

How to respond when tenants push back on Credhub

Remember the rules of your membership with the credit bureau.

You cannot pick and choose who you report. Credit bureau members must report every customer every month. Wells Fargo and American Express don't get to pick and choose who they're going to report. Reporting has nothing to do with the tenant agreeing to it or paying for it. We reported to Equifax every tenant every month for 30 years and NEVER HAD THEM SIGN ANYTHING. You report every tenant every month from the first month you're enrolled in Credhub even though you have not enrolled your first tenant. Credhub covers the cost of this reporting until you have time to start enrolling new move-ins and renewals. You don't start paying Credhub until you've signed up tenants and they are paying you monthly. However, you can't lay back and not enroll new move in's and renewals because YOU PAY CREDHUB on these folks.

How you present an idea often governs the other party's response.

If you say "we report your payment histories to the credit bureau every month" it's like saying you're reporting them to the cops if they misbehave. (It's not very friendly.) When people hear you are reporting their payment history, they often have the wrong response so consider changing your approach to explain "we have a Credit Care program in place to help grow their credit and prepare them for the next stage of their life when they may want to qualify for a mortgage and buy a home." "Credit Care" or "Credit Restoration" sounds more helpful than saying "you are going to report them to

the credit bureau”. Present Credhub in a positive light and you’ll get a positive response.

When tenants push back how do you respond?

First, pushback on an added expense is normal. People are just wired to resist an expense whether it’s an add on to a hotel bill, rental car payment or the price of a car. Most of the time people are just giving an automatic response to an additional expense. For many, this reaction is ingrained in their DNA. The pushback will come in several different forms including “they can’t afford it, they’re too old and don’t care, they don’t believe in the credit reporting system, or that’s not what the advertisement said.” No matter how they phrase it, they are saying “they don’t want that expense.” They simply need a good sound reason, or just a reason that sounds good, for caving in and going with the flow. Just know it’s coming and don’t be surprised. Be prepared to use one or more of the responses outlined below.

1. Let’s try the truth first. Your membership with the credit bureau mandates you report every tenant every month. We found explaining **we had no choice in the matter** is the most effective response. We went on to say **we spent 10 years securing this membership with the bureau and risk losing it if we violate their rules and have no choice but to submit that date every month.**

In this response you are using the negotiating strategy called “higher authority“. In other words, **it’s not your decision to make** and you must follow the rules. It’s like saying license law does not permit you to do that or fair housing rules prevent you from doing that. We found this response will quell 90% of the pushback. “It’s part of our model.

2. Occasionally tenants think if they don’t pay their rent by the first of the month you’ll hurt their credit score and pull back. You must present reporting in a way that

prevents that kind of erroneous conclusion. Since you are not submitting your data to the credit bureau until the last week of the month, you can dismantle this argument by simply saying **“if you pay your rent by the 15th (or the 20th depending on when you submit your date) of the month, they will be reported Paid-As-Agreed and your credit score will grow.”** Give the applicant comfort you’re not going to ding their credit if they don’t have their rent in by the fifth. One way to eliminate this objection is to say it differently upfront like **”our Credit Care program reports them Paid-As-Agreed every month and raises their credit score if rent is in by the 15th.”** This prevents them from concluding the wrong thing and pushing back.

3. YOU CAN PUSH BACK by asking if they are able to pay rent by the 15th of the month it’s due and, if not, tell them maybe they should rent from someone else and you reconsider their application. This becomes YOUR pushback by questioning why they would be fearful of reporting every month.

4. Introduce the Credit Care program by saying you submit your data (NOT report) to the credit bureau every month around the 20th and if they have their rent in by the 20th, you will grow their credit score by 40 to 50 points in the next six months. Remember they are submitting an application and committing to the promises that come with that application. In this way they have affirmed their intent to pay their rent the month it’s due.

5. Consider a “red herring”. A red herring is a strategy to put the other party on the spot by asking them to defend their ability to do what you want them to. When applicants say “I can’t afford it” we all know that is a bogus objection however we still have to deal with it. Paying \$20 a month on \$900 rent is not a financial hardship. It’s about 2% of the amount they planned on spending. Two percent difference doesn't drive anyone away. However, you can offer them a “financial hardship application“ and consider reducing or waiving their fee. Think about this. They are applying to rent a property for \$900 a month and are trying to convince you that \$20 a month more will

prevent them from renting that house. Ridiculous! They don't believe that and neither should you. You can always present the Financial Hardship application as an alternative but they likely won't fill it out. We used a Financial Hardship application to divert bogus objections and bring them back to reality. If they are going to make a claim that \$20 a month is a legitimate financial burden, then you should reconsider their entire application. Claiming they can't afford it is a bogus response. You need a gracious way to respond. Offering them a Financial Hardship Application is a gentle way of squelching this response.

6. Offer to split the cost with them .. for a while. Let's get a little creative.

Some people, like me, love to see how far they can push. They love the negotiating game. So, let them play and offer some creative options. On that one-out-of-50 applicants that are not convinced by the responses listed above you can suggest that **a.)** You'll split it with them for the first ___ (like six) months. If their cost is \$20/mo and they only pay \$10/mo you're still making \$4/mo during the first six months and \$14/mo the second six months and after they renew. This will only happen occasionally so don't let it bother you. Make concessions and still get them paying. Make more when you can and less when you must. Or **b.)** Offer to waive the first ___ (like four) months so they can make the adjustment to the additional \$20/mo. Some people just need to feel you gave in. You won't have to do this often but from-time-to-time this will work. Don't sweat it. Your cost with Credhub is so small you'll absorb it with the others who just accept the \$20/mo extra and don't give you any pushback.

Note: If you're going to offer options to those who push back, and you should, you might not want to give this authority to your rank-and-file staff. As good as they are, some will hate the negotiating process, identify with the tenants financial struggles and want to make them love the manager. It might be better to appoint a senior staff (or owner/broker) with the exclusive authority to do these deals. Remember the car

salesman saying “I’ll have to run this by my sales manager.” It slows down the process and moves the negotiations to the boss or someone comfortable with such negotiations. This should not happen often. If it does, then some more training needs to be done. The first options on this page generally work and the “negotiating exceptions” should be one-in-50.

7. Consider asking the owner to take a little less rent. In one out of 100 applications we found a tenant stuck on this \$20 and felt we would lose them if we held our position. Maybe you should let them go but maybe there is another alternative. From time to time we would reduce the rent by \$20 a month to make this work. If you’re a “small a” agent you’ll ask the owner to reduce rent. If you’re a “big A” agent you’ll just reduce it. Just think outside the box and make it work without caving in and getting nothing.

Now, consider printing this and using it to train the folks in your office that talk to applicants or renewals about this service. Use this document to train others on How To Respond When Tenants Push Back. Don’t make them stumble or fumble finding out what works. Give them the tools to respond.

See our video training on setting up a Resident Rewards package on this site

See our video training on using an Official Notice of Approval

See our document and training video to “Never Have a Negative Review Again”