

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 took 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 requires the tenant to hire the broker to see or rent the apartment.

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.

Tenant brokers can advertise their services without violating the FARE Act, so long as the broker does not condition the availability of specific units or identifiable inventory on the broker being hired by a tenant.

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?

As of June 11, 2025, the effective date of the FARE Act, neither a landlord nor a landlord's agent can impose a fee on, or collect a fee from, a tenant for a broker's services. However, this prohibition may not apply to a contractual obligation for a tenant to pay a fee for a broker's services that arose before June 11, 2025, depending on the particular circumstances under which the obligation arose.

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