

April 11, 2022

Via regulations.gov

Comment Intake–Fee Assessment
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

**Re: Request for Information Regarding Fees Imposed by Providers of
Consumer Financial Products or Services, Docket No. CFPB-2022-0003**

The National Consumer Law Center (on behalf of its low-income clients) (NCLC) and the National Housing Law Project (NHLP) are pleased to submit these comments in response to the Consumer Financial Protection Bureau's (CFPB) Request for Information Regarding Fees Imposed by Providers of Consumer Financial Products or Services, Docket No. CFPB-2022-0003. These comments discuss the many junk fees charged to tenants and rental housing applicants. We urge the CFPB to work with the Federal Trade Commission (FTC) to investigate and prevent the imposition of these junk fees so that they do not end up in the hands of debt collectors, impair renters' credit reports, and jeopardize renters' future ability to secure safe and affordable housing.

I. Junk fees make rental housing even more unaffordable and jeopardize access to future housing

Even before the COVID-19 pandemic, many renters struggled to find safe and stable housing, in part because of the severe affordable housing shortage. Pre-pandemic, over 20 million renter households were burdened with housing costs that threatened their financial security.¹ The COVID-19 economic crisis has only exacerbated this crisis.²

¹ Joint Ctr. for Hous. Studies of Harvard Univ., *America's Rental Housing* 26 (2020), <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>.

² See Andrew Aurand, et al., Nat'l Low Income Hous. Coal., *The Gap: A Shortage of Affordable Homes* 1–2 (2021), https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf; see also Ctr. on Budget & Pol'y Priorities, *Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships* (2021), <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>.

Renters now face not only an affordable housing shortage and rising rent prices,³ but also a number of junk fees that they must pay to secure and maintain housing. If a tenant ultimately cannot afford to pay these unavoidable junk fees (described in detail below), the fees may become an alleged rental debt that a housing provider seeks to collect through a third-party debt collector who reports the debt to the Big Three credit bureaus.

Alleged rental debt can haunt a renter long after they have vacated a housing unit—whether they left because of an eviction case or voluntarily moved out. Rental debt can lead to dunning by debt collectors and negative marks on credit reports, resulting in lowered credit scores.⁴ Consumers may face demands for rental debt in eviction proceedings or in separate collection lawsuits. When a judgment enters against the consumer, creditors may use post-judgment collection remedies like wage or bank account garnishment.

Negative entries in a credit report can present a long-term barrier to renters obtaining new housing. Ninety percent of landlords run credit checks on all potential tenants,⁵ often automatically rejecting applicants who are alleged to owe money to former landlords and who have lower credit scores.⁶ This barrier to housing disproportionately affects renters of color. According to the National Equity Atlas, 65% of people with rent arrears are people of color.⁷ And when the COVID-19 economic crisis hit, Black consumers already had lower credit scores as a group than white consumers due to historic and current discrimination and the racial wealth gap.⁸

³ Abha Bhattarai, *Rents are up more than 30 percent in some cities, forcing millions to find another place to live*, Washington Post (Jan. 30, 2022), <https://www.washingtonpost.com/business/2022/01/30/rent-inflation-housing/>.

⁴ See Nat'l Consumer Law Ctr., *Assisting Consumers with Rental Debt During COVID-19: Legal Aid and Non-Profit Attorneys Share Their Experiences* (2021), https://www.nclc.org/images/pdf/credit_reports/Dec-14-Letter-to-CFPB-Director-Chopra-re-Rental-Debt-Survey.pdf.

⁵ *TransUnion Independent Landlord Survey Insights*, TransUnion SmartMove (Aug. 7, 2017).

⁶ See Nat'l Consumer Law Ctr., *Salt in the Wound: How Eviction Records and Back Rent Haunt Tenant Screening Reports and Credit Scores* (2020), https://www.nclc.org/images/pdf/special_projects/covid-19/IB_Salt_in_the_Wound.pdf.

⁷ Nat'l Equity Atlas, *Rent Debt in America: Stabilizing Renters is Key to Equitable Recovery* (last visited Apr. 5, 2022), <https://nationalequityatlas.org/rent-debt>.

⁸ See Chi Chi Wu, *Reparations, Race, and Reputation in Credit: Rethinking the Relationship Between Credit Scores and Reports with Black Communities*, Medium (Aug. 7, 2020), https://medium.com/@cwu_84767/reparations-race-and-reputation-in-credit-rethinking-the-relationship-between-credit-scores-and-852f70149877.

II. Survey of legal services and nonprofit attorneys reveals that tenants face an array of unavoidable junk fees

To learn more about the array of junk fees charged to tenants and rental housing applicants, NCLC conducted a survey of legal services and nonprofit attorneys from around the country who work with clients in rental housing-related contexts. The survey, conducted in March and April of 2022, specifically asked whether respondents had seen housing providers charge their clients certain fees, including high risk fees, insurance fees, fees to report rental payment information to the credit bureaus, and new fees on top of rent imposed by corporate or private equity landlords who purchased the building. The survey also invited respondents to describe any other types of junk fees they have observed. Below is a non-exhaustive list and discussion of the junk fees that survey respondents reported seeing.

Rental application fees. These fees can be higher than the housing provider's actual costs to process the application and may be assessed even when no rental unit is in fact available.

Processing or administrative fees. An advocate from Georgia reported that, separate from the rental application fee, rental housing applicants must pay processing or administrative fees that average \$250. A Florida advocate reported that prospective tenants are sometimes required to pay fees up front before being shown the lease.

High risk fees. These nonrefundable fees are typically charged to tenants deemed "high risk" because of an "insufficient" rental history, an eviction record, a low credit score, a criminal record, or other factors. Tenant screening companies may be involved in making this determination. For example, advocates have seen the high risk designation and the amount of the fee on a SafeRent Score Report from CoreLogic Rental Property Solutions (now SafeRent Solutions) under the headers "Your Community's Decision" and "Applicant Decision" (a copy of one such SafeRent Score Report is attached to this comment as an Appendix).⁹ One advocate from Georgia stated that these high risk fees ranged from \$100 up to the cost of a one-month security deposit. Sometimes, but not always, tenants pay these nonrefundable fees in lieu of a security deposit.

Charges in lieu of a security deposit. A Florida advocate reported that landlords require non-refundable down payments. Similarly, a Texas advocate explained that tenants are either being charged one-time nonrefundable fees or relatively smaller

⁹ See Email from Georgia advocate to Ariel Nelson, Staff Attorney, NCLC (Feb. 14, 2022) (on file with author).

nonrefundable monthly fees. The advocate noted that not all tenants realize that these fees, especially one-time fees paid prior to move-in, are not security deposits and are not refundable.

Advocates from Washington, DC and Iowa stated that they see “security bonding,” where a tenant secures a bond in lieu of a security deposit. One company operating in this space is Lease Term Solutions, which is operated by a subsidiary of RealPage.

Advocates from Florida and Georgia also mentioned LeaseLock, a “lease insurance provider” that “eliminates security deposits, surety bonds, cosigners and guarantors.”¹⁰ According to its website, LeaseLock’s billing is integrated with the leasing process such that a “monthly deposit waiver fee is automatically collected along with monthly rent.” Although the tenant foots the bill—which ranges from \$16 per month to \$39 per month—the insurance that LeaseLock provides is payable to the landlord, not the tenant.¹¹

Insurance fees. Advocates from many states, including Colorado, Wisconsin, Vermont, Florida, Washington, Michigan, Texas, and Georgia reported seeing fees for insurance that only covers the landlord. One Georgia advocate stated that many corporate landlords now charge these fees, which typically range from \$10 to \$25 per month. Another Georgia advocate reported that this fee is sometimes called a “building protection fee.” And another Georgia advocate said that apartment management in Atlanta call these “bond” fees.

Tenants may believe that these fees are for renter’s insurance that will protect them when that is not the case. A Wisconsin advocate reported that one client learned that his “renter’s” insurance was actually property insurance for the owner when there was a building fire. The insurance covered only the structure and not the tenant’s personal property.

Another Wisconsin advocate stated that he has seen a proliferation of forced-premium and landlord liability insurance plan charges that range from \$13 to \$25 a month. The advocate’s understanding is that if the tenant fails to provide sufficient proof of renter’s insurance coverage within 30 days of taking possession of the unit, the landlord may charge the tenant. Similarly, a Florida advocate similarly reported seeing a regular, nonrefundable fee of \$15 a month charged if the tenant has not secured renter’s insurance. Advocates from Montana and Iowa also reported that landlords charge tenants a fee if they do not secure insurance. A Michigan advocate said that she sees fees for not having rental insurance as well as fees associated with paying for insurance

¹⁰ LeaseLock, Frequently Asked Questions, <https://leaselock.com/faqs/> (last visited Apr. 1, 2022).

¹¹ *Id.*

policies through the landlord. Another Michigan advocate referred to these fees as “insurance waiver fees.”

Convenience fees. A growing number of housing providers charge “convenience” fees when tenants pay their rent online. Some housing providers no longer accept payment in person or by check, meaning that tenants have no way to avoid these fees. A Montana advocate explained that tenants must pay a \$5 fee for paying rent through the required online portal. A Florida advocate said that some owners/property managers charge a monthly \$35 convenience fee for processing rent and that there is no way for tenants to tender rent that does not invoke the fee. Similarly, a Colorado advocate reported that tenants must pay “billing convenience” fees for automatic billing and processing of payments. The advocate noted that tenants do not opt in to the automatic billing and do not have the option to opt out. A Michigan advocate reported that tenants who wanted to avoid their landlord’s “payment portal” would be charged a fee for doing so.

Check cashing fees. A Massachusetts advocate reported that some landlords charge checking cashing fees even in cases where the landlord will only accept rent by check.

Excessive late fees. A Wisconsin advocate reported that landlords charge \$10 to \$50 per day in late fees plus 5% on the total balance, even when the landlord knows that rental assistance has been approved. The advocate described this practice as “late fees on late fees.” Advocates from Ohio and Michigan also observed excessive late fees, and a Minnesota advocate reported unlawful late fees

Utilities-related fees. A Wisconsin advocate reported that corporate landlords commonly impose “utility service fees”—fees for processing utility charges. Two Georgia advocates also stated that they see utility service fees, and a Minnesota advocate reported “utility billing fees.” An Illinois advocate similarly reported “all sorts of utility fees.” An advocate from Pennsylvania stated that tenants are being charged a monthly fee to keep utility accounts in the landlord’s name.

A Minnesota advocate stated that landlords charge a variety of “vacant cost recovery” (VCR) fees, including VCR admin usage fees, VCR gas usage fees, and VCR electric usage fees.¹²

¹² The survey respondent did not provide further detail, but it appears he is referring to fees that landlords charge when tenants allegedly do not transition utility services to their name before they move in, who close their accounts before moving out, and/or who do not close their accounts when they move out.

Fees to report rental payment information to the credit bureaus. Some housing providers charge tenants a mandatory monthly fee to send their rental payment information to the credit bureaus.¹³ A Washington advocate reported that these fees are usually part of a “resident benefit package,” which provides little to no benefit to her clients and actually harms her disabled clients. A Georgia advocate said that while he has not seen a strict requirement that tenants pay this fee, he has seen “offers” where tenants are automatically enrolled in the program and must opt out to avoid the charges.

Notice fees. These fees include charges for notices of late payment and notices of rent increases. An advocate from New Mexico reported that landlords charge fees (the advocate referred to them as “legal fees”) when a landlord serves a notice in the context of a legal proceeding. A Montana advocate said that the notice fees that he sees range from \$35 to \$50 per notice. Another Montana advocate suggested that, in addition to fees for sending the tenant a notice of violation, landlords charge “administrative” or “posting” fees that range from \$25 to \$40 for sending the tenant a letter.

New fees charged by corporate or private landlords who purchased the building.¹⁴ An advocate from Florida explained that private equity outfits have started to monetize all aspects of tenancy. Similarly, a Colorado advocate reported that various fees are added into tenancy agreements or as part of lease renewals when ownership transfers. An advocate from Iowa stated that this is a huge problem with manufactured housing in particular.

Some advocates indicated that corporate landlords are more likely to charge a variety of junk fees. An advocate from Georgia stated that examples of these fees include common area electric, valet trash, service fees for utilities, account initiation fees for third-party utilities, technology package fees, and pest control fees (even when pest control services are not provided). A Florida advocate specifically mentioned that the private equity landlord started charging pet rent, association and amenities fees, maintenance fees, and fees for capital upgrades.

Other fees. In addition to the fees specifically discussed above, advocates noted that landlords may charge other fees, including:

¹³ See Kelly Thompson Cochran, Colin Foos, & Michael Stegman, RenRegLab & Urban Inst., Utility, Telecommunications, and Rental Data in Underwriting Credit app. D, at 99 (2021), https://finreglab.org/wp-content/uploads/2022/02/utility-telecommunications-and-rental-data-in-underwriting-credit_1.pdf.

¹⁴ See Heather Vogell, *When Private Equity Becomes Your Landlord*, ProPublica (Feb. 7, 2022), https://www.propublica.org/article/when-private-equity-becomes-your-landlord?utm_source=twitter&utm_medium=social#1253176.

- **Holding deposits.** One advocate from Pennsylvania reported that landlords impose high “holding” deposits. These fees may be imposed to reserve an apartment before the tenant commits to a lease.
- **Move-in fees.**
- **Unexplained “administrative” or “nonrefundable” fees.**
- **Property management fees.**
- **Maintenance and repair-related fees.**
- **Amenity fees.**
- **“Valet trash” fees.** An advocate in Colorado noted that these fees may be charged even if the tenant does not use the service or the service is not actually provided.
- **Package locker fees.**
- **Package delivery availability fees.**
- **“Luxury” package fees.**
- **Landscaping fees.**
- **Cable fees** where, according to a Wisconsin advocate, it is unclear whether tenants have the option of discontinuing their cable service.
- **Lease renewal fees.**
- **Lease termination fees.** A Florida advocate also reported seeing “accelerated rent,” where the landlord claims they have no obligation to mitigate damages from early termination of a lease and seeks to collect a year’s worth of rent.
- **Attorney’s fees.**
- **Parking fees and mileage** for when the landlord goes to court to file an eviction.
- **Redecorating fees.**
- **Nonrefundable portions of the security deposit.** An Ohio advocate stated that portions of the security deposit are for cleaning and are nonrefundable. A Minnesota advocate observed unlawful cleaning fees.

Advocates from Florida and Vermont mentioned one specific housing provider—Florida Beach Coast LLC¹⁵—as one of the worst offenders in terms of extra fees. According to the Florida advocate, a lease with Florida Beach Coast LLC provides for the following fees in addition to others (and in addition to rent):

1. \$20 per month for a tenant rent portal
2. \$50 per month if automatic rent payments are not set up
3. \$200 to collect rent from a third party

¹⁵ Florida Beach Coast’s website appears to be down, but the company has been in the news for its abusive practices. See, e.g., Molly Duerig, *‘Still not up to code’: Orlando rental company accused of scamming another family*, Spectrum News (May 5, 2021), <https://www.mynews13.com/fl/orlando/news/2021/05/05/orlando-rental-company-accused-of-scamming-another-family>.

4. \$100 to fill out any form
5. \$35 returned payment fee
6. \$100 if tenant pays into an account which is not theirs
7. \$25 per month per appliance for appliance rental
8. \$200 per appliance for appliance pickup and removal
9. \$50 per month for storage shed rental
10. For a missing lockbox, \$45 trip fee plus \$35 for the lockbox
11. \$20 if a PaySlip is lost
12. \$50 fee if tenants lock themselves out of the portal
13. \$100 or 10% of the rent (whichever is higher) late fee (no grace period)
14. \$150 fee per pet plus \$20 per month pet rental fee per pet
15. \$500 nondisclosure fee per pet if the pet's existence is not disclosed to landlord
16. \$100 fee if smoking is seen
17. \$75 for any notice received by landlord
18. \$75 courier notice delivery fee
19. \$30 per waste can left on the street
20. \$53 per month for septic system maintenance
21. \$43 well water maintenance fee
22. \$100 per day for using utilities that are not put in tenant's name
23. \$40 per month minimum fee for water
24. \$25 per month minimum fee for trash
25. \$10 per month minimum fee for sewer
26. \$75 per month minimum fee for internet
27. \$250 plus cost of repairs to remove any satellite dish or cable (average repair is \$1,000)
28. \$500 if any internet device is unplugged
29. \$1,000 if tenant touches or alters an exterior camera
30. \$50 fee per call, email or message left to or for landlord
31. \$70 per month for lawn maintenance
32. \$100 appointment no show fee
33. \$75 for anything that needs to be fixed
34. 7 per day notice fee \$100
35. \$175 for pest control
36. \$225 per room for painting
37. Wall damage per hole \$125
38. \$250 interior door replacement
39. \$30 door handle replacement
40. \$125 stove cleaning
41. \$150 refrigerator cleaning

- 42. Pool cleaning minimum fee \$1,000
- 43. \$500 for government violations even if the violation is landlord's fault plus any additional costs to repair or remedy
- 44. Yard and exterior maintenance minimum \$300 plus any additional costs to remedy (average cost \$450)
- 45. \$150 per month for failure to maintain lawn
- 46. \$450 minimum for debris removal
- 47. \$250 to change or rekey any locks plus an additional \$175

III. Conclusion and Recommendations

Junk fees charged to tenants and rental housing applicants make securing and maintaining rental housing even more difficult for rent-burdened households. To help ensure renters' future ability to secure safe and affordable housing by keeping unfair debt collection off of their credit reports, we urge the CFPB to work with the FTC to investigate and prevent the imposition of unavoidable and exploitative junk fees. The CFPB and the FTC should also work together to study and address the disproportionate impact of these practices on renters and renter applicants of color.

If you have any questions about these comments, please contact Ariel Nelson at anelson@nclc.org or 805-432-3993.

Respectfully submitted,

National Consumer Law Center (on behalf of its low-income clients)
National Housing Law Project

APPENDIX

The following is an example of a SafeRent Score Report from CoreLogic Rental Property Solutions (now SafeRent Solutions) that includes a “high risk” designation. The document is an excerpt of a tenant screening report used to deny rental housing.

SAFERENT® SCORE REPORT

September 9, 2020

4 : 46 PM

REPORT INFORMATION

Transaction No:	0058747702	Performed By:	ACOLE3
Performed On:	Friday August 21, 2020 / 15:12:15 EDT	Property:	RW809 - The Park at Carrigan
Request ID:	R2V0X1Q1		

APPLICANT INFORMATION

Name:	[REDACTED]	SSN:	[REDACTED]
Monthly Income:	\$0	DOB:	[REDACTED]
Phone:	0000000000	Email:	[REDACTED]
Current Address:	[REDACTED]	Previous Address:	[REDACTED]

YOUR COMMUNITY'S DECISION

Applicant Decision: DECLINE - 292**Decline \$300 High Risk Fee**

YOUR MANAGEMENT COMPANY ESTABLISHES CRITERIA (DECISION POINTS) APPROPRIATE FOR APPROVAL OF APPLICANTS TO YOUR COMMUNITY. QUESTIONS REGARDING THESE CRITERIA SHOULD BE DIRECTED TO YOUR MANAGEMENT COMPANY.

SCORE ATTRIBUTE

If improved, the following items could positively impact this applicant's score.

**** Credit****** Application Data**

LEASE INFORMATION

Monthly Rent:	\$912	Security Deposit:	\$0
Total Income:	\$783	Lease Term:	11 Month(S) Month(S)
Bedrooms:		Marketing Source:	
Client Reference:		Rent/Income:	100%

SafeRent® Score is designed as a useful predictor tool, but is not a guarantee of the future performance of an applicant. WARNING: A person must have permissible purpose under the Fair Credit Reporting Act(FCRA; 15 U.S.C. 1681-1681y) to obtain a consumer report. The FCRA provides that any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution, including fines and possible imprisonment. A consumer reporting agency may not prohibit users from disclosing the contents of the report directly to the consumer, however the FCRA under most instances does not require users to do so. It is recommended that users refer all consumer inquiries regarding the information contained in this report directly to CoreLogic Rental Property Solutions LLC. The Federal Trade Commission has said that consumer report users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA. More information about consumer report user's obligations is available at www.ftc.gov/credit.