



RENT REPORTING FREQUENTLY ASKED QUESTIONS

Q: What is Rent Reporting?

A: Rent reporting is the monthly reporting of tenant rent payments to at least one of the major consumer credit bureaus for inclusion on a traditional consumer credit report.

Q: Can Rent Reporting help my residents build their credit scores?

A: Yes, the addition of rental payments as trade lines on a traditional credit report can help renters build or establish a credit score. There are no guarantees, but participants in a rent reporting pilot conducted by CBA from 2012 - 2015 saw an average credit score increase of 23 points.

Q: Does rental information show up on the credit report as an installment or revolving account?

A: Neither actually. Rental information reported on the credit report functions as an open trade line. It has a recurring monthly set payment and does not calculate each monthly payment against any overall balance based on the lease.

Q: What credit bureau(s) accept tenant rental data?

A: All three credit bureaus—Experian, Equifax and TransUnion—accept rental data.

Q: Are rental trades factored into all credit scores?

A: Newer scores including VantageScore 3.0 & 4.0 and FICO 9 are optimized for rental data. Older scores were designed before the reporting of monthly rental data was commonplace. While rental tradelines may appear as an item on reports using an older scoring model they are not typically incorporated into the score.

Q: Which residents are the best candidates for rent reporting?

A: The bureaus stipulate that residents have to be paying at least \$10 in rent. Other than that, ultimately, the decision to enroll in rent reporting should be in the resident's hands. However, generally rent reporting can be considered a low risk strategy for establishing new credit history for any resident. CBA has tools to help provide you with guidance on assessing resident readiness for rent reporting. As a responsible housing provider, you can equip the resident with information and considerations so that they can make an informed decision about their readiness for rent reporting.

Q: How long will it take before my residents' payments appear on their credit reports?

A: It typically takes 45 to 60 days before reported rent payments appear on a credit report. For example, a resident's October 1 payment should appear on their credit report by December 1.

Q: Do my residents have to opt in to have their rental payment information reported?

A: If your properties receive(d) any federal subsidy, or your tenants receive federal subsidy for rent, they must opt in to rent reporting. You should collect their written permission as necessary. Whether or not you are required to obtain this written permission depends ultimately on federal law and depending on the circumstances, HUD regulations. While CBA does not provide legal advice, we can offer information to help guide your understanding of your legal obligations.

Q: How do residents opt-in to the program?

A: Residents can opt-in by signing a consent form. CBA has a sample consent form in the CBA Rent Reporting Toolkit.

Q: What if my residents want to opt out of the program?

A: Residents can opt out at anytime.

Q: What are potential unintended consequences from opting in?

A: For those that already have multiple positive lines of active, open credit rent reporting may not boost their score. The addition of a new rent reporting tradeline may cause a temporary dip in “length of credit history”: one factor among many that make up a credit score. In addition, any payment over 30 days late will be reported as so and can damage a person’s credit score. For this reason, it’s important to make sure a resident is a good fit for rent reporting before enrollment, and, once a resident is enrolled, maintain an open line of communication so they have access to support and can disenroll if need be.

Q: What happens if a resident pays rent late or misses a payment?

A: Most rent reporting data furnishers report on time and late rent. A rental payment is deemed late if it is 30 days past due. For example, if a rent payment is more than 30 days late or is missed altogether, Esusu is required to report that information, and it could hurt the resident’s credit score. Ideally, the housing provider has programs or systems in place that encourage residents to reach out to you ahead of time if they think they may be late with or miss a payment.

Q: If a resident enrolls, will the rental tradeline show up on everyone in their household’s credit report?

A: No. Anyone on the lease can enroll, but each person must opt-in themselves in order for the rental tradeline to show up on their credit report. This means that an individual can enroll, and their spouse or co-tenant can come to their own decision about opting-in.

Q: How does the CBA-Esusu Rent Reporter platform differ from directly reporting to the credit bureaus?

A: The CBA-Esusu Rent Reporter platform streamlines and simplifies the process of reporting to multiple credit bureaus. Each bureau has a separate configuration process, we have created a data template that consolidates information needed for each bureau. You can upload this information in whatever format you choose. We will conduct quality review and translate your information into a format accepted by each of the bureaus. In addition, we provide ongoing support to you in your data transfer, program design and dispute resolutions. And finally, through our platform we provide outcome tracking data on resident credit scores that would not be available to you through configuration with the bureaus.

Interested? Have more questions?

Want to chat about what this might look like at your organization?

Contact us at rentreporting@creditbuildersalliance.org

***About Credit Builders Alliance:** CBA is an innovative, nonprofit social enterprise that empowers a diverse alliance of nonprofit lenders and asset building organizations to help low- and moderate-income individuals and families build strong credit and other financial assets. CBA’s Rent Reporting for Credit Building (RRCB) efforts support mission driven affordable and public housing providers to implement rent reporting for credit building initiatives in order to help residents build their credit histories and offer them a positive incentive for on-time rent payment*