



DOLLARS AND SENSE

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Improve Credit with On-Time Rental Payments

Home ownership has long been a part of the American Dream. But for many Americans with poor or no credit, the dream remains elusive.

Potential borrowers face a catch-22. In order to obtain credit, you have to present a solid credit history. In order to establish a solid credit history you have to manage credit responsibly.

This reality has forced many families with little choice than to pay rent for their housing needs.

Housing typically represents the largest portion of the family budget. But renters have not traditionally received credit for paying the rent on time. One exception is where borrowers with less than stellar credit can provide potential lenders with proof of their on-time payments to help qualify for a home loan. But this often results in paying higher interest rates when such additional documentation is required in lieu of a stronger FICO score.

RentReporting.com may offer a solution. The Pasadena, CA based company is an example of rental reporting firms that work with your landlord to report the rental payment history to credit reporting agencies. On-time payments can lead to credit establishment and/or improved FICO scores. They can even reflect the prior two years of rental payments - if you choose. RentReporting.com charges \$9.95/month for their base service. The cost is something consumers will have to weigh compared to the cost of renting or paying higher interest rates due to poor credit.

Another firm offering similar services is RentalKharma.com

Given that the greatest factor impacting your credit score positively is a history of on-time payments, being credited for your strong rental payment history may be worth exploring.

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