



CBA TRAINING INSTITUTE

Rent Reporting & SB 1157



Housekeeping



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Attendees will remain in listen-only mode throughout the webinar.

Housekeeping Continued



Need tech support? Chat the panelist.



Questions? Type them into the Q&A box.



Engage through chat and Q&A.

Disclaimer

This information is not intended to be legal advice and may not be used as legal advice.

Every effort has been made to assure this information is up-to-date. It is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.

Agenda

- **Intro to Credit Builders Alliance & Rent Reporting**
- **Details of SB1157**
- **Key Implementation Decisions & Steps**
- **Additional Resources & Support**
- **Q&A**



Our mission:

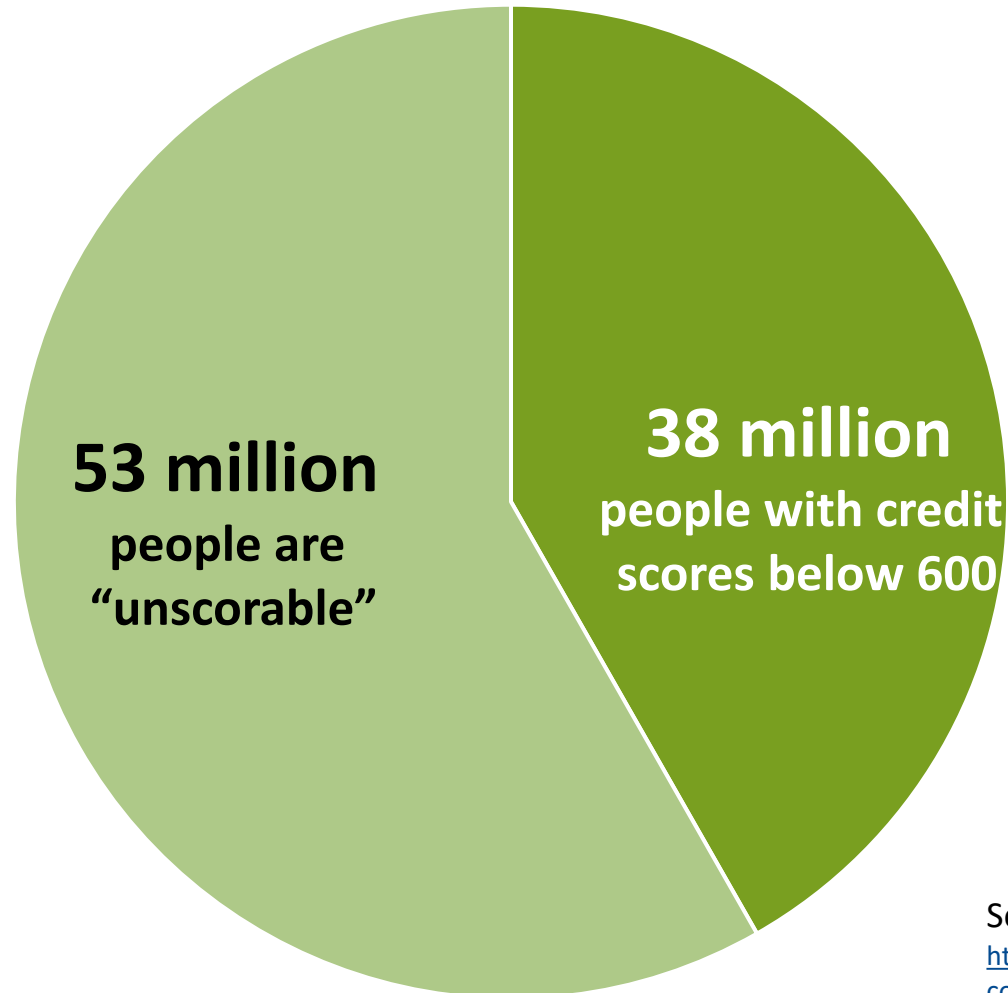
To help organizations move people from poverty to prosperity through Credit Building.

Our philosophy:

Good Credit is an Asset

Mission driven nonprofits and other entities are uniquely positioned to help the households they serve build credit as an asset—often the FOUNDATIONAL asset.

1 in 3 People are Credit Challenged



Source: Financial Health Network:
<https://s3.amazonaws.com/cfsi-innovation-files-2018/wp-content/uploads/2019/12/20160608/Market-Size-Report.pdf>

Get Credit For Paying Rent!



Pay your rent



Payments are reported to the major credit bureaus



See the changes reflected on your credit report!



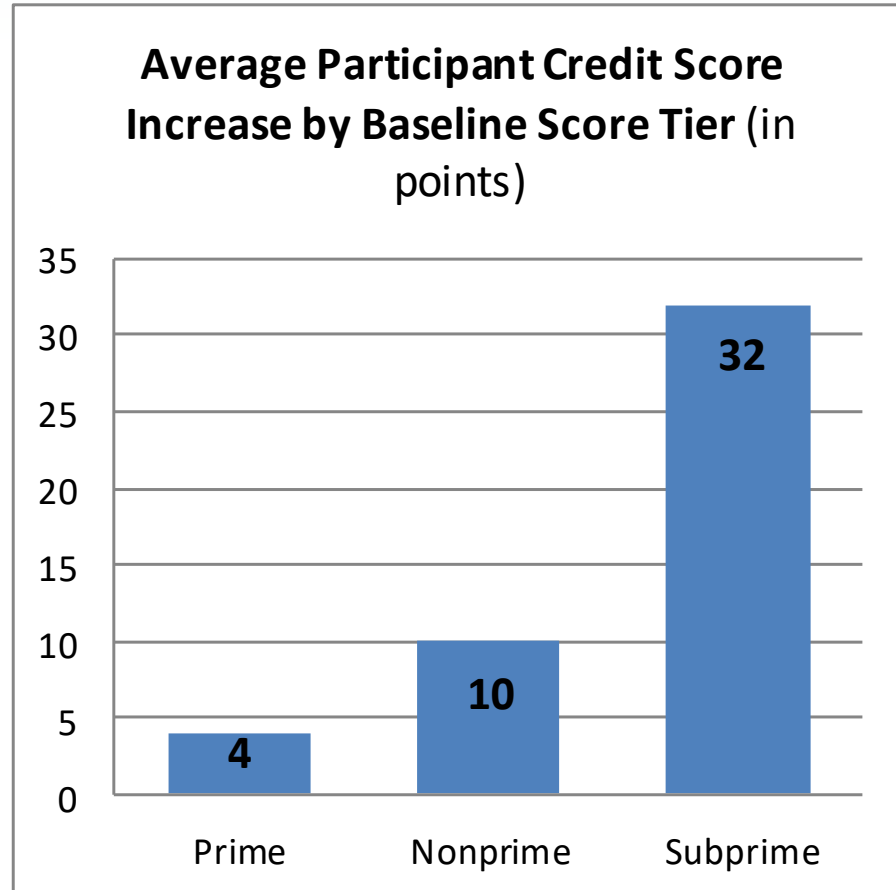
Rent Reporting is a Win-Win-Win!

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 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

Outcomes Beyond the Credit Score*

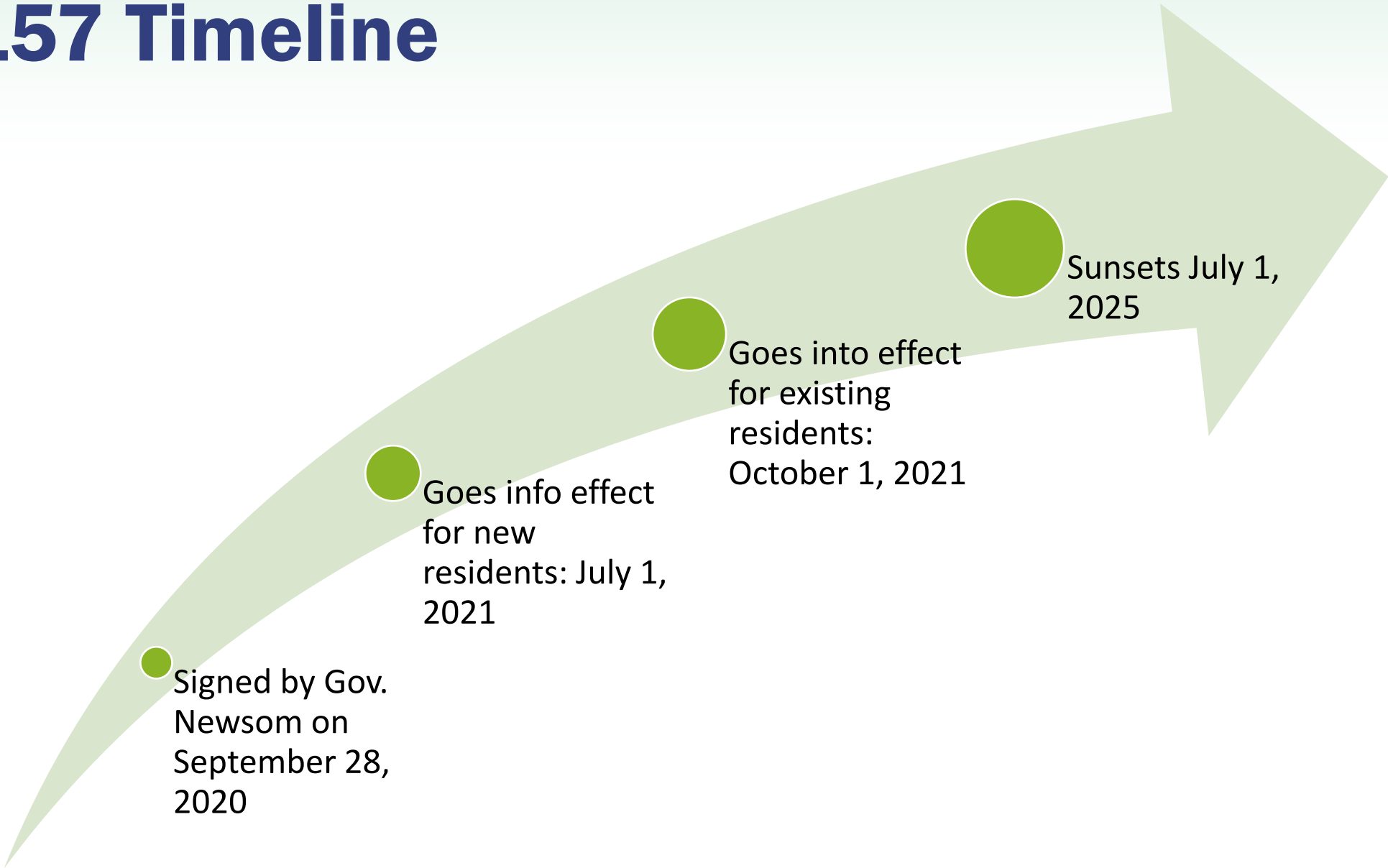
- **Increase in on-time rent payments**
- **Household income increases**
- **Decreased items in collections**
- **Access to other credit building products (car loans, credit cards, business loans, etc.)**
- **Increased participation in other supportive services and programs (such as IDAs, financial coaching, etc.)**
- **Achievement of financial goals**
- **Improved relationships with property managers and staff**

* These outcomes have been tracked by various housing providers, but have not been measured with as much rigor.

SB1157

- **Requires “a landlord of an assisted housing development, as defined, to offer tenants obligated on the lease of units in the development the option of having their rental payments reported to at least one consumer reporting agency”**
 - **Assisted housing development is any multifamily rental housing development that receives governmental assistance (local, state, federal)**
 - **Exceptions for some landlords that own <15 dwelling units**

SB 1157 Timeline



Signed by Gov. Newsom on September 28, 2020

Goes into effect for new residents: July 1, 2021

Goes into effect for existing residents: October 1, 2021

Sunsets July 1, 2025



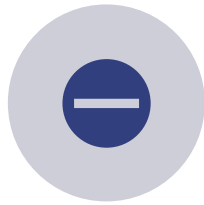
SB 1157 Stipulations



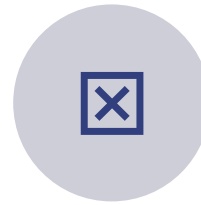
**LANDLORDS
MUST PROVIDE
INFO ABOUT
RENT
REPORTING &
HOW TO OPT-
IN AT THE TIME
OF LEASE
AGREEMENT &
AT LEAST ONCE
PER YEAR**



**TENANT MUST
OPT-IN IN
WRITING**



**RENT
DEDUCTED OR
WITHHELD BY
TENANT UNDER
SECTIONS 1941
& 1942 IS NOT
A LATE
PAYMENT**



**RENTERS MAY
OPT OUT ANY
TIME (6
MONTH
COOLING OFF
PERIOD)**



**LANDLORD
MAY CHARGE
LESSER OF \$10
OR ACTUAL
COST OF
SERVICE**



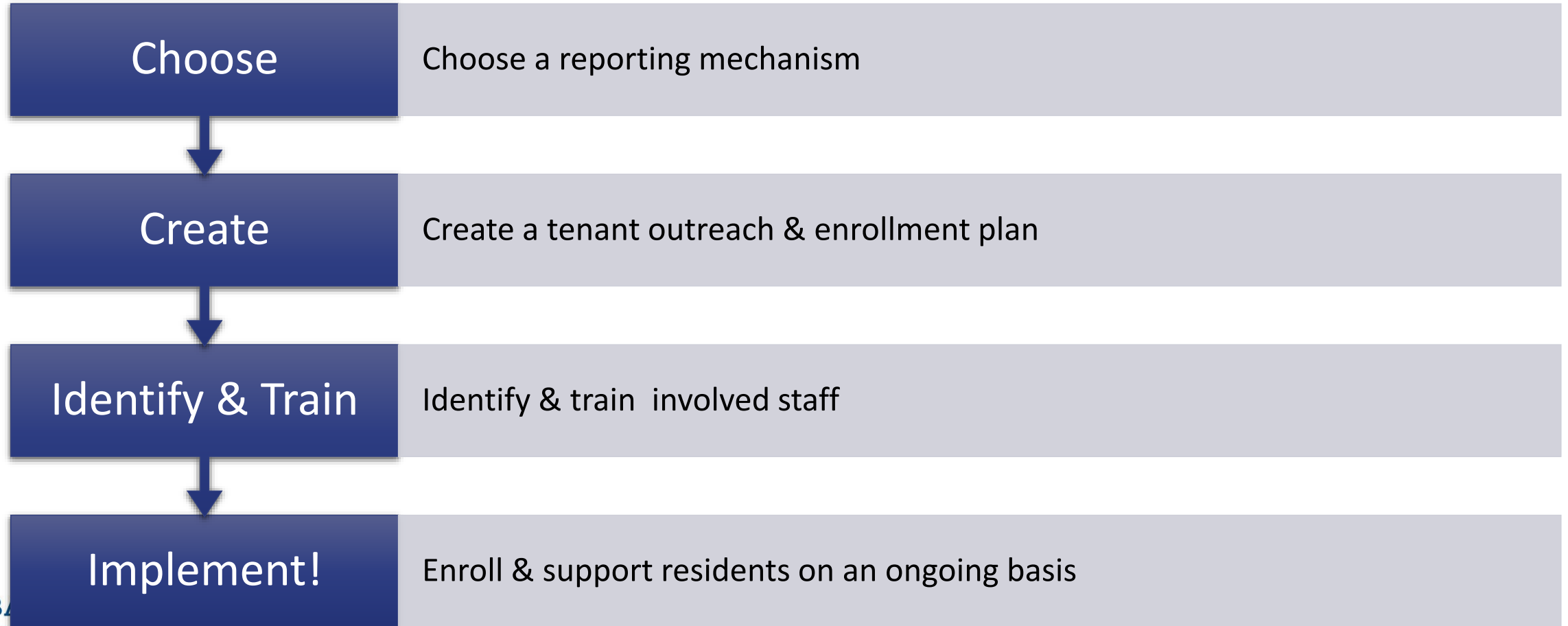
**RESTRICTIONS
ON ACTIONS IF
RENT
REPORTING FEE
UNPAID**

SB1157: Written Election

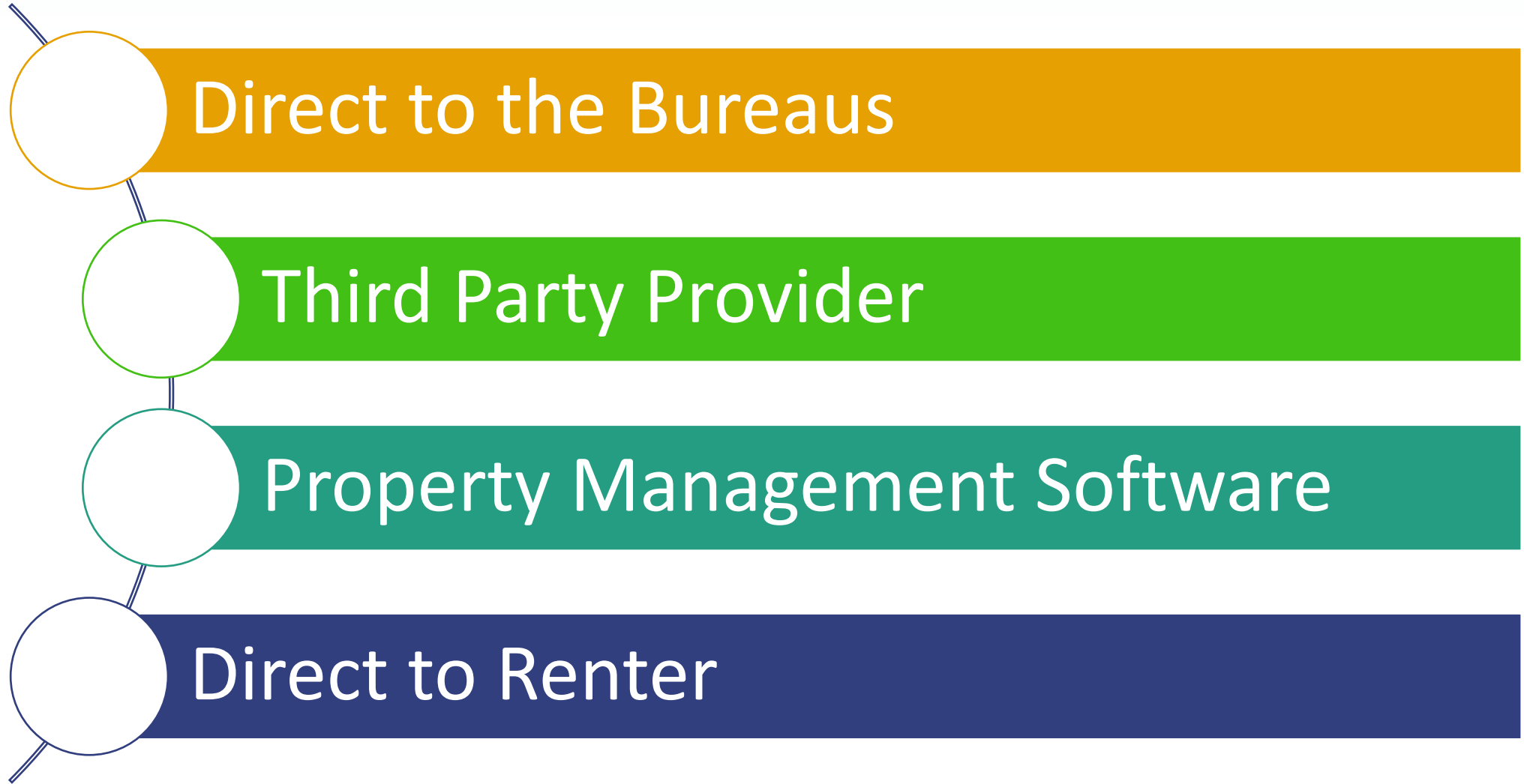
The offer of rent reporting shall include a written election of rent reporting that contains all of the following:

- 1. A statement that reporting of the tenant's rental payment information is optional**
- 2. Identification of each consumer reporting agency to which rental payment information will be reported**
- 3. A statement that all of the tenant's rental payments will be reported, regardless of whether the payments are timely, late, or missed**
- 4. The amount of any fee charged**
- 5. Instructions on how to submit the written election of rent reporting to the landlord by mail**
- 6. A statement that the tenant may opt into rent reporting at any time following the initial offer by the landlord**
- 7. A statement that the tenant may elect to stop rent reporting at any time, but that they will not be able to resume rent reporting for at least six months after their election to opt out**
- 8. Instructions on how to opt out of reporting rental payment information**
- 9. A signature block that the tenant shall date and sign in order to accept the offer of rent reporting.**

Rent Reporting Implementation Overview



Rent Reporting Options: At a Glance



Direct to Credit Bureau(s)

- **Property management agencies become credentialed to furnish data directly to one or more of the credit bureaus**
- **Data furnished by leveraging data collected in Property Management/Accounting software either manually or through automated integrations**
- **Each bureau has a different process, set up can be time consuming**
- **There may be a cost to integrate through your property management software; bureaus may have an “audit charge” for small portfolios**
- **Examples:**

Third Party Rental Service

- **Enlist a third party company to provide payment processing services OR data reporting**
- **This third party may act as the data furnisher to the credit bureaus**
- **Typically costs \$2-\$6/per renter/unit**
- **Cost may be shouldered by the property manager, housing provider, and/or resident**
- **Examples:**



RentTrack



Direct to Renter

- **Using a consumer permissioned app, the consumer signs up for rent reporting**
- **Their rental payments are typically verified by granting the company access to their bank account**
- **Cost range from \$0-\$25/month**
- **Examples:**



Best Practices for Resident Outreach

- **Utilize natural touchpoints**
 - **Include informational material and opportunity to opt-in at leasing at recertification**
- **Build upon existing programming**
- **Provide information visually**
 - **Flyers, posters, newsletters, on rent statements**
- **Support resident leaders in conducting outreach**
- **Ensure residents hear about rent reporting multiple times in multiple ways**

Tools Available Through CBA

Resident consent form

Rent Reporting FAQs

Adaptable flyers & posters

Rent Reporting Messaging Guide

Opt-out/disenrollment form

And more!



Additional Support

CBA is creating a virtual hub of rent reporting resources. Coming online in the next couple of months.

CBA offers TA, access to credit reports, and occasional rent reporting funding

Let us know how we can support you!

Learn More

- **Visit:** CreditBuildersAlliance.org/rent-reporting/
- **Read:**
 - **The Power of Rent Reporting ([here](#))**
 - **HUD: Potential Impacts of Credit Reporting Public Housing Rental Payment Data ([here](#))**
 - **SB 1157 ([here](#))**
 - **Integrating Credit Building Strategies in Affordable Housing Toolkit ([here](#))**
- **Contact us:** rentreporting@creditbuildersalliance.org

Questions?