
A BILL FOR AN ACT

RELATING TO RENTAL APPLICATION FEES.

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

1 SECTION 1. The legislature finds that landlords have been
2 charging prospective tenants for the opportunity to apply for
3 housing units. These fees are frequently not returned to
4 unsuccessful housing applicants and are a serious detriment to
5 low-income housing applicants who must also contend with the
6 costs of security deposits and higher rental rates.

7 The legislature also finds that accurate information on
8 tenant screening reports may make the difference between finding
9 and not finding a rental unit, especially for tenants who are
10 unaware of their rights under federal fair credit reporting laws
11 that allow tenants to dispute inaccurate information.

12 The purpose of this Act is to regulate the imposition of
13 tenant application fees by landlords and to require landlords to
14 provide rejected applicants whose application fees were not
15 returned, notice of the reasons for rejection in sufficient
16 detail to allow the rejected applicant to dispute the accuracy
17 of potential false information.



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

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

8 (b) A landlord shall not charge an application fee more
9 than once to a prospective tenant within a six month period.

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

12 (1) A reasonable explanation of the landlord's procedure
13 for screening a prospective tenant applicant;

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

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

21 (d) An application fee shall not exceed:



- 1 (1) The actual cost of hiring a tenant screening service;
2 or
3 (2) If a landlord conducts a personal reference check on a
4 tenant, the lesser of:
5 (A) Charges for similar services in the area where
6 the dwelling unit is situated; or
7 (B) The actual costs for long distance phone calls
8 and reasonable costs for time spent verifying
9 information contained in a prospective tenant's
10 application.
- 11 (e) Any charges made by a landlord that are in excess of
12 the application fee charges allowed under this section shall be
13 returned to the prospective tenant within days; provided
14 that if applicable, refunds may be:
15 (1) Returned to the applicant by mail;
16 (2) Destroyed upon the applicant's request, if payment of
17 the fee was made by check;
18 (3) Made available for the applicant to retrieve; or
19 (4) Used as credit to satisfy payment to the landlord, if
20 the applicant is selected to occupy the dwelling unit.
- 21 (f) When an applicant is not offered the dwelling unit
22 applied for and the application fee is not returned, the



1 landlord shall provide the applicant with a written notice
2 explaining the reasons the applicant was not offered the
3 dwelling unit. The notice shall be in sufficient detail to
4 permit the applicant to dispute the accuracy of potentially
5 false information. Where applicable, the notice shall comply
6 with the federal Fair Credit Reporting Act, 15 U.S.C. 1681, et.
7 seq.

8 (g) In addition to any other penalties provided by law, a
9 landlord who violates this section shall be subject to damages
10 of three times the application fee or \$1,000, whichever is
11 greater, and civil court filing costs and reasonable attorney's
12 fees.

13 (h) This section shall apply only to landlords who are
14 renting or seeking to rent four or more dwelling units."

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

18 "Application fee" means a fee or deposit charged by a
19 landlord to a prospective tenant to apply for a dwelling unit.
20 The application fee includes, as provided in this chapter, a fee
21 charged to conduct a background check or a credit check on a
22 prospective tenant.



1 "Screening service" means a service hired by a landlord
2 that verifies the information provided in a prospective tenant's
3 application for a dwelling unit."

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on January 1, 2008.



Report Title:

Landlord Tenant; Rental Application Fee

Description:

Regulates the imposition of rental application fees by landlords. (HB471 HD1)

