

Assembly Bill No. 2263

CHAPTER 525

An act to add Section 1950.6 to the Civil Code, relating to landlord-tenant.

[Approved by Governor September 14, 1996. Filed
with Secretary of State September 16, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2263, K. Murray. Landlord-tenant: screening fees.

Existing law provides for the payment of a security deposit as a condition of renting residential property.

This bill would provide for the payment of a nonrefundable applicant screening fee as a condition of renting a residential property, as specified, and would require a landlord to provide an applicant, as defined, with a copy of a consumer credit report obtained with respect to the applicant, upon the payment of an application screening fee and applicant's request. This bill would become operative only if AB 2384 is enacted and becomes effective on or before January 1, 1997.

The people of the State of California do enact as follows:

SECTION 1. Section 1950.6 is added to the Civil Code, to read:

1950.6. (a) Notwithstanding Section 1950.5, when a landlord or his or her agent receives a request to rent a residential property from an applicant, the landlord or his or her agent may charge that applicant an application screening fee to cover the costs of obtaining information about the applicant. The information requested and obtained by the landlord or his or her agent may include, but is not limited to, personal reference checks and consumer credit reports produced by consumer credit reporting agencies as defined in Section 1785.3. A landlord or his or her agent may, but is not required to, accept and rely upon a consumer credit report presented by an applicant.

(b) The amount of the application screening fee shall not be greater than the actual out-of-pocket costs of gathering information concerning the applicant, including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service, and the reasonable value of time spent by the landlord or his or her agent in obtaining information on the applicant. In no case shall the amount of the application screening fee charged by the landlord or his or her agent be greater than thirty dollars (\$30) per applicant. The thirty dollar (\$30) application screening fee may be



adjusted annually by the landlord or his or her agent commensurate with an increase in the Consumer Price Index, beginning on January 1, 1998.

(c) Unless the applicant agrees in writing, a landlord or his or her agent may not charge an applicant an application screening fee when he or she knows or should have known that no rental unit is available at that time or will be available within a reasonable period of time.

(d) The landlord or his or her agent shall provide, personally, or by mail, the applicant with a receipt for the fee paid by the applicant, which receipt shall itemize the out-of-pocket expenses and time spent by the landlord or his or her agent to obtain and process the information about the applicant.

(e) If the landlord or his or her agent does not perform a personal reference check or does not obtain a consumer credit report, the landlord or his or her agent shall return any amount of the screening fee that is not used for the purposes authorized by this section to the applicant.

(f) If an application screening fee has been paid by the applicant and if requested by the applicant, the landlord or his or her agent shall provide a copy of the consumer credit report to the applicant who is the subject of that report.

(g) As used in this section, “landlord” means an owner of residential rental property.

(h) As used in this section, “application screening fee” means any nonrefundable payment of money charged by a landlord or his or her agent to an applicant, the purpose of which is to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property.

(i) As used in this section, “applicant” means any entity or individual who makes a request to a landlord or his or her agent to rent a residential housing unit, or an entity or individual who agrees to act as a guarantor or cosignor on a rental agreement.

(j) The application screening fee shall not be considered an “advance fee” as that term is used in Section 10026 of the Business and Professions Code, and shall not be considered “security” as that term is used in Section 1950.5.

(k) This section is not intended to preempt any provisions or regulations that govern the collection of deposits and fees under federal or state housing assistance programs.

SEC. 2. This bill shall become operative only if Assembly Bill 2384 is enacted and becomes effective on or before January 1, 1997.

