

THE NEW YORK CITY FARE ACT

Who pays the broker fee, what has to be disclosed, and where the law now stands

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THE RULE IN ONE LINE

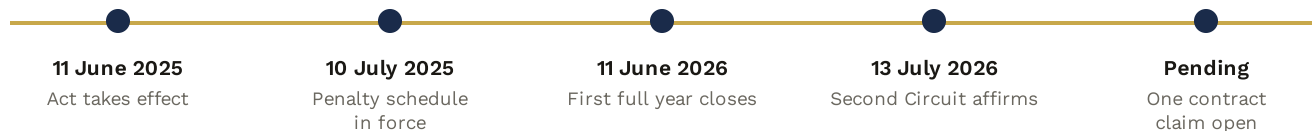
Whoever hires the broker pays the broker.

Since 11 June 2025 a landlord, a landlord's agent or a listing agent cannot charge or collect a broker fee from a prospective tenant anywhere in New York City. A renter owes a fee only where the renter hired the broker. The measure is Local Law 119 of 2024, added as subchapter 15 of chapter 4 of title 20 of the Administrative Code, sections 20-699.21 through 20-699.24.^{1,3}

Overview

The FARE Act repriced roughly half the city's rental market in a single day by moving the commission from the renter to whoever engaged the broker. It also carries a written disclosure regime that draws far less attention and generates penalties of its own. Underneath both sits a rebuttable presumption: an agent who publishes a listing is presumed to do so with the owner's authorization, so publishing is itself evidence that the agent works for the landlord.¹

Timeline



Client takeaway

A year in, the fee ban has survived every challenge capable of stopping it, and the disclosure rule is now the easier way to get caught. If you are renting, do not sign a representation agreement to see an apartment that is already publicly listed. If you own, treat the commission as a cost of the vacancy.^{1,4}

What the Act prohibits, and what it still allows

Prohibited

- Charging or collecting the landlord's broker fee from a prospective tenant, whether by the landlord, the landlord's agent or the listing agent.
- Conditioning a rental on the tenant retaining a **particular** agent.
- Requiring a tenant to retain a **dual agent**, one acting for both sides.
- Conditioning a rental on the tenant hiring any broker at all, including where the broker insists on being hired before showing the apartment.
- Publishing an advertisement or listing that carries a broker fee the tenant cannot lawfully be charged.

Still allowed

- A renter may hire a broker of their own and pay that broker directly.
- A landlord may still charge a prospective tenant for **background and credit checks**.
- Tenant side brokers may advertise their services, so long as access to identifiable inventory is not conditioned on being hired.
- A broker may publish open listings. The Second Circuit was explicit that the Act reaches the fee, not the listing.

The disclosure requirement, section 20-699.22

A landlord or the landlord's agent must give the tenant an itemized written disclosure of every fee the tenant must pay the landlord, or anyone acting at the landlord's direction, to rent the apartment. Each fee needs a written description. The tenant has to sign it **before** signing the lease, the tenant receives a copy, and the signed disclosure must be kept for three years.¹

Separately, every advertisement and every listing must disclose all tenant payable fees clearly and conspicuously.¹

The Act also creates a private right of action under section 20-699.24, so a renter who was charged unlawfully can sue in civil court instead of waiting on the agency. That right sits alongside the complaint route, not in place of it.¹

Penalties, enforcement and the first year

Civil penalties

Per violation, under title 6 of the Rules of the City of New York, section 6-89, in force since 10 July 2025.

PROVISION VIOLATED	FIRST VIOLATION	SECOND	THIRD OR LATER
20-699.21 Unlawful fee charged to a tenant	\$750	\$1,800	\$2,000
20-699.22 Disclosure failure, in a listing or before signing	\$375	\$900	\$1,000

Each subdivision charged counts as a separate violation, and a repeat means the same respondent within two years.⁸ The Department of Consumer and Worker Protection issues the summons, the case is heard at the Office of Administrative Trials and Hearings, and a sustained charge can carry restitution of the illegal fee on top of the penalty.¹

The first year, by the numbers

Complaints and inquiries	2,033
Summonses issued	74
Violations alleged	100
Respondents fined	33
Penalties assessed	\$27,125
Recovered for renters	\$15,500

Department of Consumer and Worker Protection figures as of 1 June 2026.^{6,7,8}

What it did to rents

Net effective asking rent, May 2026	\$4,117
Estimated without the Act	\$4,071
Monthly difference	\$46
Increase attributed to the Act	1.1%
Fee avoided at signing	\$5,862

StreetEasy, more than 290,000 broker relistings from January 2021 to May 2026, controlling for seasonality, building, bedroom count and amenities.⁹

What the two tables say together

The fee did not simply reappear in the rent. A broker represented renter pays about \$46 more a month and avoids close to \$5,900 at signing, which is roughly ten years of the higher rent. Over the same period the larger force on New York rents was inventory, not the Act.⁹

Where the law stands, and how a claim works

The litigation, in short

The Real Estate Board of New York sued in December 2024. On 13 July 2026 the Second Circuit affirmed the district court in *Real Estate Board of New York v. City of New York*, No. 25-1506, before Judges Parker, Livingston and Kahn. The panel held that the publication provision regulates commercial speech, applied intermediate scrutiny rather than the heightened standard REBNY urged, and found the City had shown that tenant paid broker fees genuinely harm affordability and mobility.^{4,5,10}

On the contracts claim the panel accepted that the Act substantially impairs exclusive listing agreements signed before it took effect, but held the impairment reasonable and necessary to a legitimate public purpose. REBNY had not shown a likelihood of success, so the denial of preliminary relief stood. That single claim remains pending in the district court.⁴

Nothing about the fee ban is suspended or in doubt. Treat it as settled and price accordingly.

Three workarounds worth recognizing

- **Whisper listings.** Inventory kept off the public portals and shown only to renters willing to pay a fee off the record.
- **Bait and switch.** A unit is listed publicly, the caller is told it is gone, and comparable apartments are offered for a fee. The agency treats that as conditioning.
- **Agreements at the door.** You are never required to sign a representation agreement to tour an apartment. Signing one makes you the party who hired the broker and moves the fee onto you.⁷

If you were charged anyway

A complaint goes to the Department of Consumer and Worker Protection through 311 or its website. If the agency finds a violation it issues a summons, the matter is heard at the Office of Administrative Trials and Hearings, and a sustained charge produces a civil penalty plus, where the agency asks for it, restitution of the fee itself. Section 20-699.24 also gives the renter a private right of action, so a civil suit does not have to wait on the agency.¹⁷

What to do next

Five things, in order

- 1 **Ask who hired the broker.** That answer decides who owes the fee, and it belongs in writing before anything is signed.¹
- 2 **Read the itemized disclosure.** Every tenant payable fee belongs on it, described and signed ahead of the lease. Keep your copy.¹
- 3 **If you own, budget the commission.** It is now a cost of filling the vacancy. Pricing a unit as though the renter still carries the fee is what produces a long vacancy.
- 4 **File if you were charged.** Call 311 or use nyc.gov/dcwp. Restitution through the agency and a civil suit are both available.¹
- 5 **Call me before you sign on either side.** Most of the disputes I see were avoidable at the showing, not at the closing table.

Sources

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This summary is general information current as of 12 September 2026. It is not legal, tax or accounting advice, and it is not a representation about any specific apartment, listing agreement or transaction. Whether a fee is lawful turns on facts specific to the deal, including who engaged the broker and what was signed. Retain your own attorney before relying on any of it.

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