


Tenant Screening in 2024

A webinar by  **turbotenant**



Key Takeaways:

- Creating (and documenting) a consistent tenant screening process will save you stress, time, and litigation.
- Let the Fair Housing Act be your guide.
- The screening report is just one tool in your belt - use all of them!

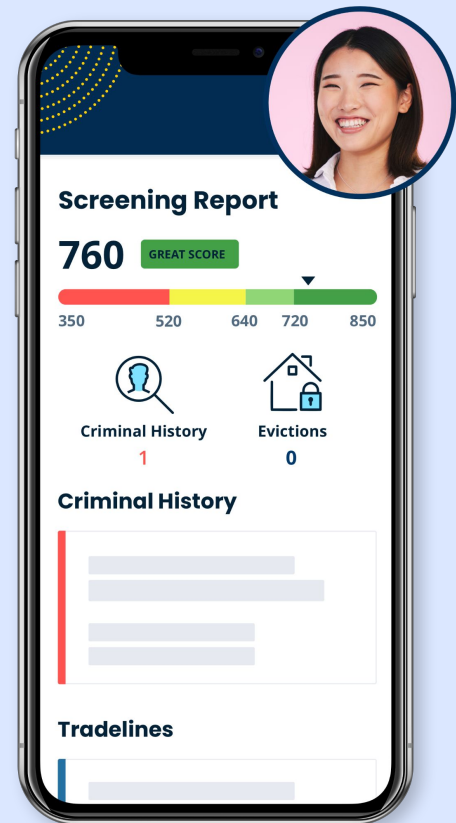




Tenant Screening Basics

Why screen tenants?

- Protects your investment:
 - Mitigates the risk of moving someone in who can't pay rent and/or who damages the property
- Reduces costs, *especially for long-term rentals*:
 - National average cost of turnover = three month's rent + lost rent due to vacancy
- Creates a peaceful living environment:
 - Gives you the sense of who's moving in and how they'll fit into the neighborhood





Poll:

Are you exempt from the FHA?

Fair Housing Act Exemptions: Crash Course

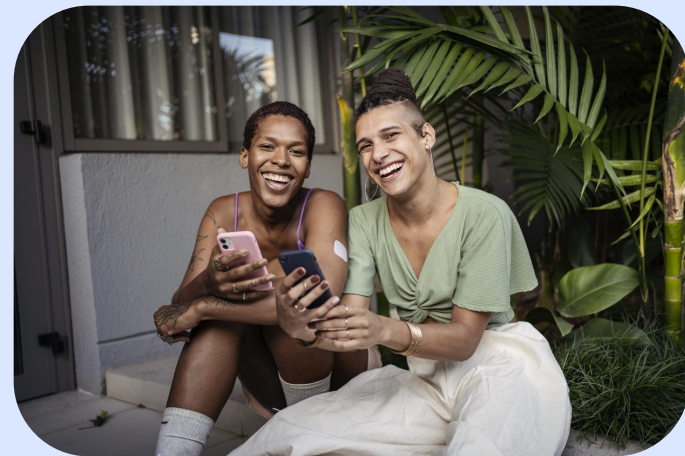
Per HUD:

- Owner-occupied buildings with no more than four units
- Single-family houses sold and rented by the owner without the use of an agent
- Housing operated by religious organizations and private clubs limiting occupancy to members *may* be exempt from the FHA

FHA-Aligned Advertising

In nearly all housing (including private housing), the FHA prohibits making, printing, and publishing of ads that indicate a preference/limitation due to:

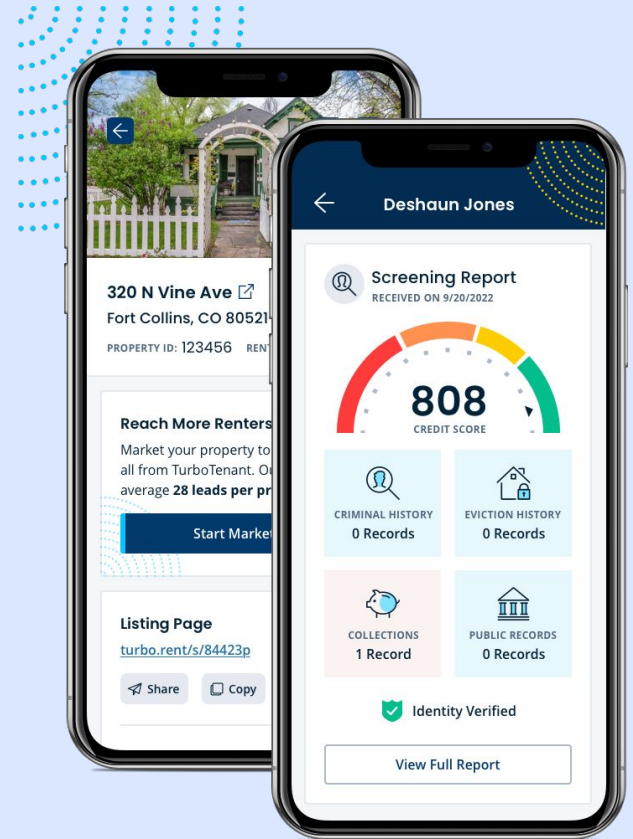
- Race
- Color
- Religion
- Sex (including gender identity and sexual orientation)
- Disability
- Familial status



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 >>](#)

Start With Marketing

- Follow the Fair Housing Act
- 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



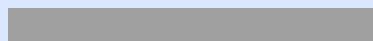
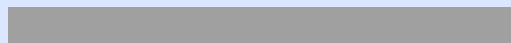
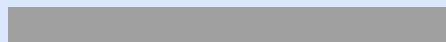
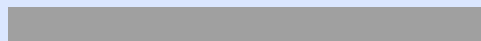
Defining Your Tenant Criteria



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



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

The screenshot displays a digital form titled "Pre-Screener Penny" with a "PP" icon and an "INVITE TO APPLY" button. The form is divided into four sections, each with a colored header bar: "DESIRED MOVE-IN" (orange), "MONTHLY INCOME" (blue), "PETS" (light blue), and "SMOKING" (yellow). Below these sections are two summary boxes: "Employment Status" and "Contact Info".

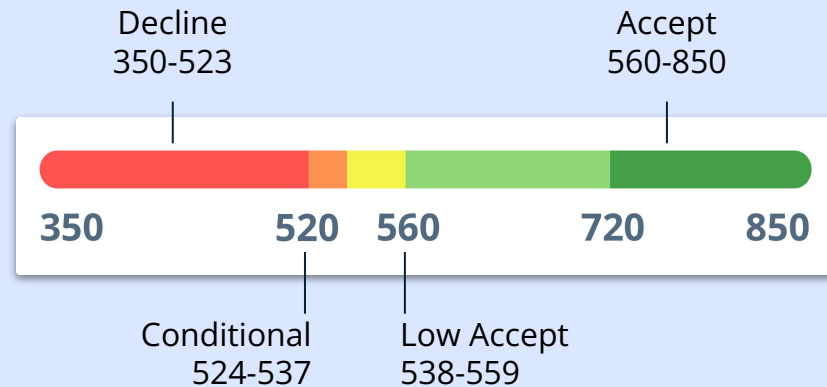
Question	Answer
DESIRED MOVE-IN	3/01/
MONTHLY INCOME	\$3,650
PETS	Yes
SMOKING	No

Employment Status

Contact Info

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**

Eviction Record
Action Date: 9/12/2015 Larimer County 28th District-Civil (CO12789)
Plaintiff: Acme Corp, LLC File Number: KN129N9XOP1
71 Main St. Fort Collins, CO 80525

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

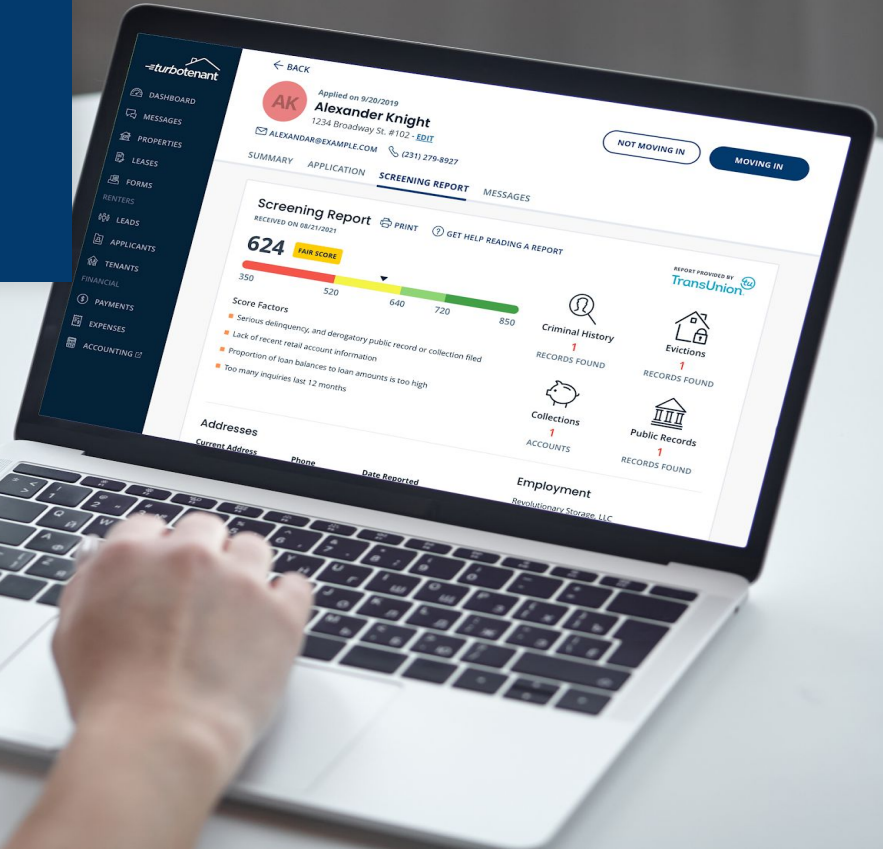
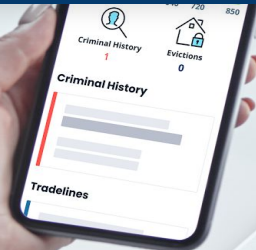
Registered sex offender status may not show up on the criminal background check, but [the registry is a public database](#). Check your local laws for specific statutes.

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 Components of Tenant Screening

- A criminal background check
- A credit check
- An eviction history report
- Income verification
- Interviews

The screenshot displays a tenant screening software interface. On the left, a list of applicants is shown with filters for 'Active' and 'Archived'. The main view shows a detailed profile for Emily Kensington, who applied on 07/13/2020. The profile includes a 'Summary' section with the following details:

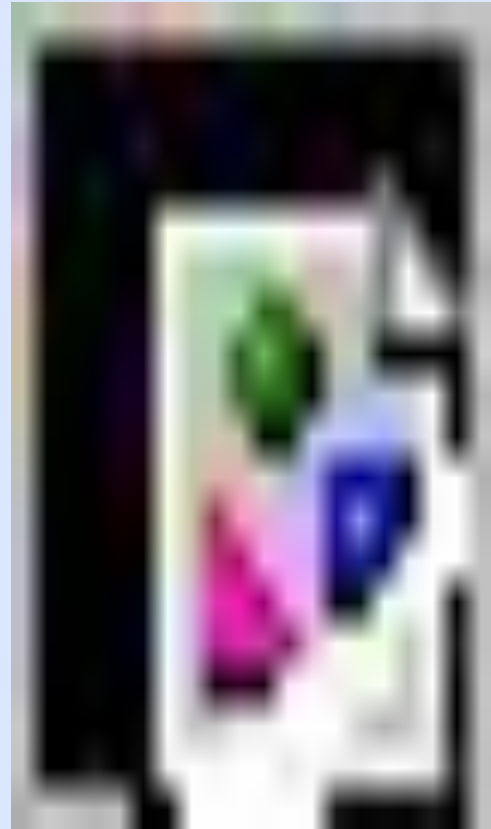
Category	Value
Desired Move-In	12/22/2018
Total Occupants	3
Monthly Income	\$2,950
Pets	Yes
Smoking	No

Below the summary, it indicates 'Applying with:' followed by a list of references. On the right, a 'Screening Report' section is partially visible, showing a progress bar and a summary of results:

Category	Count
Evictions	0
Collections	1
Public Records	1

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
1 RECORDS FOUND

Evictions
1 RECORDS FOUND

Collections
1 ACCOUNTS

Public Records
1 RECORDS FOUND

Score Factors

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

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: 5/22/2015
PLAINTIFF: Aune Corp. LLC
7205 Linden St. Fort Collins, CO 95525

Larimer County 28th District-Civil (J1312/81941)
FILE NUMBER: 13-1208-3607*

Criminal History

TEXAS COURT - D065205600
2981-DUI/DRIVING UNDER THE INFLUENCE, .09, 2ND OFFENSE
CASE NUMBER: 10598131
CHARGE FILED: 122215241X

Widemann-Clares R. P. 3 GB. 11*

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
Payment: 8/7 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 out towards the renter by a court.

Civil Judgement
PLAINTIFF: JN. SLICK-HS. IRWIN
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 8/21/2017

PAST ADDRESS
491 Magnolia Road
Colorado Springs, CO 80152
Reported on 8/22/2015

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.

DATE	COMPANY	REASON
10/05/2016	COAP	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



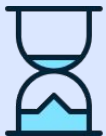
Did You Know? Premium TurboTenant landlords enjoy Income Insights with every screening report.

[Learn More >>](#)

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?

The Scam Basics



Takes one
minute of time



Costs around
\$5 to create



Easy to
make online

Smith & Hernandez, LLC Pay Stub

Employee Information		Employer Information		Pay Period	
Employee Name	Employee ID	Employer Name	Employer Address	Start Date	End Date
John Doe	12345	Smith & Hernandez, LLC	123 Main St, City, State	01/01/2024	01/15/2024
Hourly Rate	Hours Worked	Gross Pay	Tax Deductions	Net Pay	YTD Total
\$20.00	100	\$2,000.00	\$0.00	\$2,000.00	\$2,000.00

Net Pay
\$2,000.00

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?





Poll:

Have you ever received a fake pay stub/income verification document?

Final Steps



Narrowing Down 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 >>](#)



Interview Previous Landlords

- Remember that this is *one* tool in your tenant screening toolbox
- Evaluate how you interact with the previous landlord outside of their answers
- Ask questions like:
 - How long did the tenant rent from you?
 - What condition was the unit in post-move out?
 - Were there any issues between the tenant and their neighbors?
 - Would you rent to them again?



Schedule Your Showing

- Automate the process with TurboTenant's Showing Scheduling feature
 - Put in your availability
 - Invite applicants to book within that window
 - Lessen no-shows with auto-reminders
 - Impress prospective tenants with a slick, easy-to-use tool

Schedule a Showing



SINGLE FAMILY HOME

Spacious downtown home



AVAIL



RENT



BEDS



BATHS

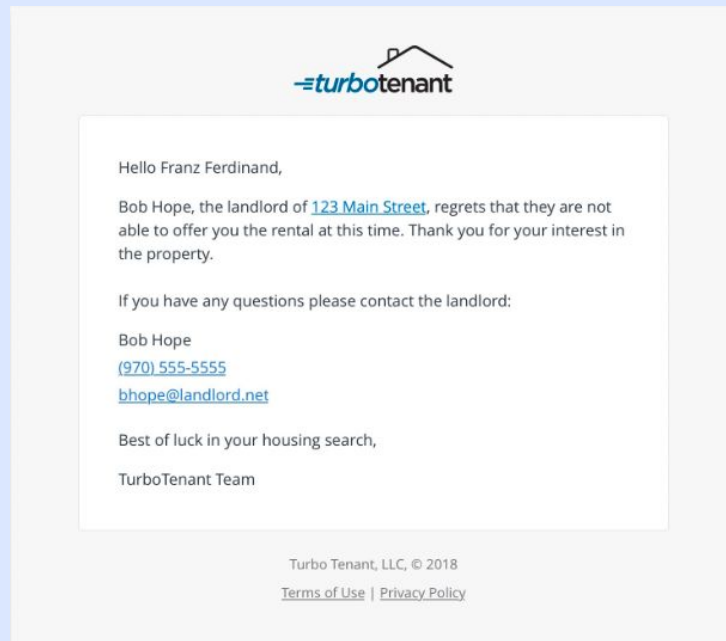
Select a Date & Time

This Saturday

10:00am - 10:15am

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
Phone: [1-866-775-0961](tel:1-866-775-0961)

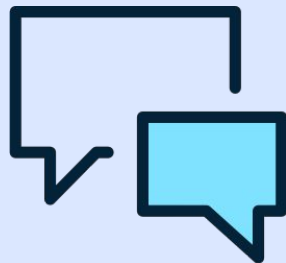
If you have any questions please contact the landlord:

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

Best of luck in your housing search,

TurboTenant Team

Q & A



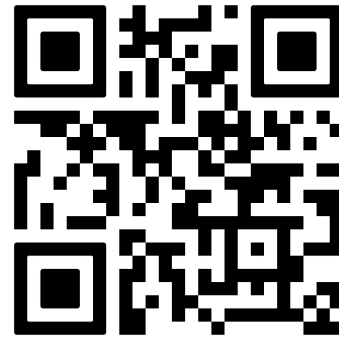
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[TurboTenant's mobile app](#)



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- Receive instant payment notifications
- Get push notifications on new maintenance requests

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



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