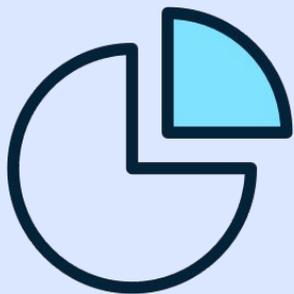


# Tenant Screening From A-Z

A webinar by  **turbotenant**



This webinar will be recorded and emailed to you after our session ends.



## **Intro Poll:**

How many rental units do you own?

Have you attended a TurboTenant webinar before?

Do you have a TurboTenant account?

What do you use to screen prospective tenants?

# What is Tenant Screening?

- A criminal background check
- A credit check
- An eviction history report
- Other things like interviews

The image displays three overlapping screenshots of a tenant screening software interface. The top screenshot shows a list of applicants with details for Alexander Johnson, Jane Anthony, and John Washington. The middle screenshot shows a detailed view for Emily Kensington, including her application summary with metrics like desired move-in date, total occupants, monthly income, pets, and smoking status. The bottom screenshot shows a screening report for Alexander Knight with a progress bar and icons for evictions (0), collections (1), and public records (1).

## Key Takeaways:

- A successful landlord-tenant relationship starts by asking the right questions throughout the tenant screening process.
- Following a consistent process and documenting along the way will save you stress, time, and frustration.
- When in doubt, follow the Fair Housing Act.
- The screening report is just one tool in your belt; use all of them!

# The Landlord-Tenant Relationship

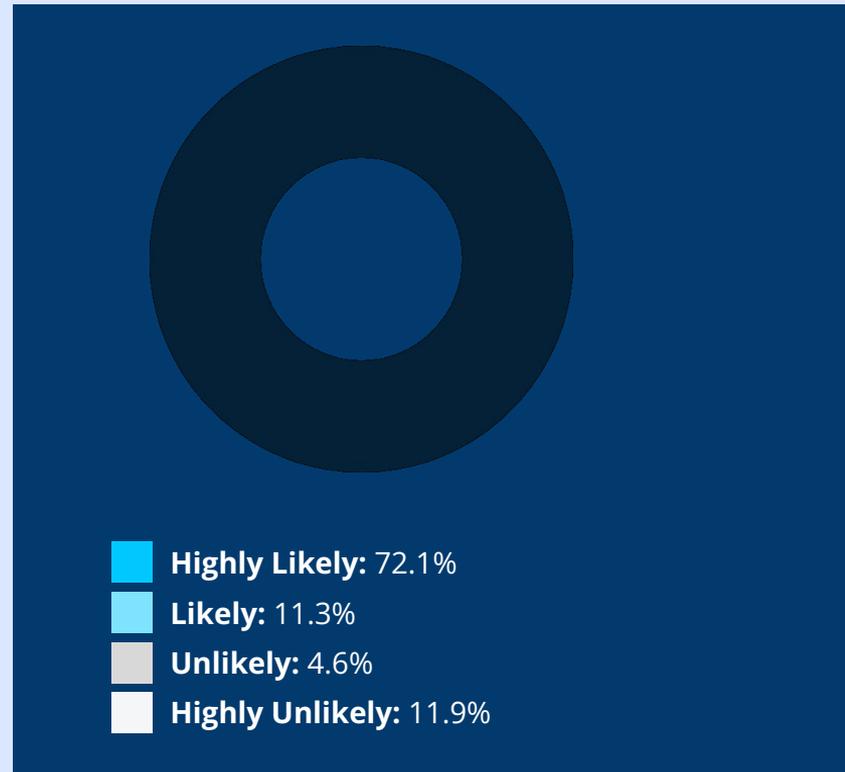


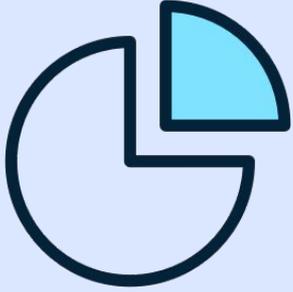
## Why Start Here?

- A tenant suited to your property/rules is more likely to stay longer and treat your investment better.
  - **National average cost of turnover** = three month's rent + lost rent due to vacancy
- Evictions are **costly and draining**.
  - Effective screening helps landlords avoid the eviction process.

# The Data Behind the Landlord-Tenant Relationship

- Pop culture got it wrong:
  - 72.1% of tenants were **highly likely** to recommend their landlord to their friends.
  - Landlords rate their renters as 4.4/5 on average.
  - 58.9% of tenants rated their current landlord as a 5/5.





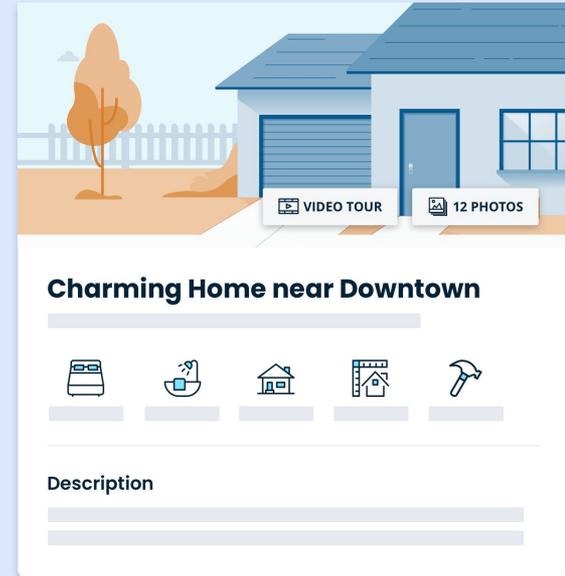
## **Poll:**

**Select the statement that best describes you below.**

**Are you exempt from the FHA?**

# Start With Marketing

- Follow the Fair Housing Act
  - *You are likely not exempt*
- Ensure key qualifiers are in your listing
  - E.g., “No smoking”, “pets limited to two cats or small dogs [under 50 lbs.]”
- Specify what your screening process entails
  - E.g., “I require every applicant to complete a background, credit history, and eviction history report.”
- Leverage a pre-screening tool



# Pre-Screener Questions

- TurboTenant automatically asks each lead for their:
  - Contact information
  - Employment situation
  - Monthly income
  - Desired move-in date
  - Number of co-habitants
  - Pet information
  - Smoking status
  - Questions re: the unit

PP **Pre-Screener Penny** [INVITE TO APPLY](#)

 DESIRED MOVE-IN 3/01/23	 MONTHLY INCOME \$3,650
 PETS Yes	 SMOKING No

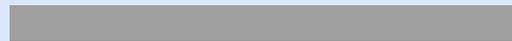
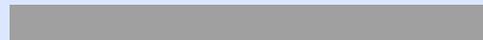
Employment Status [Contact Info](#)

# Defining Your Tenant Criteria



## Why Does Setting Criteria Matter?

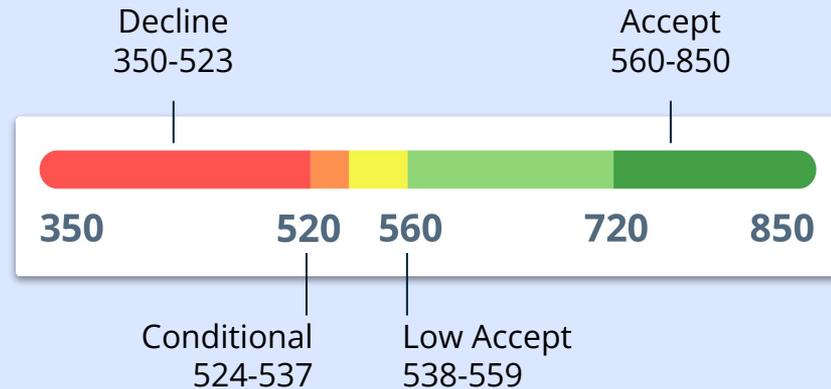
- Tenant screening that aligns with fair housing laws should be a repeatable process:
  - Shouldn't differ by renter
  - But you also need to know when you can't make blanket judgments



**Pro Tip:** Enroll in TurboTenant's Fair Housing for Landlords course to **avoid up to a \$16,000 fee** for your first violation. [Learn More >>](#)

# Setting Financial Criteria

- General rules of thumb:
  - Credit score: 560-850
    - If you reject an applicant based on credit score, *you must let them know via adverse action letter*
  - Rent-to-income ratio: ~30% of gross income
  - Old/no collections



***Did You Know?*** [TurboTenant's free rent-to-income calculator](#) makes this step easy.

## What If...?

- The applicant's credit score is too low, but their other financials are good?
  - *May\* be able to charge higher security deposit*
- They have no credit history at all?
  - *Consider a co-signer/guarantor + higher deposit*

# Eviction History Criteria

- Evictions should be handled carefully
- ***A previous eviction:***
  - Landlord references will be especially useful
  - Discuss the situation with the applicant
- ***Good income + credit with an eviction history:***
  - Follow the same steps above, but consider other applicants if they fit your screening criteria better



## Landlord Reference

Action Date: 9/12/2015

Plaintiff: Acme Corp, LLC

71 Main St. Fort Collins, CO 80525

Larimer County 28th District-Civil (CO12789)

File Number: KN129N9XOP1

# Criminal Background Criteria

- HUD advises landlords to:
  - Look at every case closely to identify any arrests
  - Determine if there was:
    - A conviction
      - The age of the conviction
    - Evidence of rehabilitation
    - The applicant's history since that point
  - Go on a case-by-case basis

TEXAS COURT - TX05205000

2981-DUI/DRIVING UNDER THE INFLUENCE, .09, 2ND OFFENSE

CASE NUMBER: 0234919

Misdemeanor Class B - PLED GUILTY

CHARGE FILED: 12/27/2018

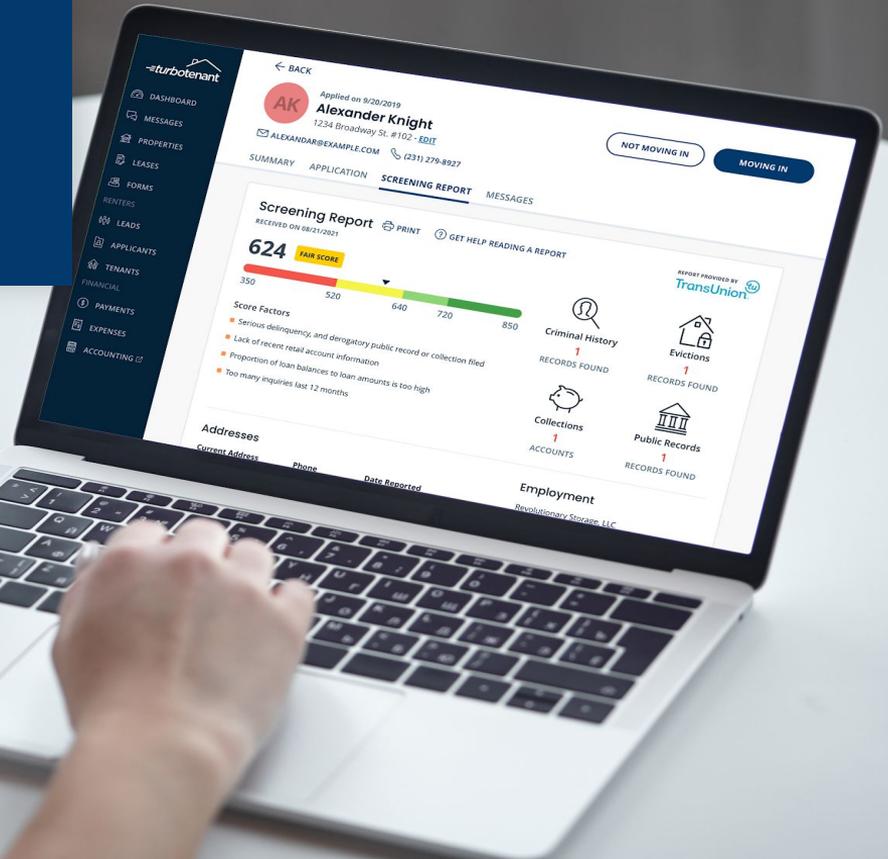
Registered sex offender status may not show up on the criminal background check, but the registry is a public database. Check your local laws for specific statutes.

# Social Media and Tenant Screening

- Public social media accounts are fair game
  - You must treat every renter the same
    - E.g., check the same site for every renter you screen
  - Document everything
- Can't look beyond differing political beliefs or lifestyle choices?
  - Don't use social media as a screening tool



# Reading Screening Reports

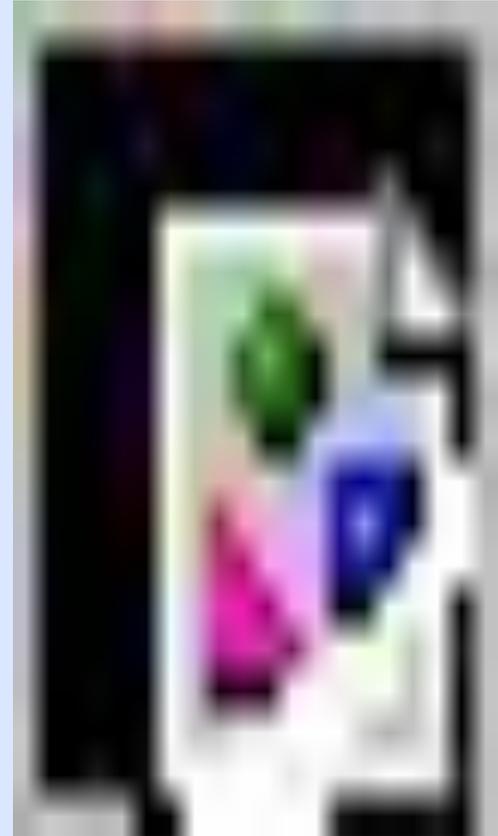


# The Tenant Credit Check

- Shows you applicants' financial history and current financial health
- Includes:
  - Credit bureau score
  - SSN verification
  - Employment history
  - Fraud indicators
  - Address history
  - Payment history
  - Collection accounts
  - Civil records

# Credit Check Key Terms

- **Derogatory items:** negative reports, such as late payments and delinquencies
- **Tradeline:** another word for “account”
- **Revolving:** a type of charge account with minimum monthly payments
- **Installment:** accounts with a fixed number of payments
- **Inquiries:** requests from lenders to examine a borrower’s credit file
- **Snapshot:** an overview of the applicant that includes their credit score, employment verification, accounts in collection, and public records



# Tenant Screening Report Example

Screening Report [PRINT](#) [GET HELP READING A REPORT](#)

**624** FAIR SCORE

350 520 640 720 850

**Criminal History**  
RECORDS FOUND

**Evictions**  
RECORDS FOUND

**Score Factors**

- Serious delinquency and derogatory public record or collect on file
- Lack of recent rental account information
- Proportion of late payments to loan accounts is too high
- Too many inquiries last 12 months

**Collections**  
1 ACCOUNTS

**Public Records**  
1 RECORDS FOUND

**SSN provided by the applicant does not match the SSN TransUnion has on file - please verify their SSN.**

**Eviction Records**

COLORADO

**Alexander Knight**  
ACTION DATE: 5/17/2015  
PLAINTIFF: Acme Corp. LLC  
7805 Linden St. Fort Collins, CO 80525

Larimer County 20th District-Civil (4312-8944)  
FILE NUMBER: KH-129-39071

**Criminal History**

TEXAS COURT - TX05205600  
**2981-DUI/DRIVING UNDER THE INFLUENCE, .09, 2ND OFFENSE**

CASE NUMBER: 02549318  
CHARGE FILED: 12/22/2018

Madame Justice (Less R - P) 3 GL 117

**Fraud Indicators**

**Current address mismatch - Input does not match file.**  
Input address is a hotel/motel or temporary residence.

**Credit Report Summary**  
Here is a breakdown of their total debt balance and total monthly payments.

**Total Debt Balance**  
\$82,042

**LOAN TYPES**

- Automobile
- Charge Account
- Student Loan
- Appliance/Furniture
- Child Support

**Total Monthly Payments**  
\$1,042 /month

**LOAN TYPES**

- Automobile
- Charge Account
- Student Loan
- Appliance/Furniture
- Child Support

**Total Tradelines** 6 | **Total Past Due** \$323

**Tradelines**  
These are "accounts" or lines of credit such as student loans, credit cards, car loans, etc.

**Automobile - Banks**

**USAA FSB** [Open](#)  
Individual Account  
Installment 077 Monthly  
30 Day Late Payments (1)

\$104 Past Due | \$240 Payment | \$8,250 Balance

**Charge Account - Jewelry, cameras, computers**

**CB/KAY** [Open](#)  
Individual Account

\$0 Past Due | \$0 Payment | \$1,500 Credit Limit | \$0 Balance

**Collections**  
These are "accounts" that have been sent to collection by the original creditor, usually because of lack of payment.

**COLLECTION AGENCY**  
**WAKEFIELD** [Open](#)  
Individual Account

**ORIGINAL CREDITOR**  
**EXCEL ENERGY**

\$205 Original Balance | \$212 Current Balance

**Public Records**  
This will display any judgements or bankruptcies that have been put towards the renter by a court.

**Civil Judgement**  
PLAINTIFF: J.S. | RUCK-HS (IRAIN)  
DATE REPORTED: 12/27/2018

DATE SETTLED: 12/27/2018

\$20,212 Liability Amount

**Addresses on File**

**CURRENT ADDRESS**  
156 Main Street  
Fort Collins, CO 80525  
Reported on 8/27/2017

**PAST ADDRESS**  
491 Magnolia Road  
Colorado Springs, CO 80152  
Reported on 8/27/2016

**Employment on File**

**EMPLOYER**  
**Freedom Burgers**

**Inquiries**  
See who has requested this renter's credit report. Lots of inquiries means they could be opening lots of accounts.

10/05/2016	CLIA	Finance, personal
1/18/2016	CHASE AUTO	Finance, personal

## Bear in Mind

- The credit score is color-coded
  - *Green: high, red: low*
- The number of employers reported may not be up to date due to the lag in employment reporting
- You should verify current employment and **check landlord references**



EMPLOYER

Freedom Burgers

# Verifying Employment

- Request previous pay stubs or other proof of payment to vet your prospective tenant's ability to pay
  - If their document gives you pause, *dig deeper*
- Self-employed applicants can provide something like a ledger or bank statements showing their deposit history



# Spotting Fake Pay Stubs

- Are the numbers perfectly rounded?
- Does the document look professionally made?
- Are there differences between 0s and Os?
- Is the applicant's basic information consistent across the document?

Smith & Hernandez, LLC Pay Stub

Employee Information		Employer Information		Pay Period		Earnings		Deductions		Totals	
Employee Name	Employee ID	Employer Name	Employer Address	Start Date	End Date	Hours Worked	Rate	Gross Pay	Federal Tax	State Tax	Net Pay
John Doe	12345	Smith & Hernandez, LLC	123 Main St, Anytown, CA	01/01/2024	01/15/2024	40	\$50.00	\$2,000.00	\$100.00	\$100.00	\$1,800.00

**Net Pay**  
\$2,000.00

## The Scam Basics



Takes one  
minute of time



Costs around  
\$5 to make



Easy to  
make online

*Recommended resource:*

- [How to Spot a Fake Pay Stub](#) blog

## What About Fake W2s?

- Ask yourself the same questions, plus:
  - Have I verified that the company actually exists?
    - Does their website display detailed information?
  - Can I find an office phone number?
    - Have I called the company?



***Did You Know?*** Premium TurboTenant landlords enjoy Income Insights with every screening report.

[Learn More >>](#)



# Final Steps



# Narrowing Down the Applicants

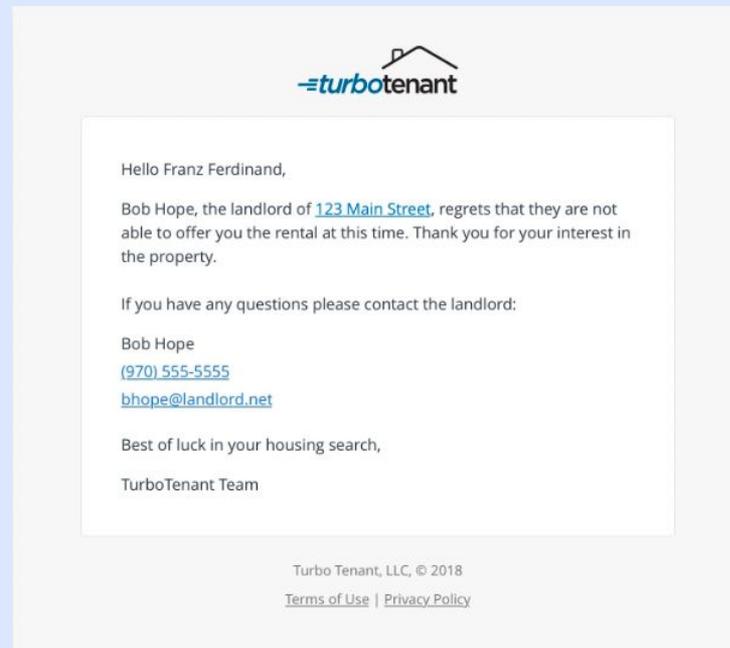
- Meet them in person if possible
  - Pay attention to how well you communicate, both while scheduling and face to face
- Stick by your screening criteria
  - Assess any red flags that arise
  - *Contact their previous landlords!*



*Pro Tip:* If your applicant has a pet, we recommend screening them as well! [Learn More >>](#)

# Rejecting an Applicant

- Remember that you **cannot deny an applicant based on their:**
  - Gender
  - Age
  - Race
  - Ethnicity
  - Sexuality
  - Or any other protected class
- Send an email stating you won't be offering them a lease



**Pro Tip:** Wait to reject other applicants who passed your criteria until you have a signed lease.

# Rejection After Screening Report Example



Hello Franz Ferdinand,

Bob Hope, the landlord of [123 Main Street](#), regrets that they are not able to offer you the rental at this time.

This decision was based in whole, or in part, on the information in your Screening Report provided by TransUnion, the Credit Reporting Agency.

The Credit Reporting Agency plays no part in the decision to take any action on your rental application and is unable to provide you with specific reason(s) for this adverse action.

You have the right under the Fair Credit Reporting Act to obtain a free copy of your consumer report from the above Credit Reporting Agency. You must request a copy of your consumer report in writing within 60 days from the receipt of this notice.

You also have a right to dispute the accuracy or completeness of any information the Credit Reporting Agency reported. You must file a written request with the Credit Reporting Agency that your consumer report contains one or more inaccuracy or is incomplete or contains errors of fact.

errors of fact.

If you would like to request a copy of your consumer report or have a question on the completeness or accuracy of the information used to create the consumer report, please contact the Credit Reporting Agency listed below:

Mailing Address:

TransUnion Rental Screening Solutions  
Attention: Consumer Disputes  
PO Box 800  
Woodlyn, PA 19094

Email: [TURSSDispute@transunion.com](mailto:TURSSDispute@transunion.com)  
Phone: [1-866-775-0961](tel:1-866-775-0961)

If you have any questions please contact the landlord:

Bob Hope  
[\(970\) 555-5555](tel:970-555-5555)  
[bhope@landlord.net](mailto:bhope@landlord.net)

Best of luck in your housing search,

TurboTenant Team

## Advice From Other Landlords

“Some of my tenants have remained in my units for over 10 years. I do the following:

- 1) Get good tenants to start with, [which] means getting a credit check and checking references
- 2) Set the initial rent at market value or slightly under
- 3) Minimize yearly rent increases.
- 4) Respond quickly to any repair issues
- 5) Treat the tenant like your unit is their home

With the above, I've had tenants who stay a long time and will even take care of minor repairs themselves.”

- Barbara N., 12/30/22

## Advice From Other Landlords

“Take time to really talk to them and learn more about them. Credit reports are the first and basic part of screening.”

- Joan K., 9/23/22

“I've been buying, renting, and managing apartments for over 30 years.

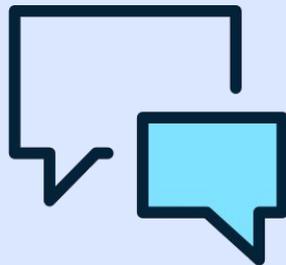
Letting prospective tenants know that you are screening for credit, criminal, housing court, and employment screens out people on its own so you only get people that are willing to be screened and have the amount of money required. You're well ahead of the game. ”

- Duane P., 12/31/22

## Case Study

- Two tenants have applied to your no-pets rental:
  - Aaron - 34 years old, 750 credit score, makes 3x the monthly rent, has an ESA  
Submitted application on 2/21/23
  - Matilda - 34 years old, 660 credit score, makes 3x the monthly rent  
Submitted application on 2/22/23
- *Based on this information alone, who do you rent to?*

# Q & A



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## **Final Poll:**

- 1. How did today's session compare to your expectations?**
- 2. I can use the information from this webinar:**