

As renters across the country struggle with increasing housing insecurity, companies selling [rent-splitting loans](#), sometimes called “rent now, pay later,” are [proliferating](#). Rent-splitting companies include Flex, Esusu, Split Pay, Qira, and Livble.

Rent-splitting companies claim to solve tenants’ [“cash flow problem”](#) by allowing tenants to break rent into multiple payments. They promote their products as a lifeline for lower-income people and those with unpredictable income, like gig-economy workers. But these products do not address the root problems of housing unaffordability. To the contrary, rent-splitting loans come at a cost and risk increasing financial pressure on families struggling to keep a roof over their heads.

Many companies charge **steep fees**. These [fees](#) can include membership or application fees, late fees, processing fees, “split” fees, and origination fees. And when tenants provide direct bank account access, the loan products could result in bank overdraft and insufficient funds fees. Some companies lure tenants by **burying cost information or structuring their products so they appear inexpensive when they are not**. Some may claim 0% interest but charge high fees, for example. And some [capitalize on the ubiquity of landlord-imposed junk fees](#), such as excessive late fees and fees to pay rent, advertising that their product might charge lower fees.

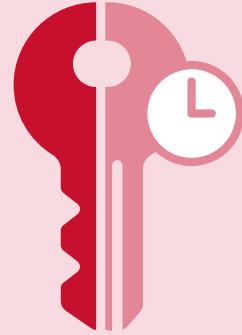
Some companies **may not comply** with state loan laws, including interest rate and fee caps, or the rate caps in the Military Lending Act.

Like payday loans and other short-term loans, rent-splitting loans can lead to a **cycle of debt, reborrowing, and multiplying fees** that is hard to escape. Paying the remaining rent much later in the month can leave tenants without enough income for the next month’s rent, forcing them to borrow again and again.

Tenants turning to rent-splitting loans also risk:

- [Technical and customer service failures](#). If the company fails to pay rent, the tenant can face threats of eviction.
- [Bundling](#). Subscriptions may come with other products, like [rent reporting](#), that can drive up overall costs and jeopardize access to future housing.
- **Contractual traps**. Tenants may be bound by arbitration clauses and class action waivers that limit their ability to hold companies accountable and obtain relief.

States should address housing unaffordability and strengthen tenant protections to ensure tenants do not have to resort to high-cost credit products to pay rent on time. They also should strengthen existing laws governing rent-splitting loans and enforce those laws.



[Millions of renters](#) across the United States use risky rent-splitting products.

Strengthen Tenant Protections to Make Rent-Splitting Loans Unnecessary

CONSUMER PROBLEMS

STATE SOLUTIONS

Facing sky-high rents, tenants often struggle to pay rent in full by the first of the month.

Require landlords to accept rent in two installments without cost to the tenant.

Paychecks, Social Security, and other benefits often arrive after the first of the month, making it hard for tenants to pay rent by the first.

Require landlords to change the rent due date for free upon request. Require a grace period before landlords can impose late fees or other penalties.

Payment platforms may not allow tenants to pay the rent using multiple sources (debit, credit, etc.).

Require landlords, including any agents or payment platforms they use, to allow tenants to pay one month's rent from multiple payment sources.

Tenants often must pay fees simply to pay their rent. Sometimes there is no way to pay the rent without paying a fee.

Require landlords to offer at least one free and accessible payment method and cap any pay-to-pay or convenience fees.

Landlords charge exorbitant, punitive late fees that push tenants to use high-cost credit products to pay their rent by the first of the month.

Cap late fees, allow only one per month, and apply payments to the rent first.

At least one company providing property management software also owns a rent-splitting company and may use that platform to steer tenants toward its costly loans.

Prohibit the entity that collects the rent from offering rent-splitting and other loans to tenants through legislation and enforcement.

Strengthen Laws Governing Rent-Splitting Loans

CONSUMER PROBLEMS

STATE SOLUTIONS

Some companies claim to charge no interest while imposing monthly subscription fees not included in annual percentage rate (APR) disclosures and that evade interest rate caps.

Ban subscription fees for rent-splitting loans.

CONSUMER PROBLEMS

STATE SOLUTIONS

Some companies charge multiple high fees that exceed state interest rate caps as well as the Military Lending Act's 36% rate cap.

Treat rent-splitting loans as closed-end credit and require inclusion of all fees (including subscription fees if not banned) in the interest rate/APR cap. This cap should be 36% or less, calculated based on each extension of credit.

Some rent-splitting loans do not comply with state lending laws, including licensing requirements.

Bring enforcement actions, issue guidance, or close loopholes to ensure that small-loan laws, including rate caps and license requirements, apply.

Rent-splitting loan companies often offer their products through banks and claim to be exempt from state law.

Require state-chartered banks to obtain licenses for rent-splitting products like other lenders and bring enforcement actions to challenge rent-a-bank schemes.

Rent-splitting loans may charge high late fees if tenants pay the second half of the rent late.

Limit late fees to a total of \$8 per month (as the Consumer Financial Protection Bureau attempted to do for credit cards).

Rent-splitting companies may engage in unfair, deceptive or abusive acts or practices (UDAAP).

Bring public and private enforcement actions against companies violating existing consumer protection laws, including UDAAP laws. Strengthen UDAAP laws to close loopholes and ensure private remedies.

For more information on rent-splitting products, see Protect Borrowers' and Towards Justice's [Rent Now Pain Later report](#). **For more on buy now, pay later products**, see the National Consumer Law Center's [States Can Protect Buy Now, Pay Later Borrowers](#) and [Risks and Advice for Buy Now, Pay Later Borrowers](#). For more information, contact Ariel Nelson (anelson@nclc.org) and Lauren Saunders (lsaunders@nclc.org).

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The nonprofit National Consumer Law Center® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training.