SENATE BILL NO. _____ HOUSE BILL NO. _____

A BILL to amend and reenact §§ 36-96.2, as it is currently effective, 55.1-1200, 55.1-1203 and 55.1-1204, as they are currently effective and as they shall become effective, 55.1-1204.1, 55.1-1208, 55.1-1212, as it is currently effective and as it shall become effective, and 55.1-1226 of the Code of Virginia, relating to Virginia Residential Landlord and Tenant Act; application disclosure, deposit, and fee; certain prohibitions; security deposits.

Be it enacted by the General Assembly of Virginia:

1. That §§ 36-96.2, as it is currently effective, 55.1-1200, 55.1-1203 and 55.1-1204, as they are currently effective and as they shall become effective, 55.1-1204.1, 55.1-1208, 55.1-1212, as it is currently effective and as it shall become effective, and 55.1-1226 of the Code of Virginia are amended and reenacted as follows:

§ 36-96.2. (Effective until July 1, 2027) Exemptions.

A. Except as provided in subdivision A 3 of § 36-96.3 and subsections A, B, and C of § 36-96.6, this chapter shall not apply to any single-family house sold or rented by an owner, provided that such private individual does not own more than three single-family houses at any one time. In the case of the sale of any single-family house by a private individual-owner not residing in the house at the time of the sale or who was not the most recent resident of the house prior to sale, the exemption granted shall apply only with respect to one such sale within any 24-month period, provided that such bona fide private individual owner does not own any interest in, nor is there owned or reserved on his behalf, under any express or voluntary agreement, title to or any right to all or a portion of the proceeds from the sale or rental of, more than three such single-family houses at any one time. The sale or rental of any such single-family house shall be exempt from the application of this chapter only if the house is sold or rented (i) without the use in any manner of the sales or rental facilities or the sales or rental services of any real estate broker, agent, salesperson, or of the facilities or the services of any person in the business of selling or renting dwellings, or of any employee, independent contractor, or agent of any broker, agent, salesperson, or person and (ii) without the publication, posting, or mailing, after notice, of any

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advertisement or written notice in violation of this chapter. However, nothing herein shall prohibit the use of attorneys, escrow agents, abstractors, title companies, and other professional assistance as necessary to perfect or transfer the title. This exemption shall not apply to or inure to the benefit of any licensee of the Real Estate Board or regulant of the Fair Housing Board, regardless of whether the licensee is acting in his personal or professional capacity.

B. Except for subdivision A 3 of § 36-96.3, this chapter shall not apply to rooms or units in dwellings containing living quarters occupied or intended to be occupied by no more than four families living independently of each other, if the owner actually maintains and occupies one of such living quarters as his residence.

C. Nothing in this chapter shall prohibit a religious organization, association or society, or any nonprofit institution or organization operated, supervised, or controlled by or in conjunction with a religious organization, association, or society, from limiting the sale, rental, or occupancy of dwellings that it owns or operates for other than a commercial purpose to persons of the same religion, or from giving preferences to such persons, unless membership in such religion is restricted on account of race, color, national origin, sex, elderliness, familial status, sexual orientation, gender identity, military status, or disability. Nor shall anything in this chapter apply to a private membership club not in fact open to the public, which as an incident to its primary purpose or purposes provides lodging that it owns or operates for other than a commercial purpose, from limiting the rental or occupancy of such lodgings to its members or from giving preference to its members. Nor, where matters of personal privacy are involved, shall anything in this chapter be construed to prohibit any private, state-owned, or state-supported educational institution, hospital, nursing home, or religious or correctional institution from requiring that persons of both sexes not occupy any single-family residence or room or unit of dwellings or other buildings, or restrooms in such room or unit in dwellings or other buildings, which it owns or operates.

D. Nothing in this chapter prohibits conduct against a person because such person has been convicted by any court of competent jurisdiction of the illegal manufacture or distribution of a controlled substance as defined in federal law.

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E. It shall not be unlawful under this chapter for any owner to deny or limit the rental of housing to persons who pose a clear and present threat of substantial harm to others or to the dwelling itself.

F. A rental application may require disclosure by the applicant of any criminal convictions and the owner or managing agent may require as a condition of acceptance of the rental application that applicant consent in writing to a criminal record check to verify the disclosures made by applicant in the rental application. The owner or managing agent may collect from the applicant moneys to reimburse the owner or managing agent for the exact amount of the out-of-pocket costs for such criminal record checks. Nothing in this chapter shall require an owner or managing agent to rent a dwelling to an individual who, based on a prior record of criminal convictions involving harm to persons or property, would constitute a clear and present threat to the health or safety of other individuals.

G. Nothing in this chapter limits the applicability of any reasonable local, state or federal restriction regarding the maximum number of occupants permitted to occupy a dwelling. Owners or managing agents of dwellings may develop and implement reasonable occupancy and safety standards based on factors such as the number and size of sleeping areas or bedrooms and overall size of a dwelling unit so long as the standards do not violate local, state or federal restrictions. Nothing in this chapter prohibits the rental application or similar document from requiring information concerning the number, ages, sex and familial relationship of the applicants and the dwelling's intended occupants.

H. Nothing in this chapter shall prohibit a landlord from considering evidence of an applicant's status as a victim of family abuse, as defined in § 16.1-228, to mitigate any adverse effect of an otherwise qualified applicant's application pursuant to subsection ~~D~~ E of § 55.1-1203.

I. Nothing in this chapter shall prohibit an owner or an owner's managing agent from denying or limiting the rental or occupancy of a rental dwelling unit to a person because of such person's source of funds, provided that such owner does not own more than four rental dwelling units in the Commonwealth at the time of the alleged discriminatory housing practice. However, if an owner, whether individually or through a business entity, owns more than a 10 percent interest in more than four rental dwelling units in the Commonwealth at the time of the alleged discriminatory housing practice, the exemption provided in this subsection shall not apply.

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J. It shall not be unlawful under this chapter for an owner or an owner's managing agent to deny or limit a person's rental or occupancy of a rental dwelling unit based on the person's source of funds for that unit if such source is not approved within 15 days of the person's submission of the request for tenancy approval.

§ 55.1-1200. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Action" means any recoupment, counterclaim, setoff, or other civil action and any other proceeding in which rights are determined, including actions for possession, rent, unlawful detainer, unlawful entry, and distress for rent.

"Administrative fee" means the amount charged to a tenant or prospective tenant for the preparation and execution of a rental agreement.

"Application deposit" means any refundable deposit of money, however denominated, ~~including all money intended to be used as a security deposit under a rental agreement, or property that is paid by a tenant to a landlord for the purpose of being considered as a tenant for a dwelling unit~~ that a prospective tenant may pay a landlord or managing agent prior to the execution of a rental agreement for the purpose of securing a specific dwelling unit. Any application deposit shall be applied toward a prospective tenant's security deposit upon the effective date of a rental agreement for the dwelling unit secured by the application deposit.

"Application fee" means any ~~nonrefundable fee that is paid by a tenant to a landlord or managing agent for the purpose of being considered as a tenant for a dwelling unit~~ amount charged by a landlord or managing agent to a prospective tenant to review and process a rental application.

"Assignment" means the transfer by any tenant of all interests created by a rental agreement.

"Authorized occupant" means a person entitled to occupy a dwelling unit with the consent of the landlord, but who has not signed the rental agreement and therefore does not have the financial obligations as a tenant under the rental agreement.

"Building or housing code" means any law, ordinance, or governmental regulation concerning fitness for habitation or the construction, maintenance, operation, occupancy, use, or appearance of any

structure or that part of a structure that is used as a home, residence, or sleeping place by one person who maintains a household or by two or more persons who maintain a common household.

"Commencement date of rental agreement" means the date upon which the tenant is entitled to occupy the dwelling unit as a tenant.

"Community land trust" means a community housing development organization whose board of directors is composed of tenants, corporate members who are not tenants, and any other category of persons specified in the bylaws of the organization and that:

1. Is not sponsored by a for-profit organization;

2. Acquires parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases;

3. Transfers ownership of any structural improvements located on such leased parcels to the tenant; and

4. Retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low-income and moderate-income families in perpetuity.

"Damage insurance" means a bond or commercial insurance coverage as specified in the rental agreement to secure the performance by the tenant of the terms and conditions of the rental agreement and to replace all or part of a security deposit.

"Dwelling unit" means a structure or part of a structure that is used as a home or residence by one or more persons who maintain a household, including a manufactured home, as defined in § 55.1-1300.

"Effective date of rental agreement" means the date on which the rental agreement is signed by the landlord and the tenant obligating each party to the terms and conditions of the rental agreement.

"Essential service" includes heat, central air conditioning when supplied by the landlord and operating or represented as operating as of the effective date of the rental agreement, running water, hot water, electricity, and gas.

"Facility" means something that is built, constructed, installed, or established to perform some particular function.

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"Good faith" means honesty in fact in the conduct of the transaction concerned.

"Guest or invitee" means a person, other than the tenant or an authorized occupant, who has the permission of the tenant to visit but not to occupy the premises.

"Interior of the dwelling unit" means the inside of the dwelling unit, consisting of interior walls, floor, and ceiling, that enclose the dwelling unit as conditioned space from the outside air.

"Landlord" means the owner, lessor, or sublessor of the dwelling unit or the building of which such dwelling unit is a part. "Landlord" also includes a managing agent of the premises who fails to disclose the name of such owner, lessor, or sublessor. Such managing agent shall be subject to the provisions of § 16.1-88.03. "Landlord" does not include a community land trust.

"Managing agent" means the person authorized by the landlord to act as the property manager on behalf of the landlord pursuant to the written property management agreement.

"Mold remediation in accordance with professional standards" means mold remediation of that portion of the dwelling unit or premises affected by mold, or any personal property of the tenant affected by mold, performed consistent with guidance documents published by the U.S. Environmental Protection Agency, the U.S. Department of Housing and Urban Development, or the American Conference of Governmental Industrial Hygienists (Bioaerosols: Assessment and Control); Standard and Reference Guides of the Institute of Inspection, Cleaning and Restoration Certification (IICRC) for Professional Water Damage Restoration and Professional Mold Remediation; or any protocol for mold remediation prepared by an industrial hygienist consistent with such guidance documents.

"Multifamily dwelling unit" means more than one single-family dwelling unit located in a building. However, nothing in this definition shall be construed to apply to any nonresidential space in such building.

"Natural person," wherever the chapter refers to an owner as a "natural person," includes co-owners who are natural persons, either as tenants in common, joint tenants, tenants in partnership, tenants by the entirety, trustees or beneficiaries of a trust, general partnerships, limited liability partnerships, registered limited liability partnerships or limited liability companies, or any other lawful combination of natural persons permitted by law.

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"Notice" means notice given in writing by either regular mail or hand delivery, with the sender retaining sufficient proof of having given such notice in the form of a certificate of service confirming such mailing prepared by the sender. However, a person shall be deemed to have notice of a fact if he has actual knowledge of it, he has received a verbal notice of it, or, from all of the facts and circumstances known to him at the time in question, he has reason to know it exists. A person "notifies" or "gives" a notice or notification to another by taking steps reasonably calculated to inform another person, whether or not the other person actually comes to know of it. If notice is given that is not in writing, the person giving the notice has the burden of proof to show that the notice was given to the recipient of the notice.

"Organization" means a corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, or association; two or more persons having a joint or common interest; any combination thereof; and any other legal or commercial entity.

"Owner" means one or more persons or entities, jointly or severally, including a mortgagee in possession, in whom is vested:

1. All or part of the legal title to the property; or

2. All or part of the beneficial ownership and a right to present use and enjoyment of the premises.

"Person" means any individual, group of individuals, corporation, partnership, business trust, association, or other legal entity, or any combination thereof.

"Premises" means a dwelling unit and the structure of which it is a part, facilities and appurtenances contained therein, and grounds, areas, and facilities held out for the use of tenants generally or whose use is promised to the tenant.

"Processing fee for payment of rent with bad check" means the processing fee specified in the rental agreement, not to exceed $50, assessed by a landlord against a tenant for payment of rent with a check drawn by the tenant on which payment has been refused by the payor bank because the drawer had no account or insufficient funds.

"Readily accessible" means areas within the interior of the dwelling unit available for observation at the time of the move-in inspection that do not require removal of materials, personal property, equipment, or similar items.

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"Renewal fee" means any amount charged by a landlord or managing agent to a tenant for the renewal of a rental agreement for the same dwelling unit to which the original rental agreement applies.

"Rent" means all money, other than a security deposit, owed or paid to the landlord under the rental agreement, including prepaid rent paid more than one month in advance of the rent due date.

"Rental agreement" or "lease agreement" means all rental agreements, written or oral, and valid rules and regulations adopted under § 55.1-1228 embodying the terms and conditions concerning the use and occupancy of a dwelling unit and premises.

"Rental application" means the written application or similar document used by a landlord to determine if a prospective tenant is qualified to become a tenant of a dwelling unit.

"Renter's insurance" means insurance coverage specified in the rental agreement that is a combination multi-peril policy containing fire, miscellaneous property, and personal liability coverage insuring personal property located in dwelling units not occupied by the owner.

"Residential tenancy" means a tenancy that is based on a rental agreement between a landlord and a tenant for a dwelling unit.

"Roomer" means a person occupying a dwelling unit that lacks a major bathroom or kitchen facility, in a structure where one or more major facilities are used in common by occupants of the dwelling unit and other dwelling units. "Major facility" in the case of a bathroom means a toilet and either a bath or shower and in the case of a kitchen means a refrigerator, stove, or sink.

"Security deposit" means any refundable deposit of money that is furnished by a tenant to a landlord to secure the performance of the terms and conditions of a rental agreement, as a security for damages to the leased premises, or as a pet deposit. ~~However, such money shall be deemed an application deposit until the commencement date of the rental agreement.~~ "Security deposit" does not include a damage insurance policy or renter's insurance policy, as those terms are defined in § 55.1-1206, purchased by a landlord to provide coverage for a tenant.

"Single-family residence" means a structure, other than a multifamily residential structure, maintained and used as a single dwelling unit, condominium unit, or any other dwelling unit that has direct

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access to a street or thoroughfare and does not share heating facilities, hot water equipment, or any other essential facility or essential service with any other dwelling unit.

"Sublease" means the transfer by any tenant of any but not all interests created by a rental agreement.

"Tenant" means a person entitled only under the terms of a rental agreement to occupy a dwelling unit to the exclusion of others and includes a roomer. "Tenant" does not include (i) an authorized occupant, (ii) a guest or invitee, or (iii) any person who guarantees or cosigns the payment of the financial obligations of a rental agreement but has no right to occupy a dwelling unit.

"Tenant records" means all information, including financial, maintenance, and other records about a tenant or prospective tenant, whether such information is in written or electronic form or any other medium.

"Utility" means electricity, natural gas, or water and sewer provided by a public service corporation or such other person providing utility services as permitted under § 56-1.2. If the rental agreement so provides, a landlord may use submetering equipment or energy allocation equipment as defined in § 56-245.2 or a ratio utility billing system as defined in § 55.1-1212.

"Visible evidence of mold" means the existence of mold in the dwelling unit that is visible to the naked eye by the landlord or tenant in areas within the interior of the dwelling unit readily accessible at the time of the move-in inspection.

"Written notice" means notice given in accordance with § 55.1-1202, including any representation of words, letters, symbols, numbers, or figures, whether (i) printed in or inscribed on a tangible medium or (ii) stored in an electronic form or any other medium, retrievable in a perceivable form, and regardless of whether an electronic signature authorized by the Uniform Electronic Transactions Act (§ 59.1-479 et seq.) is affixed.

§ 55.1-1203. (Effective until July 1, 2027) Application; notice, deposit, fee, and additional information.

A. ~~Any landlord may require a refundable application deposit in addition to a nonrefundable application fee.~~ Prior to requesting or collecting any payment or information about a prospective tenant

and exhibiting the dwelling unit to a prospective tenant, a landlord shall first notify the prospective tenant in writing or by posting in a manner accessible to the prospective tenant the amount of any (i) application fee or application deposit that may be charged to or collected from an applicant prior to execution of a rental agreement and whether such fee or application deposit is optional or refundable and (ii) administrative fee, utility account set-up fee, or security deposit that may be charged to or collected from a tenant upon execution of a rental agreement and whether any such fee or deposit is refundable.

B. Prior to the execution of a rental agreement, no landlord shall charge to or collect from a prospective tenant any amount other than an application fee or application deposit. If a landlord fails to review and process a completed rental application within 10 business days of receipt, the landlord shall refund any amount charged to or collected from the prospective tenant within 10 business days after the landlord's failure to process such application. If a landlord fails to secure a specific dwelling unit after a prospective tenant paid an application deposit to the landlord, the landlord shall refund the application deposit to the prospective tenant within 10 business days after the landlord's failure to secure the dwelling unit unless the prospective tenant agrees to a comparable alternative dwelling unit. If the applicant fails to rent the unit for which application was made, from the application deposit the landlord shall refund to the applicant within 20 days after the applicant's failure to rent the unit or the landlord's rejection of the application all sums ~~in excess of the landlord's~~ less any actual expenses and damages incurred by the landlord in the rental application process that are directly attributable to the applicant together with an itemized list of such expenses and damages. If, however, the application deposit was made by cash, certified check, cashier's check, or postal money order, such refund shall be made within 10 days of the applicant's failure to rent the unit if the failure to rent is due to the landlord's rejection of the application. If the landlord fails to comply with this section, the applicant may recover as damages suffered by him that portion of the application deposit wrongfully withheld and reasonable attorney fees.

~~B.~~ C. A landlord may request that a prospective tenant provide information that will enable the landlord to determine whether each applicant may become a tenant. The landlord may photocopy each applicant's driver's license or other similar photo identification, containing either the applicant's social security number or control number issued by the Department of Motor Vehicles pursuant to § 46.2-342.

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However, a landlord shall not photocopy a U.S. government-issued identification so long as to do so is a violation of 18 U.S.C. § 701. The landlord may require, for the purpose of determining whether each applicant is eligible to become a tenant in the landlord's dwelling unit, that each applicant provide a social security number issued by the U.S. Social Security Administration or an individual taxpayer identification number issued by the U.S. Internal Revenue Service.

~~C.~~ D. An application fee shall not exceed the greater of $50~~, exclusive of any~~ or actual out-of-pocket expenses paid by the landlord to a third party performing background, credit, or other pre-occupancy checks on the applicant. However, where an application is being made for a dwelling unit that is a public housing unit or other housing unit subject to regulation by the U.S. Department of Housing and Urban Development, an application fee shall not exceed $32~~, exclusive of any actual out-of-pocket expenses paid to a third party by the landlord performing background, credit, or other pre-occupancy checks on the applicant~~.

~~D.~~ E. A landlord shall consider evidence of an applicant's status as a victim of family abuse, as defined in § 16.1-228, to mitigate any adverse effect of an otherwise qualified applicant's low credit score. In order to establish the applicant's status as a victim of family abuse, an applicant may submit to the landlord (i) a letter from a sexual and domestic violence program, a housing counselor certified by the U.S. Department of Housing and Urban Development, or an attorney representing the applicant; (ii) a law-enforcement incident report; or (iii) a court order. If a landlord does not comply with this section, the applicant may recover actual damages, including all amounts paid to the landlord as an application fee, application deposit, or reimbursement for any of the landlord's out-of-pocket expenses that were charged to the prospective tenant, along with attorney fees.

F. No landlord shall charge to or collect from a tenant any amount 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.

§ 55.1-1203. (Effective July 1, 2027) Application; notice, deposit, fee, and additional information.

A. Prior to requesting or collecting any payment or information about a prospective tenant and prior to exhibiting the dwelling unit to a prospective tenant, a landlord shall first notify the ~~applicant~~

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prospective tenant in writing or by posting in a manner accessible to a prospective tenant (i) the amount of any ~~fees~~ application fee or application deposit that may be charged to or collected from an applicant and whether such fee or application deposit is optional or 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~~ prospective tenant'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; (vii) the amount of any administrative fee, utility account set-up fee, or security deposit that may be charged to or collected from a tenant upon execution of a rental agreement; (viii) whether such fees or deposit are refundable; and (ix) whether such fees or deposit may change based on the information contained in a prospective tenant's application.

B. ~~Any landlord may require a refundable application deposit in addition to a nonrefundable application fee.~~ No landlord shall charge to or collect from a prospective tenant any amount prior to the execution of a rental agreement that is not an application fee or application deposit. If a landlord fails to review and process a completed rental application within 10 business days of receipt, the landlord shall refund any charged or collected amount to the applicant within 10 business days after the landlord's failure to process such application. If a landlord fails to secure a specific dwelling unit after a prospective tenant paid an application deposit to the landlord, the landlord shall refund the application deposit to the prospective tenant within 10 business days after the landlord's failure to secure the dwelling unit unless the prospective tenant agrees to a comparable alternative dwelling unit. If the applicant fails to rent the unit for which application was made, from the application deposit the landlord shall refund to the applicant within 20 days after the applicant's failure to rent the unit or the landlord's rejection of the application all sums ~~in excess of the landlord's~~ less the actual expenses and damages incurred by the landlord in the application process that are directly attributable to the applicant together with an itemized list of such expenses and damages. If, however, the application deposit was made by cash, certified check, cashier's check, or postal money order, such refund shall be made within 10 days of the applicant's failure to rent

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the unit if the failure to rent is due to the landlord's rejection of the application. If the landlord fails to comply with this section, the applicant may recover as damages suffered by him that portion of the application deposit wrongfully withheld and reasonable attorney fees.

C. A landlord may request that a prospective tenant provide information that will enable the landlord to determine whether each applicant may become a tenant. The landlord may photocopy each applicant's driver's license or other similar photo identification, containing either the applicant's social security number or control number issued by the Department of Motor Vehicles pursuant to § 46.2-342. However, a landlord shall not photocopy a U.S. government-issued identification so long as to do so is a violation of 18 U.S.C. § 701. The landlord may require, for the purpose of determining whether each applicant is eligible to become a tenant in the landlord's dwelling unit, that each applicant provide a social security number issued by the U.S. Social Security Administration or an individual taxpayer identification number issued by the U.S. Internal Revenue Service.

D. An application fee shall not exceed the greater of $50~~, exclusive of any~~ or any actual out-of-pocket expenses paid by the landlord to a third party performing background, credit, or other pre-occupancy checks on the applicant. However, where an application is being made for a dwelling unit that is a public housing unit or other housing unit subject to regulation by the U.S. Department of Housing and Urban Development, an application fee shall not exceed $32~~, exclusive of any actual out-of-pocket expenses paid to a third party by the landlord performing background, credit, or other pre-occupancy checks on the applicant~~.

E. A landlord shall consider evidence of an applicant's status as a victim of family abuse, as defined in § 16.1-228, to mitigate any adverse effect of an otherwise qualified applicant's low credit score. In order to establish the applicant's status as a victim of family abuse, an applicant may submit to the landlord (i) a letter from a sexual and domestic violence program, a housing counselor certified by the U.S. Department of Housing and Urban Development, or an attorney representing the applicant; (ii) a law-enforcement incident report; or (iii) a court order. If a landlord does not comply with this section, the applicant may recover actual damages, including all amounts paid to the landlord as an application fee,

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application deposit, or reimbursement for any of the landlord's out-of-pocket expenses that were charged to the prospective tenant, along with attorney fees.

F. No landlord shall charge to or collect from a tenant any amount 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.

§ 55.1-1204. (Effective until July 1, 2027) Terms and conditions of rental agreement; payment of rent; copy of rental agreement for tenant.

A. A landlord and tenant may include in a rental agreement terms and conditions not prohibited by this chapter or other rule of law, including rent, charges for late payment of rent, the term of the agreement, automatic renewal of the rental agreement, requirements for notice of intent to vacate or terminate the rental agreement, and other provisions governing the rights and obligations of the parties.

B. A landlord shall offer a prospective tenant a written rental agreement containing the terms governing the rental of the dwelling unit and setting forth the terms and conditions of the landlord-tenant relationship and shall provide with it the statement of tenant rights and responsibilities developed by the Department of Housing and Community Development and posted on its website pursuant to § 36-139. The parties to a written rental agreement shall sign the form developed by the Department of Housing and Community Development and posted on its website pursuant to § 36-139 acknowledging that the tenant has received from the landlord the statement of tenant rights and responsibilities. The written rental agreement shall be effective upon the date signed by the parties.

If a tenant fails to sign the form available pursuant to this subsection, the landlord shall record the date or dates on which he provided the form to the tenant and the fact that the tenant failed to sign such form. Subsequent to the effective date of the tenancy, a landlord may, but shall not be required to, provide a tenant with and allow such tenant an opportunity to sign the form described pursuant to this subsection. The form shall be current as of the date of delivery.

C. If a landlord does not offer a written rental agreement, the tenancy shall exist by operation of law, consisting of the following terms and conditions:

1. The provision of this chapter shall be applicable to the dwelling unit that is being rented;

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2. The duration of the rental agreement shall be for 12 months and shall not be subject to automatic renewal, except in the event of a month-to-month lease as otherwise provided for under subsection D of § 55.1-1253;

3. Rent shall be paid in 12 equal periodic installments in an amount agreed upon by the landlord and the tenant, and if no amount is agreed upon, the installments shall be at fair market rent;

4. Rent payments shall be due on the first day of each month during the tenancy and shall be considered late if not paid by the fifth of the month;

5. If the rent is paid by the tenant after the fifth day of any given month, the landlord shall be entitled to charge a late charge as provided in this chapter;

6. The landlord may collect a security deposit in an amount that does not exceed a total amount equal to two months of rent; and

7. The parties may enter into a written rental agreement at any time during the 12-month tenancy created by this subsection.

D. Except as provided in the written rental agreement, or as provided in subsection C if no written agreement is offered, rent shall be payable without demand or notice at the time and place agreed upon by the parties. Except as provided in the written rental agreement, rent is payable at the place designated by the landlord, and periodic rent is payable at the beginning of any term of one month or less and otherwise in equal installments at the beginning of each month. If the landlord receives from a tenant a written request for a written statement of charges and payments, he shall provide the tenant with a written statement showing all debits and credits over the tenancy or the past 12 months, whichever is shorter. The landlord shall provide such written statement within 10 business days of receiving the request.

E. A landlord shall not charge a tenant for late payment of rent unless such charge is provided for in the written rental agreement. No such late charge shall exceed the lesser of 10 percent of the periodic rent or 10 percent of the remaining balance due and owed by the tenant.

F. Except as provided in the written rental agreement or, as provided in subsection C if no written agreement is offered, the tenancy shall be week-to-week in the case of a tenant who pays weekly rent and

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month-to-month in all other cases. Terminations of tenancies shall be governed by § 55.1-1253 unless the rental agreement provides for a different notice period.

G. If the rental agreement contains any provision allowing the landlord to approve or disapprove a sublessee or assignee of the tenant, the landlord shall, within 10 business days of receipt of the written application of the prospective sublessee or assignee on a form to be provided by the landlord, approve or disapprove the sublessee or assignee. Failure of the landlord to act within 10 business days is evidence of his approval.

H. The landlord shall provide a copy of the signed written rental agreement and the statement of tenant rights and responsibilities to the tenant within 10 business days of the effective date of the written rental agreement. The failure of the landlord to deliver such a rental agreement and statement shall not affect the validity of the agreement. However, the landlord shall not file or maintain an action, including any summons for unlawful detainer, against the tenant in a court of law for any alleged lease violation until he has provided the tenant with the statement of tenant rights and responsibilities.

The landlord shall provide the tenant with an additional hard copy of such tenant's rental agreement once per year upon request or shall maintain such rental agreement in an electronic format that can be easily accessed by or shared with the tenant upon request. Any additional electronic copy of a tenant's rental agreement provided pursuant to this subsection shall be provided by the landlord at no charge to the tenant.

I. No unilateral change in the terms of a rental agreement by a landlord or tenant shall be valid unless (i) notice of the change is given in accordance with the terms of the rental agreement or as otherwise required by law and (ii) both parties consent in writing to the change.

J. 1. The landlord shall accept payment of periodic rent and any security deposit by check and money order. The landlord shall provide the tenant with a written receipt whenever the tenant pays rent in the form of cash or money order. No landlord shall charge 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 method of payment that does not include additional fees. In any case where the landlord charges a fee for the collection or processing of any payment of rent, security deposit, or any other fees, no landlord shall

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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.

2. A landlord with four or fewer rental dwelling units, or up to a 10 percent interest in four or fewer rental dwelling units, shall not be required to accept payment of periodic rent and any security deposit by debit or credit card.

K. A landlord who owns more than four rental dwelling units or more than a 10 percent interest in more than four rental dwelling units, whether individually or through a business entity, in the Commonwealth shall provide written notice to any tenant who has the option to renew a rental agreement or whose rental agreement contains an automatic renewal provision of any increase in rent during the subsequent rental agreement term. Such landlord shall also provide written notice of nonrenewal to any tenant. Such notices shall be provided to the tenant no less than 60 days prior to the end of the rental agreement term. This subsection shall not apply to any periodic tenancy created pursuant to subsection C of § 55.1-1253.

L. A landlord that charges an administrative fee shall not charge an amount that exceeds the actual out-of-pocket expenses incurred by the landlord for the preparation and execution of a rental agreement.

§ 55.1-1204. (Effective July 1, 2027) Terms and conditions of rental agreement; payment of rent; copy of rental agreement for tenant.

A. A landlord and tenant may include in a rental agreement terms and conditions not prohibited by this chapter or other rule of law, including rent, charges for late payment of rent, the term of the agreement, automatic renewal of the rental agreement, requirements for notice of intent to vacate or terminate the rental agreement, and other provisions governing the rights and obligations of the parties.

B. A landlord shall offer a prospective tenant a written rental agreement containing the terms governing the rental of the dwelling unit and setting forth the terms and conditions of the landlord-tenant relationship and shall provide with it the statement of tenant rights and responsibilities developed by the Department of Housing and Community Development and posted on its website pursuant to § 36-139. The parties to a written rental agreement shall sign the form developed by the Department of Housing and

Community Development and posted on its website pursuant to § 36-139 acknowledging that the tenant has received from the landlord the statement of tenant rights and responsibilities. The written rental agreement shall be effective upon the date signed by the parties.

If a tenant fails to sign the form available pursuant to this subsection, the landlord shall record the date or dates on which he provided the form to the tenant and the fact that the tenant failed to sign such form. Subsequent to the effective date of the tenancy, a landlord may, but shall not be required to, provide a tenant with and allow such tenant an opportunity to sign the form described pursuant to this subsection. The form shall be current as of the date of delivery.

C. If a landlord does not offer a written rental agreement, the tenancy shall exist by operation of law, consisting of the following terms and conditions:

1. The provisions of this chapter shall be applicable to the dwelling unit that is being rented;

2. The duration of the rental agreement shall be for 12 months and shall not be subject to automatic renewal, except in the event of a month-to-month lease as otherwise provided for under subsection D of § 55.1-1253;

3. Rent shall be paid in 12 equal periodic installments in an amount agreed upon by the landlord and the tenant, and if no amount is agreed upon, the installments shall be at fair market rent;

4. Rent payments shall be due on the first day of each month during the tenancy and shall be considered late if not paid by the fifth of the month;

5. If the rent is paid by the tenant after the fifth day of any given month, the landlord shall be entitled to charge a late charge as provided in this chapter;

6. The landlord may collect a security deposit in an amount that does not exceed a total amount equal to two months of rent; and

7. The parties may enter into a written rental agreement at any time during the 12-month tenancy created by this subsection.

D. Except as provided in the written rental agreement, or as provided in subsection C if no written agreement is offered, rent shall be payable without demand or notice at the time and place agreed upon by the parties. Except as provided in the written rental agreement, rent is payable at the place designated by

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the landlord, and periodic rent is payable at the beginning of any term of one month or less and otherwise in equal installments at the beginning of each month. If the landlord receives from a tenant a written request for a written statement of charges and payments, he shall provide the tenant with a written statement showing all debits and credits over the tenancy or the past 12 months, whichever is shorter. The landlord shall provide such written statement within 10 business days of receiving the request.

E. A landlord shall not charge a tenant for late payment of rent unless such charge is provided for in the written rental agreement. No such late charge shall exceed the lesser of 10 percent of the periodic rent or 10 percent of the remaining balance due and owed by the tenant.

F. Except as provided in the written rental agreement or, as provided in subsection C if no written agreement is offered, the tenancy shall be week-to-week in the case of a tenant who pays weekly rent and month-to-month in all other cases. Terminations of tenancies shall be governed by § 55.1-1253 unless the rental agreement provides for a different notice period.

G. If the rental agreement contains any provision allowing the landlord to approve or disapprove a sublessee or assignee of the tenant, the landlord shall, within 10 business days of receipt of the written application of the prospective sublessee or assignee on a form to be provided by the landlord, approve or disapprove the sublessee or assignee. Failure of the landlord to act within 10 business days is evidence of his approval.

H. The landlord shall provide a copy of the signed written rental agreement and the statement of tenant rights and responsibilities to the tenant within 10 business days of the effective date of the written rental agreement. The failure of the landlord to deliver such a rental agreement and statement shall not affect the validity of the agreement. However, the landlord shall not file or maintain an action, including any summons for unlawful detainer, against the tenant in a court of law for any alleged lease violation until he has provided the tenant with the statement of tenant rights and responsibilities.

The landlord shall provide the tenant with an additional hard copy of such tenant's rental agreement once per year upon request or shall maintain such rental agreement in an electronic format that can be easily accessed by or shared with the tenant upon request. Any additional electronic copy of a tenant's

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rental agreement provided pursuant to this subsection shall be provided by the landlord at no charge to the tenant.

I. No unilateral change in the terms of a rental agreement by a landlord or tenant shall be valid unless (i) notice of the change is given in accordance with the terms of the rental agreement or as otherwise required by law and (ii) both parties consent in writing to the change.

J. 1. The landlord shall accept payment of periodic rent and any security deposit by check and money order. The landlord shall provide the tenant with a written receipt whenever the tenant pays rent in the form of cash or money order. No landlord shall charge 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 method of payment that does not include additional fees. In any case where the landlord charges a fee for the collection or processing of any payment of rent, security deposit, or any other fees, 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.

2. A landlord with four or fewer rental dwelling units, or up to a 10 percent interest in four or fewer rental dwelling units, shall not be required to accept payment of periodic rent and any security deposit by debit or credit card.

K. A landlord who owns more than four rental dwelling units or more than a 10 percent interest in more than four rental dwelling units, whether individually or through a business entity, in the Commonwealth shall provide written notice of any increase in rent during the subsequent rental agreement term to any tenant who has the option to renew a rental agreement or whose rental agreement contains an automatic renewal provision. The landlord shall provide the tenant with this written notice of rent increase at least 90 days prior to the end of the rental agreement term. Such notice of rent increase shall include a deadline by which the tenant shall advise the landlord of whether the tenant will renew the rental agreement and shall be no sooner than 30 days after the written notice of rent increase is delivered to the tenant. If the landlord is not renewing the tenant's rental agreement, he shall provide written notice of

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nonrenewal to the tenant no less than 60 days prior to the end of the rental agreement term. This subsection shall not apply to any periodic tenancy created pursuant to subsection C of § 55.1-1253.

L. A landlord that charges an administrative fee shall not charge an amount that exceeds the actual out-of-pocket expenses incurred by the landlord for the preparation and execution of a rental agreement.

§ 55.1-1204.1. Fee disclosure statement.

A. A landlord shall provide, beginning on the first page of the written rental agreement, an itemization of all charges to the tenant that comprise (i) the security deposit, (ii) the amount of rent due per payment period pursuant to the ~~lease period~~ rental agreement, and (iii) any additional ~~one-time charges~~ amounts due prior to the commencement date of the rental agreement or that will be included in the first rental payment. Immediately above the itemized list of charges, the written rental agreement shall state: No additional security deposits or rent shall be charged unless they are listed below or incorporated into this agreement by way of a separate addendum after execution of this rental agreement.

B. No landlord shall charge any administrative or renewal fee to a tenant prior to or during the execution of any subsequent rental agreement for the same dwelling unit to which the original rental agreement applies unless (i) the tenant submits a written request to change the terms and conditions of the subsequent rental agreement, (ii) the landlord and tenant agree in writing to such changes, and (iii) the imposition of a fee is necessary to cover the landlord's actual costs associated with implementing such changes. No administrative or renewal fee may be charged to the tenant if the landlord proposes any change to the terms and conditions of the subsequent rental agreement for the same dwelling unit to which the original rental agreement applies.

C. A landlord that charges an administrative or renewal fee pursuant to subsection B shall not charge an amount that exceeds the actual out-of-pocket expenses incurred by the landlord to implement changes to the rental agreement requested by the tenant.

§ 55.1-1208. Prohibited provisions in rental agreements.

A. A rental agreement shall not contain provisions that the tenant:

1. Agrees to waive or forgo rights or remedies under this chapter;

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2. Agrees to waive or forgo rights or remedies pertaining to the 120-day conversion or rehabilitation notice required in the Virginia Condominium Act (§ 55.1-1900 et seq.) or the Virginia Real Estate Cooperative Act (§ 55.1-2100 et seq.) or under § 55.1-1410;

3. Authorizes any person to confess judgment on a claim arising out of the rental agreement;

4. Agrees to pay the landlord's attorney fees except as provided in this chapter;

5. Agrees to the exculpation or limitation of any liability of the landlord to the tenant arising under law or to indemnify the landlord for that liability or any associated costs;

6. Agrees as a condition of tenancy in public housing to a prohibition or restriction of any lawful possession of a firearm within individual dwelling units unless required by federal law or regulation;

7. Agrees to the payment of a security deposit, insurance premiums for damage insurance, and insurance premiums for renter's insurance prior to the commencement of the tenancy that exceed the amount of two months' periodic rent; ~~or~~

8. Agrees to hire or pay a third-party contractor for professional services at the end of the rental agreement term for purposes of preparing or refurbishing the dwelling unit. However, nothing in this subdivision shall prohibit a landlord from recovering the reasonable cost of any third-party contractor for professional services retained by the landlord to repair damage caused by the tenant exceeding reasonable wear and tear, including by deduction from the security deposit pursuant to § 55.1-1226 or any other remedy pursuant to this chapter; or

~~8.~~ 9. Agrees to waive remedies or rights under the Servicemembers Civil Relief Act, 50 U.S.C. § 3901 et seq., prior to the occurrence of a dispute between landlord and tenant. Execution of leases shall not be contingent upon the execution of a waiver of rights under the Servicemembers Civil Relief Act; however, upon the occurrence of any dispute, the landlord and tenant may execute a waiver of such rights and remedies as to that dispute in order to facilitate a resolution.

10. Agrees to pay a predetermined charge for damage to the dwelling unit. A landlord may provide a tenant with a good faith estimate of charges the tenant may incur should he damage the dwelling unit beyond reasonable wear and tear. Such estimate shall reasonably reflect the landlord's actual cost to repair

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any such damage. Any deduction from the security deposit to repair damages exceeding reasonable wear and tear shall be made pursuant to § 55.1-1226.

B. Any provision prohibited by subsection A that is included in a rental agreement is unenforceable. If a landlord brings an action to enforce any such provision, the tenant may recover actual damages sustained by him and reasonable attorney fees.

C. Unless necessitated by the tenant's violation of a requirement of this chapter, no landlord shall require a tenant to pay any fee for the maintenance or repair of any dwelling unit.

§ 55.1-1212. (Effective until July 1, 2027) Energy submetering, energy allocation equipment, sewer and water submetering equipment, and ratio utility billing systems; local government fees.

A. As used in this section:

"Energy allocation equipment" means the same as that term is defined in § 56-245.2.

"Energy submetering equipment" has the same meaning ascribed to "submetering equipment" in § 56-245.2.

"Local government fees" means any local government charges or fees assessed against a residential building, including charges or fees for stormwater, recycling, trash collection, elevator testing, fire or life safety testing, or residential rental inspection programs.

"Ratio utility billing system" means a program that utilizes a mathematical formula for allocating, among the tenants in a residential building, the actual or anticipated water, sewer, electrical, oil, or natural gas billings billed to the residential building owner from a third-party provider of the utility service. Permitted allocation methods may include formulas based on square footage, occupancy, number of bedrooms, or some other specific method agreed to by the residential building owner and the tenant in the rental agreement or lease.

"Residential building" means all of the individual units served through the same utility-owned meter within a residential building that is defined in § 56-245.2 as an apartment building or house or all of the individual dwelling units served through the same utility-owned meter within a manufactured home park as defined in § 55.1-1300.

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"Water and sewer submetering equipment" means equipment used to measure actual water or sewer usage in any residential building when such equipment is not owned or controlled by the utility or other provider of water or sewer service that provides service to the residential building.

B. Energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system may be used in a residential building if clearly stated in the rental agreement or lease for the residential building. All energy submetering equipment and energy allocation equipment shall meet the requirements and standards established and enforced by the State Corporation Commission pursuant to § 56-245.3.

C. If energy submetering equipment, energy allocation equipment, or water and sewer submetering equipment is used in any residential building, the owner, manager, or operator of such residential building shall bill the tenant for electricity, oil, natural gas, or water and sewer for the same billing period as the utility serving the residential building, unless the rental agreement or lease expressly provides otherwise. The owner, manager, or operator of such residential building may charge and collect from the tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses and billing charged to the residential building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the residential building owner and the tenant in the rental agreement or lease. The residential building owner may require the tenant to pay a late charge of up to $5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section.

D. If a ratio utility billing system is used in any residential building, in lieu of increasing the rent, the owner, manager, or operator of such residential building may employ such a program that utilizes a mathematical formula for allocating, among the tenants in a residential building, the actual or anticipated water, sewer, electrical, oil, or natural gas billings billed to the residential building owner from a third-party provider of the utility service. The owner, manager, or operator of the residential building may charge and collect from the tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses and billings charged

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to the residential building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the residential building owner and the tenant in the rental agreement or lease. The residential building owner may require the tenant to pay a late charge of up to $5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section. The late charge shall be deemed rent (i) as defined in § 55.1-1200 if a ratio utility billing system is used in a residential multifamily dwelling unit subject to this chapter or (ii) as defined in § 55.1-1300 if a ratio utility billing system is used in a manufactured home park subject to the Manufactured Home Lot Rental Act (§ 55.1-1300 et seq.).

E. Energy allocation equipment shall be tested periodically by the owner, manager, or operator of the residential building. Upon the request by a tenant, the owner shall test the energy allocation equipment without charge. The test conducted without charge to the tenant shall not be conducted more frequently than once in a 24-month period for the same tenant. The tenant or his designated representative may be present during the testing of the energy allocation equipment. A written report of the results of the test shall be made to the tenant within 10 working days after the completion of the test.

F. The owner of any residential building shall maintain adequate records regarding energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system. A tenant may inspect and copy the records for the leased premises during reasonable business hours at a convenient location within or serving the residential building. The owner of the residential building may impose and collect a reasonable charge for copying documents, reflecting the actual costs of materials and labor for copying, prior to providing copies of the records to the tenant.

G. Notwithstanding any enforcement action undertaken by the State Corporation Commission pursuant to its authority under § 56-245.3, tenants and owners shall retain any private right of action resulting from any breach of the rental agreement or lease terms required by this section or § 56-245.3, if applicable, to the same extent as such actions may be maintained for breach of other terms of the rental agreement or lease under this chapter, if applicable. The use of energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system is not

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within the jurisdiction of the Department of Agriculture and Consumer Services under Chapter 56 (§ 3.2-5600 et seq.) of Title 3.2.

H. In lieu of increasing the rent, the owner, manager, or operator of a residential building may employ a program that utilizes a mathematical formula for allocating the actual or anticipated local government fees billed to the residential building owner among the tenants in such residential building if clearly stated in the rental agreement or lease. Permitted allocation methods may include formulas based upon square footage, occupancy, number of bedrooms, or some other specific method agreed to by the residential building owner and the tenant in the rental agreement or lease. Such owner, manager, or operator of a residential building may also charge and collect from each tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses for administration of such a program, provided that such charges are agreed to by the tenant and the owner, manager, or operator in the rental agreement. If the building is residential and is subject to (i) this chapter, such local government fees and administrative expenses shall be deemed to be rent as defined in § 55.1-1200 or (ii) the Manufactured Home Lot Rental Act (§ 55.1-1300 et seq.), such local government fees and administrative expenses shall be deemed to be rent as defined in § 55.1-1300.

I. Nothing in this section shall be construed to prohibit an owner, manager, or operator of a residential building from including water, sewer, electrical, natural gas, oil, or other utilities in the amount of rent as specified in the rental agreement or lease, provided that the tenant does not pay the utility provider directly for such utilities.

§ 55.1-1212. (Effective July 1, 2027) Energy submetering, energy allocation equipment, sewer and water submetering equipment, and ratio utility billing systems; local government fees.

A. As used in this section:

"Energy allocation equipment" means the same as that term is defined in § 56-245.2.

"Energy submetering equipment" means the same as "submetering equipment" defined in § 56-245.2.

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"Local government fees" means any local government charges or fees assessed against a residential building, including charges or fees for stormwater, recycling, trash collection, elevator testing, fire or life safety testing, or residential rental inspection programs.

"Ratio utility billing system" means a program that utilizes a mathematical formula for allocating, among the tenants in a residential building, the actual or anticipated water, sewer, electrical, oil, or natural gas billed to the residential building owner from a third-party provider of the utility service. Permitted allocation methods may include formulas based on square footage, occupancy, number of bedrooms, or some other specific method agreed to by the residential building owner and the tenant in the rental agreement or lease.

"Residential building" means all of the individual units served through the same utility-owned meter within a residential building that is defined in § 56-245.2 as an apartment building or house or all of the individual dwelling units served through the same utility-owned meter within a manufactured home park as defined in § 55.1-1300.

"Water and sewer submetering equipment" means equipment used to measure actual water or sewer usage in any residential building when such equipment is not owned or controlled by the utility or other provider of water or sewer service that provides service to the residential building.

B. Energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system may be used in a residential building if clearly stated in the rental agreement or lease for the residential building. All energy submetering equipment and energy allocation equipment shall meet the requirements and standards established and enforced by the State Corporation Commission pursuant to § 56-245.3.

C. If energy submetering equipment, energy allocation equipment, or water and sewer submetering equipment is used in any residential building, the owner, manager, or operator of such residential building shall bill the tenant for electricity, oil, natural gas, or water and sewer for the same billing period as the utility serving the residential building, unless the rental agreement or lease expressly provides otherwise. The owner, manager, or operator of such residential building may charge and collect from the tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees,

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to cover the actual costs of administrative expenses and billing charged to the residential building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the residential building owner and the tenant in the rental agreement or lease. The residential building owner may require the tenant to pay a late charge of up to $5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section.

D. If a ratio utility billing system is used in any residential building, in lieu of increasing the rent, the owner, manager, or operator of such residential building may employ such a program that utilizes a mathematical formula for allocating, among the tenants in a residential building, the actual or anticipated water, sewer, electrical, oil, or natural gas billings billed to the residential building owner from a third-party provider of the utility service. The owner, manager, or operator of the residential building may charge and collect from the tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses and billings charged to the residential building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the residential building owner and the tenant in the rental agreement or lease. The residential building owner may require the tenant to pay a late charge of up to $5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section. The late charge shall be deemed rent (i) as defined in § 55.1-1200 if a ratio utility billing system is used in a residential multifamily dwelling unit subject to this chapter or (ii) as defined in § 55.1-1300 if a ratio utility billing system is used in a manufactured home park subject to the Manufactured Home Lot Rental Act (§ 55.1-1300 et seq.).

E. Energy allocation equipment shall be tested periodically by the owner, manager, or operator of the residential building. Upon the request by a tenant, the owner shall test the energy allocation equipment without charge. The test conducted without charge to the tenant shall not be conducted more frequently than once in a 24-month period for the same tenant. The tenant or his designated representative may be present during the testing of the energy allocation equipment. A written report of the results of the test shall be made to the tenant within 10 working days after the completion of the test.

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F. The owner of any residential building shall maintain adequate records regarding energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system. Such records shall include a description of how monthly energy and utility billing fees are calculated and a history of billing fee payments for each tenant over the duration of the tenancy or the past 12 months, whichever is shorter. A tenant may inspect and copy the records for the leased premises during reasonable business hours at a convenient location within or serving the residential building.

G. Notwithstanding any enforcement action undertaken by the State Corporation Commission pursuant to its authority under § 56-245.3, tenants and owners shall retain any private right of action resulting from any breach of the rental agreement or lease terms required by this section or § 56-245.3, if applicable, to the same extent as such actions may be maintained for breach of other terms of the rental agreement or lease under this chapter, if applicable. The use of energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system is not within the jurisdiction of the Department of Agriculture and Consumer Services under Chapter 56 (§ 3.2-5600 et seq.) of Title 3.2.

H. In lieu of increasing the rent, the owner, manager, or operator of a residential building may employ a program that utilizes a mathematical formula for allocating the actual or anticipated local government fees billed to the residential building owner among the tenants in such residential building if clearly stated in the rental agreement or lease. Permitted allocation methods may include formulas based upon square footage, occupancy, number of bedrooms, or some other specific method agreed to by the residential building owner and the tenant in the rental agreement or lease. Such owner, manager, or operator of a residential building may also charge and collect from each tenant additional service charges, including monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses for administration of such a program, provided that such charges are agreed to by the residential building owner and the tenant in the rental agreement. If the building is residential and is subject to (i) this chapter, such local government fees and administrative expenses shall be deemed to be

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rent as defined in § 55.1-1200 or (ii) the Manufactured Home Lot Rental Act (§ 55.1-1300 et seq.), such local government fees and administrative expenses shall be deemed to be rent as defined in § 55.1-1300.

I. Nothing in this section shall be construed to prohibit an owner, manager, or operator of a residential building from including water, sewer, electrical, natural gas, oil, or other utilities in the amount of rent as specified in the rental agreement ~~or lease~~, provided that the tenant does not pay the utility provider directly for such utilities.

§ 55.1-1226. Security deposits.

A. No landlord may demand or receive a security deposit, however denominated, in an amount or value in excess of two months' periodic rent. Upon termination of the tenancy or the date the tenant vacates the dwelling unit, whichever occurs last, such security deposit, whether it is property or money held by the landlord as security as provided in this section, ~~may~~ shall only be applied by the landlord ~~solely~~ to (i) the payment of accrued rent, including the reasonable charges for late payment of rent specified in the rental agreement; (ii) the payment of the amount of damages that the landlord has suffered by reason of the tenant's noncompliance with § 55.1-1227, less reasonable wear and tear; (iii) other damages or charges as provided in the rental agreement; or (iv) actual damages for breach of the rental agreement pursuant to § 55.1-1251.

~~The security deposit and any deductions, damages, and charges shall be itemized by the landlord in a written notice given to the tenant, together with any amount due to the tenant, within 45 days after the termination date of the tenancy or the date the tenant vacates the dwelling unit, whichever occurs last.~~

B. If a landlord does not identify and document damage to a dwelling unit that exceeds reasonable wear and tear, the landlord shall return the security deposit to the tenant within 15 days of the termination date of the tenancy or the date the tenant vacates the dwelling unit, whichever occurs last.

C. If a landlord does identify and document damage to a dwelling unit that exceeds reasonable wear and tear, the landlord shall provide to the tenant within 45 days of the termination date of the tenancy or the date the tenant vacates the dwelling unit, whichever occurs last, an itemized statement of any deductions, damages and charges, together with any amount still due to the tenant after such itemization. Such itemized statement shall include (i) a receipt or invoice reflecting the cost of services performed by

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any third parties, (ii) the cost of materials used by the landlord or any employee of the landlord to repair damage to the unit exceeding reasonable wear and tear, and (iii) the hours and hourly rate for any labor performed by the landlord or any employee of the landlord to return the premises to the same condition as the condition of the premises at the start of the rental agreement, less reasonable wear and tear. The landlord shall not apply any portion of the security deposit toward the cost of (a) professional services, including professional cleaning, painting, and trash removal, or (b) materials or labor performed by the landlord or an employee of the landlord, unless such costs are reasonably necessary to return the premises to the same condition as the condition of the premises at the start of the rental agreement, less reasonable wear and tear.

D. As of the date of the termination of the tenancy or the date the tenant vacates the dwelling unit, whichever occurs last, the tenant shall be required to deliver possession of the dwelling unit to the landlord. If the termination date is prior to the expiration of the rental agreement or any renewal thereof, or the tenant has not given proper notice of termination of the rental agreement, the tenant shall be liable for actual damages pursuant to § 55.1-1251, in which case, the landlord shall give written notice of security deposit disposition within the 45-day period but may retain any security balance to apply against any financial obligations of the tenant to the landlord pursuant to this chapter or the rental agreement. If the tenant fails to vacate the dwelling unit as of the termination of the tenancy, the landlord may file an unlawful detainer action pursuant to § 8.01-126.

~~B.~~ E. Where there is more than one tenant subject to a rental agreement, unless otherwise agreed to in writing by each of the tenants, disposition of the security deposit shall be made with one check being payable to all such tenants and sent to a forwarding address provided by one of the tenants. The landlord shall make the security deposit disposition within the ~~45-day~~ time period required by subsection ~~A~~ B or C, as applicable, but if no forwarding address is provided to the landlord, the landlord may continue to hold such security deposit in escrow. If a tenant fails to provide a forwarding address to the landlord to enable the landlord to make a refund of the security deposit, upon the expiration of one year from the date of the end of the ~~45-day~~ time period required by subsection B or C, as applicable, the landlord may remit such sum to the State Treasurer as unclaimed property on a form prescribed by the administrator that

includes the name; social security number, if known; and last known address of each tenant on the rental agreement. If the landlord or managing agent is a real estate licensee, compliance with this subsection shall be deemed compliance with § 54.1-2108 and corresponding regulations of the Real Estate Board.

~~C.~~ F. Nothing in this section shall be construed by a court of law or otherwise as entitling the tenant, upon the termination of the tenancy, to an immediate credit against the tenant's delinquent rent account in the amount of the security deposit. The landlord shall apply the security deposit in accordance with this section within the ~~45-day~~ time period required by subsection ~~A~~ B or C, as applicable. However, provided that the landlord has given prior written notice in accordance with this section, the landlord may withhold a reasonable portion of the security deposit to cover an amount of the balance due on the water, sewer, or other utility account that is an obligation of the tenant to a third-party provider under the rental agreement for the dwelling unit, and upon payment of such obligations the landlord shall provide written confirmation to the tenant within 10 days, along with payment to the tenant of any balance otherwise due to the tenant. In order to withhold such funds as part of the disposition of the security deposit, the landlord shall have so advised the tenant of his rights and obligations under this section in (i) a termination notice to the tenant in accordance with this chapter, (ii) a written notice to the tenant confirming the vacating date in accordance with this section, or (iii) a separate written notice to the tenant at least 15 days prior to the disposition of the security deposit. Any written notice to the tenant shall be given in accordance with § 55.1-1202.

The tenant may provide the landlord with written confirmation of the payment of the final water, sewer, or other utility bill for the dwelling unit, in which case the landlord shall refund the security deposit, unless there are other authorized deductions, within the ~~45-day~~ time period required by subsection ~~A~~ B or C, as applicable. If the tenant provides such written confirmation after the expiration of ~~the 45-day~~ such time period, the landlord shall refund any remaining balance of the security deposit held to the tenant within 10 days following the receipt of such written confirmation provided by the tenant. If the landlord otherwise receives confirmation of payment of the final water, sewer, or other utility bill for the dwelling unit, the landlord shall refund the security deposit, unless there are other authorized deductions, within the ~~45-day~~ time period required by subsection B or C, as applicable.

~~D.~~ G. Nothing in this section shall be construed to prohibit the landlord from making the disposition of the security deposit prior to the ~~45-day~~ time period required by subsection ~~A~~ B or C, as applicable and charging an administrative fee to the tenant for such expedited processing, if the rental agreement so provides and the tenant requests expedited processing in a separate written document.

~~E.~~ H. The landlord shall notify the tenant in writing of any deductions provided by this section to be made from the tenant's security deposit during the course of the tenancy. Such notification shall be made within ~~30~~ 15 days of the date of the determination of the deduction in the same manner as provided in subsection ~~F~~ I. No such notification shall be required for deductions made less than ~~30~~ 15 days prior to the termination of the rental agreement. If the landlord willfully fails to comply with this section, the court shall order the return of the security deposit to the tenant, together with actual damages and reasonable attorney fees, unless the tenant owes rent to the landlord, in which case the court shall order an amount equal to the security deposit credited against the rent due to the landlord. In the event that damages to the premises exceed the amount of the security deposit and require the services of a third-party contractor, the landlord shall give written notice to the tenant advising him of that fact within the ~~45-day~~ time period required by subsection ~~A~~ C. If notice is given as prescribed in this subsection, the landlord shall have an additional 15-day period to provide an itemization of the damages and the cost of repair. This section shall not preclude the landlord or tenant from recovering other damages to which he may be entitled under this chapter. The holder of the landlord's interest in the premises at the time of the termination of the tenancy, regardless of how the interest is acquired or transferred, is bound by this section and shall be required to return any security deposit received by the original landlord that is duly owed to the tenant, whether or not such security deposit is transferred with the landlord's interest by law or equity, regardless of any contractual agreements between the original landlord and his successors in interest.

~~F.~~ I. The landlord shall:

1. Maintain and itemize records for each tenant of all deductions from security deposits provided for under this section that the landlord has made by reason of a tenant's noncompliance with § 55.1-1227, or for any other reason set out in this section, during the preceding two years; and

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2. Permit a tenant or his authorized agent or attorney to inspect such tenant's records of deductions at any time during normal business hours.

~~G.~~ J. Upon request by the landlord to a tenant to vacate, or within five days after receipt of notice by the landlord of the tenant's intent to vacate, the landlord shall provide written notice to the tenant of the tenant's right to be present at the landlord's inspection of the dwelling unit for the purpose of determining the amount of security deposit to be returned. If the tenant desires to be present when the landlord makes the inspection, he shall, in writing, so advise the landlord, who in turn shall notify the tenant of the date and time of the inspection, which must be made within 72 hours of delivery of possession. Following the move-out inspection, the landlord shall provide the tenant with a written security deposit disposition statement in accordance with the provisions of subsection C, including an itemized list of damages. If additional damages are discovered by the landlord after the security deposit disposition has been made, nothing in this section shall be construed to preclude the landlord from recovery of such damages against the tenant, provided, however, that the tenant may present into evidence a copy of the move-out report to support the tenant's position that such additional damages did not exist at the time of the move-out inspection.

~~H.~~ K. If the tenant has any assignee or sublessee, the landlord shall be entitled to hold a security deposit from only one party in compliance with the provisions of this section.

~~I.~~ L. The landlord may permit a tenant to provide damage insurance coverage in lieu of the payment of a security deposit. Such damage insurance in lieu of a security deposit shall conform to the following criteria:

1. The provider of damage insurance is licensed or approved by the Virginia State Corporation Commission;

2. The coverage is effective upon the payment of the first premium and remains effective for the entire lease term;

3. The coverage provided per claim is no less than the amount the landlord requires for security deposits;

4. The provider of damage insurance agrees to approve or deny payment of a claim; and

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5. The provider of damage insurance shall notify the landlord within 10 days if the damage policy lapses or is canceled.

~~J.~~ M. A tenant who initially opts to provide damage insurance in lieu of a security deposit may, at any time without consent of the landlord, opt to pay the full security deposit to the landlord in lieu of maintaining a damage insurance policy. The landlord shall not alter the terms of the lease in the event a tenant opts to pay the full amount of the security deposit pursuant to this subsection.

2. That nothing in this act shall invalidate, alter, or otherwise affect any residential rental agreements entered into or renewed prior to July 1, 2027.

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