

# **SB 267 Bill Summary**

During the 2025 legislative session, Senate Bill 267 (“SB 267”) was passed and signed into law by Governor Michelle Lujan Grisham on April 8, 2025. The new law revises portions of the Uniform Owner Resident Relations Act (“UORRA”) and the Unfair Trade Practices Act, focusing on owners charging applicants a screening fee, new notice requirements, and the change to the amount an owner can charge for late payments.

## **Key Changes to the Uniform Owner Resident Relations Act.**

### **New Definitions Sec 47-8-3:**

- An “Applicant” means a person who submits an application to rent a dwelling unit to the owner or who agrees to act as a guarantor or cosigner on a rental agreement;
- A “Screening Fee” means a one-time charge that is charged to an applicant by an owner to recoup the owner's cost of purchasing a consumer credit report, reference check or the assistance of a screening service to validate, review or otherwise process an application for renting a dwelling unit.

### **Upfront Disclosure Requirement:**

A new section was added to the UORRA requiring owners to disclose to all applicants all costs of a rental agreement in a published listing, including base rent and all fees or charges that will be assessed during the residency. The owner should itemize these fees or charges and they should be readily identifiable in the listing.

### **Screening Fees**

Another new section was added to the UORRA addressing the screening fee, defined above. An owner may charge an applicant a screening fee, not to exceed \$50.00, to cover the cost of obtaining information about the applicant, including a credit report, reference check, or screening service. The owner may charge this fee, provided that they give the applicant a written or digital notice of the screening fee and the applicant agrees **in writing** to pay the screening fee. Once processed, the owner must provide the applicant with a digital receipt for the screening fee.

Additionally, the owner may not charge the screening fee if they know there is no unit available for rent. If there are multiple applicants, the owner must place a hold on a credit card or wait to deposit any cash or checks for the screening fee until all prior applicants have either been screened and rejected or offered the unit and declined to enter into a rental agreement. The owner is not permitted to charge the applicant any other fees to process the application. Any owner who charges an unauthorized screening fee will be liable for two hundred fifty dollars (\$250.00) and must return all fees paid by the applicant.

In the event a prior applicant is offered and agrees to enter into a rental agreement for the unit, or the owner does not obtain a consumer credit report, reference check or use a screening service to obtain info about the applicant, the owner must return the screening fee within 30 days.

### **Background Checks**

The new law also addresses background checks. While an owner may require a background check, they cannot charge more than one screening fee to the same applicant if the screening was completed within 90 days of the application. Additionally, the owner must provide the applicant with a copy of the reports used for screening.

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## **Notice of Fee Increases:**

Another new section addresses the notice of fee changes. An owner may increase a fee that is provided pursuant to the terms of a rental agreement, but the owner must give the tenant written notice of the fee change at least 60 days prior to the end of the term. For tenancies shorter than one month, the notice must be given at least one rental period before the increased fee takes effect.

## **Late Payments:**

In the section under the UORRA regarding the payment of rent, the late fee changed from a maximum amount of 10% to **a maximum amount of 5%**. Additionally, the late fee calculation must only be based on rent, and cannot include deposits, additional fees, or utilities.

## **Key Changes to the Unfair Trade Practices Act**

It is now considered an unfair or deceptive trade practice for an owner to charge an applicant a fee in violation of the UORRA. In addition to new definitions, a new section titled “Prohibited Conduct In Renting Of Dwelling Units” was added, which states that it is an unfair or deceptive trade practice for an owner to charge a fee to an applicant that is not a screening fee or deposit or that was not disclosed in a rental listing, in violation of the UORRA. Additionally, it is an unfair or deceptive trade practice for an owner to charge any fees that are not included in the rental agreement, in violation of the UORRA.

For more information, you can review the full copy of the final bill at <https://www.nmlegis.gov/Sessions/25%20Regular/final/SB0267.pdf>