Seattle
Finance &
Administrative Services

Summary of Commercial Lease Requirements

This document summarizes the commercial lease requirements established in Chapter 6.104 of the Seattle Municipal Code (SMC). Per SMC 6.104.040.C, nothing in this summary shall be construed as binding on or affecting any judicial determination of the rights and responsibilities of landlords and tenants, nor is the Department of Finance and Administrative Services (FAS) liable for any misstatement or misinterpretation of the applicable laws.

Ordinance 126982 establishes limits on both the maximum personal guaranty that may be included in or as a condition of commercial leases and the value of a commercial lease's required security deposit and/or letters of credit. The ordinance applies to all lessors of commercial property located within Seattle city limits.

Applicability:
The law applies to any new lease agreement executed after January 27, 2024 for commercial property located within Seattle city limits. It does not apply to lease extensions.
Commercial property is defined as any space that is intended to generate a profit and is used for commercial or retail activities, EXCLUDING the following:

- Residential property
- Lodging
- Office space
- Research and development laboratories
- Medical practices, clinics, and dispensaries
- Farming or cultivation

General Provisions:
Any new lease agreement executed after January 27, 2024 for commercial property located within Seattle city limits must comply with the following provisions:

- The total combined value of any required security deposit and/or letters of credit shall not exceed the total value of the first month and last month of base rent (SMC 6.140.030.A).
- The maximum personal guaranty that may be included in, or required as a condition of, the commercial lease is the sum of (SMC 6.140.030.B):
    1) The first two years of base rent payments and
    2) The total cost of tenant improvements made to the leased space, including any tenant improvement allowance but excluding any tenant improvement costs borne by the tenant.

A copy of this summary must be provided by the lessor to the tenant or prospective tenant when a new commercial lease is offered. In addition, lessors must provide this summary to existing commercial tenants by August 15, 2024, that is, within 90 days after publication of this document (SMC 6.104.050).

Violations, Penalties, and Private Right of Action:
It is considered a violation for lessors to enter into, or require another party to enter into, any commercial lease agreement that includes or requires a security deposit, letters of credit, and/or a personal guaranty that exceed the limits established in SMC 6.104.030 (SMC 6.104.070).

Violations are subject to the following penalties: $500 for the first violation, and $1,000 for each subsequent violation within a five-year period. Each day a lessor commits a violation may be considered a separate violation for which a civil citation, and associated penalty, may be issued (SMC 6.104.080.F).

Anyone that suffers financial injury due to a violation of these commercial lease requirements may bring civil action against the lessor and, upon prevailing, may be awarded reasonable attorney costs plus damages, including any interest due. In lieu of actual damages, the court may award the tenant liquidated damages up to $20,000 per incident (SMC 6.104.090).

To submit a complaint or alleged violation:
To submit a complaint about a possible violation of these commercial lease requirements, please call the City of Seattle's Consumer Protection Division at 206-386-1267 or submit an email to ConsumerProtection@seattle.gov.