

HOUSE BILL 2025

By Clemmons

AN ACT to amend Tennessee Code Annotated, Title 47,
Chapter 18 and Title 66, relative to residential
rental housing fees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 66, is amended by adding the following
as a new chapter:

66-38-101.

This chapter is known and may be cited as the "Residential Rental Fee
Transparency and Junk Fee Prohibition Act."

66-38-102.

As used in this chapter:

- (1) "Consumer report" has the same meaning as defined in 15 U.S.C. §
1681;
- (2) "Consumer reporting agency" has the same meaning as defined in 15
U.S.C. § 1681;
- (3) "Landlord" means the owner, lessor, or sublessor of the residential
rental property;
- (4) "Management company" means a person hired by a landlord to
oversee the day-to-day operations of a residential rental property, including the
receipt and processing of applications to reside in the property;
- (5) "Owner" means one (1) or more persons, jointly or severally, in whom
is vested:
 - (A) All or part of the legal title to the residential rental property; or

(B) All or part of the beneficial ownership and a right to the present use and enjoyment of the residential rental property;

(6) "Person" means an individual or an entity, including a corporation, partnership, or association; and

(7) "Reusable tenant screening report" means a report prepared by a consumer reporting agency at the request and expense of a prospective tenant and made directly available to a prospective residential rental property landlord, leasing company, or management company at no charge for use in the rental application process.

66-38-103.

A residential rental property landlord, leasing company, or management company shall disclose, prior to a prospective tenant's submission of an application, the following information:

(1) All fees charged in addition to the rent during a billing cycle; and

(2) Whether the residential property landlord, leasing company, or management company:

(A) Accepts prospective residential tenants' reusable screening reports; or

(B) Charges an application fee, and whether the fee is non-refundable or will be returned to the applicant if the applicant is not accepted for the property for which the applicant applied.

66-38-104.

(a) A person may use a reusable tenant screening report if:

(1) The reusable tenant screening report:

(A) Has been prepared within the thirty-day period preceding the date on which the prospective tenant submits an application; and

(B) Includes the following information:

(i) A credit report;

(ii) For each jurisdiction indicated as a prior residence of the prospective tenant, regardless of whether the residence is reported by the prospective tenant or by a consumer reporting agency preparing a consumer report:

(a) A comprehensive criminal history record check for all local, state, and federal charges against and convictions of the prospective tenant for the previous seven (7) years; and

(b) A comprehensive eviction history for the previous seven (7) years;

(iii) Verification of employment and income; and

(iv) The prospective tenant's current address and rental history; and

(2) The prospective residential rental property landlord, leasing company, or management company accepts use of a reusable tenant screening report.

(b) A residential rental property landlord, leasing company, or management company shall not charge:

(1) An application fee if the landlord or company accepts reusable tenant screening reports and fails to disclose that the landlord or company accepts such reports;

(2) More than one (1) application fee in one (1) calendar month for a prospective tenant if the prospective tenant applies to reside in more than one (1) residential rental property owned or managed by the landlord or company; or

(3)

(A) A non-refundable application fee that exceeds fifty dollars (\$50.00); or

(B) An application fee that exceeds the actual costs incurred by the landlord or company in processing the application.

66-38-105.

A residential rental property landlord, leasing company, or management company shall not charge a fee:

(1) That:

(A) Exceeds the cost to the landlord or company in providing the service for which the fee is charged; or

(B) Prevents competition for third-party services;

(2) For services that are not provided or are legally required to maintain the premises in a fit and habitable condition; or

(3) For rent payments made online; provided, that the landlord or company may charge a fee to cover the cost of card processing incurred by the landlord or company; such fee must not exceed the actual charge incurred by the landlord or company for card processing.

66-38-106.

A person may bring an action in a court of competent jurisdiction for an alleged violation of this chapter. If the court finds that the landlord, leasing company, or management company has violated this chapter, the court shall impose a fine of up to

five hundred dollars (\$500) per violation, and award to the person who brought the action:

- (1) Actual damages;
- (2) Injunctive relief; and
- (3) Reasonable attorneys' fees and court costs.

SECTION 2. Tennessee Code Annotated, Title 66, Chapter 7, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Landlord" means the owner, lessor, or sublessor of a residential rental property;

(2) "Management company" means a person hired by a landlord to oversee the day-to-day operations of a residential rental property, including receipt and processing of applications to reside in the property;

(3) "Owner" means one (1) or more persons, jointly or severally, in whom is vested:

(A) All or part of the legal title to the residential rental property; or

(B) All or part of the beneficial ownership and a right to the present use and enjoyment of the residential rental property;

(4) "Person" means an individual or an entity, including a corporation, partnership, or association;

(5) "Rent" means all payments to be made to the landlord, leasing company, or management company under the rental agreement; and

(6) "Security deposit" means an escrow payment made to the landlord, leasing company, or management company under the rental agreement for the purpose of securing the landlord or company against financial loss due to

damage to the residential rental property occasioned by the tenant's occupancy other than ordinary wear and tear and any monetary damage due to the tenant's breach of the rental agreement.

(b) A residential rental property landlord, leasing company, or management company shall provide a five-day grace period beginning the day rent was due to the day a fee for the late payment of rent may be charged. The date the rent was due must be included in the calculation of the five-day grace period. If the last day of the five-day grace period occurs on a Sunday or legal holiday, as defined in § 15-1-101, the landlord or company shall not impose a charge or fee for the late payment of rent; provided, that the rent is paid on the next business day. Any charge or fee, however described, that is charged by the landlord or company for the late payment of rent, must not exceed ten percent (10%) of the amount of rent past due.

(c) A residential rental property landlord, leasing company, or management company may require a security deposit upon acceptance of a prospective tenant's application to reside in the residential rental property; provided, that the security deposit must not exceed the amount charged for one (1) month of rent.

SECTION 3. Tennessee Code Annotated, Section 66-28-301, is amended by adding the following as a new subsection:

(i) A landlord shall not require a security deposit that exceeds the amount charged for one (1) month of rent.

SECTION 4. This act takes effect July 1, 2024, the public welfare requiring it, and applies to conduct occurring, and agreements entered into, amended, or renewed, on or after that date.