov) for more information and resources about source of income discrimination.



## THE TENANT PROTECTION ACT YOUR OBLIGATIONS AS A LANDLORD OR PROPERTY MANAGER

The Tenant Protection Act (TPA), effective as of January 1, 2020, creates statewide protections against excessive rent increases and requires “just cause” to evict tenants in residential rental properties. Senate Bill 567, effective April 1, 2024, amends the TPA to strengthen its protections and create new consequences for violations. Both property owners and property managers must familiarize themselves with the requirements of the TPA and other landlord-tenant laws to ensure that they are acting in compliance with those laws. Here are some frequently asked questions about the TPA:

- **What is the Tenant Protection Act?** The Tenant Protection Act places limits on annual rent increases (Civil Code, § 1947.12) and restricts the types of allowable evictions in residential rental properties (Civil Code, § 1946.2).
- **Who must comply with the TPA?** Most residential landlords and property managers must comply with the TPA. However, the “just cause” eviction requirements do not apply to tenants who have lived in their unit for less than one year. The TPA also does not apply to certain specific types of housing, such as housing built in the last 15 years (calculated on a rolling basis).<sup>1</sup> (Civil Code, §§ 1946.2(a), (e); 1947.12(e).)
- **How much can rent be increased annually under the TPA?** Rent may not be increased more than 5% plus the change in the cost of living (pursuant to the Consumer Price Index) or 10% total, whichever is lower, over the course of any 12-month period. More information on rent-increase limits can be found at [www.oag.ca.gov/housing](http://www.oag.ca.gov/housing) and at [www.oag.ca.gov/consumers/general/landlord-tenant-issues](http://www.oag.ca.gov/consumers/general/landlord-tenant-issues).
- **What types of evictions are allowed under the TPA?** A tenant can only be evicted for “just cause.” Just cause means certain specified situations, listed in Civil Code section 1946.2, where the tenant is at fault, such as when the tenant did not pay rent or violated a material term of their lease. Just cause also includes four specified “no-fault” situations, all of which must meet the requirements of the TPA:
  - o The property owner is withdrawing the unit from the rental market.
  - o The property owner or certain family members are moving into the unit.
  - o The property owner is demolishing or substantially remodeling the unit.
  - o The unit must be vacated in order to comply with a law, or a court or government order.
- **When may a tenant be evicted based on the owner withdrawing the unit from the rental market?** A tenant can only be evicted for a “withdrawal” when the owner is withdrawing the property from the rental market in order to, for example, go out of business or use the building for a purpose other than rental housing. (Civil Code, § 1946.2(b)(2)(B).) Many cities and counties have additional limits on how a unit may be removed from the rental market.

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1 Other exemptions include, but are not limited to, the following:

- Units restricted by deed, regulatory restriction, or other recorded document as affordable housing for very low, low, or moderate-income households, or that are subject to an agreement providing housing subsidies for affordable housing for those households.
- Dormitories owned and operated by institutions of higher education or other schools.
- A two-unit property within a single structure, where the property owner lives in one unit during the entire tenancy.
- Single-family homes and condominiums (a) that are not owned by a real estate investment trust, a corporation, an LLC with at least one corporate member, or management of a mobilehome park; AND (b) where the landlord notified the tenant in writing that the tenancy is not subject to the Tenant Protection Act’s rent limits or “just cause” requirements.

For a complete list of exemptions, see Civil Code section 1946.2



- **When may a tenant be evicted based on owner move-in?** A tenant may only be evicted on this basis if the property owner, or his or her spouse, domestic partner, children, grandchildren, parents, or grandparents, intends to move into the unit. SB 567 imposes the following requirements on owner move-in evictions: (1) the owner or relative must move in within 90 days after the tenant leaves, (2) the owner/relative must live in the unit as their primary residence for at least one year, (3) the eviction notice must disclose the name of the person who is moving into the unit and the relationship to the owner, and must state that the tenant may request proof that the intended occupant is a qualifying relative of the owner, and (4) there must be no other similar unit vacant on the property that the owner or relative could move in to instead. If the owner or relative does not move in within 90 days, or if they do not live there as their primary residence for at least one year, the unit must be offered back to the tenant at the same rent and lease terms as when the tenant left, and the tenant must be reimbursed reasonable moving expenses. (Civil Code, § 1946.2(b)(2)(A).)
- **When may a tenant be evicted based on demolition or substantial remodel?** A tenant may only be evicted on this basis if the property is being demolished or if renovations will a) substantially modify or replace a structural, plumbing, electrical, or mechanical system, and require permits, or b) remove unsafe materials, such as lead paint, mold, or asbestos, from the unit. Additionally, the work must require the tenant be out of the unit for at least 30 consecutive days in order for the work to be safely completed. SB 567 clarifies that a tenant is not required to vacate the unit on any days where they could continue living there without violating health, safety, and habitability codes and laws. In other words, the safety risk must be present for all 30 of those days to justify eviction. Under SB 567, the notice to terminate tenancy must include a description of the work to be completed, copies of required permits, the date the owner expects to complete the work or demolish the building, and notification that if the substantial remodel or demolition is not commenced or completed, the tenant must be offered the opportunity to re-rent the unit at the same rent and lease terms as when the tenant left. (Civil Code § 1946.2(b)(2)(D).)
- **When may a tenant be evicted in order to comply with a law or order?** In some cases, a government agency or court may order that all tenants vacate the property, such as when the building is found to be unsafe or unhealthy for humans to live in. Additionally, local laws, such as zoning ordinances, may require vacating a property. (Civil Code, § 1946.2(b)(2)(C).) An order to vacate does not automatically terminate the tenancy. If a landlord wants to evict a tenant based on an order to vacate, the landlord must first serve a notice of termination and provide relocation as required by the TPA.
- **A tenant is entitled to relocation assistance for no-fault evictions.** When a housing provider evicts a tenant for one of the four “no-fault” reasons listed above, the owner must pay the tenant the equivalent of one month of rent to help them relocate to a new home. (Civil Code, § 1946.2(d).) Some cities and counties require additional relocation assistance.
- **What are the consequences for violating the TPA?** State and local law enforcement agencies may bring enforcement actions predicated on violations of the TPA. SB 567 provides that if a housing provider violates the TPA’s rent cap or “just cause” eviction provisions, the provider can be liable to the tenant for actual damages, attorney’s fees, and up to three times the damages if the owner acted willfully or with oppression, fraud, or malice. (Civil Code, §§ 1946.2(h), 1947.12(k).)

In addition to the TPA’s rent-increase cap and eviction protections, cities or counties may have additional rent-control laws and eviction protections. Check local resources and consider consulting a lawyer to determine what requirements and obligations may apply.