

The FARE Act

Elegran

Table Of Contents

1.	<u>Key Points From The FARE Act</u>Pg 3
2.	Conducting Business Under The FARE Act.....Pg 4
3.	Listing Publishing.....Pg 5
4.	<u>Fees Checklist for FARE Act Compliance</u>Pg 7
5.	Communication To Landlords & Owners.....Pg 9
6.	<u>Dep of Consumer & Worker Protection Flyer</u> ..Pg 11
7.	<u>Dep of Consumer & Worker Protection FAQ</u> ...Pg 13
8.	<u>REBNY FAQ Sheet</u>Pg 17



Elegan

Key Points From The FARE Act

The FARE Act is a NYC law that shifts who can be charged broker fees in rental transactions and introduces new disclosure requirements for fees paid by tenants.

Broker Fees

1. Can brokers still charge a tenant a fee?

Yes. Only if the tenant explicitly hires the broker as a “tenant’s agent” with a signed agreement in place.

2. Can a landlord still require a tenant to use a broker? No.

The law prohibits conditioning an apartment rental on the tenant engaging any broker, including as a dual agent.

3. Can a broker, acting as a tenant’s agent charge a tenant a fee higher than 1 month? Yes.

The FARE Act does not set or limit the broker fee. Fees are fully negotiable.

4. If an agent publishes a listing on behalf of a landlord, can the agent charge the tenant a fee? No. The law assumes that if an agent publishes a listing, they are doing so with the landlord’s permission and are acting as a landlord’s agent—meaning an agent cannot charge the tenant a fee.

Disclosures

Listings

All listings must clearly disclose any fees the tenant will be asked to pay.

Lease Signing

Before lease signing, landlords or their agents must provide an itemized, written fee disclosure describing each charge.

Signature

Tenants must sign this disclosure, and the agent or landlord must retain a copy for 3 years.

Enforcement & Penalties For Violations

The Department of Consumer and Worker Protection (DCWP) will enforce the law and handle civil penalties. Courts can also issue orders for restitution and other remedies through tenant-filed lawsuits.

Non-Disclosure Violation

\$500 for the first offense

\$1,000 for subsequent offenses within 2 years

**Tenants can sue directly under a private right of action.

Fee Collection Violation

\$1000 for the first offense

\$2,000 for subsequent offenses within 2 years



Conducting Business Under The FARE Act

Beginning Tuesday **June 11, 2025**, The FARE Act is in effect in New York City.

As required by the new law, in order to collect a commission from a tenant, the tenant must **formally retain you as their representative** through a **written agreement**. This agreement must specify the properties you will be showing them and outline the **commission you will charge** for each property or your services in general.

To help you stay compliant and conduct business effectively, **Elegran has created two new renter agreements and updated versions** of the following agreements:

- [Exclusive Renter Agreement](#)
- [Non-Exclusive Renter Agreement](#)
- [Rental Fee Agreement](#)
- [Exclusive Rental Agreement](#)
- [Right To Advertise Agreement](#)

These updated documents are now available in **PandaDoc's Template Library**.

To ensure full compliance, please **stop using any older versions** you may have saved and begin using only the versions found in the PandaDoc template library.

Elegan

Listing Publishing

- ◆ For rental listings where the landlord is not offering compensation to the tenant's broker, enter the listing in the RLS as a **"Participant Only Network"** listing.
 - If you currently have a listing active, you need to take the following steps:
 - Edit the Listing in Lofty and set the Listing Status as "Withdrawn". Press "Save".
 - Add a new listing to Lofty and re-add the listing, but this time, before *launching* the listing, on the bottom under "Syndication" be sure to ALSO check " This is a Participant Only Listing".
 - Press "Launch".
 - NOTE: you can not move an already disseminated listing on the RLS to a participant only listing; this is why you need to first close the existing listing and create a new one as a participant only listing
 - Moving forward, when adding a rental listing where the Landlord is NOT offering compensation to the tenant's broker, follow the steps in the above bullet and be sure to select "This is a Participant Only Listing".

Syndication

- ☒ Publish this listing on the RLS ?
- ☐ Opt this Listing into Elegan Premiere ?
- ☒ This is a Participant Only Listing ?
- ☐ This is an Owner Opt-Out Listing ?

- ◆ For rental listings where the landlord is offering tenant broker compensation, continue to enter them in the RLS as standard active listings (just checking the "Publish this listing on the RLS").

In either event, ANY rental listing must now include an itemized list of any and all fees the tenant will need to pay to the landlord or at the direction of the landlord.

→ THESE FEES MUST BE ITEMIZED ON THE LISTING IN THE RLS, STREETEASY & ANY OTHER PLATFORM.

Elegan

Rental Fee Disclosure Template

Rental Fee Disclosure

Under the FARE Act, the following is a complete set of fees that you may incur during the course of tenancy for _____.

Fee	Description	Amount
Application and Move-in Fees		
☐ Credit/Background Check Fee		
☐ Move-In Fee		
☐ Move-Out Fee		
☐ Elevator Reservation Fee	For reserving the freight elevator on move-in day	
Upfront/Recurring Costs		
☐ Security Deposit		
☐ First Month's Rent		
☐ Renters Insurance Requirement	(cost of policy borne by tenant)	
Utilities & Facility Fees		
☐ Electric/Gas/Heat/Water		
☐ Sewer/Sanitation Fee		
☐ Trash Removal Fee		
☐ HVAC Maintenance Fee		
☐ Cable/Internet Fee		
Amenity & Usage Fees		
☐ Gym/Fitness Center Fee		
☐ Laundry Room Access Fee		
☐ Rooftop/Deck Access Fee		
☐ Community Room Rental Fee		
☐ Pool Access Fee		
☐ Storage Locker Fee		
☐ Bike Storage Fee		
☐ Parking Space Fee		
Pet Related Fees		
☐ Monthly Pet Rent		
Key & Access Fees		
☐ Lost Key Replacement Fee		
☐ Fob Replacement Fee		
☐ Lock-Out Fee	If the landlord or building staff needs to let you in	
☐ Mailbox Key Fee		
☐ Intercom Programming Fee		
Lease Administration Fees		
☐ Lease Renewal/Extension Fee		
☐ Lease Break Fee		
☐ Sublet/Assignment Fee		
☐ Guarantor Processing Fee		
☐ Roommate Change Fee		
Violation & Penalty Fees		

Fee		Description	Amount
☐	Late Rent Fee	Typically capped at \$50 or 5% of monthly rent, whichever is less	
☐	Returned Check (NSF) Fee		
☐	Unauthorized Pet Fee		
☐	Unauthorized Occupant Fee		
a	Noise Complaint Fines		
Co-op/Condo Specific Fees			
☐	Board Application Fee		
☐	Move-In Deposit		
☐	Processing Fee		
☐	Board Interview Fee		
☐	Building Management Fee		
☐	Flip Tax (sometimes passed through)		
Miscellaneous			
☐			
☐			
☐			
☐			
☐			
☐			
☐			
☐			

Tenant: _____

Tenant: _____

Print: _____

Print: _____

Date: _____

Date: _____

Elegan

Communication To Landlords & Owners

Dear [Landlord's Name],

I hope you're doing well.

I'm reaching out to inform you of important legal changes taking effect in New York City under the FARE Act (Fairness in Apartment Rental Expenses Act), which will impact how rental agent commissions are handled moving forward.

What is the FARE Act?

Starting June 11, 2025, the FARE Act prohibits tenants from being charged a broker's fee unless the agent was hired directly by the tenant. In other words, if an agent is representing you, the landlord, you will be responsible for paying their commission, not the tenant.

What this Means for You:

- If we (or any broker) advertise, show, or negotiate the rental on your behalf, you, as the landlord, must cover our commission as your (the landlord's) agent.
- Tenants can no longer be asked to pay the broker fee for the broker acting on behalf of the landlord or management company.
- Co-Op/Condo transactions with pending board/management approval will be required to abide by the law if approval isn't granted prior to 6/11/2025.
- All fees must be disclosed in advance, both in the listing description and in a stand-alone disclosure form to be provided concurrently with the lease and any applicable riders.

Next Steps:

We will continue to represent your property with professionalism and efficiency, but please be aware that:

- Our leasing commission structure will need to be updated to reflect this change in a revised exclusive agreement.
- We will need to revise our listing description to account for all of the fees in accordance with a new disclosure requirement.
- We recommend reviewing your rental pricing strategy to account for the shift in responsibility.

This is a significant change in the rental market, and our goal is to help you adapt smoothly and remain competitive. Please let me know if you'd like to set up a call to walk through what this means for your current or upcoming listings.

We're here to guide you through this transition and ensure compliance every step of the way.

Elegran

Department of
Consumer & Worker
Protections Flyer

Renter Rights Regarding Broker Fees

As of June 11, 2025, it is illegal for landlords to charge real estate broker fees to renters.

Under NYC's Fairness in Apartment Rental Expenses (FARE) Act:

- No one can require a tenant to pay a broker to rent an apartment.
- Renters can choose to hire their *own* broker and pay broker fees.
- Apartment listings must clearly state all fees a tenant must pay to rent an apartment.
- Landlords or their agents must give tenants a written itemized list of all fees they must pay before they sign a lease. Fees must include a written description. Landlords or their agents must keep the signed disclosure for three years and give a copy to tenants.
- Renters can sue in civil court if anyone violates their rights under the FARE Act.

File a Complaint

Renters can file broker fee complaints with the Department of Consumer and Worker Protection:

- Visit nyc.gov/consumers
- Call **311** (212-639-9675 outside NYC)

Elegran

Department of Consumer & Worker Protections FAQ

Frequently Asked Questions: Broker Fees

1. What is the FARE Act?

Local Law 119 of 2024, also known as the Fairness in Apartment Rental Expenses (FARE) Act:

- prohibits landlords from passing on to prospective tenants the fees of landlords' hired agents (brokers); and
- requires landlords to explicitly disclose all fees that tenants must pay to rent an apartment before tenants sign a rental agreement.

The Law amends Chapter 4 of Title 20 of the New York City Administrative Code (Admin. Code) by adding Subchapter 15 entitled "RENTAL REAL ESTATE AGREEMENTS."

The Law takes effect June 11, 2025.

2. What kind of broker fees does the Law prohibit?

The Law prohibits a *landlord's agent* from charging fees to prospective tenants. This includes *listing agents*.

A landlord's agent represents the landlord in the rental of an apartment.

A listing agent publishes apartment listings with the landlord's permission.

Note: The Law does not prohibit landlords from charging fees to prospective tenants for background checks and credit checks. See subdivision 1 of section 238-a of the Real Property Law.

Important: There is a rebuttable presumption that an agent who publishes a listing for the rental of an apartment does so with the permission or authorization of the landlord.

Admin. Code § 20-699.21

3. Is a landlord liable for violations committed by the landlord's agent or a listing agent?

Yes. A landlord is liable if:

- the landlord's agent charges a fee to a tenant to rent an apartment; and/or
- the listing agent charges a fee to a tenant to rent an apartment.

Important: There is a rebuttable presumption that an agent who publishes a listing for the rental of an apartment does so with the permission or authorization of the landlord.

Admin. Code §§ 20-699.21(b), (e)

4. Can landlords require tenants to use a specific agent to rent an apartment?

No. Landlords or their agents can't condition the rental of an apartment on tenants retaining a particular agent.

The Law also prohibits landlords from requiring tenants to retain a *dual agent*.

A dual agent acts as both the tenant's agent and the landlord's agent.

Admin. Code § 20-699.21(c)

5. Can anyone require tenants to hire a broker to rent an apartment?

No. No one can condition the rental of an apartment on tenants hiring a broker, including a dual agent. (See *Admin. Code § 20-699.21(c)*.)

The Law prohibits requiring tenants to pay a broker to rent an apartment, even if the broker claims to be a tenant's broker.

Note: The Law does not prohibit:

- tenants from choosing to hire their own broker and pay broker fees;
- tenant brokers from advertising their services to tenants.

6. What does the Law require regarding apartment rental advertising and disclosure?

In all advertisements or listings of rental apartments:

- no one can include an unlawful broker fee; and
- all fees that prospective tenants must pay to rent an apartment must be disclosed in a clear and conspicuous manner.

In addition, landlords or their agents must give tenants an itemized written disclosure of all fees they must pay the landlord, or any person at the direction of the landlord, to rent an apartment. The fees must include a written description, and the tenant must sign the itemized disclosure before signing a lease. Landlords or their agents must keep the signed disclosure for three years and give a copy to the tenant.

Admin. Code § 20-699.21(d), Admin. Code § 20-699.22

7. What happens if landlords or their agents violate the Law?

If the Department of Consumer and Worker Protection (DCWP) determines that a person violated the Law or applicable rules, DCWP will issue a summons detailing the violations and relevant sections of Law. The respondent will have an opportunity to appear before the NYC Office of Administrative Trials and Hearings (OATH) to respond to the summons.

If the charges are sustained, the violator will be issued a civil penalty and may be required to pay restitution for any illegal fees charged to tenants.

For more information about violations and penalties, see Title 6 of the Rules of the City of New York (6 RCNY) section 6-89.

Admin. Code § 20-699.23

8. Can landlords or their agents charge a broker fee if tenants signed a lease before the effective date of the Law?

No. As of June 11, 2025, the Law's effective date, landlords and their agents can't charge a tenant a broker fee. This prohibition applies even if the tenant signed a lease before June 11, 2025 and hadn't paid a broker fee yet.

9. Can an individual sue for a violation of the Law?

Yes. The Law creates a private cause of action, which allows individuals to sue in civil court.

Admin. Code § 20-699.24

Elegran

REBNY FAQ

6/10/2025

FARE ACT: What You Need to Know

1. Landlord's Brokers Cannot Collect Commissions From Tenants: A broker representing a landlord cannot charge a tenant a broker fee in connection with a rental transaction. We strongly advise that brokers revisit their agreements with landlords where commissions are paid by the tenant.

2. The FARE Act Does Permit Compensation in Other Broker Relationships: The FARE Act permits compensation in the following rental relationships: (1) a tenant may pay a tenant's broker, (2) a landlord may pay a landlord's broker, and (3) a landlord may pay a tenant's broker.

Brokers should clearly enter into agency relationships with the party that they represent. The use of the NYS Agency Disclosure Form and Compensation Agreements will be very helpful in this regard. For example, where a broker is representing a tenant, the broker should provide the NYS Agency Disclosure form indicating that the broker is representing the tenant, and the broker should enter into a Compensation Agreement with the Tenant. Dual agency is permitted in certain circumstances.

3. All Tenant Fees Must be Disclosed: Rental listings must include all fees to be paid by the prospective tenant for the rental of the unit.

Additionally, prior to lease signing, landlords or their agents must disclose a list of all fees payable to the landlord in connection with the rental. The list must include a short description of each fee, and the list must be signed by the tenant, and retained by the landlord (or their agent) for three years.

While waiting for guidance from the NYC Department of Consumer and Worker Protection as to what fees should be included, we strongly advise being overly inclusive concerning any landlord-imposed fees that the tenant may encounter during the tenancy. The list should include prospective fees such as lost key, pet charges, move-in/move-out, etc.

4. Presumption of Landlord Permission Upon Listing Publication and its Impact on the RLS: The FARE Act presumes that any broker publishing a rental listing does so with the permission and authority of the landlord of that rental unit. Brokers must ensure they have the landlord's permission and authority to publish a rental listing to avoid unnecessary disputes with the landlord.

Nonetheless, we want to ensure that rental listings may still be submitted to the RLS to the maximum extent possible under the FARE Act. Rental listings where the landlord is offering compensation to the tenant broker should be entered in the RLS as standard active listings. Rental listings where the landlord will not offer compensation to the tenant broker should be entered in the RLS as "Participant Only Network" listings.

5. Compliance and Enforcement: The Department of Consumer and Worker Protection (DCWP) is the agency that enforces and issues fines for violations of the FARE Act. Additionally, violations of the FARE Act could also be pursued through lawsuits brought by ordinary individuals seeking damages and/or injunctive relief for alleged violations of the FARE Act.

6. Financial Penalties for Non-Compliance: Violations of the FARE Act may result in financial penalties of up to \$2,000.

For any further questions or comments, please contact generalcounsel@rebny.com. A "FAQ" on how to comply with the FARE Act will be issued shortly.