



## RPM Alert: FTC’s Final Rule on Unfair and Deceptive Fees in Ads and Leasing: Key Takeaways for Apartment and Short-Term Rental Housing Providers

December 20th, 2024 | [Jay Harris](#) and [Mark D. Metrey](#)

On December 17, 2024, the [Federal Trade Commission](#) (FTC) finalized its Trade Regulation Rule on Unfair or Deceptive Fees (16 CFR § 464), otherwise known as the “Junk Fees” Rule, targeting specific industries with a narrowed “activities-based” scope. This significant shift moves away from the proposed rule’s broad coverage of industries to instead cover live-event ticketing and short-term lodging. Importantly, rental housing providers were expressly excluded from the final rule’s coverage. The FTC’s acknowledgment “to focus this final rule on the live-event ticketing and short-term lodging industries” reflects the substantial input from the rental housing industry during the public comment period. (Sec. III.A.4). While the long-term rental housing industry is exempt, housing providers offering short-term rentals—such as “temporary sleeping accommodations at a hotel, motel, inn, short-term rental, vacation rental or other place of lodging”—provide a covered good or service and must therefore adhere to the new pricing transparency mandates. (Sec. III.A.4). The rule becomes effective 120 days following date of publication in the Federal Register, which is currently pending.

Under the final rule, businesses must provide clear and conspicuous disclosures of the total price in any offer, display, or advertisement of a covered good or service. “Total price” includes the sum of “all fees or charges a consumer must pay for any good(s) or service(s) and any mandatory Ancillary Good or Service.” (16 CFR §?464.1). The rule also prohibits deceptive pricing tactics, such as hiding fees until later in the purchase process (“bait-and-switch” pricing), and misrepresenting the nature, purpose, or refundability of fees. Covered short-term rental housing providers must disclose all mandatory fees, such as cleaning charges or service fees, prominently and inclusively in advertised pricing. Misleading or vague fee descriptions—such as labeling a charge as a “convenience fee” without clear justification—could expose providers to liability under the rule. The rule does not pre-empt state and local laws.

For rental housing providers, while traditional leases and rental agreements fall outside this rule, compliance with existing federal and state laws on fee disclosures remains essential. For example, Minnesota’s recent rental transparency law (MN Stat § 504B.120 (2023)) requires detailed notice of fees to tenants, and Virginia’s new legislation (Va. Code Ann. §§ 55.1-1204.1, 55.1-1208, 59.1-199, and 59.1-200) impose strict rules on upfront disclosure of charges. The Massachusetts Attorney General’s proposed rule (940 C.M.R. 38.00) targeting “junk fees” in a wide range of business activities, once finalized, could also bring further regulation specific to rental housing operators.

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Beyond FTC action, housing providers face state and local litigation risks over fees. Recent investigations by the Washington, DC Attorney General highlight this, as do private lawsuits targeting landlords for deceptive utility fees and improper disclosure practices. These efforts demonstrate ongoing attention to rental fee practices beyond the scope of the FTC rule.

Collaborative industry efforts, such as the [MITS](#) initiative hosted by the [Real Estate Transformation and Technology Center](#) (RETTTC), are helping to further standardize fee definitions in common use. Individually, housing providers are evaluating their fee structures to ensure transparent and timely disclosures, and are monitoring developments in both state-specific legislation/regulation and litigation/enforcement trends going into 2025 to avoid compliance pitfalls.