

**JEFF JACKSON
ATTORNEY GENERAL**



**REPLY TO:
TANISHA D. FOLKS
SPECIAL DEPUTY ATTORNEY GENERAL
TFOLKS@NCDOJ.GOV
919-716-6000**

May 14, 2025

Thomas J. DeRue, Jr.
Chief Legal Officer & Corporate Secretary
FirstKey Homes, LLC
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C. Kiel Garella
Corporate Counsel
FirstKey Homes, LLC
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Dear Mr. DeRue and Mr. Garella:

The North Carolina Attorney General's Office has received consumer complaints from tenants of FirstKey Homes ("FirstKey"). These tenants allege that FirstKey required them to transfer utility accounts from the company's name to their own despite the lease stating that all utilities should remain in the name of FirstKey. As a result, tenants have faced significant and unexpected utility deposit connection fees or have received notices of lease violations for failing to transfer their utilities.

After this Office contacted the company with tenants' concerns, FirstKey acknowledged its mistake and represented that the practice affected 161 individuals across the state. The company represented to this Office that it is taking proactive steps to address the harm this utility transfer requirement has caused.

Specifically, FirstKey represented that it will (1) compensate affected tenants with 200% of the deposit amount, without requiring proof of the deposit unless the affected tenant claims it exceeds \$1,000 and (2) provide \$250 to affected tenants who received the notice but did not pay any deposit. In addition, FirstKey committed to updating its call center procedures to improve communication regarding lease-related questions. The company will also continue to collaborate with an outside law firm to review its policies and procedures and swiftly address any internal control weaknesses to avoid similar mistakes in the future. Please continue to update us on FirstKey's progress on these steps.

The Attorney General's Office is encouraged by FirstKey's proactive response to the concerns we raised and look forward to observing continued improvement. However, to be clear, this letter should

not be deemed a waiver of this Office's rights to investigate and prosecute violations of State law with regard to these consumers or any others that may have been impacted by FirstKeys' business practices in North Carolina. Consequently, we want to impress upon FirstKey the importance of ensuring all affected tenants are provided an opportunity to seek relief under your commitments, and we will be closely monitoring updates from your counsel.

Sincerely,

/s/ Tanisha D. Folks

Special Deputy Attorney General
Consumer Protection Division
N.C. Department of Justice

cc:

Kunal Choksi, Director, Consumer Protection Division, N.C. Department of Justice
Phil Woods, Director, Finance, Charities and Utilities Section, Consumer Protection
Division N.C. Department of Justice