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SPECIAL REPORT – 10 Steps to Successful Tenant Screening

The rule of thumb to a successful rental is, before you even market a property, is to have a well prepared tenant screening process. This process should cover the application questions, interview questions, reference specific questions, public reports and verification and documentation practices. There is no process in the world however that can prevent humans from being human but a well thought out process does increase your level of control and that in turn increases our ability to sleep well at night.

Point One: Listing information

Most people think tenant screening starts at the time when an applicant fills out an application. It does not. It should start in your informational presentation in your ads, in your 'listing' if you use a software to market. For example, if you do not want to rent your home to smokers it is best to be descriptive in the listing. This way you don't waste each other's time or money showing a home that they won't qualify for. When a smoker sees the ad they will move on to the next possible property.

Point Two: The Showing

This is a fact, you may think it harsh, but it is a reality – as people – we judge and we are judged - all the time. The way we walk, talk, dress, the type of music we listen to, the way we comb our hair, the color of our shirt, the car we drive, the size of our gut, our height etc. and on and on all tell a story of who we are, how we behave, how we think and so forth. This is why a first impression is so important. This is why an 'in-person' showing of a property is so important. It gives a landlord an opportunity to see how a person behaves, how their spouse or children behave. It is during a showing that one can learn the most of how a person will be as a potential tenant.

If a person comes to see a home and when they arrive and open their car door and a McD's fry box falls out – I can tell that their home most likely dumpy. I've seen quite a few 700+ credit scores that are disastrous to the cleanliness of a home.

NOTE: I never use a single experience to make the judgment call. It is a combination of observations and facts compiled together that lead to a sound decision to rent or not to rent. A dirty car, by itself, is only the tip of the iceberg.

Point Three: The Application

The application is the best time to ask the right questions and gather relative information. Too many applications I have seen out there are heavy in administrative information such as getting a driver's license number. (This is a waste – you should have them provide a readable copy to you rather than taking up actual space on your application) Your application does not need to be complex but it is vital because this is

where you can ask them important information to get disclosure to know them. After they move in it is too late.

Here's what you want to know in your application:

Full name, Social Security Number, current address, last 2 years of residency, current employer, who is going to live in the home and their ages, a work reference and two personal references (more references are better, but this is a minimum need – and do not compromise.) and a family member who does not live with them.

You then need to ask direct questions as a filter such as – Do you or anyone who may occupy the home currently smoke or have quit smoking in the last 120 days? Y N If yes, please explain: __. There are several other questions that should be asked about bankruptcies, delinquent child support, criminal histories, sex offender registry information etc.

Bonus Tip: Always charge a fee. IF you give it away for free (remove a barrier) you will attract the unwanted applicant and it will drain your time and energy. Charge a fee that is reasonable but enough to invite only serious applicants.

Point Four: Get the data

In a digital world records are maintained on all of us. In the application you should have the applicant release permission for you to run reasonable back ground reports – i.e. a credit report, a nation-wide criminal (including sex offender) and a rent history or eviction report. These reports are now more affordable than ever and quick and easy to obtain. This data again is not a tell-all picture but another piece of the overall profile of a tenant. A low score does not always mean the person is a poor tenant. You need to learn how to interpret the data – having information without knowledge can be hazardous.

Point Five: Verification

You're going to receive employment and income verification. Recently we had a person apply with us who stated income from military service. During our showing I remembered him saying that he was relocating to the area because he was leaving the military after six years of service. This of course flagged the question of what the true income and stability of income might be going forward. Always use the approach of Trust but Verify. You may need to ask the applicant for documentation such as a pay stub or copies of bank statements to show deposit histories.

Point Six: Reference Interviews

Too many people skip this key step or if they call they ask irrelevant or weak questions. (I have been called before by other management companies with questions like – “Joe Gave your name as a personal reference. Do you know Joe?” “Yes” I'd Say. OK. Thank you. And end the call. They just wasted my time and theirs and didn't produce valuable insight to the character and nature of Joe. The interview questions need to match the type of reference they are. Questions for an employer should be different that a personal reference. A personal reference to me is also a person who visits the applicant's home and can shed some light on how well they maintain the home etc.

Point Seven: Rent History

Similar with reference interviews you should be asking their rent history references serious questions. Especially the current landlord. If the current landlord is trying to get rid of the tenant of course they are going to have a glowing experience – why?? – cuz they want them out. They want to shift the problem from them to you and they will tell you what you want to hear too. You might even have a “warm fuzzy”. This is why you need a great interview question process to open people up to reveal details. Vague questions generate vague responses and a fuzzy picture of the applicant. You need clarity. You need the clearest picture possible because you’re about to turn an expensive asset over to the care of a person you just met.

Don’t ask questions like: “Joe say’s he has rented from April 2014 to present and pays \$1,100/month rent. Is that correct?” The person on the other end of the phone will say “Yes” because it is easy. You gave him the answer you’re looking to verify to repeat back to you. He’s not going to say - “let me stop what I am doing right now and go pull the record and get that for you” . You gave him the info. He’s going to take the path of least resistance and say “yes” because his knows that’s what you want to hear. It is better to ask the question this way – “When did Joe start renting from you?” “How much was the rent when he started and how much does he pay now?” Then write down the response. Then with the information in one hand and the data Joe provided you in the other you can look to see what is real.

Point Eight: Applicant Interview

After you have gathered all the data, made the phone calls to the references, past landlords, employers and friends it is now time to interview the applicant(s). It is OK to repeat questions and this does not need to be a lengthy process either. You’re going to select a series of relevant questions to ask and re-verify against the data you already have collected. Why do you want this house? How long do you see yourself in this home? How often do you like to change the air filters? Why? And along those lines to get a feel for the persons interest in the home. After they have moved in is too late to figure out they have no clue what a filter is.

Point Nine: Respect

Through the entire process always treat the applicant with care and respect. It does not matter if they are renting a 500 k home or a 1 bedroom flat – these are people and people respond and reciprocate respect the way they are treated. IF they don’t – then don’t rent to them. IF a person becomes defensive because I am asking for copies of a bank statement to verify his \$10,000 month commission job, then maybe he is only reporting his potential and not his actual income. Rents are always paid out of actual dollars – not potential dollars. I find that when I am respectful, equitable and fair in how I deal with people and giving full disclosure and great communication during the application process that the same relationship continues during the tenancy.

Point Ten: Never compromise on expectations – never yield your standard.

When you let the person know that they’ve been selected to be the next tenant you need to let them know what the cash requirements are for move in. Such as one month’s rent plus deposit in certified funds. If they come back and say “Can you work with us on the deposit?” you should always say “NO”. If you waiver on it up front – they will always push your limits. You can be nice, but not yielding.

Bonus: The expectation of what costs for move in should always be part of your listing or ad material too. If a tenant comes back at this point in the process and demonstrates cash flow concerns – it may be your last best opportunity to avoid a future eviction. Proceed with knowledge. Never give up your position of authority as the landlord – it is good to be friendly, but not friends. Once you break a standard it is next to impossible to recover.

I hope you found a few bits of information in this report to be of value. This is the basis of our success as a management company. We have a history of renting properties fast to quality tenants as a result of a great marketing system and most importantly our tenant screening process.

Special Offer

We would love to talk with you about our firm's services. We have options to work with you on your goals as an owner. As promised when you ordered this report we stated that you could lock in on a special offer for our services –

As a recipient of this report, if you sign up with our company in the next 60 days, we are extending our full-service management service for the low fee of 8% for the first 24 months. This is 20% off and can save you as a property owner hundreds of dollars and save you time too.

We hope you the best of success in your endeavors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kendall Clements', written over a circular stamp or seal.

Kendall Clements
Escape Properties, PLLC