

Fee Disclosure Best Practices

Section One - Disclosure of Fees

(1) Mandatory Monthly Rents/Fees/Costs: For monthly Rents/Fees/Costs that have a set price, the licensee must disclose the amount.

(2) For variable fees, that are mandatory and paid directly to the landlord, the licensee must disclose:

- a) That there is a variable fee,
- b) What services or benefits the fee covers,
- c) The formula used for calculating the fee,
- d) The amount of any fee being charged by the allocation company, and
- e) Any additional fee the owner or management company charges.

The landlord must provide 30 days' notice to modify the formula/allocation company

There are no restrictions on common area fees being allocated to residents as long as the fee was agreed to in the contract.

Sample Variable Fee Disclosure

This property charges tenants a monthly variable fee for the following benefits/services:

- Water, sewer, garbage, business license, pest control, common area maintenance

This fee is administered by (name of the allocation company). They charge \$____ a month to allocate, bill, process payments and administer the program.

The allocation method they use is Total monthly expenses:

- ☐ Divided equally between 300 units
- ☐ Divided based on square footage of your apartment/square footage of all apartments
- ☐ Divided based on number of occupants of your apartment/total occupants of all apartments
- ☐ Other

The property management company also charges a monthly fee of \$____ to administer the program.

(3) For utilities the resident will be responsible for paying directly to a utility provider, the licensee must disclose:

- a) The services required to be paid for by the residents,
- b) The name of the company that the resident will pay the utility bill to, and

(4) For any resident benefit package a licensee charges, they must disclose:

- a) That the fee is to the management company for additional services provided by them that the owner does not compensate them for,
- b) The amount of the fee, and
- c) The items, services or benefits received.

Sample Resident Benefits Package Disclosure

The Property Management Company in this transaction charges tenants a Resident Benefits Package fee, that is collected by the management company for additional services provided by them that the owner does not compensate them for.

The Resident Benefits Package includes:

- Trash Valet Service 3 times a week
- Tenant Legal Liability Insurance (accidental damage to the rental unit caused by tenant or in the event of flood, fire or natural disaster or civil unrest):
 - Property Damage up to \$100,000
 - Coverage of tenant personal contents up to \$20,000
 - Living Expenses up to \$3,000 (if displaced)
 - Medical payments up to \$3,000
- Use of mobile app and online portal for rent payments
- Rent payment reporting to credit bureau
- Monthly air filter mailed to tenant

(1) Application Fees

- a) A licensee must follow the rules for fees found in Utah Code Annotated 57-22-4 (4).
- b) Excluding waiting lists, when an applicant has agreed to pay a fee to be placed on the list, a licensee must refund, upon request, any application fee paid if there is not a unit available for the renter. The process for refunding an application fee paid under these circumstances is:
 1. The renter must submit a written demand for refund of all monies paid because there was not a unit available,
 2. Request a refund within 5 days, and
 3. Provide a method or address for refund of the money.

(2) Fees for violations must be disclosed in the lease and be reasonable, to be enforceable.

(7) Optional Fees: Optional Fees, for things the tenant is willing to pay more for and add to the lease, are not required to be disclosed until contracted.

(8) Security Deposits – A licensee can charge any deposit if agreed to by contract. A licensee must follow the rules in Section 57-17 on Residential Renters' Deposits.

(9) Non-refundable lease initiation fee – A licensee can charge any fee if disclosed and agreed to in contract

R162-2I-401h. Requirements and Restrictions in Advertising.

- (1) No disclosure of agency or ownership is required for advertising of a residential rental unit for rent.

- (2) Any advertising displayed by the licensee must provide either a link to or other information to contact a person, so a prospect can review information such as current info on rates and availability.
- (3) Any advertising displayed by the licensee that remains active after a unit has been rented must provide disclosure that the unit may or may not be available and means by which to contact the individual or company managing the unit to get more information on prices and availability.
- (4) Any use of photos or information in marketing must accurately depict the property.
- (5) Any appliance or inclusion for the rental unit offered in the advertising for the rental unit must be in place at move in or, if it is not there at move in, it must be replaced and mitigated as required in 57-22-6 after the licensee has received a notice of deficient conditions or request. If an item is not in place the violation is substantive. If it is replaced under the obligations in 57-22-6 it is technical.
 - a) It shall be considered a substantive violation if an item was knowingly advertised and the licensee had actual knowledge that the item would not be in the rental unit at the time of the resident taking possession of the unit.
 - b) It shall be considered a substantive violation if an item was advertised that induced a prospect or applicant to express interest in or tour the unit, unless the licensee was unaware of the misrepresentation – then it would be a technical violation. The division shall give them a reasonable time to cure before citing them for a substantive violation.
- (6) Intentional deceit in advertising will be considered a substantive violation.