



COMMONWEALTH of VIRGINIA
Virginia Housing Commission
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To: The Honorable Schuyler VanValkenburg
The Honorable Charles Schmidt

RE: SB 349 & HB 1409

In accordance with the letters sent to the Virginia Housing Commission, please find enclosed the report for Senate Bill 349 and House Bill 1409. Staff are available should you wish to discuss this report.

Cc: The Honorable Briana Sewell, Chair, Virginia Housing Commission
The Honorable Jeremy McPike, Chair, Senate Committee on General Laws and Technology
The Honorable Paul Krizek, Chair, House General Laws



Study: Fees in Residential Rental Agreements and SB 349 & HB 1409 (2026)

October 2026

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Executive Summary

Rental housing costs rose across the United States between 2020 and 2024. Recent U.S. Census Bureau estimates show that median gross rent, which combines contract rent and tenant-paid utilities, rose to \$1,413 per month from 2020-2024, about \$100 more than the inflation-adjusted median of \$1,309 per month for 2015 to 2019. Concurrently, the number of Virginians spending more than 35% of their monthly income on rent has escalated and additional ancillary fees may mask the true cost of renting.

Advertised rental prices often exclude add-on costs such as application, amenity, utility, and processing fees added during leasing. This practice has been targeted by recent federal rules and state legislation. Virginia took significant steps in 2026 to address this topic. Senate Bill (SB) 349 & House Bill (HB) 1409 seek to promote transparency, restrict additional charges, and prevent landlords from shifting common-area maintenance and overhead costs onto tenants. This document explores the overall topic of fees in residential rental agreements, provides examinations of SB 349 and HB 1409 and summarizes Workgroup discussions and conclusions.

Highlights from staff research include:

- An evaluation of Virginia property managers reveals inconsistency in fee assessments.
- Although the Virginia Consumer Protection Act requires businesses to disclose the total price inclusive of all mandatory fees, listings frequently omit these costs until later in the application process.
- A few states have transparency laws (Colorado, Minnesota, and Nevada) that compel landlords to utilize "all-in" pricing. This pricing method bundles mandatory ancillary fees directly into the advertised rate.
- Empirical research demonstrates that long-term maintenance costs are primarily driven by building age and structural characteristics rather than tenant behavior.
- While the FTC is exploring targeted federal rulemaking on unfair rental fees, bipartisan coalitions of State Attorneys General are advocating for a federal transparency "floor." However, industry groups caution against rigid mandates that ignore variable costs.
- Multiple states, including Colorado and Illinois, prohibit landlords from marking up utility rates, limit administrative billing fees, and forbid shifting legal habitability and routine maintenance obligations onto tenants. Additionally, several states have capped application fees.
- Virginia's current security deposit maximum (two months' rent) and return timeline (45 days) exceed those of many regulated states, which commonly enforce a one-month maximum and a 14 to 30-day return window.

This research served as a resource to inform discussions of the Fees in Residential Rental Agreements Workgroup during its four meetings across the 2026 interim. The Workgroup and Virginia Housing Commission (VHC) staff did not reach consensus on legislative recommendations for HB 1409. SB 349 underwent substantial revisions through collaborative input from Workgroup members, VHC staff, and the Division of Legislative Services (DLS). The revised language for SB 349 will be presented to the full Commission for endorsement consideration.

The recommendations at the core of the SB 349 proposed language changes focus on establishing uniformity in fee structures, enforcing transparency through clear fee disclosures and limitations prior to lease execution, and enhancing accountability by ensuring security and application deposit deductions remain reasonable and necessary to address excessive damage. Additional details are provided on pages 29-33 of this report.

Background

The residential rental housing market in the U.S. has undergone a structural shift in how pricing is presented, assessed and collected from consumers. Historically, the financial relationship between property owners and tenants has been defined by a base monthly rent and a refundable security deposit.

Census figures capture rent and utilities only¹. They do not capture application fees, administrative fees, amenity fees, payment processing charges, or move-out charges, each of which adds to the amount a tenant pays.

Many state and local governments limit the amount and types of fees that can be charged to tenants. Multiple states, including New York and Wisconsin, place strict statutory caps on application fees, while stricter jurisdictions like California and Colorado require landlords to integrate all mandatory fees into a single advertised price. Furthermore, states like Nevada and Oregon target post-tenancy and operational costs by banning separate fees for routine maintenance and prohibiting digital payment portal charges unless the landlord provides a free alternate payment method.

Current Rental Market

While median rent recently fell in some parts of the country, including Fairfax County, Arlington County, and Montgomery County, MD, recent U.S. Census estimates² show that overall rent plus utilities nationally rose by an average of \$100 to \$1,413/month in 2020–2024 compared to 2015-2019. Additionally, the number of Virginians spending more than 35% of their monthly income on rent rose over the same timeframe³. Furthermore, these Census figures only include rental costs and utilities⁴, meaning they do not account for other rental fees that may distort the true cost of renting in the United States.

Today's rental landscape is often characterized by the unbundling of services, widespread use of ancillary fees, and the utilization of tiered pricing structures. These charges span the lifecycle of the lease, from pre-tenancy application and administrative fees to ongoing mandatory amenity, maintenance, convenience fees for payment processing and post-tenancy move-out charges (Federal Trade Commission, 2026). The lack of uniformity across leases when it comes to these fees complicates the tenant's understanding of each additional charge.

According to the *Harvard Joint Center for Housing Studies*' America's Rental Housing 2026 report, the housing market remains constrained. These macroeconomic factors provide context for the increased amount of legislative and regulatory activity at both the federal and state levels throughout 2025 and 2026. Despite a recent cooling in the rental market, with base rents for professionally managed apartments declining by 0.6% YoY in the fourth quarter of 2025 and vacancy rates rising 5.2%, the rental housing market remains unaffordable (JCHS, 2026).

The standard definition of affordability used by the U.S. Department of Housing and Urban Development

¹ Gross rent is contract rent plus the estimated average monthly cost of utilities and fuels paid by the tenant.
<https://www.census.gov/glossary/?term=Gross+rent>

² <https://www.census.gov/library/stories/2026/01/housing-costs.html>

³ <https://data.census.gov/table/ACSCP5Y2024.CP04?q=cp04&g=040XX00US51>

⁴ <https://www.census.gov/glossary/?term=Gross+rent>

(HUD) assumes that households should spend no more than 30% of their gross income on housing costs (rent and utilities). Those spending more than 30% are considered cost-burdened, while those spending over 50% are severely cost-burdened.

The affordability crisis escalated following the COVID-19 pandemic. The Harvard Joint Center for Housing Studies report indicates that in 2024, 22.7 million households, representing nearly half of all U.S. renters, were cost-burdened, spending more than 30% of their income on rent and utilities. In that same year 12.1 million households were severely cost-burdened, spending more than 50% of their pre-tax income strictly on housing. Affordability issues are most acute among lower-income households with 83% of households earning less than \$30,000 annually considered cost-burdened and 67% severely burdened. However, the JCHS report notes that cost burdens are increasingly impacting middle-income renters as well.

Study of Virginia Property Management Companies

2025 Study

The 2025 VHC “*Study of Ancillary Fees in Virginia Property Management Companies*” presents an analysis of fees and policies from approximately 100 property management companies operating across Virginia markets, including Northern Virginia, Richmond, Charlottesville, and Hampton Roads. The initial analysis of the data revealed a complex rental landscape where tenants’ monthly financial obligation commonly goes beyond the advertised monthly rent.

Building on these initial findings, 2026 analysis determined that lease duration frequently influences a unit’s price range. Generally, longer lease terms correspond with lower monthly rent costs and shorter lease terms tend to see much higher monthly rates.

Key findings show that while application fees are relatively standard (\$50-\$75), tenants commonly face significant variable fees, such as lease administration fees (\$0-\$600). A notable trend in Virginia is the implementation of mandatory or auto-enrolled Resident Benefits Packages (RBPs). These packages, which typically add an average of \$30 to \$60 per month to a tenant’s costs, often bundle services like renters’ insurance, HVAC filter delivery, and credit reporting. Tenants frequently have limited or no ability to opt out of these packages and their associated costs.

A variety of other costs, such as monthly administrative fees, move-in/move-out fees, and utility packages, are common. These findings suggest that the true cost of renting is often higher than advertised and that prospective tenants may face a research burden to understand their full financial obligations

2026 Updates

A review of 2026 property data reveals that mandatory fees for identical services fluctuate across Virginia, sometimes within the same city or the same corporate portfolio. Utility and billing structures are a primary source of this inconsistency. For example, while one regional operator enforces a standardized fixed \$35 water activation fee and a monthly \$3 preventative pest fee across its Virginia properties, other large operators are highly fragmented:

- **Utility Administrative and Monthly Surcharges:** A major national provider typically charges \$5 to \$8 per unit for monthly administrative fees. However, its properties in Harrisonburg were outliers with one property charging \$6.44 per leaseholder per month, while a neighboring student-housing property charges \$60 per leaseholder per month for just billing administration. This provider’s utility management setup and termination fee averages around \$34 statewide, but the billing split varies (e.g., a standard \$17 new account/\$17 final bill split versus a \$25 new account/\$10 final bill split at certain Fairfax locations). Adding to this variability, this same company’s monthly pest control fees range from \$3 to \$7 at some locations while remaining unlisted at others.
- **Fixed vs. Variable Utility Pricing (RUBS):** Some operators utilize fixed pricing for gas, water, and sewer, based on floor plans and tenant counts. A regional operator discloses the exact amounts to applicants based on floor plans and tenant counts in the listing advertised online. However, while several other property management companies utilize similar fixed-rate utility structures, they rarely disclose them during the application process. Instead, leases frequently denote these utilities vaguely as “variable prices,” leaving tenants unaware of the true cost until their first monthly bill arrives.
- **Common Area Utility Surcharges:** Rather than incorporating the overhead cost of maintaining shared spaces (like leasing offices, fitness centers, and hallways) into the base rent, operators frequently bill tenants for common area utilities. The methods for divvying up these costs vary significantly, even within the same property management portfolio. Often, operators charge an upfront “community amenity fee” of several hundred dollars *in addition* to monthly bills for shared space utilities. In some instances, properties charge tenants for these common area expenses while simultaneously outsourcing the tenant’s individual utility usage to third-party billing providers.

Digital Paywalls and “Call for Pricing” Models

A notable transparency challenge in 2026 is the widespread use of digital barriers that require prospective tenants to initiate formal applications prior to viewing costs. Many regional providers do not make pricing, apportionment formulas, or ancillary fees publicly accessible prior to the application process. For instance, one mid-Atlantic management group requires prospective renters to submit their REAL ID information and begin a formal application to view the application charges. In addition to registration requirements, some local operators remove rate information from their websites. Instead, they employ a “call for pricing” model where prospective renters cannot determine the baseline costs of a unit online. Several observed properties list no pricing data and instead prompt potential applicants to call the leasing office directly to inquire about base rents, security deposits, and other costs.

Inconsistent Transparency Among Large Landlords

Large property management companies operating across multiple states alter their fee disclosure based on local legal mandates rather than maintaining a uniform corporate policy. This inconsistent transparency is evident when comparing East Coast operations to states with stricter consumer protection laws. One large multi-state provider explicitly posts the total mandatory monthly price for its properties in Nevada, where it is legally required but omits this transparent pricing for identical services across its Virginia portfolio.

Literature Review

Maintenance Management Fees

A common justification offered by property management firms for imposing ongoing maintenance, repair, and operational fees is the unpredictability of tenant-induced wear and tear. However, it is important to note that empirical literature suggests that structural building factors, rather than tenant characteristics, are the primary drivers of maintenance costs.

A 2025 study analyzed unit-level maintenance costs within the U.S. rental market using professional property management data (Acolin & Walter, 2025). Their findings indicate that building characteristics such as the total number of units, the year of construction and the size of individual units serve as the primary drivers of expenditures. Individual tenant characteristics such as household composition, size, and householder age explained less of the variation in long-term maintenance costs than structural building factors did. While households with younger heads of household correlated with marginally higher initial costs, the variance across age cohorts does not reveal a strong consistent association with damage related expenses over a prolonged period. The research also identified that turnover-related work represents a significant portion of total operational costs. Thus, the data suggests that longer tenancy lengths are associated with lower annual maintenance costs.

These findings strongly align with an earlier study conducted by Springer and Waller (1996) who also identified characteristics associated with annual maintenance costs. Their findings were similarly sorted into three categories: physical property features, tenant and market characteristics and property management and ownership. In terms of physical property features, Springer and Waller found that annual maintenance costs increase as a property ages and that apartments generally have higher maintenance costs per square foot than single-family houses, townhouses or condos. The study also found that air conditioning and bathrooms are associated with increased maintenance expenses and modern appliances are associated with lower maintenance costs.

The studies found that higher tenant turnover significantly drives up maintenance expenses. A third category Springer et al. examined was property management and ownership. They found that subcontracting maintenance work resulted in higher costs compared to utilizing an in-house property management team. Owners who hold multiple properties tend to pay more in maintenance costs and large housing complexes benefit from the economies of scale and as such have lower per-square-foot maintenance costs. An unexpected finding from this study found that absentee ownership and total number of units a single manager oversees did not have a statistically significant impact on maintenance costs.

Together, these studies provide an empirical foundation that shifts the focus of maintenance economics away from the subjective, anecdotal tenant-based assumptions and towards objective building and operational data. This shift challenges the economic rationale for imposing broad maintenance fees on tenants when costs are highly correlated with the landlord's asset profile, structural aging and operational efficiency.

Behavioral Economics, Welfare and Price Shrouding

The behavioral economic concept of “shrouded attributes” coined by economists Xavier Gabaix and David Laibson, theorizes that in highly competitive markets, information may be intentionally suppressed to limit the information impacting consumer choice (2005). In the current rental housing market, this shows up as “drip pricing,” a mechanism where landlords advertise low base rents and reveal mandatory

fees deep into the application or lease-signing process. Gabaix and Laibson demonstrated that information shrouding is prevalent even in highly competitive markets with costless advertising.

Recent research expands on this, studying the dynamic effects of price obfuscation tactics on online platforms (Lopez, Parker, & Anderson, 2024). Lopez et al. found that while hiding fees can be temporarily profitable, it damages platform reputation and consumer trust over time, leading to poorer outcomes when platforms later shift towards transparency. Conversely, Beales and Zywicki (2023) argue that the term “junk fees” is overly broad. They contend that welfare-reducing junk fees only emerge under specific market conditions where they lack repeat interactions or are effectively locked in. While the authors suggest that separate pricing for individual services can promote efficiency and better reflect actual usage, they also emphasize the importance of regulatory oversight in differentiating valid add-on services from exploitative or hidden fee structures.

Empirical evidence from regulatory interventions in the U.K. suggest that curbing these fees provide tangible benefits to overall welfare (Bakker & Datta, 2025). A 2025 study examined the U.K. rental brokerage market following a policy reform that capped non-salient broker fees charged to tenants. Researchers found that while brokers absorbed 75% of the regulatory cost and landlords 25%, there was no market exit by either party. Welfare analyses suggested that tenants saved £376 per tenancy or 4% of median yearly rent, landlords lost £74, and brokers lost £288. In this specific study, regulating intermediary fees reduced housing costs without adverse supply-side effects since neither brokers nor landlords exited the market.

Digital Sorting and Information Gaps

Recent sociological and urban policy literature confirms that vague pricing and complex fee structures are actively utilized as residential sorting mechanisms, meaning it may be used as a method of exclusionary screening. A 2024 study suggests that the explicit mention of move-in fees by landlords in online housing advertisements function as a strategy to influence the applicant pools (Stewart et al., 2024). Stewart et al. found that proximity to high-poverty census tracts was correlated with a landlord including move-in fee requirements in a listing. Their research found that regions enforcing source-of-income (SOI) antidiscrimination laws exhibited higher rates of move-in fee specifications which may be used to deter Housing Choice Voucher (HCV) applicants, as those additional costs are not typically covered by housing subsidies. Additionally, the researchers found that move-in fees were far less frequently advertised than their actual market prevalence. By advertising fee requirements to influence applicant pools, landlords play a role in shaping the socioeconomic makeup of the neighborhoods in which they lease.

Federal Actions

The federal government initiated action to regulate the presentation and collection of rental fees. In December 2024 the FTC adopted the Trade Regulation Rule on Unfair or Deceptive Fees, published January 10, 2025 and effective May 12, 2025. The rule applies to live-event ticketing and short-term lodging and excludes long-term residential housing. The National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC) successfully argued for this exclusion, contending that the landlord-tenant relationship involves a complex ongoing contractual relationship that is already heavily regulated by state laws, differentiating it from single-point transactions like live event ticketing or short term lodging.

Rule on Unfair or Deceptive Rental Housing Fee Practices

On March 12, 2026 the Federal Trade Commission announced an Advance Notice of Proposed Rulemaking (ANPRM), focused on Unfair or Deceptive Rental Housing Fee Practices. Following standard regulatory procedures, the ANPRM was published in the Federal Register on March 13, 2026, opening a 30-day public comment period that closed on April 13, 2026 (*FTC Seeks Public Comment on a Proposed Rulemaking Regarding Unfair or Deceptive Rental Housing Fee Practices*, 2026).

The ANPRM seeks to determine the necessity of a trade regulation rule under Section 18 of the FTC Act to mandate “total rent” disclosures, prohibit the misrepresentation of the nature of fees and prevent the assessment of charges for services landlords are legally obligated to provide. The FTC posed 74 questions to the public soliciting data on the prevalence of application fees, holding fees, amenity fees, ratio utility billing systems, and security deposits.

Enforcement Precedents

The FTC’s regulatory approach has been shaped by the constraints placed upon it by the judicial branch of the federal government. The Supreme Court’s decision in *AMG Capital Management v. FTC* limited the agency’s ability to seek equitable monetary relief under Section 13(b) of the FTC Act (Jung Kim, 2023). To work around this limitation and extract civil penalties, the FTC has successfully utilized the GRAMM-Leach-Bliley (GLB) Act in recent high profile enforcement actions. In the 2025 settlement with Greystar Real Estate Partners, the FTC alleged that Greystar deliberately withheld information until after the consumer provided sensitive personal and financial information for non-refundable application deposits, in violation of the GLB Act. This legal maneuver allowed the FTC to secure massive consumer redress while building evidence to justify the new 2026 advanced notice on proposed rulemaking effort.

Stakeholder Responses to FTC

The FTC’s April 13, 2026 deadline for public comments on the ANPRM generated highly polarized institutional responses (Manfredi, 2026).

State Attorneys General Coalition

A bipartisan coalition of 27 state Attorneys General, including Virginia’s, submitted comments advocating for a uniform baseline for transparency with federal standards that mandate clear comprehensive disclosure of the total monthly rent cost. The AGs stated that a federal rule would provide a consistent framework to address unfair practices nationwide and strengthen the state enforcement capacity. The AGs argued the necessity of a federal “floor” for transparency because state-by-state enforcement has proven insufficient in regulating large multistate corporate landlords whose differing compliance strategies distort fair competition. They further advocated that the federal rulemaking must maintain the state’s regulatory authority to tailor housing policies to their local market conditions and regional needs. The AGs highlighted the “bait-and-switch” tactics used in rental housing advertisements and applications. The AGs contend that landlords who accurately advertise their total rent price are at a competitive optical disadvantage against operators who advertise artificially low base rents and then add on mandatory fees later.

A coalition of national real estate organizations including the National Apartment Association (NAA), National Affordable Housing Management Association (NAHMA), National Association of Home Builders (NAHB), National Association of Realtors and others submitted comments cautioning the FTC in clearly distinguishing between mandatory fees, optional fees based on resident choices, conditional fees triggered by specific behaviors such as late payments or damages and pass-through charges like utilities. The industry argued that a rigid federal mandate that does not account for conditional and variable fees could result in unintended regulatory complexity and forcing landlords to abandon tiered pricing models and raise base rents universally regardless of amenity usage.

Consumer Financial Protection Bureau (CFPB)

A 2024 Consumer Financial Protection Bureau (CFPB) report on the Fair Debt Collections Practices Act (FDCPA), examined debt collection in the residential rental industry. In this context, CFPB noted that consumers (including both tenants and landlords) have shared complaints surrounding the proliferation of new types of fees, their questionable legality, and consequences for renters even after their lease is over. For instance, the CFPB shared a complaint from one tenant who said that despite getting a favorable judgment over an improper use of their security deposit, the debt collection record about that security deposit is preventing them from getting a new lease or qualifying for an auto loan. The CFPB is also seeing landlords and debt collectors charge tenants for routine maintenance that is typically the landlord's legal and financial responsibility under habitability requirements in most states' laws. If illegal rental fee amounts end up in debt collection, CFPB notes that debt collectors may be violating the FDCPA (CFPB, 2024, p. 11).

Summary of Ongoing Federal Action & State and Industry Responses

At the federal level, the GLB Act is used to penalize large multi-state corporate property management firms for hiding mandatory rent fees during the data collection process. While there are federal guidelines and federal enforcement actions targeting bad actors, there is no comprehensive federal law or regulation that forces upfront fee transparency or limits what landlords can charge in the private market. The FTC Act (Section 5) imposes a general ban on deceptive acts or practices, and the FTC has used this to sue corporate landlords, like the Greystar settlement mentioned above. However, the Act does not contain specific regulations as to how landlords must list fees in a standard rental advertisement.

Despite this lack of explicit law preventing these practices in rental agreements, many groups within the rental market industry are moving toward, or have established, voluntary transparency measures in response to federal lawsuits, like the Greystar case. While federal guidelines punish deceptive practices after they occur, bills such as Senate Bill 349 seek to create a statutory structure dictating what landlords may charge and how it is disclosed to tenants.

Rather than waiting for a federal "floor" to be established, individual states such as California, Colorado, Minnesota, and Illinois, are passing laws to penalize landlords directly. Relying on current federal guidance may create an enforcement gap for renters, especially those who rent from smaller, locally based landlords that are often outside the scope of federal detection. These federal decisions created broad baselines, but explicit state laws may work to provide further regulatory protection for tenants.

Transparency Requirements in the Code of Virginia

Virginia law, enacted in July 2025, requires all businesses that sell goods and services to the public to clearly and conspicuously advertise or display the total price which shall include all mandatory fees or surcharges. Landlords are not exempt from the law; they must clearly and conspicuously advertise or display the total price which shall include all mandatory fees or surcharges. The Virginia Residential Landlord and Tenant Act also requires landlords to give tenants a fee disclosure statement.

§ 59.1-608. Mandatory fees or surcharges; disclosure required.

A. No supplier shall, in connection with a consumer transaction, advertise or display a price for goods or services without clearly and conspicuously displaying the total price, which shall include all mandatory fees or surcharges. A supplier that provides both a good and a service to consumers may comply with this section by displaying or advertising the total price of the good separately from the total price or rate charged for providing the service.

In Virginia, the Attorney General can protect consumers from deceptive business practices under the Virginia Consumer Protection Act (VCPA). While individual rental disputes are not considered by the Attorney General in Virginia, the Attorney General can intervene if a landlord or property management company engages in a widespread pattern of fraud. Only the courts in Virginia can enforce the rights and obligations of landlords outlined in the Virginia Residential Landlord and Tenant Act.

HB 379 (Bennett-Parker), passed in 2026, requires more upfront eligibility information on rental applications so renters don't pay application fees for properties they aren't eligible to lease. It prevents applicants from paying non-refundable fees on units where their credit score, income, or background would trigger an automatic denial.

Industry Transparency Efforts

Many property management companies are responding to proposed federal rulemaking by making voluntary shifts towards increasing transparency in the rental market. Additionally, the industry has invested in tools such as the Multifamily Information and Transactions Standards (MITS) that can increase transparency for renters. MITS establishes a common technical framework that allows rental housing systems to communicate consistently across platforms. It allows a landlord's established internal database (like RealPage) to communicate with public listing websites. The latest version MITS 5.0 helps to display fees accurately and consistently when renters search for prospective properties. Previously, technical constraints forced public listing sites to display only base rent, as their platforms could not easily automate or format the complex, varied fee structures used by individual landlords. MITS 5.0 allows coding into different categories such as the "Total Monthly Leasing Price", and "Minimum Viable Attributes." Essentially, this allows booking databases to display "all-in" pricing upfront. This is a voluntary technology.

Regulating Fees in LIHTC Properties

The regulation and prohibition of certain fees is already an operational reality for many of Virginia's affordable housing providers. IRS regulations restrict affordable housing providers from charging more than the actual cost of background checks for application fees. Non-optional fees are legally required to be considered rent. In addition, they cannot charge fees for any facilities that are included in the "eligible basis."

Eligible Basis

A foundational factor to determine the maximum amount of low-income housing tax credits (LIHTC) generated by an affordable housing property. Eligible basis represents the total allowable costs that are eligible within the project for generating tax credits. A higher eligible basis translates to a higher amount of tax credits.

Costs attributable to common areas, corridors, shared amenities, parking areas, and functionally related facilities may be included in the eligible basis so long as they are for the use of tenants and reasonably required by the project. This means landlords are prohibited from including ancillary fees for the maintenance of common areas in rental agreements with tenants if those areas were included in the eligible basis, which they typically are. Any amount charged over the actual third-party cost must legally be counted toward the tenant's gross rent calculation.

Landlords in LIHTC properties can only charge for optional fees such as coin-operated laundry, pet rent/deposits, late rent fees, lease breaking fees, service fees, use of areas not included in the eligible basis, and more. Non-optional fees have to be included in the gross rent, which is subject to income restrictions.

State Response

Historically, state and local governments have played a central role in landlord tenant law and taken responsibility for regulating rental housing. More than 22 states have laws in place to make rental housing fees transparent. Many state laws focus on pre-tenancy fees, or the fees charged during the search for housing. Other states focus on regulating convenience fees and placing limits or conditions on security deposits. While several states have no limit on the maximum amount a landlord can charge for a security deposit, all 50 states have codified language stating the timeframe for when a lessees' security deposit should be returned.

Regulating Application & Screening Fees

Application and screening fees are traditionally charged by landlords to offset the actual costs of obtaining consumer credit reports, criminal background checks, and eviction histories from third-party data providers. While the average application screening fee in the United States hovers around \$50, the realities of highly competitive housing markets prompt renters to apply to multiple properties

concurrently. As a result, prospective tenants rapidly accumulate hundreds of dollars in nonrefundable out-of-pocket costs before ever securing a lease. Individuals with histories of eviction, criminal records, or housing-related debt may find themselves repeatedly paying these charges before successfully obtaining a lease.

States define rental terms differently. For states that do consider application fees in their code, they typically define application screening fees, like fees for background checks, that are paid by a prospective tenant for the purpose of being considered for a rental unit.

Recent legislative regulation of application fees attempts to strike a balance between giving landlords a functional mechanism to vet potential tenants and reduce financial burdens in the housing market. States have taken various approaches, including capping fees or eliminating them entirely. While most states do not place statutory limits on application fees, several states have introduced reusable tenant screening reports as an alternative to ease the financial burden.

Reusable/Portable Tenant Screening Reports (TSRs)

State and federal policymakers have promoted reusable tenant screening reports as a potential solution to the repeated cost of rental application fees. At least seven states allow a tenant to produce a portable (also known as reusable) tenant screening report to a landlord instead of paying an additional fee for each landlord to access a report or screen an applicant. Under this framework, renters could pay a one-time fee to obtain a report they can reuse throughout their housing search instead of paying separate application fees for each application. Portable tenant screening report policies also typically contain a provision defining a maximum period in which the report remains valid.

The enacted laws enabling reusable tenant screening reports feature two different compliance structures:

- 1) mandatory acceptance of compliant reports by landlords; or
- 2) allow landlords to choose whether to accept the report rather than collecting a fee.

Rental Application Fee Caps

Several states have enacted strict monetary caps on the amount a landlord can charge for a rental application. In Virginia, the base cap is fixed at \$50, but the statute uniquely allows this amount to be exclusive of actual out-of-pocket expenses paid to a third-party screening service, effectively allowing landlords to legally exceed the \$50 threshold to cover their exact costs. Furthermore, Virginia law limits the application fee to \$32 for public housing applicants or those applying for subsidized units regulated by the U.S. Department of Housing and Urban Development (HUD).

State	Statutory Limit & Mechanism	Refund Required?
California	Variable cap + CPI adjusted (around \$69 now) and TSR option if landlord accepts TSRs	Yes (unused portion)
Colorado	Actual cost/ TSR mandate (no fee if TSR is provided)	Yes (unused portion)
Connecticut	Cap at \$50 + CPI	No
Delaware	Cap at \$50 or 10% of monthly rent (whichever is greater)	No
Hawaii	Actual cost of obtaining information (only for applicants over 18 or those who are emancipated)	Yes (unused portion)
Illinois	Cap at \$50 and TSR Mandate (no fee if TSR is provided) (Effective January 1, 2027)	Yes (unused portion)
Maine	Actual cost	N/A
Maryland	\$25 or actual cost, whichever is less (no fee if TSR is accepted)	Yes (unused portion if fee is more than \$25)
Massachusetts	Prohibition (exception for licensed brokers)	N/A
Minnesota	Actual cost	Yes (unused portion)
Montana (new)	Property managers of 4+ units must itemize costs covered by the fee.	Yes
Nevada (new)	Actual cost. Prohibits collecting fees from minors	Yes (unused portion)
New Hampshire	None (landlords must disclose fees in writing before collecting them)	Yes
New Jersey (new)	Capped at \$50 (can be adjusted for inflation)	No
New Mexico	Fixed \$50 cap	Yes
New York	Fixed \$20 cap/TSR mandate (no fee if TSR is provided)	Yes (unused portion)
Oregon	Actual cost	Yes (if unit filled before screening or applicant withdraws)
Rhode Island	Actual cost and TSR mandate (no fee if TSR is provided)	No
Vermont	Prohibition	N/A
Virginia	Fixed cap \$50 + actual third-party cost (for public housing applicants the fee cap is \$32)	No
Washington	Actual cost (no fee if TSR is accepted)	Yes (unused portion)
Wisconsin	Fixed \$25 cap (no fee if current consumer credit report submitted and WI resident)	N/A

Table 1: Rental Application Fee Limitations & Portable Tenant Screening Reports in Selected States

Increasing Rental Price Transparency

Many states, including Virginia, have enacted laws related to transparent pricing in residential leases. While many states have some form of disclosure requirement, the specific laws and what they require can vary. These laws are designed to protect renters by providing clear information about the costs associated with a rental agreement.

Virginia

§ 55.1-1204.1. Fee disclosure statement.

A landlord shall provide, beginning on the first page of the written rental agreement, a description of any rent and fees to be charged to the tenant in addition to the periodic rent. Immediately above the list of fees, the written rental agreement shall state: No fee shall be collected unless it is listed below or incorporated into this agreement by way of a separate addendum after execution of this rental agreement.

Enacted State Disclosure Mandates

State legislatures have moved throughout 2025 and 2026 to promote “all-in” pricing transparency. Total price transparency ensures that a unit advertised at \$1,500 with \$200 in mandatory monthly fees competes fairly against a unit advertised at \$1,700 with no hidden fees. Ten states have laws requiring complete disclosure of all possible fees prior to lease-signing and four states mandate the disclosure of a total price that combines rent and fees into a single figure (Howard, 2025). A comparative analysis of rental housing advertisements reveals that states with stricter transparency laws such as Minnesota, Colorado and Nevada successfully compel landlords to advertise “all-in” pricing. Many states now mandate “all-in” pricing transparency in all advertisements:

- ❖ **California (SB478, 2024):** It is illegal to advertise a price without including all required fees.
- ❖ **Colorado (C.R.S. § 6-1-737):** Requires the “maximum total price” to be displayed clearly and prominently in advertisements and leases.
- ❖ **Connecticut (SB3, 2025):** Requires total price disclosure, inclusive of all mandatory periodic charges in any advertisement.
- ❖ **Illinois ([HB3564](#), 2026. Effective January 1, 2027):** Requires all non-optional fees to be explicitly listed on the first page of the rental agreement and included in all online advertisements.
- ❖ **Massachusetts (940 CMR 38.00):** Attorney General regulations require clear presentation of the total price, including all mandatory fees, prior to collecting any personal or billing information.
- ❖ **Minnesota (Minn. Stat. § 504B.120):** Requires landlords to combine all non-optional fees into a “total monthly payment” sum which must be listed on the first page of the lease agreement and in all residential advertisements
- ❖ **Nevada (AB121, 2025):** Mandates that every place a landlord lists the amount of rent due, they must use the total amount including any mandatory fees.
- ❖ **New Mexico (SB267, 2025, codified as NM Stat § 47-8-19.1):** Requires an itemized description of all fees that will be charged during the tenancy to be present in any published listing

Additional Disclosure Laws:

- **Oregon (HB3521, 2026):** Requires landlords to fully disclose all rent, fees, and deposits required for a lease before accepting a security deposit.
- **Rhode Island (RI Gen Laws 34-18-15):** Requires all non-rent fees to be clustered in the exact same section of the lease as the rent disclosure, granting tenants the right to legally recover any undisclosed fees later levied against them.
- **Utah (55-22-4):** Requires landlords with more than four units to provide a written good faith estimate of rent and all potential costs before accepting an application fee.
- **Idaho (55-305):** Prohibits landlords from charging higher fees than those listed in the rental agreement, or any fees not included in the initial agreement, unless the agreement is oral or the landlord provides 30-day written notice.

Enacted State Disclosure Mandates (continued)

The following statutes and regulations have been passed into law across various jurisdictions.

California Honest Pricing Law (SB 478, 2024)

Enacted in 2024, this law makes it illegal to advertise a price for a good or service without including all required fees. Optional fees or fees contingent on future tenant behavior do not need to be included in the initial advertised price. While introduced broadly for consumer protection, it applied to residential housing listings.

Colorado

Total Price Disclosure ([HB 25-1090](#) / C.R.S. § 6-1-737): Enacted in April 2025 (effective January 1, 2026), this law classifies advertising a base rent that excludes mandatory fees as a deceptive trade practice under the Colorado Consumer Protection Act. In any advertisement, listing or lease agreement, the “maximum total price” must be displayed clearly and conspicuously, and must be more prominent than any other numerical figure. This legislation also prohibits landlords from passing through costs or charging for general maintenance as separate unavoidable line items.

Tenant Screening Transparency ([HB 1196](#), 2026): Signed June 2, 2026 (effective January 1, 2027), this statute requires landlords to notify prospective tenants in advance about what screening information will be gathered and the name of any third-party service used before obtaining any information about a prospective tenant for [screening.It](#) also mandates the redaction of tenant personal identifying information (PII) from any supporting documents submitted to a court that may become publicly accessible in eviction court filings.

Connecticut Mandatory Disclosure ([SB 3](#) / Public Act No. 25-44):

Took effect October 1, 2025 for rental agreements and expanded to all consumer goods on July 1, 2026. It requires total price disclosures in all advertisements, including all periodic mandatory charges. Variable utility consumption and damage assessments are exempt from the base advertised figure, provided their existence is explicitly disclosed.

Idaho Fee Limitations (ID Code § 55-305)

Landlords may not charge higher fees than listed in rental agreement or any fees not included in the rental agreement unless the agreement is oral or the landlord provides a 30-day written notice.

Illinois Rental Fee Transparency Act ([HB 3564](#) & [HB 5234](#) / Public Act 104-0479)

Passed June 2026 (effective January 1, 2027, via HB 5234). This bill requires that all non-optional fees are to be listed on the first page of the lease and included in any online advertisements. It caps rental application fees to \$50 for applicants who do not provide their own TSR. The landlord is only able to charge more than \$50 for a background check if they front the cost and send the applicant a bill and receipt within 14 days. The legislation goes on to ban fees for contacting the building manager, after hours maintenance requests, routine maintenance and fees for the renewal or modification of a lease agreement.

Massachusetts

Unfair and Deceptive Fees (940 CMR 38.00): Attorney General regulations enacted in 2025 mandate that total rental prices (inclusive of mandatory fees) be presented before accepting personal or billing information. Landlords must provide clear instructions on how to avoid optional fees. The regulations require businesses who advertise in Massachusetts to clearly and conspicuously present the total price of the good or service advertised for sale, including rental units. A landlord may advertise the total price as the monthly rent if the full period of the lease agreement is also disclosed. Additionally, when the total price is presented, mandatory and optional fees must also be disclosed. If the fees are optional, the seller must disclose “readily available” instructions on how to avoid such fees. Finally, the seller must disclose the total price of any good or service prior to requiring a consumer to provide any personal information, including billing information

Upfront Payment Restrictions ([Mass. Gen. Laws ch. 186, § 15B](#)): Massachusetts law enacted in 2025 also Dictates that at or prior to the commencement of any tenancy, no lessor or agent may require a tenant or prospective tenant to pay any amount in excess of:

The first month's rent,

1. The last month's rent,
2. A security deposit up to the amount of the first month's rent, and
3. The cost of buying and installing a new lock.

Minnesota Total Payment Disclosures (Minn. Stat. § 504B.120): Enacted in 2023 and effective January 1, 2024. Minnesota law states that landlords must disclose all non-optional fees into a “total monthly payment” sum which has to be listed on the first page of the lease agreement and in all residential advertisements.

Nevada Fee Disclosures & Payment Methods

(AB 121): Passed in 2025 and effective October 1, 2025. Mandates that in every place a landlord lists the amount of rent due, they must use the total amount including any mandatory fees. The landlord must also separately identify the amount of any fee for the use of a portal to pay rent in the written rental agreement. Additionally, each place where a landlord lists the amount of rent due they must use the total amount including any mandatory fees. However, a landlord may charge a monthly fee for electric, natural gas, or water provided to the tenant and not include that in the single figure representing the total maximum amount if the landlord discloses the fee in the rental agreement. Landlords also cannot require tenants to pay for maintenance or repairs or other work that the landlord has the duty to perform.

New Hampshire Conditional Security Deposits (HB 1336): Adopted by both legislative bodies on May 21, 2026, and effective January 1, 2027. Adds regulated conditional deposits to state rental laws. This allows landlords to collect an additional deposit up to one extra month's rent beyond the standard one-month allowance if the applicant fails to meet specific approval criteria. Following May 2026 committee amendments that narrowed the scope of applicable tenants, the law also permits deposits to be refunded directly to assisting nonprofits

New Mexico Itemized Fee Descriptions (SB 267 / NM Stat § 47-8-19.1): Passed in April 2025 and effective June 20, 2025. This statute requires an itemized description of all fees that will be charged during the tenancy to be present in any published listing, and protects landlords from liability if third-party websites fail to accurately present their submitted data (NM Stat § 47-8-19.1).

Oregon:

Pre-Deposit Disclosures (HB 3521 / ORS 90.302): Effective January 1, 2026, requires property owners to fully disclose all rent, fees, and deposits required for a lease before accepting a security deposit (Note: Oregon has no maximum limit set for security deposits). Payment processing fees are prohibited unless the landlord provides a free alternative payment method.

Tenant Portal & Application Rights (SB 1523): Enacted and effective June 5, 2026. Allows tenants or applicants to opt out of using an online tenant portal or paying by card/electronic means. Landlords must offer alternative non-portal methods to pay bills and access common areas, allowing credit or other “commercially reasonable” payment means. If an online application portal is used, landlords must provide a printable application on their website or supply a paper copy within 7 days of a request.

Rhode Island Fee Clustering & Recovery (RI Gen. Laws § 34-18-15): Effective January 1, 2025. This statute requires all non-rent fees to be clustered in the exact same section of the lease as the rent disclosure, granting tenants the statutory right to legally recover any undisclosed fees later levied against them. Landlords are also prohibited from charging a convenience fee unless they also accept a form of payment that does require a convenience fee.

Utah Rental Expenses Disclosure Requirements (HB 68 / UT Code § 57-22-4): Effective May 2021. Utah requires landlords with more than four units to provide a written good faith estimate of rent and all potential costs before accepting an application fee.

Virginia First-Page Lease Mandate (HB 2430 / VA Code § 55.1-1204.1): Enacted in 2025 and effective July 1, 2025. Requires landlords to place an itemized list of all charges, security deposits, and one-time fees explicitly on the first page of the written lease agreement (VA § 55.1-1204.1). No fee can be collected from a tenant unless it is explicitly described within that initial itemized list.

Proposed Transparency Legislation 2026

Pennsylvania (legislative session ends 11/30/26)

[HB 558](#) amends the Landlord Tenant Act stating that a landlord may only charge a fee that is reasonably related to the actual administrative expenses incurred and may not use fees as a general revenue source. This bill passed out of the House on May 4, 2026 and is currently in the Senate.

[SB 1270](#) amends the Landlord Tenant Act to add a section in the lease stating whether parking is provided for a tenant, whether they are required to pay a fee for it and if so the amount of the fee. The landlord may not change or add a fee associated with parking for the duration of the lease. This bill was referred to Urban Affairs & Housing, on April 14, 2026.

[HB573](#) proposes an amendment to the Landlord Tenant Act that would prohibit lease provisions classifying security or pet deposits as non-refundable. This bill was referred to Housing & Community Development on Feb. 12, 2025.

Failed Transparency Legislation 2026

Arizona

[HB 2709](#) would amend the Arizona Residential Landlord and Tenant Act to regulate rental applications and related fees and expand disclosure obligations. The proposed legislation would add a new section stating that a landlord may not charge a prospective tenant for the cost of a background check or credit reports if the applicant provides their own current report. The proposed legislation also would have restricted the amount a landlord could charge for an application to no more than the actual cost of the screening. It also would have updated the language to be gender neutral and add that all mandatory fees must be listed on the first page of the rental agreement and also included in the online advertisements. The bill also added a provision that a tenant can opt out of trash valet and smart device amenities and fees. The proposed legislation did not pass.

Idaho

[HB 701](#) would have added a section to Idaho Code to limit the number of application fees a property owner can collect at a time. Under the bill, property owners would be permitted to charge fees to a maximum of two households concurrently, provided they have a unit that is either currently vacant or will be available by a specified date. This bill failed as the legislature adjourned, *sine die*, on April 2, 2026.

Kentucky

[HB295](#) would have added definitions for application screening charge and tenant screening. The legislation would have prohibited landlords from requiring payment of an applicant screening charge when the landlord knows or should know that no rental units are available at that time or are expected to become available in reasonable time. If a landlord denies the application the landlord would have had 14 days to provide the applicant with a reason for the denial in writing. Another provision in the proposed bill stated that before a prospective tenant pays a security deposit, the landlord must provide a comprehensive list of any existing damage in the unit that could eventually be charged against the deposit, including the estimated dollar cost to repair it. The bill died in the House Judiciary Committee.

Massachusetts

(H.1553 / H.5301): Titled "*An Act to regulate junk fees in rental housing and advance housing production.*" Seeks to codify fee consumer protections firmly into state law while imposing further restrictions on amenity and internet fees. The Massachusetts General Assembly session closes on July 31, 2026.

Missouri

HB2856 would have capped the application fee at \$15 or the actual costs of the processing of the rental application, whichever was lower. It also proposed requiring landlords to return any unused fee to the applicant within 20 days after processing the application. The bill was referred to the Emerging Issues Committee on May 15, 2026 which was also *sine die*.

Convenience and Payment Platform Fees

Some states, including Virginia, are using code to limit fees charged to pay rent or use a payment portal (sometimes called “pay-to-pay” fees).

Virginia (§ 55.1-1204.): Landlords are prohibited from charging a tenant any fee for the collection or processing of any payment of rent, security deposit, or any other fees unless the landlord offers an alternative payment method that does not include fees. Additionally, pursuant to legislation passed during the 2026 session, no landlord shall require a tenant to pay any fee *to submit periodic rent payments or other amounts due in excess of the actual out-of-pocket expenses charged to the landlord by a third party to process a payment by credit card, debit card, or electronic payment.*

Nevada (AB121, 2025): Landlords must provide at least one method of paying rent or any other fee that does not require the tenant to pay a fee or provide bank account information. Portal fees must also be separately identified in the lease.

Oregon (SB1523, 2026): This allows tenants to opt out of using a tenant portal. Payment processing fees are only allowed if the landlord provides a free alternative way to make payments.

Rhode Island (RI Gen Laws § 34-18-61): Landlords are prohibited from charging a convenience fee unless they also accept a form of payment that does not require one.

Late Fees

Late fees are a standard financial penalty within residential rental agreements levied when a tenant fails to pay rent by the agreed upon due date. Several states have codified specific regulations governing how and when these fees can be assessed. State level regulations typically utilize mandatory grace periods and statutory fee caps.

Table 2: Late Fee Regulations in Selected States

State	Late fees
Colorado	7 days, max \$50 or 5% of the amount of past due rent. Landlords may not impose a late fee more than once for each payment unless the total amount of such late fees does not exceed \$50 or 5% of the amount of past due rent. Landlords may not charge interest on a late fee.
Connecticut	9 days, lesser of \$5 per day, up to a max of \$50 or 5% overdue rent
Delaware	5 days, 5%
Iowa	Must be explicitly disclosed. Maximum \$12/day or \$60/month (if rent <\$700/month); \$20/day or \$100/month (rent >\$700/month).
Minnesota	Whatever number of days was agreed in writing, 8% of the overdue rent
Nevada	3 days, 5% of rent
New Mexico	Agreed on in writing, 5% of rent
New York	5 days, 5% or \$50 whichever is less
Oregon	4 days, 5%
Utah	10% of the rent or \$75
Virginia	5 days, 10% of rent
Wisconsin	Not allowed unless agreed to in the lease.

Regulating Security Deposit Fees

How does Virginia Compare?

Virginia law permits landlords to collect a security deposit up to a maximum of two months' periodic rent (VA § 55.1-1226). With the average effective rent in Virginia reaching over \$1,800 per month in 2025, the average maximum permissible security deposit is around \$3,600 (Naik, 2025). States like Alabama, Nebraska, and New York impose one-month limits. Virginia's higher limit creates an additional financial burden for potential tenants seeking rental housing. All states permit property owners to collect security deposits.

In Virginia, landlords have 45 days to return the security deposit. This is longer than the typical 14-day to 30-day or return policies seen in states like Illinois or New York. Conversely, states including Alabama, Arkansas, and West Virginia allow up to 60 days for a landlord to return a security deposit.

In Montana, landlords normally have 30 days to provide departing tenants with an itemized statement. This statement must list any damages, unpaid rent or cleaning charges alongside the remaining balance of the security deposit. The security deposit must be returned within 10 days if the landlord conducts an inspection during the final week of the tenancy and establishes that: (1) the premises are undamaged, (2) no cleaning is required, and (3) the tenant can verify that all utility bills have been fully paid.

Arizona landlords have 14 days to provide an itemized list of all deductions and the remaining balance due to the tenant. The tenant then has 60 days to dispute the deductions. The charges become legally valid if the tenant does not respond within that time.

An Alaska landlord typically has 14 days to provide an itemized list of deductions and return the security deposit. This deadline extends to 30 days if the landlord suffered financial loss due to the tenant violating the lease agreement.

Some states require specific actions from both the landlord and the tenant during the return process. Michigan law dictates strict statutory obligations for both the tenant and the landlord at the end of lease. Upon the termination of occupancy, the landlord must complete a termination inventory checklist detailing any claimed damages. A landlord intending to withhold money for damages or unpaid bills has exactly 30 days from the end of the occupancy to mail the tenant an itemized list of charges, estimated repair costs, and a payment for any remaining security deposit balance. Missing the 30-day deadline constitutes a legal agreement that no damages are due, requiring the landlord to return the deposit in full immediately. Once the tenant receives the itemized list, they have 7 days to respond by mail to indicate their agreement or disagreement with the charges.

At least 13 states currently require landlords to pay interest on security deposits to their tenants, though some impose specific conditions⁵. Virginia previously required landlords to hold security deposits in interest-bearing accounts. However, that requirement was eliminated in 2014 (HB 273, 2014).

In 2020, Washington State passed code [RCW 59.18.610](#), giving tenants the right to pay certain move-in costs in installments. Properties that charge deposits and fees totaling less than 25% of the first month's rent are not required to offer a Washington renter payment plan.

The chart below shows security deposit limits in selected states based on standard 12-month leases. States often make exceptions for month-to-month leases or long-term leases exceeding one year. Additionally, some states create exceptions allowing landlords to charge deposits outside of the standard cap. These exceptions often cover pet deposits, the cost of undoing tenant alterations, or tenant activities that increase liability risks.

Table 3: Security Deposit Limits in Selected States

Maximum Limit for Security Deposit Fee	States
1 Months' Rent	Alabama*, California*, Delaware*, Hawaii*, Kansas*, Maryland*, Massachusetts, Nebraska*, New Hampshire*, New York, North Dakota*, Rhode Island*, South Dakota*
1.5 Months' Rent	Arizona*, Michigan, New Jersey*
2 Month's Rent	Alaska*, Arkansas*, Colorado*, Connecticut*, Georgia, Iowa, Maine*, Missouri, North Carolina*, Pennsylvania*, Virginia
3 Months' Rent	Nevada
No Limit	Florida, Idaho, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Mississippi, Montana, New Mexico*, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Vermont*, Washington, West Virginia, Wisconsin, Wyoming

⁵ Arizona (only for mobile home security deposits), Connecticut, Illinois (if own 25+ units), Florida, Ohio, North Dakota, Minnesota, New Mexico, Pennsylvania (only if after 2 years), New York, Maryland, New Hampshire, and Massachusetts all require landlords to pay interest on security deposits.

Note: Asterisks (*) indicate states with statewide exemptions, conditional limits or other provisions. For more information see Appendix 1.

Pet Fees

Pet fees and deposits are frequently rolled into security deposit regulations, with many states allowing landlords to exceed standard security deposit caps to account for animals. Some state examples follow, below:

- ❖ **Alaska, Delaware, Hawaii:** Landlords are permitted to charge an additional one-month deposit for tenants with pets
- ❖ **Alabama and North Carolina** allow additional non-refundable deposits and fees if pets are allowed
- ❖ **Kansas:** Landlords can increase the security deposit from one month to 1.5 months' rent if pets are allowed.
- ❖ **Nebraska:** Landlords are permitted to charge an additional deposit equal to $\frac{1}{4}$ of a month's rent for tenants with pets.
- ❖ **North Dakota:** Landlords can increase the security deposit from one-month to two-months' rent for a pet. A pet deposit may not exceed \$2,500 or 2 months' rent, whichever is greater.

States Limiting Utility Markups and Allowing Opt-Out Provisions

The premise of utility billing in residential real estate relies on a legal distinction in the difference between a rate markup and an administrative fee. Across most jurisdictions in the U.S., utility rate markups are strictly prohibited. A residential landlord is not a regulated public utility and therefore cannot legally profit by buying a commodity (like water or electricity) at one rate and selling it to tenants at a higher per-unit rate. The commodity must be passed through at the exact rate billed by the utility provider.

However, many states allow landlords to pass through the cost of billing and meter reading via an administrative fee. Given the differing regulations in landlord-tenant laws and public utility commissions across the U.S. there is not one standard method.

States with Explicit Statutory Fee Caps

These states have passed specific legislation specifying the maximum allowable administrative fee for the administrative effort of utility billing.

California ([Cal. Civ. Code § 1954.205](#)): Rate markups are prohibited. The administrative billing fee is capped at a base rate of \$4.75 per month per unit, which is legally adjusted annually for the Consumer Price Index (CPI).

Colorado (HB 23-1095/ [C.R.S. § 38-12-801](#)): Landlords are prohibited from requiring tenants to pay a markup price for utilities. Administrative fees for third-party billing are explicitly capped at 2% of the billed utility amount or \$10.00 per month, whichever is less.

Maryland ([Md. Code Ann., Pub. Util. § 7-303](#)): The administrative fee for submetered utilities is strictly capped at \$1.00 per unit, per month.

Minnesota ([Minn. Stat. § 504B.216](#)/ [S.F. 4171](#), 2026): Minnesota strictly limits how landlords can utilize apportioned utility billing (RUBS). Rate markups are prohibited. Administrative billing fees are capped at \$8.00 per month, and utility late fees are capped at \$5.00 per month. Electricity cannot be billed via RUBS (submetering required). Gas must be allocated by unit square footage; water must be allocated by occupant count. Deduction of common area usage and vacant unit consumption is legally required prior to allocation. Under S.F. 4171, effective August 1, 2026, final estimated utility bills upon tenancy termination must be prorated daily based on the immediate prior billing period without additional fees.

North Carolina ([N.C. Gen. Stat. § 62-110](#)): Landlords cannot unilaterally decide to bill tenants; they must obtain a certificate of authority to resell water. The Commission places a strict hard cap on the monthly administrative billing fee that landlords or third-party billing companies can charge, historically capping it at exactly \$3.75 per month unless the landlord files for special approval to pass through an additional supplier base charge. Water and sewer rates must equal the exact cost charged by the public provider.

Texas ([Tex. Water Code § 13.503](#)): For submetered water systems, landlords may charge an administrative fee capped at 9% of the allocated cost.

Actual Cost Only States

Nevada ([AB 121](#)): Nevada's AB 121 dictates that if a property uses a metered water system or a utility company, they cannot bill a tenant directly, the landlord can pass the cost along *only* if they do not charge a single penny more than the actual cost of the utility for that unit and meet specific statutory disclosure requirements. The written rental agreement must feature an asterisk or reference symbol next to the single rent figure that is at least half the font size of the figure itself and direct the tenant to a corresponding disclosure on the exact same page that explains the billing situation, provides the utility company's name and explicitly notifies the tenant that they will be charged a separate monthly fee equal to the cost of the utility.

Massachusetts ([940 CMR 3.17](#)): Massachusetts does not have a standalone statute regulating the payment of internet services. Instead, the Attorney General enforces consumer protection regulations. Internet service billing is regulated under the state's Consumer Protection Act (Chapter 93A). Under these rules, charging a separate fee for internet that does not reflect the *actual service provided*, or charging an excessive markup without absolute transparency and choice, is legally treated as an unconscionable and deceptive business practice ([940 CMR 3.17](#)).

Oregon ([Or. Rev. Stat. § 90.315](#)): Pass-through utilities must be billed precisely at cost without rate markups. Administrative or processing fees are statutorily prohibited (\$0). Violations entitle tenants to statutory damages equivalent to one month's rent or twice the overcharged amount.

Opting out of Internet Service

California

California [AB 1414](#) prohibits a landlord from requiring a tenant to subscribe to a specific internet service provider. If the landlord violates that provision, the tenant may deduct the cost of the subscription to the provider from the rent.

(a) For any residential tenancy commenced, renewed, or continuing on a month-to-month or other periodic basis, on or after January 1, 2026, a landlord or their agent shall allow the tenant to opt out of paying for any subscription from a third-party internet service provider, such as through a bulk-billing arrangement, to provide service for wired internet, cellular, or satellite service that is offered in connection with the tenancy.

(b) A landlord or their agent shall not retaliate against a tenant for exercising the tenant's rights under this section, consistent with the protections provided in Section 1942.5.

(c) If the landlord or their agent violates subdivision (a), the tenant may deduct the cost of the subscription to the third-party internet service provider from the rent.

(d) This section does not prevent a landlord or their agent from offering bulk-billing arrangements to their tenants.

Failed Legislation

Texas ([SB 974, 2023](#)): SB 974 was introduced in 2023 and would have prohibited leases in multifamily buildings from containing charges for internet or cable services as part of the payment due under the lease. The bill would also prohibit leases from including provisions that require tenants to subscribe to internet or cable services. Under the proposed bill, landlords who violate the provisions of the bill may be required to pay the tenant \$500 plus any associated court costs and attorney's fees (SB 974, 2023). The bill did not pass.

Arizona ([HB 2083, 2023](#)): In 2023 Arizona introduced a bill that would have required landlords to allow tenants to opt-out of nonessential services (HB2083, 2023). Under the provisions of the proposed legislation, a tenant may choose not to receive and pay for any nonessential services, including valet services related to trash or recycling, smart home fees, or fees for similar devices or services. The bill did not pass.

States Prohibiting Shifting of Legal Maintenance Obligations

Virginia Background

Under traditional landlord-tenant laws, the "implied warranty of habitability" requires landlords to maintain major systems (plumbing, structural integrity, heating) regardless of what a lease says. While the implied warranty of habitability exists as a baseline protection, how it is enforced and who may be responsible for the costs is an area of consistent litigation. Virginia bills like HB 1005 (enacted in 2026)

and HB 1409 are proposed to clarify obligations allowed in lease provisions and close potential loopholes. Landlord habitability obligations are outlined in [§ 55.1-1220](#) of the Code of Virginia.

Since HB 1005 was enacted, landlords are explicitly prohibited from charging tenants any fee for the routine maintenance or repair of a dwelling unit. “...prohibits a landlord from requiring a tenant to pay any fee for the maintenance or repair of any dwelling unit unless the repair is necessitated by the tenant's violation” - HB 1005 (§ 55.1-1208)

Following the passage of HB 1005, the provisions in HB 1409 may clarify potential gray areas in the Code regarding the breakdown of multi-unit building expenses like pest control and common area upkeep. It also reviews whether the written maintenance exception under § 55.1-1220 remains an effective tool for balanced property management or whether it creates unintended liabilities for tenants that compromise the state's baseline habitability standards.

Written Agreement Exception

Under current Virginia law, there is a written agreement exception. It states that a landlord and a tenant can agree in writing that the tenant will perform specified repairs, maintenance tasks, or remodeling. HB 1409 proposes to eliminate this exception. The exception allows the following duties to be shifted to the tenant:

- Keep clean and safe any common areas used by more than one tenant household.
- Provide and keep up trash containers.
- Supply water, hot water, air conditioning if provided, and heat in season; unless the tenant alone controls the heat, air conditioning, or hot water, or unless provided directly by a utility company to the tenant on a separate meter.
- Specified repairs, maintenance tasks, alterations, and remodeling, but only if the transaction is entered into in good faith and not for the purpose of evading the obligations of the landlord

Repair and Deduct Law

The tenant's remedy by repair section of the Virginia Code (enacted in 2020) is a narrowly tailored law that allows tenants to fix habitability issues themselves and deduct the cost from their rent if a landlord refuses to act. This specific code section serves as a highly regulated exception to Virginia's established standard of prohibiting tenants from withholding rent (§ 55.1-1244.1).

Prohibited Maintenance Costs Legislation Passed in Other States

Virginia (HB 1005 / SB 313, 2026): In Virginia, legislation was passed and went into effect on July 1, 2026 which explicitly prohibit landlords from requiring a tenant to pay any fee for the maintenance or repair of a dwelling unit unless the repair was directly necessitated by the tenant's lease violation.

Colorado ([HB25-1090](#)): Strictly prohibits landlords from passing through costs or charging for general maintenance as separate unavoidable line items.

Nevada ([NRS § 118A.290](#), 2025): Landlords cannot require tenants to pay for maintenance or repairs that the landlord has a legal duty to perform.

Illinois ([HB3564](#), 2026): Effective January 1, 2027, landlords are strictly prohibited from charging fees or fines for routine maintenance and unit upkeep. This ban explicitly prevents landlords from billing tenants for contacting building management, utilizing a maintenance hotline for repairs or lease questions, submitting after-hours service requests, travel time required to complete safety repairs, and pest abatement when the tenant did not contribute to the infestation.

Virginia Housing Commission Study of 2026 Fee Legislation

The Virginia Housing Commission was asked to study two fee-related bills introduced during the 2026 general assembly session.

SB349 (VanValkenburg) Virginia Residential Landlord and Tenant Act; Manufactured Home Lot Rental Act; pre-tenancy fees

[SB 349](#) sought to regulate pre-tenancy and post-tenancy charges, ensuring that tenants are only responsible for the actual cost of services provided (e.g., application screening, utility set-up costs, and repairing damages using security deposit, etc.).

The core changes the bill proposed included:

1. Definition Reforms for “application fee” and “administrative fee”
2. Pre-Tour and Pre-Application Disclosures
3. Restrictions on Pre-Lease Fees
4. Lease Execution Fee Restrictions
5. Ban on Mandatory Move-Out Services
6. Restriction on Utility Charges
7. Security Deposit Deduction and Regulation

Virginia Legislation passed in the 2026 Session related to SB 349

Starting July 1, 2026, legislation passed during the 2026 General Assembly Session will impact portions of the Virginia Code that **SB 349** seeks to amend.

[HB 374 \(Krizek\)](#) targets manufactured home lot rental agreements by codifying written disclosure requirements, prohibiting hidden charges, and establishing statutory penalties for manufactured home communities. This legislation partially satisfies the portion of SB 349 that sought to extend VRLTA pre-tenancy protections to the Manufactured Home Lot Rental Act.

HB 374 adds language mirroring [§ 55.1-1204.1](#) and introduces the following penalty:

“If the landlord attempts to collect from the tenant any charge, fee, or deposit not listed in the itemization required by this subsection or in a separate valid written contract signed by the landlord and the tenant, the tenant may recover from the landlord actual damages, statutory damages of \$500 per occurrence, and reasonable attorney fees.” (Amending § 55.1-1302)

HB 374 also amended the definition of “rent” in the Manufactured Home Lot Rental Act:

“Rent” means a monthly payment established at the commencement date of the rental agreement or lease renewal made by the tenant to the landlord for use of a manufactured home lot and other facilities or services provided by the landlord [emphasis added]

Because HB 379 (Bennett-Parker) alters the baseline statute that SB 349 was attempting to amend (§55.1-1203), it effectively enacts part of SB 349's proposed language regarding application disclosures.

Under HB 379 (Effective July 1, 2027), §55.1-1203 now requires:

§ 55.1-1203. Application; notice, deposit, fee, and additional information.

Prior to requesting or collecting any payment or information about a prospective tenant, a landlord shall first notify the applicant in writing or by posting in a manner accessible to a prospective tenant (i) the amount of any fees or application deposit that may be charged to an applicant and whether such fee or application deposit is refundable; (ii) the tenant selection criteria applicable to the unit; (iii) any criteria that will result in an automatic denial of the application; (iv) additional criteria that may result in the denial of the application; (v) if the landlord uses a consumer report in his determination, the name and address of the consumer reporting agency; and (vi) the applicant's right to obtain a free copy of the consumer report in the event of a denial or other adverse action and right to dispute the accuracy of information appearing in the consumer report

SB 349's remaining relevance here is that it would add these newly established HB379 disclosure requirements (§ 55.1-1203) to apply to the Manufactured Home Lot Rental Act.

Workgroup Discussion and Recommendations

The Fees in Residential Rental Agreements Workgroup convened four times throughout the 2026 interim to address the core issues surrounding SB 349. Through these meetings, members focused on identifying key points of consensus and crafting actionable solutions to reform portions of the VRLTA. Over the course of the interim, staff and DLS developed and refined multiple draft iterations, incorporating ongoing Workgroup efforts. As a result of this collaborative process, the majority of the bill changes reached consensus among workgroup stakeholders. Recommendations include:

Regulating pre-lease execution fees

- Require landlords to disclose the application fee, application deposit, utility account set-up fee, administrative fee, and security deposit prior to exhibiting the dwelling unit.
- Prohibit landlords from collecting any payments prior to lease execution other than a nonrefundable application fee or an optional and refundable application deposit.
- Require refunds of payments within 10 business days if the landlord fails to review and process a completed application within 10 business days.
- Limit application fees to not exceed the greater of \$50 or the actual out-of-pocket expenses paid by the landlord to a third-party performing background, credit, or other pre-occupancy checks on the applicant.
- Limit application fees for individuals apply to publicly subsidized housing or housing regulated by HUD to a flat \$32.
- Prohibit landlords from requiring applicants to pay an application deposit as a condition of application.

- Require refund of the application deposit within 10 business days of the landlord's failure to secure the dwelling unit for which the application deposit was paid. However, if the tenant agrees to sign a lease for an alternative, and comparable, unit offered by the landlord they can use the application deposit to secure that unit and convert into the security deposit upon lease execution.
- Limit the cost of the administrative fee to the actual out-of-pocket expenses paid by the landlord to prepare and execute a rental agreement.
- Prohibit landlords from charging or collecting money from a tenant at the time of the execution of a rental agreement that is not rent, an administrative fee, a utility account set-up fee, or a security deposit.

Regulating Fees During Lease Execution & Term

- Restrict payments collected at lease execution strictly to rent, administrative fees, utility account set-up fees, or security deposits.

Regulating Lease Ending & Renewal Fees

- Prohibit charging administrative or renewal fees upon lease renewal unless (1) the tenant requests changes to lease terms in writing, (2) both parties agree to the proposed changes in writing, and (3) the fee reflects actual out-of-pocket costs to implement the requested change.
- Explicitly forbid charging any renewal or administrative fee if the landlord proposes the changes to the subsequent lease agreement.
- Prohibit landlords from requiring tenants to pay for professional services upon move-out as a condition of residency.

Reforming Security Deposit Deductions & Timelines

- Reduce the timeline landlords must return the security deposit to the tenant, if no damages beyond normal wear and tear are found, from 45 days to 15 days.
- If damages beyond normal wear and tear are found, require the landlord to provide the tenant with an itemized statement of any deductions, damages, and charges, together with any amount due to the tenant, within 45 days.

Definition Reform

- Add definitions of "administrative fee," and "renewal fee" to the VRLTA.
- Clarify that any optional and refundable application deposit shall be used for the purposes of securing a specific dwelling unit prior to lease execution, at which time it would be applied toward a prospective tenant's security deposit for the dwelling unit secured by the application deposit.
- Clarify the definition of "application fee" to state that an application fee is to be used to review and process a rental application.

HB1409 (Schmidt) Virginia Residential Landlord and Tenant Act; prohibited provisions in rental agreements; landlord's maintenance responsibilities

HB 1409 aims to prohibit landlords from shifting routine maintenance burdens or unbundled operational costs onto tenants through hidden or compulsory fees.

The most recent version of **HB 1409** prohibits landlords from requiring tenants to agree to the following provisions in rental agreements:

1. Paying any fee for the maintenance of the premises as described in § 55.1-1220, including heating and cooling systems, pest control, trash disposal, common area utilities, and mail/package delivery.
2. Paying a fee for internet, cable, or any other utilities or services that exceeds the actual cost paid by the landlord.
3. Paying for the maintenance or security of common areas.

The bill strikes the written exemption provision that previously allowed landlords and tenants to agree in writing that the tenant is responsible for basic property upkeep. The original intent of that line of code is so landlords could delegate tasks like maintaining multifamily common areas, providing adequate trash receptacles, and ensuring functional water and air. Under the provisions of HB 1409, a landlord can no longer delegate habitability maintenance responsibilities to the tenant, ensuring no added costs are passed onto the tenant.

Additionally, the bill prohibits landlords from charging tenants utility or service fees that exceed the landlord's actual out-of-pocket cost. While other states have successfully capped fees for traditional utilities, attempts to apply these same limits to internet services have historically been unsuccessful. VHC produced a small brief on that topic in 2025.

Impact of 2026 Passed Legislation on HB 1409

Legislation enacted during the 2026 Virginia General Assembly session (effective July 1, 2026) directly impacts sections of the Virginia Code that HB 1409 seeks to amend.

HB 1409's primary objective of preventing maintenance fee shifting is partially covered by HB 1005 (Tran) and SB 313 (Ebbin). These enacted bills prohibit any fees landlords may have implemented to shift operational maintenance and repair costs to tenants.

HB 1005 explicitly states: "*...no landlord shall require a tenant to pay any fee for the maintenance or repair of any dwelling unit.*"

However, the following provisions from HB 1409 remain unaffected by this 2026 legislation:

- The explicit prohibition on charging separate fees for pest control⁶, trash disposal, mail/package delivery, and common area utilities. (While HB1005 covers general dwelling unit maintenance, HB1409 explicitly lists these additional operational costs to prevent loopholes).

⁶ **Note on Pest Control:** The Virginia Court of Appeals decision, *Parrish v. Vance*, holds that dealing with an insect infestation, not caused by the tenant, is the landlord's responsibility. However, the Code of Virginia appears unclear on whether pest control is included in maintenance and habitability standards. Virginia Code § 55.1-1220 does not explicitly prohibit landlords from charging for pest control. The pest control provision of HB 1409 would provide clarification

- The ban on landlord markups for internet, cable, or utilities (prohibiting charges higher than the landlord's actual cost).
- The repeal of Virginia Code § 55.1-1220's written agreement exception.

National Context

Utility Markups vs. Actual Costs: While public utility commissions across all 50 states strictly prohibit landlords from profiting by marking up the per-unit rate of commodities like water or electricity, the use of third-party Ratio Utility Billing Systems (RUBS) can introduce additional administrative fees. HB 1409 seeks to ban these markups entirely, ensuring tenants are legally protected from paying any utility or service fees that exceed the landlord's actual out-of-pocket costs.

Common Area Utilities: Nationally, landlords frequently use building-wide RUBS formulas to divide a property's master utility bill among tenants, which can subtly shift the costs of lighting, heating, or watering common areas onto renters. Several jurisdictions have recently moved to outlaw this specific practice.

Workgroup Discussion and Recommendations

Deliberations regarding HB 1409 presented policy challenges that prevented the Workgroup from establishing a viable path toward language recommendations. Throughout the 2026 interim meetings, discussions highlighted significant statutory friction concerning property owner obligations, utility accounting methodologies, and potential conflicts with established contracts. The Workgroup and VHC staff were unable to formulate actionable recommendations for HB 1409 this year.

Appendix

Definitions of Application Fees in Other States

CA	(i) As used in this section, “application screening fee” means any nonrefundable payment of money charged by a landlord or their agent to an applicant, the purpose of which is to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property.
CO	(5) "Rental application fee" means any sum of money, however denominated, that is charged or accepted by a landlord from a prospective tenant in connection with the prospective tenant's submission of a rental application or any nonrefundable fee that precedes the onset of tenancy. "Rental application fee" does not include a refundable security deposit or any rent that is paid before the onset of tenancy.
D.C.	(2A) "Application fee" means the total of all costs or fees that a prospective tenant is required to pay to a housing provider at the time of application or at any time prior to signing a lease as a prerequisite to evaluating or approving a prospective tenant's application for rental housing, including processing, reviewing, or screening the prospective tenant's application, but not including holding deposits. https://code.dccouncil.gov/us/dc/council/code/sections/42-3501.03
DE	(d) Where a tenant is required to pay a fee to determine the tenant’s credit worthiness, such fee is an application fee. A landlord may charge an application fee, not to exceed the greater of either 10 percent of the monthly rent for the rental unit or \$50, to determine a tenant’s credit worthiness. The landlord shall, upon receipt of any money paid as an application fee, furnish a receipt to the tenant for the full amount paid by the tenant, and shall maintain for a period of at least 2 years, complete records of all application fees charged and amounts received for each such fee. Where the landlord unlawfully demands more than the allowable application fee, the tenant shall be entitled to damages equal to double the amount charged as an application fee by the landlord. https://delcode.delaware.gov/title25/c055/
HI	§521-46 Application screening fee. [Section effective May 1, 2024.] (a) When a landlord or the landlord's agent receives a request from an applicant to rent a dwelling unit, the landlord or the landlord's agent may charge the applicant an application screening fee at the time the application is processed for the dwelling unit to cover the costs of obtaining information about the applicant; provided that a landlord or the landlord's agent shall only charge an application screening fee for an applicant who is eighteen years of age or older or an emancipated minor. Information sought by the landlord or the landlord's agent charging the fee may include personal reference checks, tenant reports, criminal background checks, and credit reports produced by any consumer credit reporting agency. https://law.justia.com/codes/hawaii/title-28/chapter-521/section-521-46/
IL	"Application screening fee" means a request by a landlord for a fee to cover the costs of obtaining information about a prospective tenant. https://www.ilga.gov/Legislation/ILCS/Articles?ActID=2201&ChapterID=62&Chapter=PROPERTY&MajorTopic=RIGHTS%20AND%20REMEDIES
ME	2. Fees prohibited generally. Except as provided in this section, a landlord may not require an applicant to pay a fee to submit an application to enter into an agreement for rental of a dwelling unit or require an applicant to pay a fee for the landlord to review or approve an application to enter into an agreement for rental of a dwelling unit.

	https://legislature.maine.gov/statutes/14/title14sec6030-H.html
NM	T. "screening fee" means a one-time charge that is charged to an applicant by an owner to recoup the owner's cost of purchasing a consumer credit report or reference check or the assistance of a screening service to validate, review or otherwise process an application for renting a dwelling unit; https://www.aanm.org/nmuorra#Dwellingunitapplicant
OR	A landlord may require payment of an applicant screening charge solely to cover the costs of obtaining information about an applicant as the landlord processes the application for a rental agreement. This activity is known as screening and includes but is not limited to checking references and obtaining a consumer credit report or tenant screening report. https://oregon.public.law/statutes/ors_90.295 Also note: Except as provided in ORS 90.295 (Applicant screening charges) and in this section, a landlord may not charge a deposit or fee, however designated, to an applicant who has applied to a landlord to enter a rental agreement for a dwelling unit. https://oregon.public.law/statutes/ors_90.297
RI	(a) A landlord, lessor, sub-lessor, real estate broker, property management company, or designee shall not be allowed to require or demand any prospective tenant to pay for a rental application fee. https://webserver.rilegislature.gov/Statutes/TITLE34/34-18/34-18-59.htm
VT	(a) A landlord or a landlord's agent shall not charge an application fee to any individual in order to apply to enter into a rental agreement for a residential dwelling unit. This subsection shall not be construed to prohibit a person from charging a fee to a person in order to apply to rent commercial or nonresidential property. https://legislature.vermont.gov/statutes/section/09/137/04456a

Security Deposit Exceptions

Alabama: Landlords can charge additional fees beyond the one-month limit for pets, modifications made to the premises, or situations that pose increased liability risks.

Alaska: The 2-month limit does not apply if the monthly rent exceeds \$2,000, and landlords are permitted to charge an extra one-month deposit for tenants with pets.

Arizona: Landlords can charge up to 2 months' rent for mobile and manufactured homes.

Arkansas: Landlords who own five or fewer rental units are exempt from the state's 2 month deposit limit.

California: Small landlords who own a maximum of two residential properties with a combined total of four or fewer units may charge up to 2 months' rent instead of the standard one-month limit.

Colorado: Starting January 1, 2027, post-closing occupancy agreements made in connection with the sale of residential real property between a home buyer and seller will be exempt from the state's two-month deposit cap.

Connecticut: A security deposit is limited to a maximum of 2 months' rent for tenants under the age of 62 and one month's rent for tenants 62 years or older

Delaware: The one-month limit does not apply to furnished rental units, and landlords are permitted to charge an additional pet deposit of up to one month's rent.

Hawaii: Landlords are allowed to charge an additional deposit equal to one month's rent if the tenant has a pet.

Kansas: Landlords can increase the security deposit from one month to 1.5 months' rent if the rental unit is furnished or if pets are allowed.

Maine: Landlords who own five or fewer rental units and personally occupy one of those units are exempt from the 2 month maximum.

Maryland: Landlords can charge up to 2 months' rent instead of one if the tenant receives qualifying utility assistance and pays their utilities directly to the landlord.

Nebraska: Landlords are permitted to charge an additional deposit equal to ¼ of a month's rent for tenants with pets.

New Mexico: For lease terms less than one year, a landlord may not collect a deposit greater than one month's rent

North Carolina: The deposit limit depends on the lease term, capped at two weeks' rent for week-to-week leases, one and a half months for month-to-month leases, and two months for longer terms. Landlords are also allowed to charge a non-refundable pet deposit.

North Dakota: Landlords can increase the deposit from one month to two months' rent if the tenant has a felony conviction or has a pet. A pet security deposit may not be more than \$2,500 or 2 months' rent, whichever is greater.

Pennsylvania: A landlord can charge up to 2 months' rent during the first year, but the maximum limit drops to one month's rent for the second year of the tenancy and any subsequent years.

Rhode Island: Landlords can charge an extra one-month furniture deposit if the rental unit is furnished with items valued at \$5,000 or more at the time the lease is signed.

South Dakota: The standard one-month limit can be exceeded if both the landlord and tenant explicitly agree that special conditions pose a specific danger to the maintenance of the premises.

Vermont: While there are no statewide caps, individual municipalities are granted the authority to enact local ordinances that limit security deposit amounts and require interest payments.

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