## A BILL FOR AN ACT

RELATING TO RENTAL APPLICATION FEES.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The legislature finds that landlords have been
- 2 charging prospective tenants for the opportunity to apply for
- 3 housing units. These fees are frequently not returned to
- 4 unsuccessful housing applicants and is a serious detriment to
- 5 low-income housing applicants who must also contend with the
- 6 costs of security deposits and higher rental rates.
- 7 The legislature also finds that accurate information on
- 8 tenant applications may make the difference between finding and
- 9 not finding a rental unit, especially for tenants who are
- 10 unaware of their rights under federal fair credit reporting laws
- 11 that allow tenants to dispute inaccurate information.
- 12 The purpose of this Act is to regulate the imposition of
- 13 tenant application fees by landlords and to require landlords to
- 14 inform prospective tenants of their right to dispute inaccurate
- 15 tenant application information.
- 16 SECTION 2. Chapter 521-8, Hawaii Revised Statutes, is
- 17 amended by adding two new definitions to be appropriately
- 18 inserted and to read as follows:

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- 1 ""Application fee" means a fee or deposit charged by a 2 landlord to a prospective tenant to apply for a dwelling unit. 3 The application fee includes, as provided in this chapter, a fee 4 charged to conduct a background check or a credit check on a 5 prospective tenant. "Screening service" means a service hired by a landlord 6 7 that verifies the information provided in a prospective tenant's 8 application for a dwelling unit." 9 SECTION 3. Chapter 521, Hawaii Revised Statutes, is 10 amended by adding a new section to be appropriately designated 11 and to read as follows: 12 "§521- Application fees. (a) A landlord shall not 13 charge an application fee when the landlord knows or should have 14 known that a dwelling unit is not available or will not become 15 available within a reasonable period of time. 16 (b) A landlord shall not charge an application fee more 17 than once to a prospective tenant within a six month period. (c) An application fee may be charged by a landlord if 18 19 written notice is given to a prospective tenant that includes: 20 (1) A reasonable explanation of the landlord's procedure 21 for screening prospective tenant applicants;
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1	(2)	A tenant's right to dispute the accuracy of
2		information provided by a tenant screening service or
3		any other information provided in response to
4		inquiries regarding a tenant's application; and
5	<u>(3)</u>	If applicable, the name and address of the tenant
6		screening service hired by the landlord.
7	<u>(d)</u>	An application fee shall not exceed:
8	(1)	The actual cost of hiring a tenant screening service;
9		<u>or</u>
10	(2)	If a landlord conducts a personal reference check on a
11		tenant the lesser of:
12		(A) Charges for similar services in the area the
13		dwelling unit is situated; or
14		(B) The actual costs for long distance phone calls
15		and reasonable costs for time spent verifying
16		information contained in a prospective tenant's
17		application.
18	<u>(e)</u>	Any charges made by a landlord that is in excess of
19	the appli	cation fee charges allowed under this section shall be
20	returned	to the prospective tenant within days; provided
21	that if a	pplicable, refunds may be:
22	(1)	Returned to the applicant by mail;
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1	(2)	Destroyed upon the applicant's request, if payment of		
2		the fee was made by check;		
3	(3)	Made available for the applicant to retrieve; or		
4	(4)	Used as credit to satisfy payment to the landlord, if		
5		the applicant is selected to occupy the dwelling unit.		
6	<u>(f)</u>	Nothing in this section requires a landlord to		
7	disclose	information to a prospective tenant that was obtained		
8	from a te	nant screening service or from sources on a tenant's		
9	applicati	on if it is not required to be disclosed under the		
10	federal F	air Credit Reporting Act, 15 U.S.C. 1681, et. seq.		
11	(g)	In addition to any other penalties provided by law, a		
12	landlord	who violates this section shall be subject to damages		
13	of three	times the application fee or \$1,000, whichever is		
14	greater,	and civil court filing costs and reasonable attorney's		
15	fees."			
16	SECT	ION 4. New statutory material is underscored.		
17	SECT	TION 5. This Act shall take effect upon its approval.		
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### Report Title:

Landlord Tenant; Rental Application Fee

### Description:

Regulates the imposition of rental application fees by landlords.

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