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AB-1427 Consumer credit report: sale of property: natural disasters. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1427

Introduced by Assembly Member Calderon

February 21, 2025

An act to amend Sections 1785.13 and 1785.20.6 of the Civil Code, relating to consumer credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1427, as amended, Calderon. Consumer credit report: sale of property: ~~wildfires~~. *natural disasters*.

Existing law, the Consumer Credit Reporting Agencies Act, defines and regulates consumer credit reports and consumer credit reporting agencies. The act prohibits a consumer credit reporting agency from making any consumer credit report containing specified items of information, including information about medical debt, as defined. Existing law prohibits a person who uses a consumer credit report in connection with a credit transaction from using medical debt listed on the report as a negative factor when making a credit decision.

This bill would prohibit a consumer credit reporting agency from making a consumer credit report containing information about the sale of property that is located in an area where the Governor has proclaimed a state of emergency due to a ~~wildfire on or after January 7, 2025~~, *natural disaster* and the property is ~~damaged beyond repair~~ *rendered uninhabitable* as a result of the ~~wildfire~~. *natural disaster*. The bill would prohibit a person who uses a consumer credit report in connection with a credit transaction from using the sale of an aforementioned property listed on the report as a negative factor when making a credit decision.

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

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

SECTION 1. Section 1785.13 of the Civil Code is amended to read:

1785.13. (a) A consumer credit reporting agency shall not make any consumer credit report containing any of the following items of information:

(1) Bankruptcies that, from the date of the order for relief, antedate the report by more than 10 years.

(2) Suits and judgments that, from the date of entry or renewal, antedate the report by more than seven years or until the governing statute of limitations has expired, whichever is the longer period.

(3) Unlawful detainer actions, unless the lessor was the prevailing party. For purposes of this paragraph, the lessor shall be deemed to be the prevailing party only if (A) final judgment was awarded to the lessor (i) upon entry of the tenant's default, (ii) upon the granting of the lessor's motion for summary judgment, or (iii) following trial, or (B) the action was resolved by a written settlement agreement between the parties that states that the unlawful detainer action may be reported. In any other instance in which the action is resolved by settlement agreement, the lessor shall not be deemed to be the prevailing party for purposes of this paragraph.

(4) Paid tax liens that, from the date of payment, antedate the report by more than seven years.

(5) Accounts placed for collection or charged to profit and loss that antedate the report by more than seven years.

(6) Records of arrest, indictment, information, misdemeanor complaint, or conviction of a crime that, from the date of disposition, release, or parole, antedate the report by more than seven years. These items of information shall no longer be reported if at any time it is learned that in the case of a conviction a full pardon has been granted, or in the case of an arrest, indictment, information, or misdemeanor complaint a conviction did not result.

(7) Medical debt.

(8) The sale of a property that meets both of the following conditions:

(A) The property is located in an area where the Governor has proclaimed a state of emergency, as defined in Section 8558 of the Government Code, due to a ~~wildfire on or after January 7, 2025.~~ *natural disaster.*

(B) The property is ~~damaged beyond repair~~ *rendered uninhabitable* as a result of the ~~wildfire.~~ *natural disaster.*

(9) Any other adverse information that antedates the report by more than seven years.

(b) The seven-year period specified in paragraphs (5) and (9) of subdivision (a) shall commence to run, with respect to any account that is placed for collection (internally or by referral to a third party, whichever is earlier), charged to profit and loss, or subjected to any similar action, upon the expiration of the 180-day period beginning on the date of the commencement of the delinquency that immediately preceded the collection activity, charge to profit and loss, or similar action. Where more than one of these actions is taken with respect to a particular account, the seven-year period specified in paragraphs (5) and (9) of subdivision (a) shall commence concurrently for all these actions on the date of the first of these actions.

(c) Any consumer credit reporting agency that furnishes a consumer credit report containing information regarding any case involving a consumer arising under the bankruptcy provisions of Title 11 of the United States Code shall include an identification of the chapter of Title 11 of the United States Code under which the case arose if that can be ascertained from what was provided to the consumer credit reporting agency by the source of the information.

(d) A consumer credit report shall not include any adverse information concerning a consumer antedating the report by more than 10 years or that otherwise is prohibited from being included in a consumer credit report.

(e) If a consumer credit reporting agency is notified by a furnisher of credit information that an open-end credit account of the consumer has been closed by the consumer, any consumer credit report thereafter issued by the consumer credit reporting agency with respect to that consumer, and that includes information respecting that account, shall indicate the fact that the consumer has closed the account. For purposes of this subdivision, "open-end credit account" does not include any demand deposit account, such as a checking account, money market account, or share draft account.

(f) Consumer credit reporting agencies shall not include medical information in their files on consumers or furnish medical information for employment, insurance, or credit purposes in a consumer credit report without the consent of the consumer.

(g) A consumer credit reporting agency shall include in any consumer credit report information, if any, on the failure of the consumer to pay overdue child or spousal support, where the information either was provided to the consumer credit reporting agency pursuant to former Section 4752 or has been provided to the consumer credit reporting agency and verified by another federal, state, or local governmental agency.

SEC. 2. Section 1785.20.6 of the Civil Code is amended to read:

1785.20.6. A person who uses a consumer credit report in connection with a credit transaction shall not use either of the following listed on the report as a negative factor when making a credit ~~decision.~~ *decision:*

(a) A medical debt.

(b) The sale of a property that meets both of the following conditions:

(1) The property is located in an area where the Governor has proclaimed a state of emergency, as defined in Section 8558 of the Government Code, due to a ~~wildfire on or after January 7, 2025.~~ *natural disaster.*

(2) The property is ~~damaged beyond repair~~ *rendered uninhabitable* as a result of the ~~wildfire.~~ *natural disaster.*