
APPLICATIONS AND SCREENING PROCEDURES



Start out by doing a good job of setting policies, educating tenants about your property and policies, and carefully screening applicants. You will wind up with a much higher percentage of people who pay their rent on time, observe your rules and regulations, and remain with you year after year.

Fair housing considerations are very important, both because you want to be an “equal opportunity” landlord and because penalties can be serious if you violate the laws. If you are unfamiliar with fair housing laws, you may want to read the Discrimination chapter (next in this book) now, then come back to this chapter.

SETTING POLICIES

Start out by having in mind what you are looking for in the way of tenants, in general and for each property.

Use the Applications and Checking References section in this chapter, step by step, to think through what things you will insist on and where you are flexible. Then, develop your own Occupancy Policy. This policy may vary slightly from property to property. That is OK, as long as you know why and it is nondiscriminatory. (See Sample Occupancy Policy in this chapter.)

To be useful, policies should be written down. You may not want to hand out copies of your screening standards, but you should be willing to discuss them with any prospective or rejected tenant.

EDUCATING TENANTS ABOUT YOUR PROPERTY

Have a copy of your lease (if you use one) and your rules and regulations available for

tenants to review when they first look at your property. (See chapters on Rental Agreements and Rules and Regulations for more information on these.) There is no point in going through the application and screening procedure if the tenant is not aware of and agreeable to all of your terms.

Restrictions and Allowances Tenants should know in advance whether you will be restricting pets or pet walking areas, play areas, car washing or repair, ham or CB radio usage, waterbeds, and the like. Optional features such as garage space, gardening privileges, lawn mowing, snow shoveling, or deductions from rent for certain work or improvements should be mentioned.

Special Conditions Bring up anything unusual to the property. For instance, perhaps the rent has been adjusted to cover the fact that lights in common spaces or an appliance that serves more than one unit are hooked to an electric or gas meter for which the tenant will pay the bill. Perhaps a basement leaks and, though the tenants can use it, you want to warn them that any possessions stored should be up on blocks and that you will not be liable for damage. Maybe you will be reserving storage space in a garage or attic for your own use.

Items like these should be in writing somewhere for the tenant’s information and your legal protection. You might even want to make sure they are signed or initialed by the tenant if they are not in the lease or rules.

ADVERTISING METHODS

You can advertise any way you want — word-of-mouth, sign in the window, sign in the yard, newspaper ads, Internet, whatever.

Be careful to be accurate Misrepresentations can come back to haunt you (tenants wanting to get out of contracts, etc.). For example, be careful about what you represent as bedrooms. Sleeping porches, basements, oversized closets, and the like can be used for sleeping or living space only if they are cleanable, dry, reasonably weathertight, have safe exits, etc. (Check your local housing code, if there is one.) Advertise fireplaces only if they work. Advertise appliances only if you plan to be responsible for them.

Advertising must comply with **fair housing laws** also. Preferences such as "mature women" or "single men only" can **not** be stated. Newspapers and other advertising media are subject to the same penalties as landlords if illegal

advertising is used. Legally allowable rules or restrictions or identifying information such as "upstairs apartment" or "no guests or liquor" can usually be stated. (See chapters on Discrimination and Rules and Regulations for further details.)

When prospective tenants begin to call or come by, **make a practice of noting down the date, time, name and phone numbers.** This serves two purposes: (1) If a discrimination complaint is ever filed against you, you will be able to show how you processed the applications, and (2) If someone backs out of a commitment to rent your unit, you can go back to your other prospects, possibly getting a replacement tenant sooner and not having to re-advertise.

SAMPLE OCCUPANCY POLICY

1. Equal Opportunity Statement No person/s shall be denied the opportunity to apply for available housing or be denied the opportunity to lease or rent any suitable dwelling if they have been determined eligible. We, _____ (Owner, Manager, or Name of Complex) shall not discriminate on the basis of race, creed, color, sex, disability, familial status, or national origin in leasing or other disposition of housing or related facilities included in any developments under our jurisdiction.

2. Occupancy Standards The following are standards that prospective tenants must meet to rent in my/our properties. Prospective tenants whose application or reference information indicates they do not meet these standards should expect to be declared ineligible for occupancy. However, before such determination is made, consideration shall be given to favorable changes in the family's pattern of behavior, lapse of time since the offense, or other extenuating circumstances which offer reasonable assurance that the tenants can meet these Occupancy Standards.

Accuracy in Application Information We expect all application information to be complete and true.

Adequate Income It is important to us that tenant income is adequate to support reasonable living expenses, as well as to make rent and installment payments in full and on time.

Rent On Time and In Full History of chronic late payment or non-payment of rent not acceptable.

Proper Notices Tenants who have not given proper notices prior to maintenance complaints, for change in lease status, for notice to vacate/terminate, and in other lease-required or appropriate situations will be rejected unless adequate explanation can be made.

Good Housekeeping We expect our property to be maintained in a clean manner. "Clean" will be defined to mean free of dirt, grease, impurities, or extraneous matter. Establishment that prospective tenants were responsible for any condition that seriously affected property

by causing infestations or foul odors, accumulation of trash/garbage, creation of fire hazards and/or severe damage to premises and equipment will be cause for rejection.

Good Neighbors We expect patterns of behavior from our tenants, members of their households (including pets, if allowed), and their express or invited guests which do not endanger the life, safety, morals or welfare of other persons. This includes physical violence, gross negligence or irresponsibility which damages the equipment or premises in which the tenant or others reside. This includes threats or behavior indicating an intent to assault other tenants, neighbors, a landlord, or representatives of a landlord. It includes neglect of children which endangers their health, safety, or welfare; history of objectionable conduct resulting from alcohol or substance abuse or frequent loud parties; and other situations which have created serious disturbances to family or neighbors.

History of Recent Serious Criminal Activity Not Acceptable This includes cases in which a member of the applicant's family was or is engaged in prostitution, sale of narcotics or drugs, or other criminal activity (includes property loss or damage and physical violence or sexual crimes against individuals) provided that involvement in such activities shall not be a ground for denial if it occurred more than five years prior to the application and there is no evidence that this behavior has continued.

Special Considerations for Particular Properties If the tenant is to be responsible for particular tasks – lawn mowing, for instance – landlord will expect appropriate skill or financial ability to hire the work done as well as reliability to see that the task is completed in a timely manner.

3. Occupancy Limit _____ (Federal fair housing law says that any reasonable local, state, or federal code applies in determining the amount of habitable space required to accommodate a person and or family of a given size and composition. In the absence of a local or state code, the landlord has the right to establish **reasonable** occupancy limits – not family based – with a maximum acceptable number of occupants per unit. (HUD says two to a bedroom.)

4. Leasing of Dwelling Unit

a. Rental Term _____
Weekly, monthly, 6 mo., 1 yr., etc.

b. Lease Type _____
Verbal or written

c. Rules/Special Conditions _____

d. Lease Change If at any time during the life of the lease agreement a change in the resident's status (i.e. birth of child, death of household member, divorce) results in the need for changing or amending any provision of the lease, a new lease agreement must be agreed to and/or signed.

5. Security Deposit \$ _____ Prior to an application being accepted, a monetary deposit will be required. If the applicant is rejected, the deposit will be returned. (It is permissible to charge a nonrefundable application fee instead and not request the security deposit until an application is accepted). If the applicant withdraws after the application is in process, the landlord has the right to recover his/her losses.

SCREENING PROCEDURES

"Screening" means to evaluate each applicant based on your particular set of criteria – your occupancy policy. It is important to treat everyone who contacts you the same.

Do not "pool" applications in order to select the "best." It could be discriminatory. The first person who meets your standards should be housed.

Screening techniques vary from landlord to landlord. Some just look people in the eye, talk to them a little and make a decision to accept or reject them. Some just note down a few references and make a phone call or two, and others have tenants fill out application forms, make phone calls, and/or pay for credit checks. Because the 1988 Fair Housing Amendments Act established new administrative and judicial enforcement mechanisms and provides for monetary penalties for violations of discrimination, it is more important than ever for landlords to document how they accept or reject an applicant. Even if you did not intend to discriminate, you can be found guilty.

Copies of written agreements and lists of rules or regulations should be available for tenants to review. Any special agreements desired or problems with the property should be explained; any related written documents should be offered for review.

Professional screening is done by having all prospective tenants informed about your property and policies, having them complete a thorough application form, actually confirming a selected number of references, and comparing both written and verbal reference information to your occupancy policy.

"Rental reference" or "consumer reporting" services (available in some cities) will check a variety of references for you for base fees ranging from \$20 to \$30. Check your local directory.

APPLICATION INFORMATION

The questions below follow the sections of Housing and Credit Counseling, Inc.'s Model Rental Application Form (available separately from this handbook). These are questions that you first ask your prospective tenants, then you double-check with their references. You should check with your city's local Human Relations office for inquiries that may be prohibited by local civil rights ordinances.

1. Applicant Information

- a. What are the exact names of all adults and children who will live full time in the household?
- b. What are the household members' birth dates and ages?
- c. What is the sex of each member?
- d. What are their social security numbers?
- e. What is their marital status?

It is important to know who will be occupying your premises and who is just visiting. Social security numbers, sex, and ages of household members will help you to identify the right person if you do a credit and/or reference check. Date of birth can help you determine if a 17 year old is about to reach the age of majority. Check marital status for clues as to whether there are other family members not listed as members of the household, or that there might be unlisted credit problems related to a recent separation.

2. Residence History

- a. Where are the last 3 places they have resided? If they didn't live together, get separate references.
- b. What were the dates of residence? If they did not live at places longer than 1 year, why?
- c. Should you expect good references? Were there any problems?
- d. Get names and phone numbers for the former landlords.

Remember, the current landlord may really want these folks out, so your second or third landlords back could be your better references.

3. Employment & Income

- a. Who are their current employers and how long have they worked for them? (If less than 1 year find out why, and if the work is seasonal find out if the income is also.)
- b. What is their net income?
- c. Is the job expected to last at least 90 days?
- d. Are there other sources of income?

Length of time on the job also can show stability and that the income is fairly steady.

4. Bank History & Credit References

- a. Does the applicant have a checking or savings account? Where?
- b. Do they have outstanding credit obligations? Where?
- c. Have they paid their credit obligations on time?

Bank and credit references will help you to determine if applicants pay their bills and also give you valuable references in the unlikely event you have to later trace this person or garnish assets.

5. Personal References – Get Three.

Character references are a good source of information regarding a person's ability to be a good tenant and can confirm that this tenant has or has not had a stable lifestyle.

6. Convictions

- a. Has any member of the household been convicted of a felony? How long ago?
- b. What was the conviction for?
- c. Has the person continued to exhibit similar criminal behavior?

Landlords have the right to take into consideration a person's felony convictions. Check at

the courthouse for this type of information.

7. Pets

Landlords have the right to refuse pets except assistive pets/service animals. When pets are allowed, type and size may be limited.

8. Cars – How Many?

- a. What are the applicants' drivers license numbers?
- b. What is the make, year, and license number of each car?

This information will help you to cross check references and determine parking arrangements. Ask to see a drivers license at this point or when the application form is complete to see if photo, address, number and signature match what has been given to you.

9. Physical Modifications Requested

Modifications to provide physical accessibility must be allowed to disabled tenants who can afford them. Others are optional. If the tenant has requested modifications for which he or she is responsible:

- a. Can he or she afford the work personally or otherwise secure necessary financing?
- b. Are the workers proposed reputable and do the materials meet your standards (if the tenants are to do the hiring)?

10. Emergencies

Get the name, address and phone of a close relative or friend who lives outside the home who could be contacted in case of an emergency.

This can be very important in case something happens to the tenant (i.e. illness/injury that requires hospitalization) or something happens to you and the tenant is unavailable to get a message.

11. Legal Release

For your own protection and to protect reference givers, you should have a Legal Release signed by all adult prospective tenants before you start your check. (It can be at the end of an application form or separate.) The following language would be acceptable: I/we agree to allow (landlord's name) authorization to investigate any personal, financial, criminal, and credit records, through investigative or credit checking means of the landlord's choice for the purpose of determining my/our acceptability to rent property at (address). (Signature)

CHECKING REFERENCES

You can do your own checking by phone or in person, or you can have someone else do it for you.

You have the right to check with both listed and unlisted references.

All landlords are covered by the Fair Credit Reporting Act. Information gathered by you is to be used by you in your business only and should not be shared by you with others.

PROCEDURE - Have your list of questions prepared in advance. Introduce yourself. Write down the name of the person you are talking to.

When you ask questions, try to phrase them so the person has to give you a complete answer rather than "yes" or "no." For instance, if you ask "Did they give notice?" a former landlord could answer "Yes" when in fact the tenants had told him two days before they were leaving when he asked them why they were moving boxes. Open questions such as "how much notice did they give?" "was notice written or verbal?" And so on, will give you more complete information. You may want to practice your questions on someone else before you use them.

Always ask if the reference can suggest any concerns not already mentioned that you and

the prospective tenant might need to work on.

Always complete landlord or personal reference interviews by asking the person to make a final positive statement about why you might want to rent to this applicant.

Always thank the person.

Rental References Ask how much the rent was and whether it was paid promptly. Ask how long the tenants were there, whether they were under a long-term lease, and whether the lease commitment was fulfilled. Ask if proper notice to vacate/terminate was given. Ask if the tenants kept the property in good condition and whether the landlord or neighbors ever felt the tenants were excessively noisy, demanding or complaining. Ask if the security deposit was returned and, if not, why not. Finally, ask if the landlord would rent to these tenants again. Don't delude yourself into thinking references are good when they are not. Beware of desperate landlords who will give good references in hopes of getting rid of undesirable tenants!

Drop in unannounced on the tenants at their current residence if that is feasible. You will not only get a true picture of how the home is maintained, but you will also see if there are motorcycles on the porch or in the house, how many people are there, etc.

Employment References Ask how long the person has been there and whether the job is permanent (person is off probation, job is expected to last). You may want to ask about the person's work habits (promptness, productivity, etc.). Ask for verification of pay. (Some will directly give you a quote on hourly or annual pay, but the policy of many is to ask you what figure you have, then they will "verify" whether their payroll information agrees.) If the employer won't give you information (some won't), you will have to ask

the tenant to bring you a recent pay stub, tax return, or statement from the employer.

Bank References As long as you have the account number and signed release, banks should be willing to confirm whether the person has open checking or savings accounts, how long the accounts have been open and whether there have been overdrafts. These are good indicators of stability and reliability. Banks are unlikely to be willing to give you account balances; since that can change so quickly, it's not particularly useful information anyway.

Credit References The credit source should give you the date the account was opened and for how much, the date of the last payment, the current balance, regular payment amount, and the number of late payments (if any) and how late they were.

Now that credit reports can be obtained free via the Internet, some landlords require a credit report to be submitted with the application. Landlords may choose to contract with a professional screening or credit reporting company found locally or on-line. Fees are generally in the \$20 - \$35 range.

All local Kansas credit bureaus associate with one of the three national credit bureaus (Experian, Equifax, and TransUnion) and will check credit and financial references for a base fee of \$10 to \$20.

Personal References Ask each person how long he or she has known the prospective tenants and in what capacity (relative, work, church, socially, etc.). Ask the person to cite the tenants' most recent address(es) and employment. (This is a chance to confirm what the tenant has told you. Sometimes, you will get different information!) Ask how many people are in the household, and how many vehicles there are. Are there pets? Ask what this person knows about the prospects' housing experiences – good? bad? ever had hassles with landlords or neighbors? troublesome guests or roommates? Ask about the prospective tenants' housekeeping and how well they take care of other people's property.

Ask how much company the tenants usually have and whether the person is aware of visitors staying for long periods of time. Based on what you have learned from other references, ask any other questions you want. Especially in this situation, make sure to wrap up your conversation by asking the person to tell you something good about the tenants that would make you want to rent to them. This will end your conversation on a comfortable note, easing the reference's anxiety somewhat about you and what he or she has just told you.

Convictions/Court Cases You can contact the District Court in the county or counties where your prospective tenant has recently lived. Give as complete a name as you can and ask if the person has sued or been sued in the past couple of years. Court records are public. You may have to go in person to ascertain the information. Many counties now post records on the Internet. This simple check can turn up not only criminal information, but also credit or other noteworthy items.

DECISIONS/REJECTIONS/ DISCLOSURE

If you reject a tenant, you are not required by law to tell the tenant why, though it is a good idea. Without disclosing sources, you can generally state the problem area and the tenant will confirm it. If one reference was particularly bad, you can name it and offer the tenant the chance to check with the source and correct anything erroneous. Give a deadline if this happens. Your occupancy standards, as long as you are consistent, will support your acceptance or rejection. And remember, keep the information you gather to yourself. Fair Credit Reporting says you have the right to it only for your own use.

PROTECT CONFIDENTIALITY OF INFORMATION

Be sure all information you have collected is kept in a secure, confidential place at all times.

"Identity theft" is a major issue these days. You do not want there to be any possibility that an applicant's credit card or bank account numbers would be copied and misused because you left a completed application lying around where someone besides you could see it.

APPLICATION DEPOSITS AND FEES

Landlords may ask for a deposit (either the entire security deposit or part) when an application is filled out. Regardless, insist that the security deposit be paid in full as soon as a tenant is accepted, no matter how long it will be until the move-in date. This deposit is your assurance that the tenant seriously wants to rent your property and your insurance against financial losses if the tenant changes his or her mind.

Another way to handle this, if you regularly use an application form and incur expenses in checking references, is to charge a

non-refundable application fee (\$15 to \$30 is customary), then ask for the security deposit only after the applicant is accepted. You should be as speedy as possible in your application processing/reference checking. Inform the tenant approximately how long the "check" will take. There is some merit to the argument that some tenants make when asking for their money back because, hearing nothing from the landlord to whom they had applied and needing a commitment, they had gone ahead and found another place. Make sure you notify the tenants "yes" or "no" just as soon as you have made your decision.

If you reject an applicant, you must return any deposit collected.

If you accept an applicant, then the applicant withdraws, you have the right to keep money from the security deposit to cover your actual itemized cash losses. (See chapter on Security Deposits for more detail.)

References: Use of Premises K.S.A. 58-2558; Kansas Fair Credit Reporting Act, K.S.A. 50-701 through 50-722; Fair Credit Reporting Act, 15 U.S.C. § 1681; Model Rental Application Form with instructional booklet can be ordered from Housing and Credit Counseling, Inc.