



CBA TRAINING INSTITUTE

The Power of Rent Reporting



**CREDIT
BUILDERS
ALLIANCE**

**May 7-9th
NAIHC Conference**

Thank You



CBA's Partnership with NAIHC

Pathways Home:

A Native Homeownership Guide

Developing a supplemental credit building module



Offer CBA membership to 14 Native Organizations



Initiate rent reporting for 5 Tribally Designated Housing Entities or Tribal Housing Developments

CBA Credit Building Community



Good Credit is an Asset

CBA helps organizations move people from poverty to prosperity by supporting their credit building:

- **Programs**
- **Practitioners**
- **Products**
- **Policies**

What is Rent Reporting?

- **Rent reporting** is the regular monthly reporting of tenant rent payments to at least one of the major consumer credit bureaus for inclusion on consumer credit reports
- **Rent reporting for credit building** is the pairing of rent reporting with credit/financial coaching and/or education and asset building programs to support residents in building credit to achieve financial goals

Why Credit Building for Renters?

Strong credit addresses *Access, Affordability, and Options for Renters who...*

- Historically have not gotten ‘credit’ on their credit reports for making their monthly housing payments.
- More likely to have lower-incomes and less wealth than homeowners.
- Are seven times more likely to have a minimal credit history that is deemed unscorable by the credit bureaus compared to homeowners.

Why Credit Building for Native Renters?

- Better quality rental housing options.
- Greater access to affordable mortgages to pursue homeownership.
- Reduction of expenses to make ends meet (cell phone plans, insurance premiums, utility deposits).

Rent Reporting is a Win-Win-Win!

Residents gain the opportunity to build credit without assuming additional debt through the establishment of a new, positive, active trade line on their traditional consumer credit report.

Property Managers gain the opportunity to a positive incentive for on-time rent payment and a competitive advantage in recruiting new residents.

Resident Service Providers gain access to a credit building product/tool which they can wrap coaching and education around and directly provide residents with means to measurably improve their credit profile.

Power of Rent Reporting Pilot

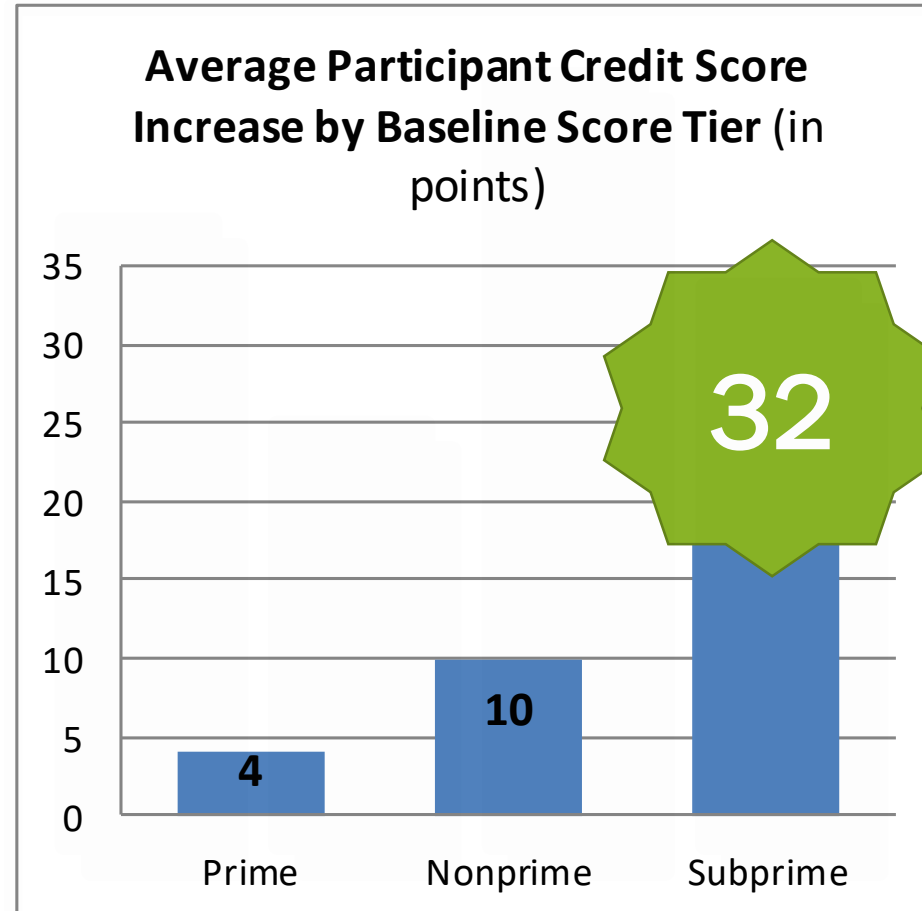
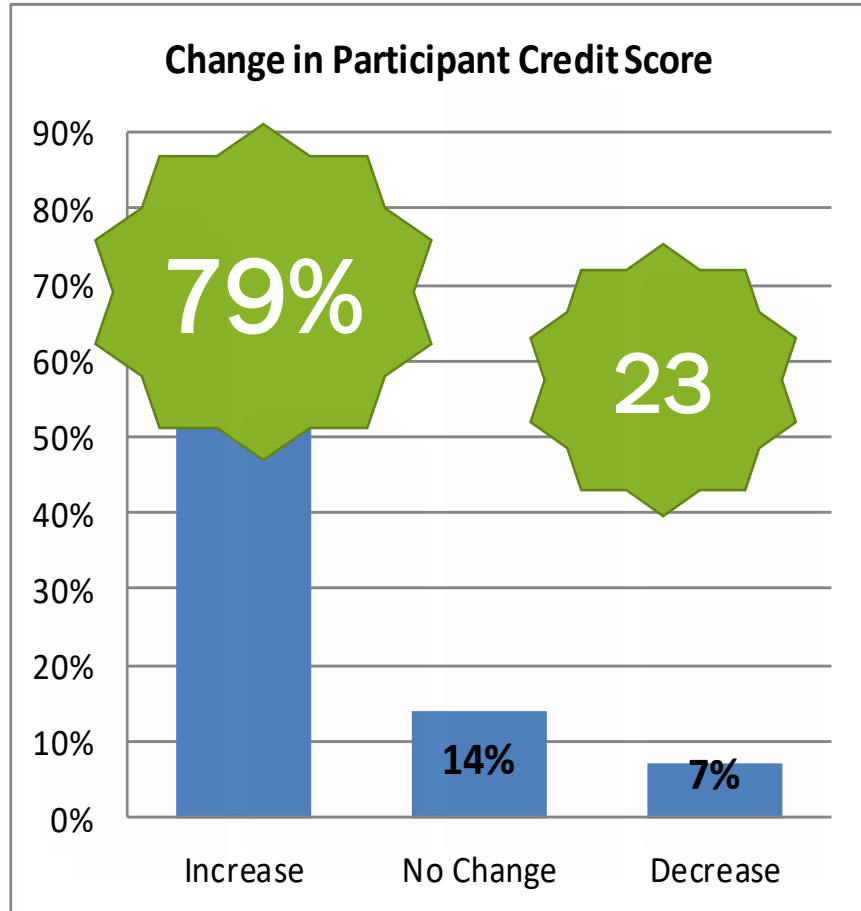


Power of Rent Reporting Pilot Results

100% of residents with no trades transitioned to the thin-file category and are now **SCOREABLE** by VantageScore 3.0.

Risk Segment	Percentage of Unscoreable Population	Average VantageScore 3.0 before	Average VantageScore 3.0 after
Prime	72%	N/A	688
Nonprime	28%	N/A	646
Subprime	0%	N/A	N/A
Total	100%	N/A	676

Power of Rent Reporting Pilot Results



Power of Rent Reporting Pilot Case Study

- Behavioral Economics 101 - leveraging attention at the right time
- Opt-In is an opening for conversation
- Continue conversation at the time you review their credit report
- Ensure importance of credit/rent is top of mind when making their decision

**90% Opt-In
Enrollment
Rate**

**41 point
average credit
score increase**

**25% reduction in
late payments
among chronically
late payers**

Your Reporting Options: At a Glance

Direct

- Property management agencies become credentialed to furnish data directly to one or more of the credit bureaus

Third Party

- Property managers enlist a third party company to provide rent reporting services to residents. Typically, this third party acts as the data furnisher to the credit bureaus.

CBA-Esusu Rent Reporter

- Property managers submits standardized data through “data processing” bridge to the credit bureaus.

CBA-Esusu Rent Reporter



RENTER

Enrolls in Rent Reporting for Credit Building with Property Manager

PROPERTY MANAGER

Supported by CBA to:

1. Outreach and coach residents
2. Onboard renters' data to Esusu

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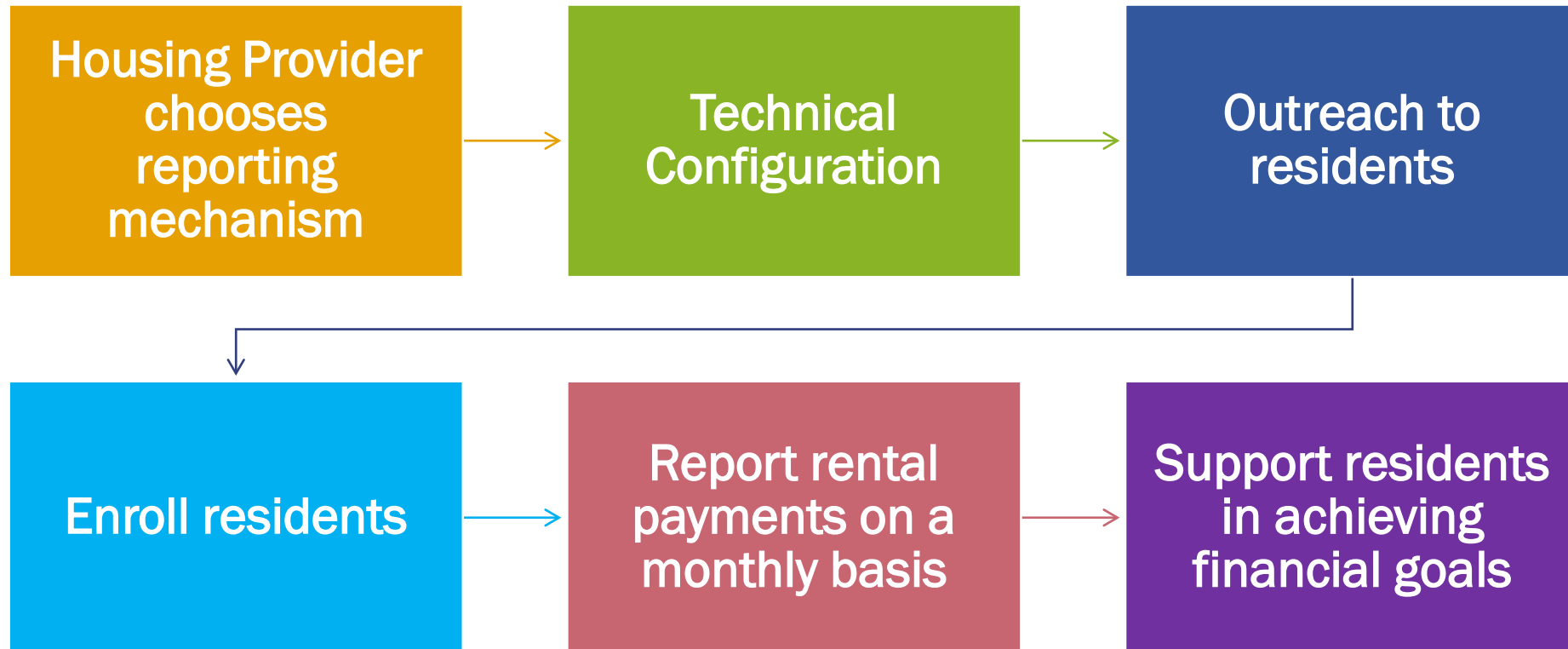
1. Assists Esusu with troubleshooting
2. Manage relationships with Property Managers

ESUSU

1. Manages data collection & transmission to bureaus
2. Supports dispute process
3. Offers Impact Dashboards to Property Managers



Rent Reporting Process Overview



Rent Reporting FAQs

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

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.

Rent Reporting FAQs

Is it possible for rent reporting to have a negative impact on an individual's credit score?

Yes. The addition of any new trade line on a credit report, even one with only positive payment history, can potentially result in a decrease in credit score in the short-term.

Rent Reporting FAQs

How could a positive trade line have a negative impact on credit score?

 Average length of history

 Debt to credit ratio

 Movement between scorecards

Rent Reporting FAQs

Are rental trades factored into all credit scores?

Newer scores including VantageScore 3.0 & 4.0 and FICO 9 are optimized for rental data.

Older and more commonly used scores were designed before the reporting of monthly rental data was commonplace. Many may factor-in rental trades but our understanding of the impact is limited.

Privacy Act Considerations

Affordable housing owners or operators who benefit from federal assistance are subject to the Privacy Act of 1974, which places certain safeguards on the sharing of residents' personally identifiable information with a third party, including a credit bureau.

Any property owner or operator subject to the Privacy Act and wishing to report rental payment data to the credit bureaus must obtain a resident's opt-in — i.e., prior written consent — to do so.

Is Rent Reporting a Good Fit?

Are necessary stakeholders on-board?

- This includes organizational leaders, property management staff, and other staff that provide direct assistance to residents.

Do you have staff capacity? Including:

- a champion who can dedicate time to manage the initial set up process and provide cross departmental coordination
- someone with technical expertise in your property management software who can extract the required resident rental data
- an organizational leader who can review and sign legal agreements
- staff trusted by residents with ongoing capacity to outreach to and enroll residents in rent reporting

Do you have financial resources to offer rent reporting on an ongoing basis?

CBA Tools and Support

- Program Design: CBA's plug and play rent reporting toolkit
- Technical configuration: CBA-Esusu Rent Reporting
- Staff Training: virtual and in person

Continued Learning



Credit as an Asset Training



Credit Builders Toolkit



Credit Building Consulting



CBA Members' Corner

www.cbatraininginstitute.org

Thank You!

Questions?

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www.creditbuildersalliance.org