



Salt in the Wound: How Eviction Records and Back Rent Haunt Tenant Screening Reports and Credit Scores

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Before the COVID-19 crisis, [20.8 million American renter households](#)--47% of all renter households--were already burdened with housing costs that threatened their financial security. Since the onset of the crisis in the United States, [over 44 million Americans](#) have filed for unemployment. Over [20 million people](#) live in renter households experiencing job loss related to COVID-19. Stimulus payments have been used up and the \$600 federal unemployment benefit has expired. Making matters even worse, on July 24, 2020, [the limited federal moratorium](#) on evictions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act expired, as have many [state eviction moratoriums](#).

The situation for renters is dire: by September 30, 2020, an estimated [19 to 23 million](#)--one out of five of the 110 million Americans living in rental housing--will be at risk of eviction. By the end of the year, up to [40 million people](#) may be at risk.

The [avalanche of evictions](#) that advocates warned of is nearly here, and [it will not be distributed equally](#). Eviction rates are higher for [Black and Latinx people](#), particularly mothers and their children. Disabled people, formerly incarcerated people, undocumented people, and/or LGBTQ people also experience high eviction rates.

Evictions result in tremendous harm for individuals, families, and communities. Those who are evicted will face an array of devastating consequences, including homelessness, job loss, the disruption of child education, and physical and mental health problems.

There is another long-term consequence of evictions. Tenants named in an eviction lawsuit or who owe money to former landlords face lesser-known ramifications that can lock them out of housing indefinitely.

Eviction Records Can Lock Tenants out of Future Housing

In at least 17 states, landlords filed eviction cases against Black tenants at double the rate or higher of white renters.

Landlords often automatically reject applications with [eviction case records](#), regardless of the outcome, context, or how long ago the case was filed. Many landlords also deny applicants who are alleged to have failed to pay rent in the past.

Policies excluding applications with eviction records disproportionately affect tenants of color and Black women in particular. An ACLU study in 2020 revealed that in at least 17 states, landlords [filed eviction cases](#) against Black tenants at double the rate or higher of white renters.

Eviction court records are often easily accessible online without any time limit, making it hard for tenants to ever escape these records. Some landlords go directly to the court's online database to see whether a prospective tenant was previously named in an eviction lawsuit. Many others [purchase reports](#) from specialized tenant screening companies, which

often [scrape information](#), including the name of the landlord, the name of the tenant, and the property address, from the online court databases or buy that information from a data broker. Under the [Fair Credit Reporting Act](#), tenant screening companies are only supposed to report eviction records for seven years, but in many states and counties the records continue to be available online. Even in the rare instances where these records are [expunged](#), tenant screening companies may continue to impermissibly report them.

Housing court records often [lack key details](#), including the outcome of the case. Princeton's Eviction Lab, which examined more than 3.6 million eviction court records from 12 states, [found](#) that, on average, 22% of eviction records contain "ambiguous information on how the case was resolved or falsely represent a tenant's eviction history."

The Big Three credit bureaus (Equifax, Experian, and TransUnion) have stopped reporting eviction and other judgments because they lack information, like Social Security Numbers or dates of birth, that are critical in order to accurately match court records with the correct consumer. Problems with housing court records [have not stopped tenants screening companies](#), however.

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Unpaid Rent Can Significantly Lower Credit Scores

One good piece of news is that eviction judgments won't show up in credit reports. In 2017, thanks to settlements with the Attorneys General for 32 states, supervision by the Consumer Financial Protection Bureau, and private class action lawsuits, the Big Three nationwide credit bureaus [stopped reporting](#) almost all public records in credit reports. Moreover, very few landlords actually report rent payments on a monthly basis, unlike creditors such as credit card issuers or mortgage lenders. So missed payments are unlikely to show up in the same manner as missed loan payments.

But that doesn't mean the credit report of someone facing eviction will remain unscathed. Landlords typically refer unpaid rent to debt collectors, and many collectors regularly report debts to credit bureaus. This collection account is a negative entry in a credit report that can remain for up to seven years and significantly lower someone's credit score.

[A lower credit score](#) hurts many tenants' ability to secure new housing. It also reduces access to affordable credit. Tenants in this situation are often forced to turn to predatory lenders and landlords who charge above-market rates for low-quality housing, trapping them in a spiral of debt.

When the COVID-19 economic crisis hit, Black consumers already had [lower credit scores](#) as a group than whites due to the historical and current discrimination and the racial wealth gap. Black families have only one-tenth of the assets of white families ([\\$17,150 in assets for Black families versus \\$171,000 for white families](#)). This disparity makes keeping up with the bills--including [rent](#)--particularly difficult during financial rough patches, such as with the current pandemic.

Recommendations

Both Congress and the states must act now to prevent an avalanche of evictions caused by the COVID-19 crisis and enable tenants to find and keep housing in the future. These recommendations are in addition to those proposed by housing advocates, such as extending eviction moratoriums and funding rental assistance to reimburse landlords for unpaid rent and to help tenants who remain in financial distress during and after the pandemic.

Congress should:

- Ban tenant screening companies from reporting eviction records, missed rental payments, or tenancy-related debt collection items caused by the crisis.
- Ban the reporting of debt collection accounts, nonpayment of rent, or other adverse information about tenants arising from the crisis to credit reporting and tenant screening agencies.
- Prohibit landlords from denying rentals based on rent arrears or eviction records caused by the crisis.
- Prohibit landlords from referring unpaid back rent caused by the crisis to debt collectors.

States should:

- Ban landlords from rejecting applicants based on eviction records, housing debt, or other adverse credit information related to the crisis.
- Prohibit landlords from referring unpaid back rent caused by the crisis to debt collectors.
- Establish procedures to automatically seal eviction records until the allegations are proven.
- Establish procedures to automatically seal outdated eviction cases.

Resources

- For more eviction-specific resources, see the National Housing Law Project's ["Protecting Renter and Homeowner Rights During our National Health Crisis."](#)
- For guidance on how states can protect consumer's credit reports during the crisis, see NCLC's ["Credit Reports and the COVID-19 Crisis: What States Should Do to Help Consumers."](#)

For more information, contact National Consumer Law Center attorney Ariel Nelson (anelson@nclc.org).