

# How to complete a Standard Lease Agreement in California

Fixed-term residential lease with rent, deposit, term and standard tenant/landlord clauses.

## What this form is for

Small-business owners use this form when leasing commercial or residential property as landlords or when documenting employee housing arrangements. Lenders review these agreements to verify stable occupancy income or confirm housing costs for loan applicants.

## Before you start

- Property address with legal description from title or deed
- Monthly rent amount, security deposit amount, and lease term dates (start and end)
- Names and current addresses of all tenants and landlords or property owners
- California-required disclosure documents including lead paint notice (pre-1978 properties), bedbug history, military ordnance location if applicable, and registered sex offender database notice
- Utility responsibility breakdown and any included amenities or parking details

## Step-by-step

1. Fill in the property address completely in the opening section, including unit number and county. Ensure it matches title documents exactly if you are submitting this to lenders as proof of rental income.
2. Enter all landlord and tenant names with current mailing addresses. If an LLC or corporation is the landlord, use the exact registered business name.
3. Specify the lease term with precise start and end dates. California defaults to month-to-month if no term is stated, so clarity protects both parties and satisfies lender documentation requirements.
4. Enter the monthly rent amount in numerals and spell it out in words on the same line. Include the due date each month and acceptable payment methods.
5. State the security deposit amount. California law caps deposits at two months' rent for unfurnished units and three months for furnished units. Note whether the deposit earns interest.
6. Complete the utilities and services section by checking boxes or writing in who pays for water, gas, electric, trash, sewer, and internet. Ambiguity here causes disputes and lender red flags.
7. Review and complete California-mandated disclosures, including the lead-based paint warning for older properties and the Megan's Law database notification. Missing disclosures can void enforceability.
8. Fill in any additional terms such as pet policies, subletting restrictions, maintenance responsibilities, and late fee structures. California limits late fees to reasonable amounts, typically around five percent of rent.

9. Both parties sign and date in ink. California does not require notarization for standard leases, but keep signed copies for all parties and your business records.

## What lenders look for

- Banks scrutinize lease income for loan qualification. Ensure rent amounts are realistic for the market and supported by comparable properties. Inflated rents raise red flags during underwriting.
- Submit a fully executed copy with all pages signed and dated. Missing signatures, whited-out sections, or handwritten changes without initials cause automatic rejections or delay.
- Lenders verify that security deposits are held properly and not commingled with operating funds, especially for portfolio landlords seeking commercial financing.