WHITE PAPER

Expanding Mortgage Access and Credit Score Predictive Power by Reporting Positive-Only Rental Payments

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Executive Summary

For decades, rent payments—the single largest monthly expense for millions of Americans—have been invisible to the mortgage credit system due to the lack of incentive to report them. Rental data did not move the needle on a consumer's credit score, as it was ignored by the incumbent credit scoring model used by the Government Sponsored Enterprises in the mortgage market (FICO Classic). That era is over. States across the U.S. are evaluating and implementing laws to facilitate rental payment reporting. This type of data reporting is experiencing rapid growth among the Nationwide Consumer Reporting Agencies (NCRAs). Unlike legacy credit scoring models, VantageScore has incorporated rental payment data since its earliest models, making it ready for this change from the start. With the acceptance and adoption of the VantageScore 4.0 credit score for Fannie Mae- and Freddie Mac-guaranteed mortgages[1], VantageScore 4.0 is positioned to continue its role as a more predictive generic credit scoring model as rent reporting becomes the norm.

This white paper evaluates the impact of incorporating verified, on-time rental payment history into VantageScore 4.0 using a dataset of approximately 600,000 consumers provided by Esusu. The dataset includes observations from December 2024 and six-month performance outcomes tracked through June 2025, representing one of the largest consumer rental payment data sets ever analyzed for predictive performance.

Most landlords refer late payments to collection agencies or sell this debt to a debt buyer. These third parties often report this negative information to the NCRAs, where it then makes its way into tenants' credit reports. As a result, negative rental data is often already present on credit files, but positive rental data is not. The dataset used in this study does not include delinquent rental payment history, and this analysis does not reflect the potential impact of delayed or delinquent rental payments. However, the results demonstrate that positive-only rental reporting is a powerful innovation that enhances predictive performance while broadening access to credit.

Highlights

- **Positive Rental Data Unlocks Significant Predictive Performance for the VantageScore 4.0 Credit Scoring Model.** Adding consistent positive rental payment history improves risk prediction by identifying up to 11% more defaults in the riskiest score ranges while delivering a 3.7% increase in overall predictive lift. These gains show that rent is a strong predictor of repayment risk as well as a mechanism for inclusion.
- **Adding Timely Rent Reporting Data to Credit Files Extends Mortgage Eligibility to Credit-Invisible Consumers.** When on-time rental payment tradelines are included, previously credit-invisible consumers achieve an average VantageScore 4.0 of 654, and 99.7% of them receive a score of at least 620, making them mortgage-eligible under current GSE guidelines.
- **Reporting of On-Time Rental Payments Creates Benefits for Consumers with Limited Credit Files.** Borrowers with limited credit files - no tradelines, dormant or inactive accounts, and young consumers - see the largest score gains when on-time rent payments are included, with average credit score increases of up to 67 points.

[1] https://www.fhfa.gov/policy/credit-scores

- **Incrementally Qualified Rental Consumers Scored by VantageScore 4.0 Perform Comparably to Other Consumers.** Consumers who receive a VantageScore 4.0 of 620 or above by adding positive rental data on their credit files have similar repayment performance to the average consumer with the same VantageScore.
- **The Broader Mortgage Market Impact of Positive Only Rent Reporting.** The inclusion of on-time rental payments has substantial implications for the mortgage market. VantageScore estimates that this equates to a potential $777 billion in mortgage origination volume.

Introduction

Credit scores remain one of the most critical gateways to financial opportunity in the United States. They determine whether households can access affordable credit for everyday needs, qualify for a mortgage, or fully participate in the financial system.

For decades, rent payments—the largest monthly expense for millions of Americans—were invisible to the mortgage credit system. The incumbent FICO Classic model ignored these payments and offered no incentive for consistent reporting.

Most landlords either hire a collection agency to recover unpaid rent or sell the debt to a debt buyer. These third parties frequently report the negative information to the NCRAs, which then appears on tenants' credit reports. Consequently, while negative rental data is typically reflected in credit files, positive rental information usually is not.[2]

There are approximately 45.4 million renter households in the United States (one-third of all households), which amounts to roughly 100-110 million individuals residing in rental housing, when factoring in average household size.[3] Industry estimates identify up to 77 million credit-relevant adult renters for whom on-time rental payments could significantly enhance credit profiles if included in credit scoring models.[4]

Meanwhile, the regulatory landscape is shifting. Several bipartisan federal bills have been introduced to expand the use of alternative data in credit scoring.[5]

State legislatures across the United States have either implemented new rental reporting laws or are advancing new rent-reporting mandates. California, New York and Colorado have already enacted laws or programs[6] to facilitate rental reporting. Pennsylvania, Missouri, New Hampshire, Nevada, Maine, New Jersey, Hawaii, Georgia and Washington are considering laws to support rent reporting.

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2 https://library.nclc.org/article/defenses-collection-rental-debt-0
https://files.consumerfinance.gov/f/documents/cfpb_fdcpa-2024-annual-report_2024-09.pdf

3 Redfin renter population report

4 Urban Institute: Including Rental Payment History in Underwriting and Credit Scores Could Expand Access to Credit

5 https://youngkim.house.gov/2025/09/16/rep-young-kim-leads-bipartisan-bill-to-help-millions-of-americans-build-better-credit/

6 https://www.taxcreditadvisor.com/articles/as-rent-reporting-booms-new-hud-faqs-provide-key-guidance/

7 https://en.wikipedia.org/wiki/List_of_U.S._states_and_territories_by_GDP

Rent reporting to the NCRAs is also accelerating. According to TransUnion's latest rent payment reporting analysis, the number of consumers whose rent payments are reported to credit reporting agencies rose to 13% in 2025.[8] Unlike legacy models, VantageScore has long incorporated rental data into its credit scoring models when the information appears in a consumer's credit file. With the adoption of VantageScore 4.0 in the conforming mortgage market, VantageScore is uniquely positioned to lead as rent reporting becomes the industry standard.

The Rental Mortgage Opportunity Funnel illustrates how a strong record of on-time rental payments can open the door to future mortgage opportunities (Figure 1).

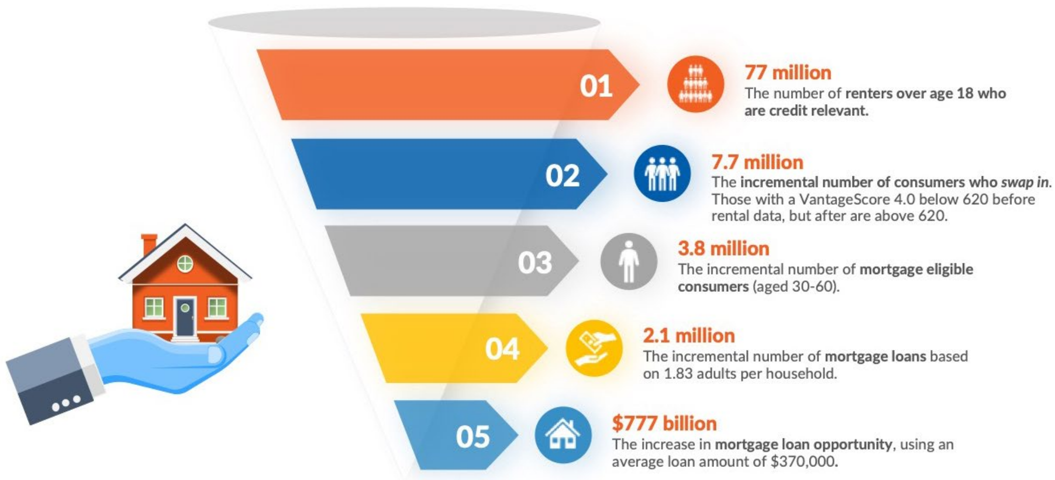


Figure 1: Positive-only rental reporting: mortgage opportunity funnel

Out of 77 million credit-relevant adult renters, adding on-time rental payment history to credit files enables approximately 10% (about 7.7 million) to "swap in" and qualify with a score of 620 or higher, per the GSEs' cutoff. Prior to adding positive rental data, these borrowers were ineligible for a GSE-backed mortgage, with scores of less than the 620-score requirement. Those in the prime homebuying age range (30-60 years old) reduce said pool to 3.8 million individuals.[9] When translated into households, using an average of 1.83 homebuyers per household, this equates to 2.1 million households. At an average mortgage size of $370,000, this represents an estimated $777 billion in potential mortgage origination volume.

Given the tremendous market potential, this funnel highlights that positive rent reporting is not just a tool for improving individual credit scores. It is also a systemic innovation that could expand the lendable mortgage universe in a way that benefits consumers, lenders, and the broader housing market.

This paper presents comprehensive evidence of how incorporating verified on-time rent payments into VantageScore 4.0 enhances the model's predictive power and delivers meaningful benefits to consumers. Rent payments, when reported consistently, provide lenders with a powerful indicator of repayment behavior while offering consumers a pathway to build or strengthen credit profiles that might otherwise remain incomplete.

[8] https://newsroom.transunion.com/transunion-report-finds-more-consumers-likely-self-reporting-rent-payments-in-2025/
[9] Zillow: Renters: Results from the Zillow Consumer Housing Trends Report 2023

The study uses a large-scale dataset provided by Esusu, one of the nation's leading rent reporting platforms. The analysis includes approximately 600,000 consumers, with observations collected in December 2024 and six-month performance outcomes tracked through June 2025 (using the worst-ever performance within six months on a randomly selected tradeline). All rental data provided reflects a positive history (non-delinquent, on-time payments). No past due rental accounts are included in the dataset used for analysis. However, due to a variety of factors (specifically, the age of rental tradeline added to a fuller file composition), scores might not always increase when reporting new rental tradelines for consumers with more established credit histories, even if those payments were positive and on time.[9] Mortgage underwriting standards generally recommend having up to four non-traditional tradelines, with an established payment history of up to 24 months. In this study, each renter has only one rental loan added. Almost 70% of the added tradelines reflect 12 months of payment history, while almost 40% reflect 24 months.

The research evaluates the dual effect of positive rental reporting, including its ability to expand access to credit for underserved populations and its role in strengthening risk management for lenders. The findings demonstrate that incorporating historical rent payments into the credit file provides significant upward movement in VantageScore 4.0 credit scores, particularly for consumers with thin or inactive credit histories, while also improving the model's capacity to identify defaults.

How Rental Data Shapes Credit Scores

The incorporation of consistent, on-time rental payment history into mainstream credit scoring represents a pivotal step in advancing financial inclusion and strengthening risk management. Before VantageScore entered the marketplace, consumers who paid rent reliably every month saw little to no benefit in their credit scores, despite rent being the single largest recurring expense for most households. By integrating positive rental payment data, VantageScore 4.0 captures a more accurate picture of creditworthiness.

In the sample provided, 92% of consumers have a credit file with at least one non-rental tradeline, and the remaining 8% have a credit file that contained exactly one tradeline—a rental trade. That is, 8% of consumers were "credit invisible" without the addition of rental data. When the positive rental data is included, these previously credit invisible consumers receive an average VantageScore 4.0 credit score of 654. Additionally, 99.7% of these previously credit invisible consumers have a VantageScore 4.0 credit score of at least 620, making them mortgage-eligible under the current GSE guidelines.

For the rest of the population, adding on-time rental payment histories boosts the score for 29% of consumers, with an average VantageScore 4.0 credit score increase of 28 points.[10]

[10] On average, the inclusion of rental tradelines increases the mean VantageScore 4.0 score by 6 points.

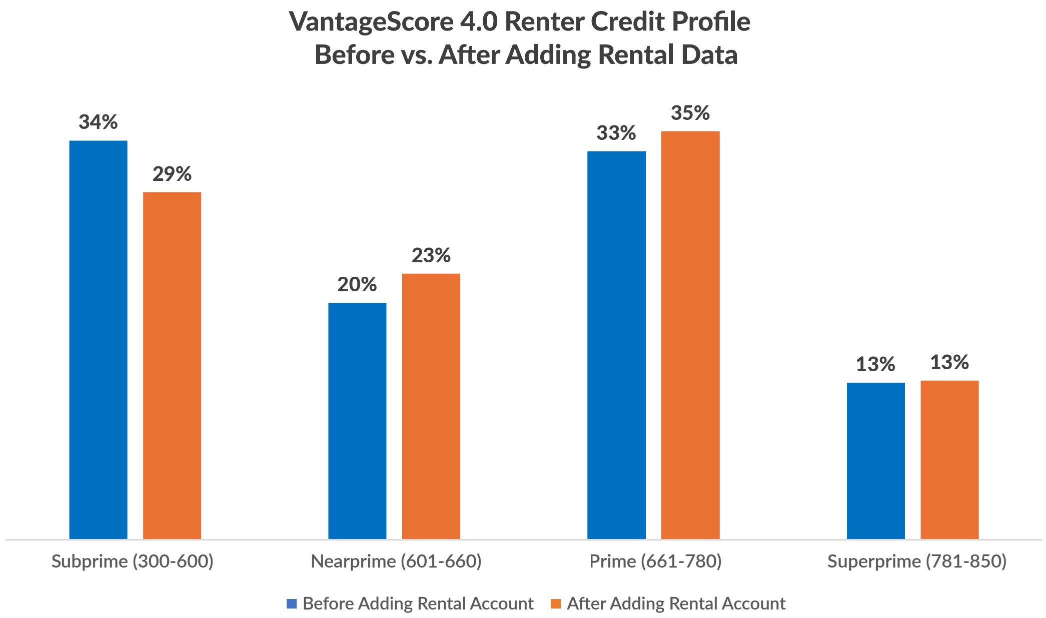


Figure 2: VantageScore 4.0 credit tier distribution of consumers with and without positive rental data

Figure 2 illustrates the credit tier distribution of consumers before and after the addition of positive rental payment history. This chart demonstrates that the inclusion of on-time rental payment tradelines provides a clear upward shift in the population's score distribution.

This is not simply a matter of score inflation. Consumers who achieve a VantageScore 4.0 of 620 or higher by including on-time rental payments in their credit report exhibit repayment behavior comparable to average consumers with similar scores, showing a 2.0% default rate versus 1.8% among non-renters when controlling for score. A similar result is validated around other score cut-offs, for example, at a 600 score cut-off (2.4% versus 2.2%, respectively) and a 640 score cut-off (1.6% versus 1.5%, respectively). This demonstrates that incorporating verified rental data enables lenders to identify consumers with equivalent risk profiles who might otherwise be overlooked. These insights highlight how reporting on-time rental payments can broaden access to credit while giving lenders greater confidence in assessing creditworthiness.

Turning Rent Into Credit Benefits

Including rental history delivers the greatest benefits to borrowers who are new to credit, recently inactive, have limited or no credit accounts, or have a history of delinquencies (Figure 3).

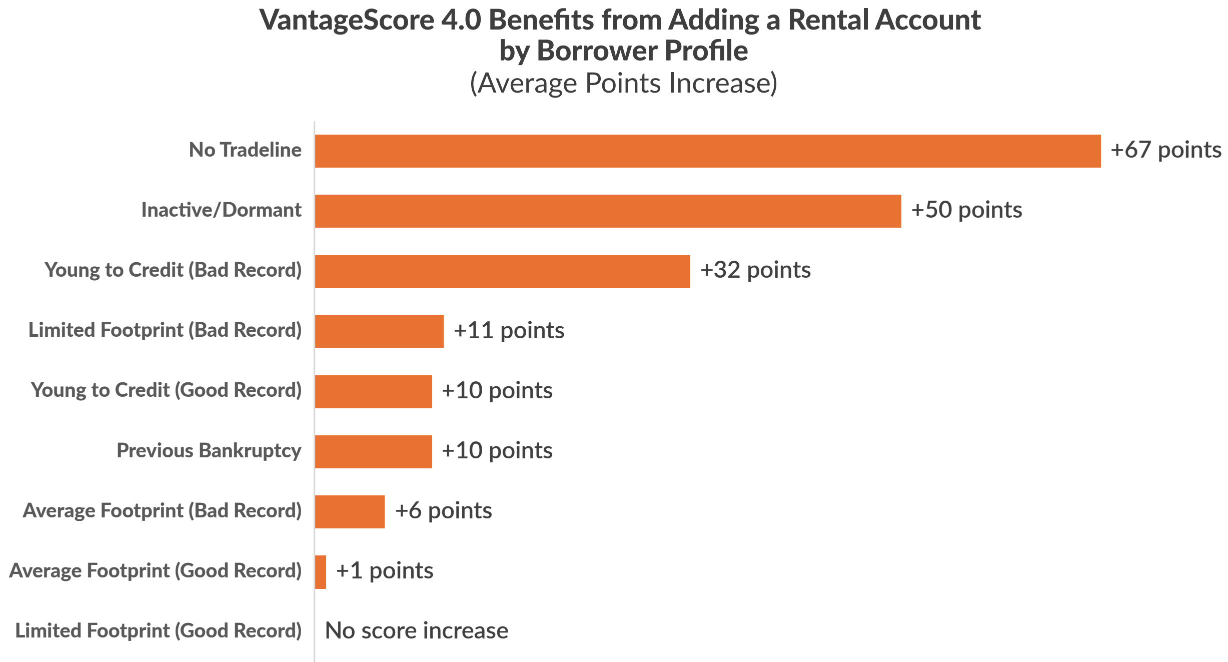
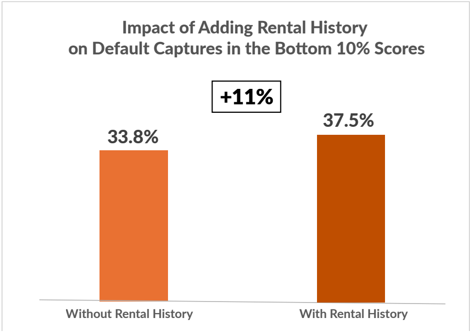


Figure 3: Score impact by consumer profile from adding positive-only rental data

When adding in positive rental tradelines, the largest score increases can be seen for consumers with no tradelines (up to +67 points), those who are inactive/dormant (up to +50 points), and consumers who are young to credit (up to +32 points). Please note these results may not be typical and can depend on the individual's credit file.

Predictive Performance Unlocked by Rental Data

This study explores the potential impact of incorporating on-time rental payment data into VantageScore 4.0. Model performance is evaluated using a worst-ever performance measure within six months on a randomly selected tradeline for each consumer. Preliminary results suggest that including positive rental history could enhance credit risk predictiveness—identifying up to 11% more serious delinquencies (e.g., 90 or more Days Past Due) in the riskiest score range and yielding as much as 3.7% predictive lift overall (Figure 4). These findings indicate that leveraging rental data may not only strengthen model predictiveness but also support efforts to broaden credit access by recognizing responsible payment behaviors not traditionally captured in credit files.



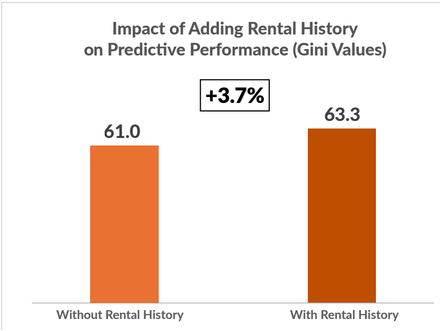
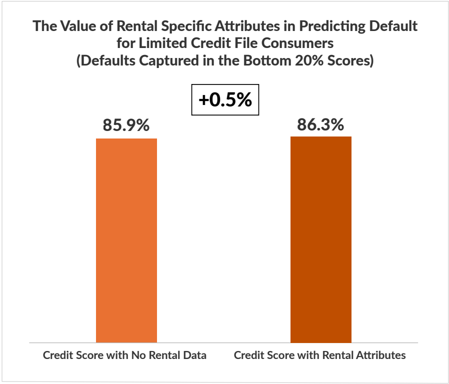


Figure 4: Predictive performance unlocked by positive-only rental data

In summary, adding rental history of timely payments broadens access to credit and improves predictive performance, which together reinforce the case for making rental reporting a standard practice in credit evaluation.

A Second Look Model Using Rental Attributes

As reporting rental history on the credit file becomes more mainstream, there is an opportunity to assess specific rental inputs into VantageScore credit scoring models. These additional inputs have the potential to enhance predictive performance, especially for consumers with thin or limited credit files. The research further assesses the ways that rental-specific attributes can provide additional signals into repayment behavior. Using VantageScore 4.0 as an input, alongside rental-specific attributes, a new "second look" rental model was created. The model demonstrates strong performance, isolating more defaults for the riskiest 20% of consumers, and achieving a 3.2% performance lift when compared to VantageScore 4.0 without rental tradelines (Figure 5).



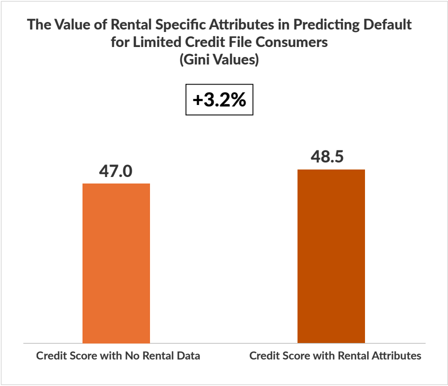


Figure 5: Performance of the second look model using positive-only rental-specific attributes

Discussion

This analysis suggests that incorporating on-time rental payment history into credit scoring has the potential to deliver a rare dual benefit: improving the precision of risk assessment while also expanding access to credit for populations that have been historically underserved.

Perhaps the most powerful evidence refers to the credit-invisible population. Roughly 8% of consumers in the sample would have remained unscored without positive rental data. With the inclusion of timely rental payment history, however, these individuals achieve an average VantageScore 4.0 credit score of 654, and 99.7% of them cross the critical 620 threshold for mortgage eligibility. This finding demonstrates how positive rental reporting transforms the prospects of households historically excluded from the credit economy, providing them with an entry point into mainstream financial products, including homeownership.

Just as significant are the improvements to predictive performance. A frequent critique of alternative data is that broader mortgage access may come at the expense of higher mortgage default rates. This research showcases the opposite effect. Adding timely rent payment to credit files allows lenders to capture 11% more defaults in the riskiest score ranges, with an overall predictive lift of 3.7%. Additionally, incremental qualified rental consumers scored by VantageScore 4.0 who include their on-time rental payments in their credit file demonstrate consistent ongoing payment performance compared to non-renters with similar credit scores. This confirms that rental history is a strong and reliable risk signal, one that strengthens portfolio management while supporting broader credit access.

The potential benefits may extend to individuals with limited or fragmented credit histories. In this study, anonymized consumers with no tradelines showed an average simulated score increase of 67 points, while dormant or inactive consumers showed a 50-point rise, and young-to-credit consumers experienced a 32-point increase. While these results are not guaranteed, the upward shifts suggest that consistent rent payments could serve as a proxy for missing traditional data—helping to demonstrate responsible financial behavior that might otherwise go unrecognized.

Positive rent reporting expands the universe of mortgage-eligible renters, positioning millions more households to qualify for home loans and representing billions of dollars in potential origination volume. While renters may not immediately transition into potential homebuyers, the scale of this opportunity highlights the systemic importance of incorporating rent into credit evaluation.

In short, positive rental reporting is not a peripheral enhancement. It is a foundational innovation that reshapes the boundaries of credit scoring, simultaneously advancing financial inclusion and improving risk management. By elevating rental history to its rightful place in credit evaluation, the credit system can deliver benefits to consumers, lenders, and the broader economy alike.

Technical Integration of Positive Rental Data Into Underwriting

The practical pathway for embedding rental reporting into credit evaluation depends on technical integration at the point of underwriting. Esusu andboth other aggregators operating in this space already provide the infrastructure to collect, verify, and transmit on-time rental payment histories from property managers to credit bureaus. This data is then available within credit files in ways that lenders can incorporate directly into existing risk assessment systems.

From a lender's perspective, integration of positive rental data at underwriting offers three clear benefits:

- **Clean and verified data flows —** Aggregators ensure that rental histories are standardized, accurate, and timely, reducing friction and manual verification at origination.
- **Expanded opportunity —** Millions of previously unscorable or marginal applicants become mortgage-eligible, unlocking new lending opportunities without sacrificing credit standards.
- **Improved risk alignment —** Incorporating consistent, on-time rental payment data provides a strong, predictive risk signal that enhances model performance and portfolio management.

By adopting systems capable of ingesting and applying this data, lenders can expand access to homeownership while also strengthening their competitive position in a market that increasingly values both enhanced credit access and precise predictive power.

Pilot opportunities are now open. Lenders who participate in the VantageScore rent pilots will gain early insights into the predictive advantages rental reporting provides in credit scoring and lending decisions. Reach out now to secure your place at pilots@vantagescore.com.

a higher level of confidence

The VantageScore credit score models are sold and marketed only through individual licensing arrangements with the nation's three Nationwide Consumer Reporting Agencies (NCRAs): Equifax, Experian and TransUnion.

Lenders and other commercial entities interested in learning more about the VantageScore credit score models, including the VantageScore 4.0 credit score model, may contact one of the following NCRAs listed for additional assistance:

VantageScore
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vantagescore.com

Call 1-888-202-4025
www.equifax.com/vantagescore

Call 1-888-414-4025
www.experian.com/vantagescoreforlenders

Call 1-866-922-2100
www.transunion.com/product/vantagescore