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Paying rent with your plastic

By **J. PATRICK COOLICAN**, Associated Press (ASAP)
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April rent: \$650. Fees for the credit card you use to pay it: \$19. Having a roof over your head: priceless.

It sounds preposterous, but some landlords, credit card companies and renters are wondering why we can buy groceries, casino chips and cab fare with a credit or debit card, but can't pay our rent with plastic.

That's quickly changing as renters demand the convenience and landlords happily acquire the technology to give it to them. But as more of America's roughly 34 million apartment dwellers can pay rent with credit, some consumer advocates worry about already overburdened working-class families paying for shelter with money they don't have.

Regardless, the trend is accelerating, say credit card companies and landlords. For the year ending September 30, 2005, Visa saw a 158 percent increase in the use of its card for rent payments over the previous year, said Jim Eitler, vice president for client services. About 500,000 rental units can now pay with a Visa card, he said.

The growth is being driven by renters comfortable with using plastic for everything, and property managers and landlords who see the benefits of electronic rent payments. People in the apartment business bemoan what they call "rent week," during which they spend all their time chasing down checks, accounting for them and making deposits.

"Collecting checks is labor intensive," said Mike Fortinberry, vice president of resident services for AINCO, a large apartment investment and management company. While its property

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managers are collecting old-fashioned checks, he said, they can't market their properties, train new employees or fix broken toilets.

PropertyBridge, an Oakland, Calif., technology company that processes electronic payments for landlords, said that a community of 150 units can cut its annual processing costs nearly in half by eliminating checks, from \$13,200 to \$6,912.

Many renters, meanwhile, love the idea, even if it's not yet available to them. "It just makes it easier to pay if you have an automatic payment, plus you can get great rewards," said Jerry Tucker, a computer technician who lives in Indianapolis.

By rewards, Tucker means cash back, airline miles and other incentive programs the cards run. Curtis Arnold, the founder of CardRatings.com, a credit card rating site, said paying a mortgage with a credit card has always been the holy grail for credit card rewards users, but rent is a close second.

"Take \$1,000 in rent. On a plain-Jane cash rebate card, you're gonna get 1 percent, maybe 1.5 percent. You take 1.5 times 12 months, that's almost 200 bucks," he said. He also noted that by using a credit card, the renter gets what amounts to a 25 or 30 day interest-free loan, assuming he pays his bill on time.

And that's what makes some consumer advocates worry. About half of Americans with credit cards pay their bill each month, which means that about half don't. They carry around what's called revolving debt.

"Rent is often the largest chunk of a family's monthly budget. So the concern would be that these families would be tempted to use money they don't have by putting it on plastic," said Travis Plunkett, legislative director for Consumer Federation of America. Americans have about \$800 billion in revolving debt, according to the Federal Reserve's latest data. That's \$13,000 for every household carrying it.


This even has an industry player worried. "I have some reservations about whether credit cards are a positive thing here," said David Bateman, CEO of Property Solutions, which develops technology to allow apartment complexes to set up electronic payments. His company pushes what are called ACH payments, or money that comes straight out of a renter's checking account, like a debit card.

Visa and Mastercard spokespeople say they've found most customers paying rent with a card are using a debit card, not a credit card. Even credit card users are paying their bill at the end of the month, using it to take advantage of rewards, they said.


"Consumers see this as a replacement for checks," said Eisler. For renters, writing a check and bringing it to the management office or mailing it is a hassle, especially if they're often traveling. For the card companies, one thing is clear, said Adrienne Chambers, of Mastercard: "It's definitely an area of opportunity."

_ *asap contributor J. Patrick Coolican is a freelance writer.*

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