



→ **Rental Fraud  
and Scam Prevention**

A webinar by  ***—turb*tenant**

# **Today, you'll learn all about:**

**Rental  
Fraud in  
2023**

**Types of  
Rental  
Fraud**

**Scam  
Prevention  
Tactics**



**Rental Fraud in 2023**

# How pervasive is rental fraud?

According to a 2022 Dwelley survey:

- **More than 40% of people either lost money** because of rental fraud or knew someone who did
- Americans are projected to **lose \$16.1 billion** due to rental fraud this year



# Why is fraud getting worse?

- Rising rent prices (while wages stay stagnant) make affording housing harder
  - Risk increases when unemployment rates are higher
- Prime real estate is alluring
  - Status symbol
- Easy-to-use tech makes defrauding easier
  - Photoshopped pay stubs are on the rise

# Insights From Property Managers

Digital security company Snappt surveyed 100 property managers nationally to ask why fraud rates are rising:

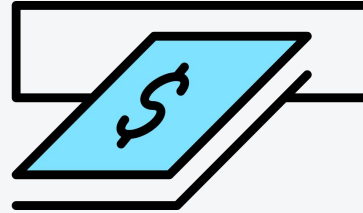
- 85% cited **the ease with which false documents can be obtained** online by applicants today
- 78% highlighted **the rise in rents** – and the pressure it puts on prospects to “stretch” on their applications.
- 66% ranked **less in-person contact with applicants** as the top reason.



# Types of Rental Fraud



**Rental  
Application**



**Money  
Wiring  
Scams**



**Illegal  
Subleases**

# What type of fraud scares you the most?







**Rental Application Fraud**

# Rental Application Fraud

- Writing false information in a rental application to qualify for the unit
  - Prevalence of photo editing software + shady online fraudsters on the rise
- Arguably the most common type of fraud in the industry

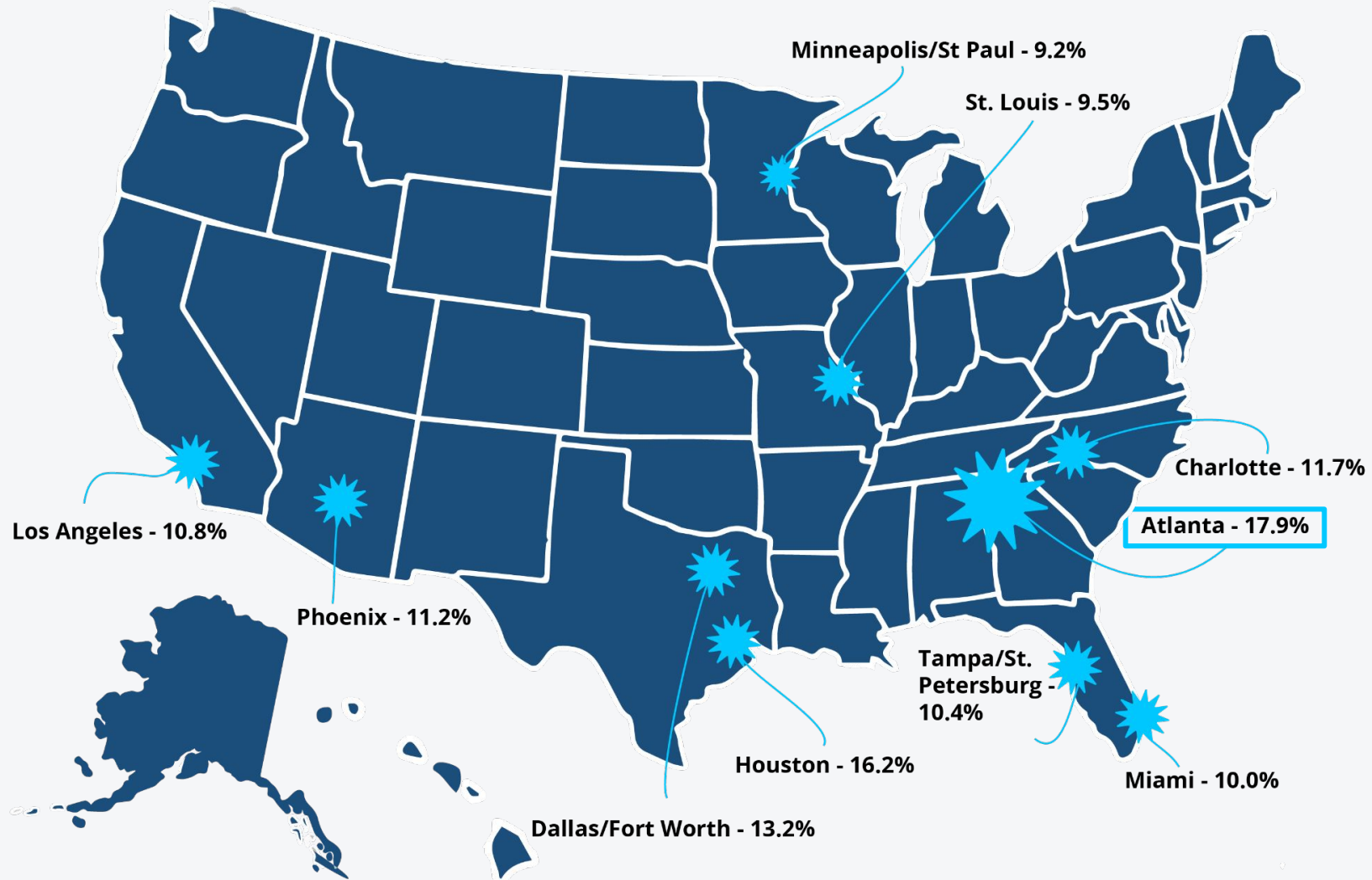


# Rental Application Fraud Across the U.S.

Major Metro Area	Application Fraud Rate
Atlanta	17.9%
Houston	16.2%
Dallas/Fort Worth	13.2%
Charlotte	11.7%
Phoenix	11.2%
Los Angeles	10.8%
Tampa/St. Petersburg	10.4%
Miami	10.0%
St. Louis	9.5%
Minneapolis/St. Paul	9.2%

Source

# Rental Application Fraud Across the U.S.



Source

# Types of Rental Application Fraud

- Pay stub/income verification fraud
- Fake references (job + previous landlord)
- Misreporting credit, criminal, or eviction\* history

## Did You Know?

Pre-pandemic, property managers reported detecting 90% of fraudulently altered applications.

That number has since *dropped to 75%*.

# Have you ever had someone falsify their rental application?



# Income Verification Fraud

Costs less than \$5 and takes less than five minutes to create fake pay stub – so watch out for:

- Perfectly rounded pay
- Numbers + characters not aligning
- Os and 0s used interchangeably
- Inconsistent basic information (name, business address, etc.)

# How to Fight Back

Do your due diligence:

- ✓ Verify that the company actually exists and it's based somewhere that makes sense
- ✓ Look at their website - does it seem detailed and realistic?
- ✓ Are you able to verify an office phone number?  
*Call the HR department to verify employment*





# Your Action Plan After Receiving Fake Income Info

How you respond is important:

- Err on the side of caution
- *Do not accuse the potential tenant of fraud*

## Instead:

- Follow up with all of their references
- Communicate that you're having trouble verifying their proof of income with the submitted docs
- Request additional income verification with a due date



# Additional Proof of Income Documents to Request

Ask for one or multiple of the following:

- W-2
- 1099-MISC
- Bank statements
- Employment verification for apartment renting
- Social security benefits statement
- Federal income tax return
- Unemployment statement

**Need something else?**  
Check out the rest of our income documentation suggestions on [our blog](#).

# What if the fraudster already moved in?

You still have options – but you'll need help.  
Before communicating with your tenant:

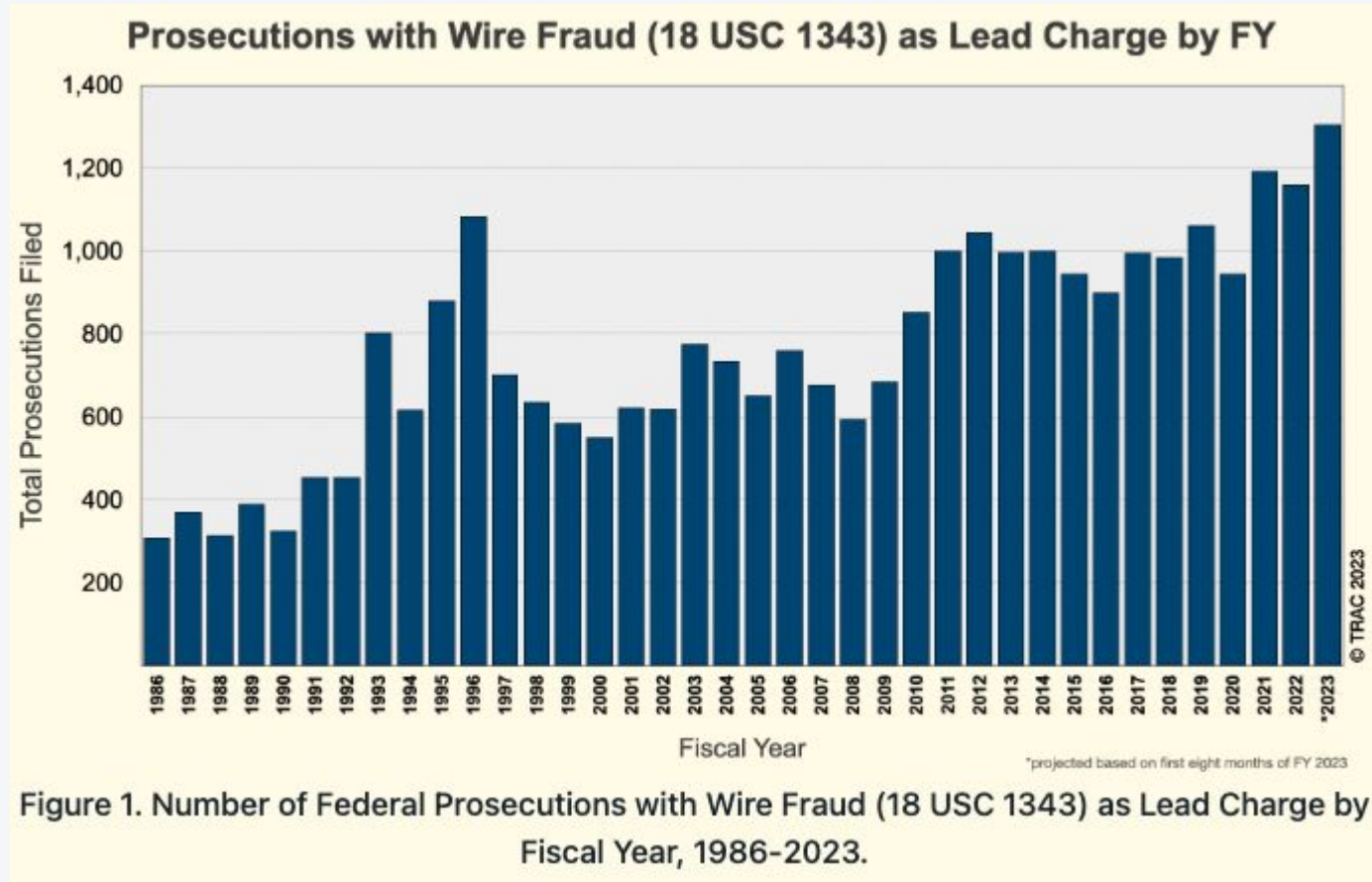
- **Gather your documentation.** If you didn't do your due diligence before, now is the time.
- **Talk to a lawyer.** This situation will likely lead to an eviction.





**Money Wiring Scams**

# Wire Fraud on the Rise



Source

# The Downlow on Wire Fraud

After the application is accepted, fraudsters send a seemingly normal check for more than the listed rent and move-in fees, then:

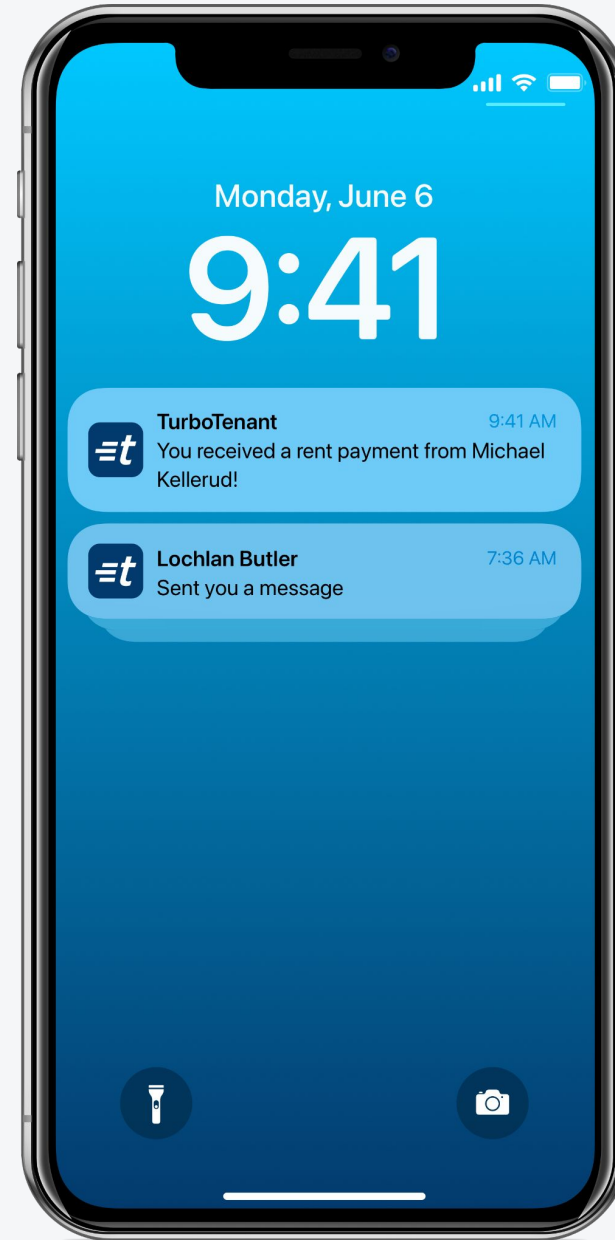
- Requests the extra funds be wired back
  - The fraudulent check won't bounce immediately
  - You likely won't receive the funds at all + lose out on the "difference"

# Have you ever had someone wire more money than required?



# How to Fight Back

- Don't accept wire transfers!
  - *But if it's unavoidable, remember that **deposited funds shouldn't be used until the check clears***
- Instead, require potential tenants to pay online through a secure portal like TurboTenant





# What if you've already accepted the wire transfer?

Now you know better for next time – but also:

- Keep close tabs on the funds in your account
- If the check bounces, reach out to the tenant immediately
  - Ask them to either provide the funds owed a different way by a specific date
  - Consider sending a formal notice, like a pay or quit notice, depending on your locality's laws



**Illegal Subleases**

# What is illegal subleasing?

- Your tenant signs a lease with you, then secretly re-lists the property.
  - Some states require landlords to accept a sublet – *but subleasing is not the same thing as subletting*:
    - **Sublease:** The tenant finds a new renter + signs a contract with them.
    - **Sublet:** A new renter is found + signs a contract with the landlord.

# How to Fight Back

- ✔ Make sure your lease agreement forbids tenant subleasing without your explicit written consent
- ✔ Reach out to your tenant in writing to ask if they're illegally subleasing the rental, along with why you believe this to be true
- ✔ *No tenant subleasing clause? No problem:*
  - Remind tenants that you need to know who's living at the property due to possible insurance issues + local occupancy limits



# Next Steps

- Using your local landlord-tenant laws as a guide, formulate next steps
- Ask yourself:
  - Do I want the new tenant to stay?
  - If I want them to go, how much notice will I give them?
- If you want to keep the new tenant, ***you should still screen them***
  - If they qualify, create a new lease
- If you don't want to keep them:
  - Send your tenant a lease violation notice
  - Establish a timeline to have the sublesser move out



**Fraud-Fighting  
Best Practices**

# Rental Scam Tips for Landlords

- Be cautious of potential tenants who:
  - are willing to rent your property without seeing it in person or completing a video tour first
  - say they are out of the country and want to send a cashier's check
  - provide an initial payment or first month's rent that is more than the agreed-upon price
  - try to instill a sense of urgency



# How to Avoid (Most) Scams

- Always screen tenants to check their credit history, criminal background, and eviction history
- Never accept a check that is more than the agreed-upon amount. Do not deposit it, and return it immediately
- Make your screening criteria public to help ward off scammers
- Follow up with references
- Verify employment
- Conduct regular inspections

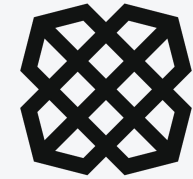




# How TurboTenant Protects Landlords and Tenants

We employ various anti-fraud process, including:

- Verifying all real estate listings before marketing them online
- Utilizing machine learning to help identify fraudulent rental property listings
- Educating users on housing scams, as well as best practices for background checks and credit checks
- Partnering with leaders in the financial industry such as Stripe and Plaid to keep payment information private



**PLAID**

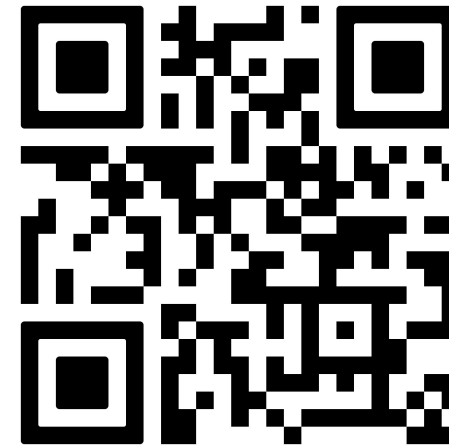
**stripe**

Landlord from everywhere  
life takes you with  
[TurboTenant's mobile app](#)



- Track expenses on the go
- Receive instant notifications for rent payments

Streamline every part of  
rental property management  
by going **Premium**



- Unlimited state-specific lease agreements
- Faster rent payouts
- 32 landlord forms

# Ending poll

