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## Civil Rights & Judiciary Committee

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### HB 2535

**Brief Description:** Providing for a grace period before late fees may be imposed for past due rent.

**Sponsors:** Representatives Kirby, Pollet, Ormsby and Santos.

#### Brief Summary of Bill

- Provides that a landlord may not charge late fees for past due rent unless the rent is at least five days past due.

**Hearing Date:** 1/24/20

**Staff:** Cece Clynch (786-7195).

#### **Background:**

##### Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) regulates the relationship between residential landlords and tenants, defines terms, and includes provisions regarding the duties of tenants and landlords, as well as remedies for violations of those duties. With some statutory exceptions, the rental of a dwelling unit for living purposes is generally covered under the RLTA. "Dwelling unit" is a structure or that part of a structure which is used as a home, resident, or sleeping place.

One section of the RLTA provides that any provision of a lease or rental agreement that waives an RLTA provision is deemed against public policy and is unenforceable. That section also expressly prohibits rental agreements from including certain types of provisions, including those that:

- waive or forgo rights or remedies under the RLTA;
- authorize any person to confess judgment on a claim arising out of the agreement;
- agree to pay the landlord's attorneys' fees, except as authorized by the RLTA;
- agree to exculpation or limit liability of the landlord arising under the law or to indemnify the landlord for that liability; and

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- agree to a particular arbitrator at the time that the rental agreement is executed.

If a landlord deliberately uses a rental agreement containing provisions he or she knows to be prohibited, the tenant may recover actual damages together with statutory damages not to exceed \$500, costs of suit, and reasonable attorneys' fees.

#### Rent.

The terms "rent" and "rental amount" are defined under the RLTA to mean recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities. It is specified in the definition that these terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys' fees. An exception is included for nonrefundable fees or deposits which a landlord permits to be paid in installments.

A landlord must first apply any payment made by a tenant toward rent, before applying any payment toward late fees, damages, legal costs, or other fees, including attorneys' fees. Generally, a tenant's right to possession of the premises may not be conditioned on the payment of any amount other than rent. However, a landlord is not foreclosed from pursuing other lawful remedies to collect late fees, legal costs, or other fees, including attorneys' fees.

A tenant is liable for unlawful detainer when he or she continues in possession of the dwelling unit after a default in rent, and after a 14-day notice to pay rent or vacate has been served, without paying the rent during that 14-day period.

#### **Summary of Bill:**

A landlord may not charge late fees for past due rent unless the rent is at least five days past due. The section that expressly prohibits rental agreements from including certain types of provisions is amended to also prohibit agreements to pay late fees for past due rent unless the rent is at least five days past due.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.