

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6315

62nd Legislature
2012 Regular Session

Passed by the Senate February 10, 2012
YEAS 46 NAYS 0

President of the Senate

Passed by the House February 27, 2012
YEAS 81 NAYS 16

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6315** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6315

Passed Legislature - 2012 Regular Session

State of Washington 62nd Legislature 2012 Regular Session

By Senate Financial Institutions, Housing & Insurance (originally sponsored by Senators Frockt, Kohl-Welles, Kline, Chase, Keiser, Regala, and Nelson)

READ FIRST TIME 02/02/12.

1 AN ACT Relating to the fair tenant screening act; amending RCW
2 59.18.030, 59.18.257, and 19.182.110; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that residential
5 landlords frequently use tenant screening reports in evaluating and
6 selecting tenants for their rental properties. These tenant screening
7 reports purchased from tenant screening companies may contain
8 misleading, incomplete, or inaccurate information, such as information
9 relating to eviction or other court records. It is challenging for
10 tenants to dispute errors until after they apply for housing and are
11 turned down, at which point lodging disputes are seldom worthwhile.
12 The costs of tenant screening reports are paid by applicants.
13 Therefore, applicants who apply for housing with multiple housing
14 providers pay repeated screening fees for successive reports containing
15 essentially the same information.

16 **Sec. 2.** RCW 59.18.030 and 2011 c 132 s 1 are each amended to read
17 as follows:

18 As used in this chapter:

1 (1) "Certificate of inspection" means an unsworn statement,
2 declaration, verification, or certificate made in accordance with the
3 requirements of RCW 9A.72.085 by a qualified inspector that states that
4 the landlord has not failed to fulfill any substantial obligation
5 imposed under RCW 59.18.060 that endangers or impairs the health or
6 safety of a tenant, including (a) structural members that are of
7 insufficient size or strength to carry imposed loads with safety, (b)
8 exposure of the occupants to the weather, (c) plumbing and sanitation
9 defects that directly expose the occupants to the risk of illness or
10 injury, (d) not providing facilities adequate to supply heat and water
11 and hot water as reasonably required by the tenant, (e) providing
12 heating or ventilation systems that are not functional or are
13 hazardous, (f) defective, hazardous, or missing electrical wiring or
14 electrical service, (g) defective or hazardous exits that increase the
15 risk of injury to occupants, and (h) conditions that increase the risk
16 of fire.

17 (2) "Distressed home" has the same meaning as in RCW 61.34.020.

18 (3) "Distressed home conveyance" has the same meaning as in RCW
19 61.34.020.

20 (4) "Distressed home purchaser" has the same meaning as in RCW
21 61.34.020.

22 (5) "Dwelling unit" is a structure or that part of a structure
23 which is used as a home, residence, or sleeping place by one person or
24 by two or more persons maintaining a common household, including but
25 not limited to single-family residences and units of multiplexes,
26 apartment buildings, and mobile homes.

27 (6) "Gang" means a group that: (a) Consists of three or more
28 persons; (b) has identifiable leadership or an identifiable name, sign,
29 or symbol; and (c) on an ongoing basis, regularly conspires and acts in
30 concert mainly for criminal purposes.

31 (7) "Gang-related activity" means any activity that occurs within
32 the gang or advances a gang purpose.

33 (8) "In danger of foreclosure" means any of the following:

34 (a) The homeowner has defaulted on the mortgage and, under the
35 terms of the mortgage, the mortgagee has the right to accelerate full
36 payment of the mortgage and repossess, sell, or cause to be sold the
37 property;

- 1 (b) The homeowner is at least thirty days delinquent on any loan
2 that is secured by the property; or
- 3 (c) The homeowner has a good faith belief that he or she is likely
4 to default on the mortgage within the upcoming four months due to a
5 lack of funds, and the homeowner has reported this belief to:
- 6 (i) The mortgagee;
- 7 (ii) A person licensed or required to be licensed under chapter
8 19.134 RCW;
- 9 (iii) A person licensed or required to be licensed under chapter
10 19.146 RCW;
- 11 (iv) A person licensed or required to be licensed under chapter
12 18.85 RCW;
- 13 (v) An attorney-at-law;
- 14 (vi) A mortgage counselor or other credit counselor licensed or
15 certified by any federal, state, or local agency; or
- 16 (vii) Any other party to a distressed property conveyance.
- 17 (9) "Landlord" means the owner, lessor, or sublessor of the
18 dwelling unit or the property of which it is a part, and in addition
19 means any person designated as representative of the owner, lessor, or
20 sublessor including, but not limited to, an agent, a resident manager,
21 or a designated property manager.
- 22 (10) "Mortgage" is used in the general sense and includes all
23 instruments, including deeds of trust, that are used to secure an
24 obligation by an interest in real property.
- 25 (11) "Owner" means one or more persons, jointly or severally, in
26 whom is vested:
- 27 (a) All or any part of the legal title to property; or
- 28 (b) All or part of the beneficial ownership, and a right to present
29 use and enjoyment of the property.
- 30 (12) "Person" means an individual, group of individuals,
31 corporation, government, or governmental agency, business trust,
32 estate, trust, partnership, or association, two or more persons having
33 a joint or common interest, or any other legal or commercial entity.
- 34 (13) "Premises" means a dwelling unit, appurtenances thereto,
35 grounds, and facilities held out for the use of tenants generally and
36 any other area or facility which is held out for use by the tenant.
- 37 (14) "Property" or "rental property" means all dwelling units on a

1 contiguous quantity of land managed by the same landlord as a single,
2 rental complex.

3 (15) "Qualified inspector" means a United States department of
4 housing and urban development certified inspector; a Washington state
5 licensed home inspector; an American society of home inspectors
6 certified inspector; a private inspector certified by the national
7 association of housing and redevelopment officials, the American
8 association of code enforcement, or other comparable professional
9 association as approved by the local municipality; a municipal code
10 enforcement officer; a Washington licensed structural engineer; or a
11 Washington licensed architect.

12 (16) "Reasonable attorneys' fees," where authorized in this
13 chapter, means an amount to be determined including the following
14 factors: The time and labor required, the novelty and difficulty of
15 the questions involved, the skill requisite to perform the legal
16 service properly, the fee customarily charged in the locality for
17 similar legal services, the amount involved and the results obtained,
18 and the experience, reputation and ability of the lawyer or lawyers
19 performing the services.

20 (17) "Rental agreement" means all agreements which establish or
21 modify the terms, conditions, rules, regulations, or any other
22 provisions concerning the use and occupancy of a dwelling unit.

23 (18) A "single-family residence" is a structure maintained and used
24 as a single dwelling unit. Notwithstanding that a dwelling unit shares
25 one or more walls with another dwelling unit, it shall be deemed a
26 single-family residence if it has direct access to a street and shares
27 neither heating facilities nor hot water equipment, nor any other
28 essential facility or service, with any other dwelling unit.

29 (19) A "tenant" is any person who is entitled to occupy a dwelling
30 unit primarily for living or dwelling purposes under a rental
31 agreement.

32 (20) "Tenant screening" means using a consumer report or other
33 information about a prospective tenant in deciding whether to make or
34 accept an offer for residential rental property to or from a
35 prospective tenant.

36 (21) "Tenant screening report" means a consumer report as defined
37 in RCW 19.182.010 and any other information collected by a tenant
38 screening service.

1 (22) "Prospective landlord" means a landlord or a person who
2 advertises, solicits, offers, or otherwise holds a dwelling unit out as
3 available for rent.

4 (23) "Prospective tenant" means a tenant or a person who has
5 applied for residential housing that is governed under this chapter.

6 **Sec. 3.** RCW 59.18.257 and 1991 c 194 s 3 are each amended to read
7 as follows:

8 ~~(1) ((If a landlord uses a tenant screening service, then the~~
9 ~~landlord may only charge for the costs incurred for using the tenant~~
10 ~~screening service under this section.))~~ (a) Prior to obtaining any
11 information about a prospective tenant, the prospective landlord shall
12 first notify the prospective tenant in writing, or by posting, of the
13 following:

14 (i) What types of information will be accessed to conduct the
15 tenant screening;

16 (ii) What criteria may result in denial of the application; and

17 (iii) If a consumer report is used, the name and address of the
18 consumer reporting agency and the prospective tenant's rights to obtain
19 a free copy of the consumer report in the event of a denial or other
20 adverse action, and to dispute the accuracy of information appearing in
21 the consumer report.

22 (b)(i) The landlord may charge a prospective tenant for costs
23 incurred in obtaining a tenant screening report only if the prospective
24 landlord provides the information as required in (a) of this
25 subsection.

26 (ii) If a prospective landlord conducts his or her own screening of
27 tenants, ((then)) the prospective landlord may charge his or her actual
28 costs in obtaining the background information((, but)) only if the
29 prospective landlord provides the information as required in (a) of
30 this subsection. The amount charged may not exceed the customary costs
31 charged by a screening service in the general area. The prospective
32 landlord's actual costs include costs incurred for long distance phone
33 calls and for time spent calling landlords, employers, and financial
34 institutions.

35 ~~((2) A landlord may not charge a prospective tenant for the cost~~
36 ~~of obtaining background information under this section unless the~~
37 ~~landlord first notifies the prospective tenant in writing of what a~~

1 ~~tenant screening entails, the prospective tenant's rights to dispute~~
2 ~~the accuracy of information provided by the tenant screening service or~~
3 ~~provided by the entities listed on the tenant application who will be~~
4 ~~contacted for information concerning the tenant, and the name and~~
5 ~~address of the tenant screening service used by the landlord.~~

6 ~~(3) Nothing in this section requires a landlord to disclose~~
7 ~~information to a prospective tenant that was obtained from a tenant~~
8 ~~screening service or from entities listed on the tenant application~~
9 ~~which is not required under the federal fair credit reporting act, 15~~
10 ~~U.S.C. Sec. 1681 et seq.~~

11 ~~(4)) (c) If a prospective landlord takes an adverse action, the~~
12 ~~prospective landlord shall provide a written notice of the adverse~~
13 ~~action to the prospective tenant that states the reasons for the~~
14 ~~adverse action. The adverse action notice must contain the following~~
15 ~~information in a substantially similar format, including additional~~
16 ~~information as may be required under chapter 19.182 RCW:~~

17 "ADVERSE ACTION NOTICE"

18 Name

19 Address

20 City/State/Zip Code

21 This notice is to inform you that your application has been:

22 Rejected

23 Approved with conditions:

24 Residency requires an increased deposit

25 Residency requires a qualified guarantor

26 Residency requires last month's rent

27 Residency requires an increased monthly rent of \$.....

28 Other:

29 Adverse action on your application was based on the following:

30 Information contained in a consumer report (The prospective
31 landlord must include the name, address, and phone number of the
32 consumer reporting agency that furnished the consumer report that
33 contributed to the adverse action.)

34 The consumer credit report did not contain sufficient information

35 Information received from previous rental history or reference

36 Information received in a criminal record

1 Information received in a civil record
2 Information received from an employment verification
3 Dated this day of, 20.....
4 Agent/Owner Signature"

5 (2) Any landlord or prospective landlord who violates this section
6 may be liable to the prospective tenant for an amount not to exceed one
7 hundred dollars. The prevailing party may also recover court costs and
8 reasonable attorneys' fees.

9 (3) A stakeholder work group comprised of landlords, tenant
10 advocates, and representatives of consumer reporting and tenant
11 screening companies shall convene for the purposes of addressing the
12 issues of tenant screening including, but not limited to: A tenant's
13 cost of obtaining a tenant screening report; the portability of tenant
14 screening reports; criteria used to evaluate a prospective tenant's
15 background, including which court records may or may not be considered;
16 and the regulation of tenant screening services. Specific
17 recommendations on these issues are due to the legislature by December
18 1, 2012.

19 (4) This section does not limit a prospective tenant's rights or
20 the duties of a screening service as otherwise provided in chapter
21 19.182 RCW.

22 **Sec. 4.** RCW 19.182.110 and 1993 c 476 s 13 are each amended to
23 read as follows:

24 If a person takes an adverse action with respect to a consumer that
25 is based, in whole or in part, on information contained in a consumer
26 report, the person shall:

27 (1) Provide written notice of the adverse action to the consumer,
28 except verbal notice may be given by a person in an adverse action
29 involving a business regulated by the Washington utilities and
30 transportation commission (~~or involving an application for the rental~~
31 ~~or leasing of residential real estate~~) if such verbal notice does not
32 impair a consumer's ability to obtain a credit report without charge
33 under RCW 19.182.100(2); and

34 (2) Provide the consumer with the name, address, and telephone

1 number of the consumer reporting agency that furnished the report to
2 the person.

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