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S.F. payment-processor Yapstone puts rent on charge cards

San Francisco Business Times - by [Vasanth Sridharan](#)



“We kind of got through the whole dot-com shake-up because we were the only way where renters who wanted to pay with a credit card could,” says Golis.

Yapstone has a very simple mission — to get rid of the “last check everyone writes,” meaning, the rent check.

Since 1999, the San Francisco-based company has been processing rent payments (through the subsidiary RentPayment) via credit card, debit card and electronic check. It’s been a lucrative business — Yapstone’s revenue has increased from \$6.7 million in 2006 to \$18 million last year, and it’s been profitable for three years.

To explain such growth, CEO Matt Golis points to increased adoption as more people feel comfortable paying bills without a checkbook.

RentPayment now has 5,000 properties nationwide representing more than 3 million individual apartments. In the Bay Area, the company processes payments for big management companies like Avalon Bay and Prometheus. The company has also branched out into other payment processing businesses such as public storage, homeowner association dues and vacation rentals.

Yapstone has definitely benefited from its huge potential market and lack of competition.

“We kind of got through the whole dot-com shake-up because we were the only way where renters who wanted to pay with a credit card could pay with a credit card,” Golis said.

The company’s biggest advantage, however, is psychological. In the 10 years since Yapstone opened its doors, people have become more comfortable paying for everything online — from doing their shopping to paying their credit card statement, said Golis. So worries about paying rent online have faded away. Plus,

they can take advantage of their credit card rewards programs and get the frequent flier miles or bonus points that they get on their other purchases.

The company charges landlords a set-up fee and a monthly fee. But the majority of the company's revenue comes from transactions. If the landlord is passing along the cost of the service to the tenants, Yapstone takes a flat convenience fee from each tenant every month. If the landlord is offering the service to the tenants for free, then Yapstone takes a percentage from the landlord of every transaction. The company also charges for premium services, like electronic check processing.

But right now, as the economy continues its downward spiral, Yapstone may have trouble attracting new clients, who are wary of assuming any new costs or passing on costs to tenants. David Gruber, owner of Gruber and Gruber Properties in San Francisco and a board member of the [San Francisco Apartments Association](#), said that in the past year, the average rent for his properties has gone down about 10 percent. As job losses mount, Gruber said, people aren't willing to pay as much as they were a year ago.

"This is a good time for tenants to negotiate," he said. "Everyone is encouraged to look at the published (rent) prices as asking prices."

The manager of one of Yapstone's current clients, San Francisco-based Park Merced, which has 3,200 units and 8,000 residents, said that participating residents consider the company's service invaluable. Stacey Schlessinger, director of leasing and marketing, said that about 35 percent of the tenants at Park Merced use it, even though they have to pay a \$40 monthly fee. She said the service has been a boon for people who travel often or don't have time to drop off their check.

"For some people, the convenience far outweighs the fee," Schlessinger said.

From the landlord side, Yapstone's service has made figuring out who paid and who didn't much easier, she said. "On the 6th of the month when rent has been due, we want to see who's paid. Being able to do that electronically has been great because we can immediately see whose check has cleared."

Yapstone can continue to grow in the down economy, said Golis, since the company is somewhat counter-cyclical. The service is attractive to tenants right now, especially ones who need a little extra cash. They can put their rent on their credit card, and pay it off slowly, although they would have to pay the interest that accrues. Yapstone's service is also attractive to managers of apartment complexes, who don't have to manually process so many checks and make bank runs. (Yapstone also offers a way to electronically process paper checks.)

The other benefit of the current downturn? Golis said that his company is hiring while everyone else is letting go, so he gets his pick of applicants. The company hired 15 people last year and plans to hire another 12 this year.

“Certainly with the economy being what it is, we’ve had a great opportunity to bring in (new people),” he said. “A lot of people are leaving companies that are going down.”

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