
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 are 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 screening reports may make the difference between finding
9 and not finding a rental unit, especially for tenants who are
10 unaware of their rights under federal fair credit reporting laws
11 that allow applicants 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 screening report information.

16 SECTION 2. Chapter 521, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

SB1116 HD1 HMS 2007-3248



1 "§521- Application fees. (a) A landlord shall not
2 charge an application fee when the landlord knows or should have
3 known that a dwelling unit is not available or will not become
4 available within a reasonable period of time.

5 (b) A landlord shall not charge an application fee more
6 than once to a prospective tenant within a three-month period.

7 (c) An application fee may be charged by a landlord if
8 written notice is given to a prospective tenant that includes:

9 (1) A reasonable explanation of the landlord's procedure
10 for screening prospective tenants;

11 (2) An applicant's right to dispute the accuracy of
12 information provided by a tenant screening service or
13 any other information provided in response to
14 inquiries regarding a prospective tenant's
15 application; and

16 (3) If applicable, the name and address of the tenant
17 screening service hired by the landlord.

18 (d) An application fee shall not exceed:

19 (1) The actual cost of hiring a tenant screening service;
20 or

21 (2) If a landlord conducts a personal reference check on
22 an applicant, the lesser of:

1 (A) Charges for similar services in the area in which
2 the dwelling unit is situated; or

3 (B) The actual costs for long distance phone calls
4 and reasonable costs for time spent verifying
5 information contained in a prospective tenant's
6 application.

7 (e) Any charges made by a landlord that are in excess of
8 the application fee charges allowed under this section shall be
9 returned to the applicant within ten days of rejection of the
10 application. If applicable, refunds may be:

11 (1) Returned to the applicant by mail;

12 (2) Destroyed upon the applicant's request, if payment of
13 the fee was made by check;

14 (3) Made available for the applicant to retrieve; or

15 (4) Used as credit to satisfy payment to the landlord, if
16 the applicant is selected to occupy the dwelling unit.

17 (f) Where an applicant is not offered the unit applied for
18 and the application fee is not returned, the landlord shall
19 provide the applicant with a written notice explaining the
20 reasons the applicant was not offered the unit. The notice
21 shall be in sufficient detail to permit the applicant to dispute
22 the accuracy of potentially false information. Where



1 applicable, the notice shall also comply with the federal Fair
2 Credit Reporting Act, 15 United States Code 1681, et. seq.

3 (g) Where an applicant is rejected because of adverse
4 information contained in a tenant screening report or credit
5 report, the landlord may fulfill the notice requirement under
6 subsection (f) by providing the applicant with a copy of the
7 tenant report or credit report and stating that the applicant
8 was rejected because of adverse information contained in the
9 report.

10 (h) In addition to any other penalties provided by law, a
11 landlord who violates this section shall be liable to the
12 applicant for the application fee and a penalty of up to \$100,
13 and civil court filing costs and reasonable attorney's fees.

14 (i) This section shall not apply to landlords that rent
15 fewer than four dwelling units."

16 SECTION 3. Chapter 521-8, Hawaii Revised Statutes, is
17 amended by adding three new definitions to be appropriately
18 inserted and to read as follows:

19 "Applicant" means any prospective tenant who applies to
20 rent a dwelling unit.

21 "Application fee" means a fee or deposit charged by a
22 landlord to a prospective tenant to apply for a dwelling unit.



1 The application fee includes, as provided in this chapter, a fee
2 charged to conduct a background check or a credit check on a
3 prospective tenant.

4 "Screening service" means a service hired by a landlord
5 that verifies the information provided in a prospective tenant's
6 application for a dwelling unit."

7 SECTION 4. New statutory material is underscored.

8 SECTION 5. This Act shall take effect upon its approval.



S.B. NO. 1116
S.D. 1
H.D. 1

Report Title:

Landlord Tenant; Rental Application Fee

Description:

Regulates the imposition of rental application fees by
landlords. (SB1116 HD1)

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