

AB 2747 Guideline

California **Assembly Bill 2747** (AB 2747), effective April 1, 2025, mandates that landlords offer tenants the option to have their positive rental payment information reported to at least one nationwide consumer reporting agency. This initiative aims to assist tenants in building or improving their credit scores by including timely rent payments in their credit histories.

Who Does AB 2747 Apply To?

AB 2747 applies to landlords of residential rental properties in California, with specific exemptions:

- Exemptions: Landlords of residential buildings with 15 or fewer dwelling units are generally exempt unless:
 - The landlord owns more than one residential rental building, regardless of the number of units in each.
 - The landlord is a real estate investment trust, corporation, or a limited liability company with at least one corporate member.

How to Comply with AB 2747: A Step-by-Step Guide

1. Offer Rent Reporting Option:

- Timing:
 - *Existing Leases (as of January 1, 2025):* Provide the offer by April 1, 2025, and at least annually thereafter.
 - *New Leases (on or after April 1, 2025):* Present the offer at the lease signing and at least annually thereafter.
- Method: Deliver the offer via first-class mail or email.

2. Provide a Written Election Form:

- Include the following in the form:
 - Statement that rent reporting is optional.
 - Names of consumer reporting agencies receiving the information.
 - Details of any fees associated with the service.
 - Instructions for opting in or out, including submission methods.
 - Information on the ability to opt in at any time and the six-month waiting period to re-enroll after opting out.

- Signature block for tenant's consent.
- 3. Maintain Accurate Records:
 - Keep detailed records of all rental payments to ensure accurate reporting.
- 4. Reporting to Credit Agencies:
 - Upon tenant's consent, report positive rental payment information to the specified consumer reporting agencies.
- 5. Fee Structure:
 - You may charge the tenant the lesser of \$10 per month or the actual cost incurred for providing the reporting service.
 - If no actual cost is incurred, no fee should be charged.
- 6. Handling Non-Payment of Reporting Fees:
 - Non-payment of the reporting fee cannot be grounds for lease termination or deductions from the security deposit.
 - If the fee remains unpaid for over 30 days, you may cease reporting the tenant's payments, and the tenant cannot re-elect reporting for six months from the fee's due date.

Frequently Asked Questions (FAQs)

1. Do I have to offer rent reporting for all properties?

No. AB 2747 primarily applies to residential properties with more than 15 units. Smaller properties and single-unit rentals are generally exempt unless the landlord owns multiple residential buildings or meets specific corporate criteria.

2. **Can I charge tenants for this service?**

Yes, you can charge the lesser of \$10 per month or the actual cost of providing the service. If there is no actual cost, no fee should be charged.

3. **What happens if a tenant disputes reported information?**

Under the Fair Credit Reporting Act (FCRA), tenants can dispute inaccuracies in their credit reports. You must provide documentation, such as payment records, to resolve the issue promptly.

4. **Can a tenant opt out after opting in?**

Yes, a tenant can request to stop the reporting at any time. However, after opting out, they must wait at least six months before they can opt in again.

5. **What if a tenant fails to pay the reporting fee?**

Non-payment of the reporting fee cannot be used as a reason to terminate the tenancy or deduct from the security deposit. If the fee is unpaid for over 30 days, you may stop reporting the tenant's payments, and the tenant cannot re-elect reporting for six months from the fee's due date.

Conclusion

AB 2747 represents a significant step toward enhancing tenants' ability to build credit through timely rent payments. Landlords should familiarize themselves with the bill's requirements to ensure compliance and support their tenants' financial well-being. By following the guidelines outlined above, landlords can effectively implement the necessary processes and contribute positively to their tenants' credit-building efforts.

Source: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB2747