



Federal Trade Commission News
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FTC Takes Action Against Invitation Homes for Deceiving Renters, Charging Junk Fees, Withholding Security Deposits, and Employing Unfair Eviction Practices

Proposed settlement would require Invitation Homes to pay \$48 million, advertise true rental prices, and stop other unlawful behavior against renters

The Federal Trade Commission is taking action against Invitation Homes, the country's largest landlord of single-family homes, for an array of unlawful actions against consumers, including deceiving renters about lease costs, charging undisclosed junk fees, failing to inspect homes before residents moved in, and unfairly withholding tenants' security deposits when they moved out.

Invitation Homes has agreed to a proposed settlement order that would require the company to turn over \$48 million to be used to refund consumers harmed by its actions. The corporate landlord will also be required to clearly disclose its leasing prices, establish policies and procedures to handle security deposit refunds fairly, and stop other unlawful behavior.

"Invitation Homes, the nation's largest single-family home landlord, preyed on tenants through a variety of unfair and deceptive tactics, from saddling people with hidden fees and unjustly withholding security deposits to misleading people about eviction policies during the pandemic and even pursuing eviction proceedings after people had moved out," said FTC Chair Lina M. Khan. "No American should pay more for rent or be kicked out of their home because of illegal tactics by corporate landlords. The FTC will continue to use all our tools to protect renters from unlawful business practices."

Deceptive Pricing and Junk Fees

The complaint alleges that Invitation Homes advertised monthly rental rates that failed to include mandatory junk fees that could total more than \$1,700 yearly. Consumers looking for rental houses paid nonrefundable fees—including application fees up to \$55 and reservation fees up to \$500—based on the deceptively advertised rates. Consumers learned that the price would be higher than advertised only when they received a copy of their lease, and sometimes not even until after they signed the lease. These undisclosed fees ranged from "services" such as "smart home" technology and "utility management," to air filter delivery and internet packages. Renters could not opt out of paying these fees. Since 2019, Invitation Homes has collected more than \$18 million in application fees alone for deceptively priced houses.

The mandatory fees were also highly profitable for Invitation Homes. Between 2021 and June 2023, the complaint alleges, Invitation Homes charged consumers tens of millions of dollars in junk fees as part of their monthly rental payments. The complaint cites a 2019 email from Invitation Homes' CEO calling on the senior vice president responsible for overseeing the company's fee program to "juice this hog" by making the smart home fee mandatory for renters. The complaint also points to multiple times the company actively chose not to disclose the fees prior to consumers paying nonrefundable application and reservation fees, despite the company receiving numerous complaints about the fees after renters learned their actual monthly lease prices were higher than advertised.

Deceptive Promises of Home Inspections and "24/7 Emergency Maintenance"

According to the complaint, Invitation Homes' marketing materials promote that every home the company rents passes a "quality assurance inspection" before renters move in and that the company provides "24/7 emergency maintenance." However, there are numerous instances in which renters arrived to a home to find it in significant disrepair.

The complaint alleges that, between 2018 and 2023, residents in 33,328 properties submitted at least one work order within the first week after they moved in for issues including plumbing, electrical, and heating and air conditioning service requests. In some instances, residents reported houses that were unclean and had mold, broken appliances, rodent feces, and exposed wiring.

These problems were known to Invitation Homes, with one employee noting, "The number of resident complaints I field from new move-ins related to the home not being lease ready is both alarming and growing." A senior employee overseeing thousands of rental houses called the process of preparing houses for new renters a "train wreck."

Even after renters moved in, the company's supposed "24/7 emergency maintenance" was frequently nonexistent. According to the complaint, numerous residents complained about being forced to endure days and even weeks in unacceptable—and sometimes dangerous—conditions, including no heat in the middle of winter, no air conditioning in the middle of summer, and flooding or sewage backing up in the home.

Deceptive and Unfair Withholding of Security Deposits

The FTC also alleges that Invitation Homes has systematically withheld renters' security deposits when they moved out of the company's houses, including by deceptively and unfairly charging them for normal wear-and-tear, damages that existed before renters moved in, and even renovations. These charges were not renters' responsibility and directly contradicted Invitation Homes' clear representations to prospective renters that security deposits would be charged only for damage the resident caused beyond normal wear and tear.

According to the complaint, before a renter moves out, an Invitation Homes employee walks through the home and assesses all the damages, repairs, and renovations the home needs before a

new tenant moves in. All such items then are placed on the renter's account, *regardless* of whether the renter is actually responsible for the cost.

Later, a different employee, who never sets foot in the home, supposedly decides which costs should be passed on to the renter. According to the complaint, this process resulted in numerous improper charges to residents. For example, some regions of the country with thousands of rental homes did away with the review process altogether, charging renters for all repairs by default and reviewing charges only when residents disputed them. But residents were often unable to reach anyone with authority to review their dispute. One employee noted that aggressively charging residents "is how we get upset residents but also make the numbers [the Chief Financial Officer] communicated investors need [to] see."

Invitation Homes' security deposit refund practices were far outside of national norms, with the complaint noting that, between 2020 and 2022, Invitation Homes returned only 39.2% of consumers' total security deposit dollars collected, compared to the national average of 63.9%.

Unfair Eviction Practices

According to the complaint, Invitation Homes has used unfair eviction practices, including during the COVID-19 pandemic when both national and many state restrictions on evictions were in place. When the Centers for Disease Control and Prevention (CDC)'s eviction moratorium was in place, Invitation Homes intentionally steered its renters away from filing the CDC declaration required to prevent renters from being evicted, instead encouraging renters to complete the company's own "Hardship Affidavit." Despite its name, this document provided no eviction protection to renters.

The complaint notes that Invitation Homes took steps to prevent renters from being made aware of the CDC declaration, including ensuring that the company's call centers did not recommend that renters file the CDC declaration. When consumers would reach out to company employees for help, employees regularly failed to inform renters about their option to file the CDC declaration, instead falsely telling tenants their only options were to pay rent, accept a balance forgiveness and move out, or undergo the eviction process.

The complaint alleges Invitation Homes even started eviction proceedings against renters who the company knew had already moved out of their houses, which in some cases resulted in eviction filings appearing on tenant screening reports, making it harder for them to rent houses in the future. In one instance noted in the complaint, a renter was told by Invitation Homes that if she moved out of her house, she would not have an eviction filed against her, but after she moved out the company still filed the eviction.

Settlement Details

Under the terms of the proposed settlement, Invitation Homes would be required to turn over \$48 million to the FTC to be used to provide refunds to consumers harmed by the company's unlawful actions.

The settlement also places a number of requirements on Invitation Homes moving forward. The company would be:

- prohibited from deceiving consumers about the true rental price of a house, including a requirement to include all mandatory monthly fees in a house's advertised rental price and disclose whether listed fees are mandatory or not.
- prohibited from withholding security deposit money for damages that are part of normal wear and tear and requiring that any money withheld be used to repair or correct the damage for which it was withheld.
- prohibited from using withheld security deposit money to fix issues that were present before the renter moved in or to cover the cost of maintenance, repairs, or capital improvements not related to damage caused by a renter.
- required to notify consumers about federal, state, or local programs designed to assist people facing eviction.
- prohibited from filing evictions against certain renters who have already moved out of their house and notified Invitation Homes of their departure.

The settlement, which must be approved by a federal judge before it can go into effect, would also require Invitation Homes to destroy consumer financial data it collected prior to the settlement except under certain conditions, including if that information is needed for current renters.

Earlier this year, the FTC formed a agency-wide Renters Working Group to examine unfair, deceptive, and anticompetitive practices affecting renters. The Commission is holding listening sessions to hear directly from renters, and recently warned that price fixing by algorithm is still price fixing. This is the agency's first enforcement action since the launch of the group, and it builds on previous housing-related actions like *TransUnion*, *Roomster*, *OpenDoor*, and *WeTakeSection8*.

The Commission vote authorizing the staff to file the complaint and stipulated final order was 5-0. Commissioner Melissa Holyoak issued a concurring statement and Commissioner Andrew Ferguson issued a concurring and dissenting statement. The FTC filed the complaint and final order/injunction in the U.S. District Court for the Northern District of Georgia.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. Stipulated final injunctions/orders have the force of law when approved and signed by the District Court judge.

The staff attorneys on this matter were Michael Boutros, Robin Rock, Marguerite Moeller, Christopher Gleason, and Natalya Rice of the FTC's Southeast Region.

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