



Rental Payment Reporting

A Comprehensive Guide for Management Companies and Landlords

What is Credit Bureau Reporting?

Credit reporting is the collection and distribution of credit information by bureaus such as TransUnion, Equifax and Experian that have gained permission to compile consumers' credit reports. Credit bureaus provide this information to creditors like banks, collection agencies, mortgage lenders, and insurance companies, who use it in making financial decisions involving consumers' creditworthiness and solvency.

Can landlords or management companies report rent payment and non-payment to the credit bureaus?



Yes, similar to credit card or mortgage payment reporting, The Fair Credit Reporting Act allows for the reporting of rent payments and delinquencies to a credit bureau. Read more about [Fair Credit Reporting Act here](#).

Which credit bureaus report on rent?

Several credit bureaus accept Rental Payment Credit Reporting, including Equifax, Experian and TransUnion. Currently, only Equifax and TransUnion accept both on-time and late or skipped payments. This mechanism provides an effective balance of positive reinforcement and negative payment habit correction.



What information can be submitted to the credit bureaus?



On-time, skipped, or late payments can be reported to the credit bureaus. If a tenant pays rent on time, this will be reported to the credit bureaus. In return, they will get a boost in their credit score. If a tenant or owner is late or has defaulted, the management company or the landlord can report this to the credit bureaus too. It will negatively affect the tenants' credit scores.

How will the management company and/or the landlord benefit from credit reporting?

The impact to the credit score, gives an extra motivation for tenants to pay rent on time and avoid from becoming delinquent. In turn, the management company and/or the landlord can:

Boost tenants' credit scores



Tenants will get a boost to their credit scores as they continuously pay their rents on time. This can be a value-adding and differentiating benefit that you could offer potential tenants.

Reduce Delinquencies, Recover Aged Receivables and Maintain On-time Payment Habits

The impact to the credit score gives an extra motivation for residents to pay on time, and even pay off past due balances. Our clients typically see a decrease in delinquencies as high as 50% in the first 6-12 months of reporting. Reporting has proven to maintain positive payment habits and correct negative behavior. So if your property doesn't have issues with delinquency, credit reporting can help you ensure that good payment behavior will continue.



Earn Ancillary revenue

Sperlonga has flexible revenue share models so you can see a boost in your cash flow while passing this incredible benefit to the residents.

Reduce Vacancy Rates

In a TransUnion research, two-thirds would choose a property with rent reporting over one without. Also, more than half of respondents stated they would like to have their rent reported. Incentivizing on-time paying tenants establishes mutual trust, thereby adding more reasons why they should stay in your property. You could offer this service as an additional amenity in marketing your property.



Attract Credit-Conscious Tenants

When you add report rent payment as an amenity, you will attract a pool of quality potential tenants who are willing to pay on time and in full. On the other hand, you could deter those who are not consistent with payments.

What are the benefits for the tenants if their rent is reported?



According to Experian, people with high credit score often carry a diverse portfolio of credit accounts (e.g., car loan, credit card, student loan, mortgage) which can be an indication of how well you manage a wide range of credit products.

If a landlord or management company reports rent to the credit bureaus, this adds a new tradeline in their tenant's credit report, thereby increasing the probability of getting a higher credit score. Just like in credit cards, if one pays rent on time, that gets reported – same goes if one pays late.

What are the benefits of a high credit score?

Consumers put importance to expenses that could affect their score because a high score could:

- Get them lower interest rates on credit card purchases, car payments, home loans etc. vs those with lower scores
- Higher chances of getting approved for credit purchases or obtain credit cards
- Lower rates for insurances
- Determine suitability for a job that requires certain level of security

Read more about "[Why a High Credit Score Matters?](#)".

Can the tenants see their credit score?

Yes, every consumer can request for a free copy of their credit report from each of the three major credit reporting agencies , Equifax, TransUnion and Experian. One may also request a free weekly copy of your credit report at AnnualCreditReport.com or call toll-free 1-877-322-8228 .





Can I just report negative or delinquent tenants?

In compliance with the Fair Credit Reporting Act (FCRA), everyone in the property must be reported whether they pay rent on time or not.

Do I have to report all properties in my portfolio?

No, reporting opt-in is based on the property. All residents within each property must be reported to comply with the "fairness" portion of the FCRA. However, not all properties are required to be reported just because they happen to be managed by a single company or owned by a single landlord.

How are accounts on payment plans reported?

Our program recognizes any payment plan you or your property management company has in place. Any account designated to be on a payment plan (including accounts under some form of accommodation due to COVID or similar hardship) are reported as "on-time, paying as agreed".

Payment plan accounts are reported with the balance owed, but \$0 of that balance is considered past due. This positive reporting encourages the account holder to comply with the payment plan and build their credit while doing so.

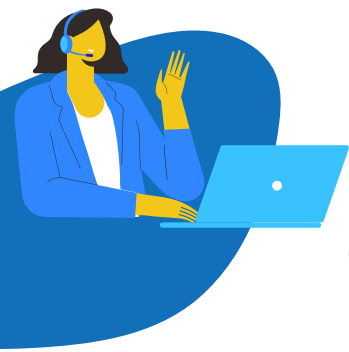


What if account information is reported incorrectly?

When a Data Furnisher identifies a needed correction, Sperlonga submits an update to the credit bureaus to correct the error. Updates are generally reflected on a credit report within 24 hours.

Sperlonga's consumer relations department handles all disputes as inclusive to our service. Sperlonga's service agreement indemnifies and holds harmless the management company and the association for any FCRA concerns. Under FCRA regulations, disputes/investigations must be completed within 30 calendar days. The average time for dispute resolution at Sperlonga is 4.7 days. We only need one person from the management company or data furnisher to verify account information.

Sperlonga's consumer relations department handles all disputes as inclusive to the service. Sperlonga's service agreement indemnifies and holds harmless the management company and the association for any FCRA concerns. Under FCRA regulations, disputes/investigations must be completed within 30 calendar days



How do we get started with credit reporting?

Our credit-reporting experts have streamlined this into a 3-step process.



1

Engage with Sperlonga

The landlord or Property Management company reaches out to Sperlonga. Our credit-reporting experts will explain the benefits of credit reporting, pricing plan and high level overview of our reporting process.

2

Sperlonga facilitates accreditation, setup, and support board/resident education

Our credit reporting experts will guide you through the credit bureaus' accreditation process. Our system is integrated with most major software platforms and our system's flexibility allows us to integrate with other platforms easily and quickly. If you're association is not using a software, that is okay too!

We will also provide education materials you or your landlords may use to roll out the program.

3

Sperlonga reports to the credit bureau each month.

We will take care of the reporting to the credit bureaus each month and support resident discrepancy correction, if any. You will get periodic performance reports of the program's impact to your collection efforts.

Work with the experts. Collect rent on time.



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