



Legal Alert: Fairness in Apartment Rental Expenses (FARE) Act Now in Effect Immediate Impact on Broker Fees & Rental Disclosures

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As of today, the Fairness in Apartment Rental Expenses (FARE) Act is officially in effect, bringing immediate and significant changes to commission practices and fee disclosures in residential leasing transactions throughout New York City. Property owners, managers, and agents must take note of new restrictions on broker compensation and enhanced fee transparency obligations to avoid penalties and ensure continued compliance.

1. Landlord's Broker Fees Can No Longer Be Charged to Tenants

Under the FARE Act, a broker who represents the landlord may not collect a commission or fee from the tenant. Broker agreements and compensation structures should be reviewed and revised accordingly.

2. Permissible Broker Compensation Structures

While the law restricts certain payments, it continues to allow broker compensation in the following situations:

- A tenant may pay their own broker.
- A landlord may pay their own broker.
- A landlord may also choose to pay a broker who represents the tenant.

Brokers must ensure agency relationships are clearly documented using the appropriate disclosure forms and compensation agreements. Dual agency remains permitted under existing rules, with proper disclosure and consent.

3. Mandatory Disclosure of Tenant Fees

Rental listings must now state all fees that a tenant may be charged in connection with a lease. Prior to lease signing, landlords (or their agents) must provide a list of all landlord-imposed fees, including a short description of each. This list must be signed by the tenant and retained for 3- years. Until further guidance is issued, all potential fees (*e.g.*, late charge, bounced check fee, replacement key fee, etc.) should be disclosed.

4. Listing Authority

The Act presumes that any broker posting a rental listing does so with the landlord's permission. Brokers must have clear authority before publishing listings. Listings submitted through the Residential Listing Service (RLS) should reflect whether landlord compensation is offered to a tenant's broker; if not, the listing should be designated as "Participant Only Network."

5. Enforcement & Penalties for Violations

Violations of the FARE Act may result in fines of up to \$2,000 per occurrence. Enforcement will be handled by the NYC Department of Consumer and Worker Protection, and tenants may also bring private actions for alleged violations.