

CLAY AWARDS | MAY 6, 2026



PICTURED: Anne P. Bellow, Andrew P. Lee, Linda M. Dardarian and Katharine Fisher Trabucco

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Tenants Win \$43 Million Against Equity Residential After 11-Year Fight Over Illegal Late Fees

MUNGUIA-BROWN V. EQUITY RESIDENTIAL

LINDA M. DARDARIAN, ANDREW P. LEE, KATHARINE FISHER TRABUCCO, DARDARIAN HO KAN & LEE; ANNE P. BELLOW, FORMERLY WITH DARDARIAN HO KAN & LEE, NOW WITH THE CALIFORNIA DEPARTMENT OF JUSTICE; MARGARET M. MCBRIDE, STACY Y. TOWNSEND, COMMUNITY LEGAL SERVICES IN EAST PALO ALTO; CRAIG M. NICHOLAS, ALEX M. TOMASEVIC, JORDAN BELCASTRO, NICHOLAS & TOMASEVIC LLP; JASON H. TARRICONE, FORMERLY WITH COMMUNITY LEGAL SERVICES IN EAST PALO ALTO, CURRENTLY WITH THE CALIFORNIA DEPARTMENT OF JUSTICE

In a win for California's residential renters, tenants' rights lawyers led by Linda M. Dardarian of Dardarian Ho Kan & Lee attained a \$43 million class settlement, plus a declaratory judgment that percentage-based late rent fees are unlawful.

The positive outcome against one of the largest residential landlords in the state involved 11 years of hard-fought litigation and a rare federal class action trial.

Dardarian and colleagues challenged the fees that Equity Residential charged its California tenants for late payment of rent. It sought to stop Equity from charging

the late fees and to require Equity to refund the late fees collected in excess of the actual costs incurred in collecting late rent.

After an eight-day bench trial before Senior U.S. District Judge Jeffrey White of Oakland, the plaintiffs obtained a judgment that Equity's late fees violated California Civil Code § 1671(d) and the Unfair Competition Law along with a class settlement of \$43 million that includes restitution of late fees that class members paid in excess of Equity's costs and account credits to class members who were charged but did not pay the fees.

"Landlords don't give up easily," Dardarian said. "This landlord is still maintaining its position that our case has no merit, but the settlement speaks much more loudly." *Munguia-Brown v. Equity Residential*, 4:16-cv-01225 (N.D. Cal., filed Sept. 3, 2016).

"We are two small plaintiff firms and a nonprofit, and this big landlord thought they could bury us," Dardarian said.

Added attorney Katherine F. Trabucco of Dardarian's firm, who joined the litigation soon after law school, "I grew up with this case, and I feel I'm battle tested. Equity fought very hard, with aggressive and

obstructionist litigation tactics. But now we have a very clear statement from the court that you can't have a percentage-based late fee."

At one East Palo Alto property housing primarily low-income tenants, for example, Equity charged a flat \$50 fee for late rent. White ruled such charges are void because they were designed to increase

the landlord's revenue rather than compensate for the actual costs of late rent collection, and that "[a] fee designed to increase the company's revenue ... is precisely the type of oppressive fee that [Civil Code] Section 1671(d) prohibits in residential leases."

Andrew P. Lee, a name partner with Dardarian, said, "This was a very stubborn

defendant and I'm very pleased with the result. We are enforcing important tenant protections and putting the industry on notice." After the court's ruling, the California Apartment Association revised information it provides to members about late fees, reminding landlords across California that late fees must be proportional to the actual cost of collecting late rent, instead of being punitive or profitable.