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DFPI Reminds Debt Collectors about Rental Protections for COVID-19 Rental Debt

By: [Melissa Richards](#) and [Jonathan August](#)

Acting under its new Debt Collection Licensing Act licensing administration and enforcement authority granted by [SB 908](#), the DFPI Commissioner issued a public statement on April 9th reminding **all future license applicants under the Debt Collection Licensing Act** of California's renter protections associated with COVID-19 rental debt. Under California law, COVID-19 rental debt includes any *"unpaid rent or other unpaid financial obligations of a tenant"* that came due between March 1, 2020 and June 30, 2021. [Cal. Code of Civil Procedure **§ 1179.02.**]

The COVID-19 Tenant Relief Act ([SB 91 \(2020\)](#)) includes the following renter protections for COVID-19 rental debt:

- COVID-19 rental debt cannot be sold or assigned before July 1, 2021.
- Starting July 1, 2021, COVID-19 rental debt cannot be sold or assigned if the debt pertains to a person "who would have qualified for rental assistance funding" under California's emergency rental assistance program if "the person's household income is at or below 80 percent of the area median income for the 2020 calendar year."
- Creditors cannot charge or attempt to collect late fees for COVID-19 rental debt if the renter has submitted a "declaration of COVID-19-related financial distress."
- With limited exceptions, those collecting COVID-19 rental debt in court must submit documentation showing that they have made "a good faith effort to investigate whether governmental rental assistance is available to the tenant, seek governmental rental assistance for the tenant, or cooperate with the tenant's efforts to obtain rental assistance from any governmental entity, or other third party."
- Actions to recover COVID-19 rental debt may not be commenced before August 1, 2021, and any action to recover COVID-19 rental debt that was pending as of January 29, 2021, is stayed until August 1, 2021.

Under California's COVID-19 rental assistance program, a landlord can receive 80 percent of unpaid rent owed from April 1, 2020, through March 31, 2021, from government funds for a qualifying tenant if they agree to forgive any remaining unpaid rent for that period. The DFPI Commissioner reminds debt collectors that in order to comply with applicable laws, ensure that they are not collecting rental debt that was paid or forgiven under California's rental assistance program.

The DFPI also reminded debt collectors that the federal Fair Debt Collection Practices Act (FDCPA) and the Consumer Financial Protection Act (CFPA) protect California consumers from unfair, false, deceptive, or misleading representations, and harassment or abusive conduct in rental debt collection. In this regard, the DFPI cautions that falsely suggesting a person or entity may initiate a lawsuit to collect a debt when that person or entity has no intention or ability to do so can be deceptive or misleading under the FDCPA and California UDAP.

Please reach out to Melissa Richards for assistance in understanding the California Debt Collection Licensing Act (SB 908) and the DFPI's proposed regulations for Debt Collection Licensing. Please reach out to Jonathan August for assistance in understanding California's COVID-19 Tenant Relief Act, SB 91 (2020).



Melissa Richards

Of Counsel
(415) 227-3543
mrichards@buchalter.com



Jonathan August

Attorney
(415) 227-3558
jaugust@buchalter.com

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