

## HB 3521 A STAFF MEASURE SUMMARY

### Senate Committee On Housing and Development

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**Meeting Dates:** 5/12, 5/19

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#### WHAT THE MEASURE DOES:

The measure allows a landlord to collect a deposit *only* after they have approved the prospective tenant's application, and requires that the deposit to be returned within five business days if the applicant discovers significant habitability issues that lead to the rejection of the rental agreement or if the landlord fails to execute the agreement.

#### Detailed Summary:

- Specifies that a landlord may charge deposit to an applicant for the purpose of securing the execution of a rental agreement *only* after approving the applicant's application.
- Requires a landlord to provide the applicant with a specified written statement *before* receiving said deposit.
- Requires the landlord to refund the deposit to a tenant if the applicant has rejected the agreement due to the discovery of material defects relating to the premise's habitability.
- Directs landlord to refund deposit within five business days if the rental agreement is not executed due to a failure by the landlord to comply with the agreement to execute or due to a tenant's rejection of the agreement based on uninhabitability.
- Allows tenants to recover from the landlord their deposit or if the landlord fails to refund the deposit within five business days, and the failure to repay was not due to an act of God, a penalty equal to the greater of the deposit or an amount agreed to by the parties.
- Specifies that these provisions apply to deposits received on or after January 1, 2026.

*Fiscal impact: Has minimal fiscal impact*

*Revenue impact: No revenue impact*

*HOUSE VOTE: Ayes, 33; Nays, 18*

#### ISSUES DISCUSSED:

- Situations in which hold deposits are used
- Current law governing hold deposits
- Difference between hold deposits, standard (damage) deposits, and lease agreements
- Habitability standards in Oregon law

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

Oregon law limits when a landlord can charge a deposit or fee to someone applying for a rental (ORS 90.927). A landlord cannot charge any deposit or fee to an applicant except for the purpose of securing the execution of a rental agreement. However, a landlord can require a deposit after approving an applicant but before signing the rental agreement to secure the lease. The landlord must provide a written statement detailing the rent amount, any fees or required deposits, and the terms for refunding or keeping the deposit. If the rental agreement is finalized, the deposit must either be applied toward rent or other costs or refunded immediately to the tenant. If the applicant fails to follow through with signing the lease, the landlord can keep the deposit. But if the landlord is responsible for the agreement falling through, they must return the deposit within four days—either by making it

available at their business or mailing it by first-class mail. If a landlord does not follow these rules, the applicant or tenant can sue to recover the deposit or fee plus an additional \$150 penalty.

PRELIMINARY