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**AB-2493 Tenancy: application screening fee.** (2023-2024)

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**Assembly Bill No. 2493**

**CHAPTER 966**

An act to amend Section 1950.6 of the Civil Code, relating to tenancy.

[ Approved by Governor September 29, 2024. Filed with Secretary of State September 29, 2024. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2493, Pellerin. Tenancy: application screening fee.

Existing law authorizes a landlord or their agent, when they receive a request to rent a residential property, to charge an application screening fee to cover the cost of obtaining information about the applicant. Existing law also prohibits a landlord or their agent from charging an applicant an application screening fee when they know or should have known that no rental unit is available at that time or will be available within a reasonable period of time, unless the applicant agrees in writing. Existing law also requires a landlord or their agent, if an applicant that has paid an application screening fee makes a request, to provide a copy of the consumer credit report to the applicant who is the subject of that report.

This bill would instead authorize a landlord or their agent to charge an application screening fee only if the landlord or their agent, at the time the application screening fee is collected, offers an application screening process, as specified. This bill would also prohibit a landlord or their agent from charging an applicant an application screening fee when they know or should have known that no rental unit is available at that time or will be available within a reasonable period of time. The bill would remove the requirement that an applicant request a copy of the consumer credit report in order to obtain a copy, and would, instead, require the landlord or their agent to provide a copy of the report within 7 days of the landlord or their agent receiving the report, as provided.

Existing law authorizes a landlord to elect to accept reusable tenant screening reports, as specified, and prohibits a landlord who accepts a reusable tenant screening report from charging a fee to access the report or an application screening fee.

This bill would provide that the bill's provisions do not prevent a landlord from accepting a reusable tenant screening report.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 1950.6 of the Civil Code is amended to read:

**1950.6.** (a) Notwithstanding Section 1950.5, when a landlord or their agent receives a request to rent a residential property from an applicant, the landlord or their agent may charge, pursuant to subdivision (c), 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 their 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 their 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 their agent in obtaining information on the applicant. In no case shall the amount of the application screening fee charged by the landlord or their agent be greater than thirty dollars (\$30) per applicant. The thirty dollar (\$30) application screening fee may be adjusted annually by the landlord or their agent commensurate with an increase in the Consumer Price Index, beginning on January 1, 1998.

(c) (1) A landlord or their agent shall not charge an applicant an application screening fee when they know or should have known that no rental unit is available at that time or will be available within a reasonable period of time.

(2) A landlord or their agent may charge an applicant an application screening fee only if the landlord or their agent, at the time the application screening fee is collected, offers any of the following:

(A) An application screening process that complies with all of the following:

(i) Completed applications are considered, as provided for in the landlord's established screening criteria, in the order in which the completed applications were received. The landlord's screening criteria shall be provided to the applicant in writing together with the application form.

(ii) The first applicant who meets the landlord's established screening criteria is approved for tenancy.

(iii) Applicants are not charged an application screening fee unless or until their application is actually considered.

(iv) Clause (iii) shall not be considered violated if a landlord or their agent inadvertently collects an application screening fee from an applicant as the result of multiple concurrent application submissions, provided that the landlord or their agent issues a refund of the application screening fee within 7 days to any applicant whose application is not considered. The landlord may offer, as an alternative to refunding the screening fee, the option, at the applicant's discretion, for the screening fee paid by the applicant to be applied to an application for another rental unit offered by the landlord. A landlord or their agent shall not be required to refund an application screening fee to an applicant whose application is denied, after consideration, because the applicant does not meet the landlord's established screening criteria.

(B) An application screening process in which the landlord or their agent returns the entire screening fee to any applicant who is not selected for tenancy, regardless of the reason, within 7 days of selecting an applicant for tenancy or 30 days of when the application was submitted, whichever occurs first.

(d) The landlord or their 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 their agent to obtain and process the information about the applicant. The landlord or their agent and the applicant may agree to have the landlord provide a copy of the receipt for the fee paid by the applicant to an email account provided by the applicant.

(e) If the landlord or their agent does not perform a personal reference check or does not obtain a consumer credit report, the landlord or their 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, the landlord or their agent shall provide a copy of the consumer credit report to the applicant who is the subject of that report by personal delivery, mail, or email within 7 days of the landlord or their agent receiving the report.

(g) Nothing in this section prevents a landlord from accepting a reusable screening report pursuant to Section 1950.1.

(h) As used in this section, "landlord" means an owner of residential rental property.

(i) As used in this section, "application screening fee" means any nonrefundable payment of money charged by a landlord or their 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.

(j) As used in this section, "applicant" means any entity or individual who makes a request to a landlord or their 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.

(k) 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.

(l) 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.