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DIVISION 3. OBLIGATIONS [1427 - 3273.69] (*Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.*)

PART 4. OBLIGATIONS ARISING FROM PARTICULAR TRANSACTIONS [1738 - 3273.69] (*Part 4 enacted 1872.*)

TITLE 5. HIRING [1925 - 1997.270] (*Title 5 enacted 1872.*)

CHAPTER 6. Assignment and Sublease [1995.010 - 1995.340] (*Chapter 6 added by Stats. 1989, Ch. 982, Sec. 2.*

)

ARTICLE 2. Restrictions on Transfer [1995.210 - 1995.270] (*Article 2 added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.210.](#) (a) Subject to the limitations in this chapter, a lease may include a restriction on transfer of the tenant's interest in the lease.

(b) Unless a lease includes a restriction on transfer, a tenant's rights under the lease include unrestricted transfer of the tenant's interest in the lease.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.220.](#) An ambiguity in a restriction on transfer of a tenant's interest in a lease shall be construed in favor of transferability.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.230.](#) A restriction on transfer of a tenant's interest in a lease may absolutely prohibit transfer.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.240.](#) A restriction on transfer of a tenant's interest in a lease may provide that the transfer is subject to any express standard or condition, including, but not limited to, a provision that the landlord is entitled to some or all of any consideration the tenant receives from a transferee in excess of the rent under the lease.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.250.](#) A restriction on transfer of a tenant's interest in a lease may require the landlord's consent for transfer subject to any express standard or condition for giving or withholding consent, including, but not limited to, either of the following:

(a) The landlord's consent may not be unreasonably withheld.

(b) The landlord's consent may be withheld subject to express standards or conditions.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.260.](#) If a restriction on transfer of the tenant's interest in a lease requires the landlord's consent for transfer but provides no standard for giving or withholding consent, the restriction on transfer shall be construed to include an implied standard that the landlord's consent may not be unreasonably withheld. Whether the landlord's consent has been unreasonably withheld in a particular case is a question of fact on which the tenant has the burden of proof. The tenant may satisfy the burden of proof by showing that, in response to the tenant's written request for a statement of reasons for withholding consent, the landlord has failed, within a reasonable time, to state in writing a reasonable objection to the transfer.

(*Added by Stats. 1989, Ch. 982, Sec. 2.*)

[1995.270.](#) (a) The Legislature finds and declares:

(1) It is the public policy of the state and fundamental to the commerce and economic development of the state to enable and facilitate freedom of contract by the parties to commercial real property leases.

(2) The parties to commercial real property leases must be able to negotiate and conduct their affairs in reasonable reliance on the rights and protections given them under the laws of the state.

(3) Until the case of *Kendall v. Ernest Pestana, Inc.*, 40 Cal. 3d 488 (1985), and its predecessor, *Cohen v. Ratinoff*, 147 Cal. App. 3d 321 (1983), the parties to commercial real property leases could reasonably rely on the law of the state to provide that if a lease restriction requires the landlord's consent for transfer of the tenant's interest in the lease but provides no standard for giving or withholding consent, the landlord's consent may be unreasonably withheld.

(4) The *Kendall* and *Cohen* decisions reversed the law on which parties to commercial real property leases executed before September 23, 1983, the date of the *Cohen* decision, could reasonably rely, thereby frustrating the expectations of the parties, with the result of impairing commerce and economic development.

(b) Section 1995.260 applies to a restriction on transfer executed on or after September 23, 1983. If a restriction on transfer executed before September 23, 1983, requires the landlord's consent for the tenant's transfer but provides no standard for giving or withholding consent, the landlord's consent may be unreasonably withheld. For purposes of this subdivision, if the terms of a restriction on transfer are fixed by an option or other agreement, the restriction on transfer is deemed to be executed on the date of execution of the option or other agreement.

(Added by Stats. 1989, Ch. 982, Sec. 2.)