

The Future of Rent Reporting

How compliance with rent reporting regulations can improve financial stability for both residents and properties.

entrata®

The OS for property management



A photograph of three people in a modern living room. A man with curly hair is sitting on a grey sofa, wearing a green patterned shirt and tan pants. A woman with dark hair is sitting next to him on the same sofa, wearing a light blue denim jacket and jeans. A man with glasses and curly hair is sitting on a brown leather chair to the right, wearing a light-colored polo shirt and dark pants. They are all smiling and looking at each other. In the background, there are framed abstract art pieces on the wall and a lamp. A glass coffee table with two remote controls is in the foreground.

Table of Contents

3 Introduction

4 Section I: The reasons for implementing rent credit Reporting are simple

5 Section II: Strategies for implementing Rent Credit Reporting

6 Section III: Rent Reporting by Homebody stands out from the competition

INTRODUCTION

In recent years, there has been an increasing number of cities and states requiring the reporting of rent payments to credit agencies. Doing so helps renters and homeowners alike build credit for something that accounts for one of their largest monthly expenditures.

In light of this legislation, it's a perfect time to get prepared in the event the state, city, or municipality you are operating starts requiring reporting of residents' rent. Reporting rent is fairly easy, so it should be something you should be proactive about, so you're ready when it becomes a requirement in your area. While it might initially seem like an unnecessary step to take, there are many benefits for both the property and residents we'll highlight later in this ebook, but first let's take a closer look at the laws currently in place.

California Assembly Bill No. 2747

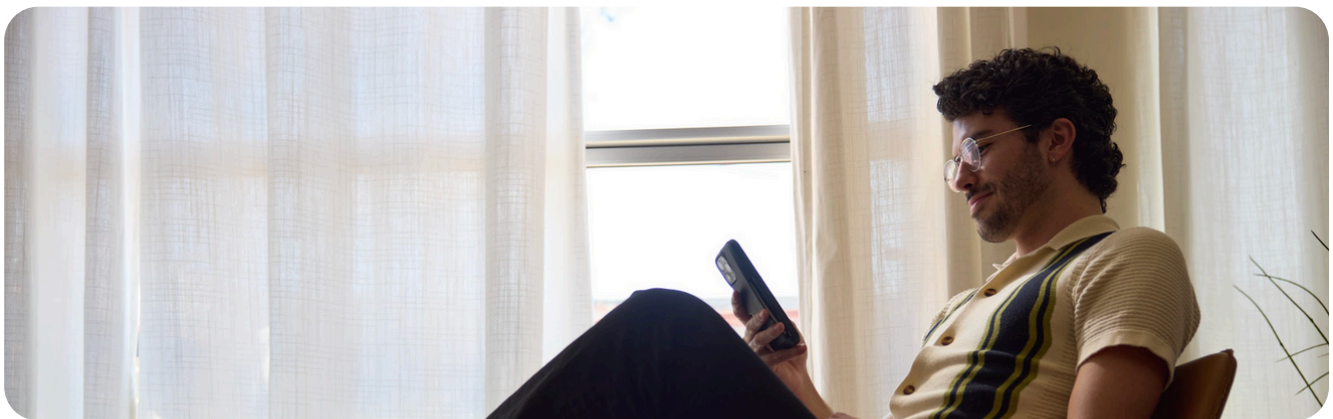
California is leading the way in empowering renters to build credit through their rent payments. Assembly Bill 2747, which went into effect January 1, 2025, will require property owners with 15 or more rental units to offer residents the option to have their on-time rent payments reported to credit bureaus.

For all leases signed after April 1, 2025, property owners must start reporting rent payments for those who have opted in, while also giving all current residents the option to report rent by April 1. This means that simply by paying rent on time, California renters will be able to improve their credit scores, opening doors to financial opportunities like securing loans or qualifying for lower interest rates.

This groundbreaking legislation promotes financial inclusion and fairness, recognizing that rent payments are a significant financial responsibility that should be acknowledged in credit reports. By participating in rent reporting, renters gain greater control over their credit history and can build a stronger financial foundation for the future. This law also benefits property owners by encouraging on-time rent payments and reducing delinquencies, leading to improved financial stability for both renters and property owners.¹

Prince George's County Maryland

Prince George's County in Maryland is launching a pilot program to help renters build their credit history. This program requires property owners to offer residents the option of having their on-time rent



¹[California Assembly Bill No. 2747](#)

payments reported to major credit bureaus for a small fee. It's completely up to the resident whether they want to participate. This initiative aims to give residents more control over their credit scores and improve their access to financial opportunities, while also encouraging timely rent payments, benefiting both tenants and landlords.²

Rent reporting is under consideration in other jurisdictions

Although California is currently the only state to require offering rent reporting, other states have introduced similar bills. Washington State Senate Bill 62112 was introduced and would have required landlords to report tenants on-time rent payments to credit reporting agencies upon the tenants' request. However, SB 62112 was not passed in the 2024 legislative session.

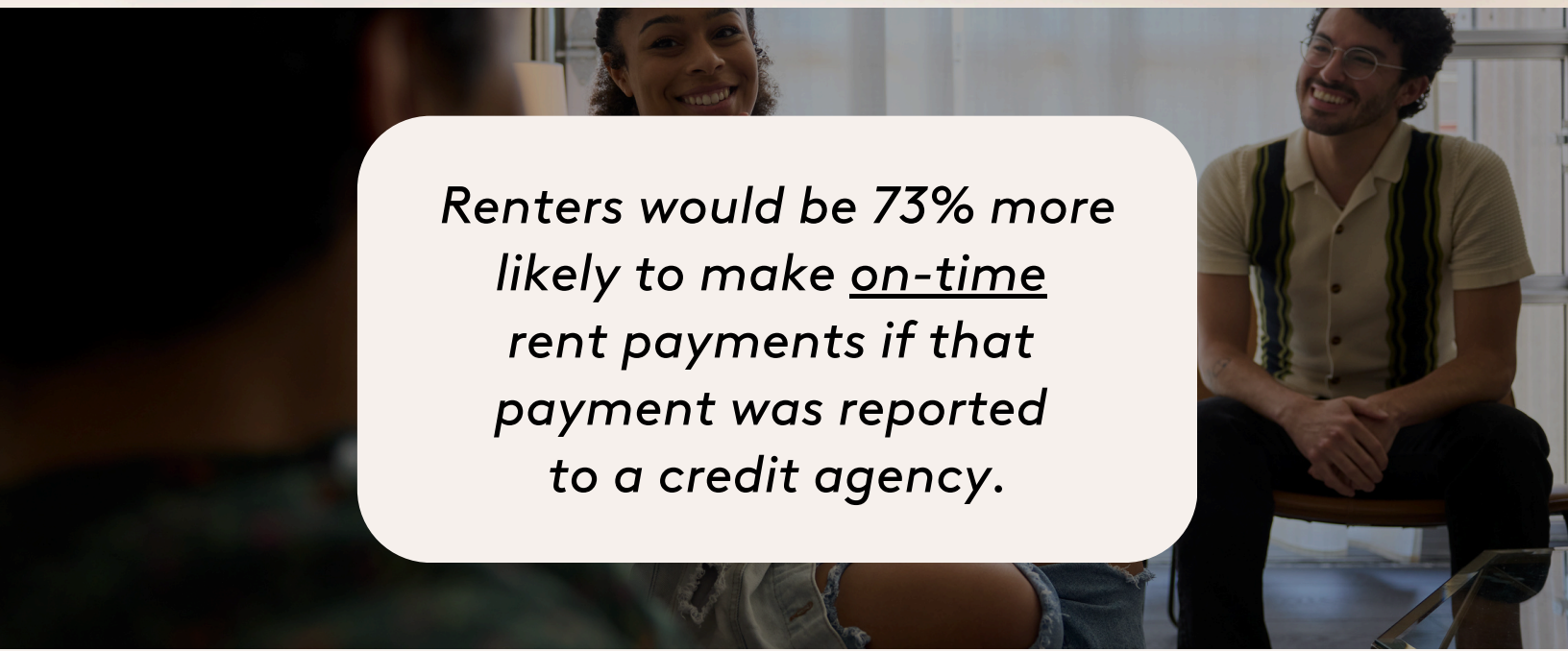
The reasons for implementing rent credit reporting are simple

There are several benefits to reporting on-time rent payments to the major credit bureaus beyond the obvious—helping individuals with thin, bad, or non-existent credit histories to improve them, but that's just the beginning.

There are several benefits to reporting on-time rent payments to the major credit bureaus beyond the obvious—helping individuals with thin, bad, or non-existent credit histories to improve them, but that's just the beginning. Rent reporting enhances resident relations by offering them extra benefits for renting a unit at your property—even when it's not required by law.

At the end of the day, offering rent credit reporting is a win/win for both renters and properties because renters are building their credit more quickly and efficiently than they could have otherwise, and property owners have less bad debt on the books.

According to research by TransUnion, renters would be 73% more likely to make on-time rent payments if that payment was reported to a credit agency. This translates to improved financial performance for your property, with reduced delinquencies and increased on-time payments, which also means improved cash flow for your business. Additionally, residents could view it as the property doing them a favor by helping them receive credit for making on-time rent payments.³



Renters would be 73% more likely to make on-time rent payments if that payment was reported to a credit agency.

²Prince George's County CB-006-2023

³Rent Reporting Will Motivate Seven in 10 Renters to Make More On-Time Payments

Empower Residents, Elevate Your Business

Rent reporting isn't just about credit scores. It's about economic inclusion and opportunity. By seamlessly integrating Rent Reporting into your property management strategy, you can empower residents to build a brighter financial future while enhancing your property's performance and reputation.

The impact is undeniable: Residents can boost their credit scores by an average of 48 points within the first year—a remarkable achievement that opens doors to a world of possibilities. And with the ability to backdate on-time payments up to 24 months, residents can accelerate their credit-building journey.

Strategies for implementing rent credit reporting

By seamlessly integrating rent credit reporting into your leasing process, you can empower residents to build credit while enhancing your property's financial performance. This is in addition to the competitive advantage it can give you against other properties that aren't reporting rent payments. This is especially true for young renters that are just starting to build their credit.

Imagine presenting rent credit reporting as a natural step in the application journey, alongside insurance sign-up and background checks. It's as simple as offering residents the opportunity to effortlessly opt-in to have on-time rent payments reported to the three major credit bureaus by checking a box and all it costs them is a small monthly fee. Seamlessly integrating it into the application process fosters a sense of transparency and value you're providing while also enhancing the resident experience from day one.

While there may be costs associated with implementing rent credit reporting, it's crucial to weigh these against the numerous advantages. Not only can you pass some or all of the cost to residents who directly benefit from improved credit scores, but you'll also likely see a reduction in late payments and improved financial performance.

Furthermore, the regulatory landscape is shifting towards requiring properties to offer rent reporting as an opt-in service. By proactively embracing this trend, you demonstrate a commitment to resident well-being and position your property as a leader in the industry along with your commitment to delivering a top-notch experience to residents.

Plus, you can address resident concerns about potential negative impacts on their credit by emphasizing that only on-time payments are reported. This empowers residents to take control of their credit journey without fear of penalty, further strengthening their trust in your property.

When evaluating potential solutions, make sure you prioritize ease of use for both residents and your site team alike. Consider factors such as cost, the range of credit bureaus covered, and the simplicity of the sign-up and administration processes. By selecting a user-friendly and comprehensive solution, you can effortlessly unlock the power of rent credit reporting, transforming it into a win-win for both your residents and your property's financial health.

Rent Reporting by Homebody stands out from the competition

Rent Reporting is a win-win ancillary revenue amenity. Your residents can build their credit by simply paying rent on time, and you get a boost to your bottom line without distracting your onsite team. You don't have to manage the service thanks to Entrata's workflows and integrations and the fact that residents can self-serve. At student properties, guarantors love Rent Reporting because it helps their applicant build credit without needing to open up a credit card account.

Benefits for Properties



Stay competitive
in your amenities



Encourage on-time
payments



Put the S in ESG



Improve property NOI

80% of consumers improved their credit scores when their on-time rent payments were reported to the major credit bureaus.

Rent that rewards residents

Residents want financial flexibility when it comes time for them to buy a house or car, or even take out a business loan. With Rent Reporting, you enable residents to build credit through something they are already doing, paying the rent. And it works—80% of consumers improved their credit scores when their on-time rent payments were reported to the major credit bureaus.

Benefits for residents



Build credit
while renting



Manage in the
Homebody app



Financial literacy
resources



Free budgeting tool

Embrace the power of Rent Reporting with Entrata and transform it into a win-win for your residents and your business. Empower your residents to achieve their financial dreams, enhance your property's financial health, and solidify your position as a leader in the multifamily industry.

Request a demo today to learn more about how Rent Reporting will drive more on-time payments from residents while also helping them build credit.