

The Ultimate Guide to

*Tenant*



*Screening*

By Avail.co

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SUMMARY

# INTRODUCTION

If you've read our [Complete Guide to Finding Tenants](#), then you've posted your rental listing on popular websites using Avail and you have received 16 leads from prospective tenants. You're now ready to start screening tenants and we're here to help. Thoroughly screening your tenants will help you choose which of the 16 prospective tenants you'll rent your unit to.

Our goal in creating the [Complete Guide to Tenant Screening](#) is to help you identify who will be a quality tenant, so you save time and stress down the road.

## Identify Quality Tenants

Quality tenants pay rent on time and take care of your property. To spot a quality tenant, look for these **five attributes**:

1. Ability to afford rent
2. Job Stability
3. Paid rent on time in the past
4. Clean criminal record
5. Responsible and timely

The chapters in our guide **strategically map out the perfect screening process** to help you identify the best tenants.



## CHAPTER 1

# HOW TO SCREEN TENANTS



Choosing the right tenant is a business decision. After all, you need a tenant who will take care of your investment property and will pay rent on time. How you choose the “right” tenant is important, and you have to be able to justify your decision for accepting or rejecting any tenant.

In this article, we’ll go over how to set up a tenant screening process and appropriate criteria for choosing a tenant. After that, we will dive into Fair Housing laws, because even the best-intentioned landlord can accidentally violate them in the tenant screening process.

### **Step 1: Outline Your Tenant Screening Process**

Below, we’ve listed the six stages of tenant screening. These stages are broken down in more detail in our [tenant screening checklist](#).

1. Pre-screen
2. Require a rental application
3. Call employer references
4. Call prior landlords
5. Request credit & background check (if permitted by state law)
6. Accept or deny tenant

### **Step 2: Determine Your Minimum Tenant Criteria**

Tenant screening is only useful if you set criteria for what is acceptable in your property and what is not. Here is our recommended minimum criteria for landlords who want to avoid problem tenants:



You are legally allowed to accept or deny a tenant based on the criteria above.

Some other criteria like “responsible” and “friendly” can be harder to determine. If you are rejecting a tenant because of a characteristic like this, make sure that you can attribute it to the rental process itself. For example, you may sense the tenant won’t be responsible enough to pay rent on time because they did not show up to the property showing on time.

Sometimes, the opposite happens, and you get a good vibe from a tenant. In this case, landlords sometimes skip crucial steps of the tenant screening process, like foregoing a tenant credit or background check. We strongly recommend that you follow every step of the process before accepting a new tenant.

### **Step 3: Request a Rental Application, Credit Report, and Background Check**

Once you've determined the criteria you're looking for, you'll need to request a rental application from the tenant to get their basic information, including rental and employment history. We also recommend requesting a credit report and a background check from all prospective tenants to give you a better idea of who you'll be renting to.

Avail lets landlords manage all of their screening in one place. Once you're ready to move forward with screening a tenant, you can send them a free digital rental application, and they'll be prompted to authorize the reports you require. Avail also requests references from a tenant's former landlord so you don't have to.

[Learn more](#) about comprehensive tenant screening through Avail.

### **Step 4: Follow Through and Be Consistent**

Consistency is key to not missing important details about a prospective tenant. If a tenant doesn't agree to part of your screening process, then you shouldn't move forward with that tenant.

Consistency also ensures that you are fair to every tenant that applies to your property, and helps you avoid a Fair Housing violation. Fair Housing laws protect tenants from unfair treatment, so if you require one prospective tenant to authorize a background check and not another, then that could be construed as unfair treatment and possible discrimination.

### **Step 5: Comply with Fair Housing Laws**

In order to run a compliant rental business, you need to follow federal, state, and local housing laws. Even well-meaning landlords sometimes have to deal with Fair Housing law complaints that could become costly.

To avoid complaints, stay up to date with the Federal Fair Housing Act, which states that you cannot screen or deny tenants based on these protected classes:

- Familial Status
- Sex
- Religion
- Disability
- National Origin
- Color
- Race

Some **state housing laws** add more criteria:

- Marital status
- Veteran status
- Prior convictions/criminal record
- Citizenship
- Sexual orientation
- Political ideology
- Gender identity
- Age
- Participation in the Section 8 Program or other subsidy programs

Fair Housing Laws are important from the very first step when you **create your rental listing**. You cannot advertise preferences for certain types of tenants — for instance, you cannot say, “Looking for a young couple” or advertise your rental in another exclusionary way. Your listing should concentrate on the unit and amenities, and not what kind of tenants you are seeking.

Learn more about **avoiding discriminatory language in your rental listing**.

Again, your tenant screening process should have consistent requirements for every applicant. Your income requirement or late fee rule, for example, shouldn't change based on who is applying.

You should comply with reasonable accommodations for a disabled applicant, should they request accommodations. And once you've signed a lease, you cannot end a tenancy for any discriminatory reasons based on the protected classes above.

The bottom line: You must treat all prospective tenants and current tenants fairly and consistently. Using a consistent screening process ensures that you are being a fair landlord and is the best way to avoid unnecessary legal costs and headaches.

### **Step 6: Avoid Litigation During Tenant Screening**



The best way to comply with Fair Housing Laws is to avoid any and all discrimination. A landlord is discriminating if he or she:

- Refuses to show an available rental unit to a particular candidate
- Requires different rules for identical units. For example, charging different rent amounts, different late fee rules, or different security deposits for different tenants
- Tells a prospective tenant that a unit “isn't right” for him or her
- Tells a prospective tenant that a unit is not available if it is still on the market



- Has a rental listing with specific tenant requirements that violate protected classes, like “no kids”
- Refuses to accommodate a reasonable request for someone with a disability
- Harasses or intimidates any prospective tenants or current tenants
- Creates terms for renting to someone that are unfair, such as promising you will rent to someone if they do something for you in return
- Steers certain tenants into a particular unit or neighborhood based on age, gender, or race, or any other protected class
- Asks excessive or inappropriate questions during the tenant screening process

Examples of inappropriate questions include, “Are you married?” or “How many children do you have?” Even innocent questions have the potential to be discriminating, so it’s best to steer clear of these questions.

However, you are allowed to ask how many people will be living in the unit because you are entitled to know. Every individual who lives in the unit should be accounted for on the lease, even children and pets.

### **What Happens If You Are Accused of Violating Fair Housing Laws?**

The penalties for a Fair Housing violation can vary. You could be fined or charged punitive damages. If you add to that the cost of a lawyer, then you can see how it becomes an expensive problem.

Even if it’s a minor case, you should consult a lawyer who has experience dealing with discrimination claims. They will give you the best advice to avoid excessive fines. The U.S. Department of Housing and Urban Development (HUD) processes most housing discrimination claims. They keep claims on file publicly. This means that you have more than just an expensive problem — your reputation and the success of your rental business is at stake.

This is why we cannot stress enough the importance of having a **standardized and consistent tenant screening process**. If you follow our tenant screening guidelines, you’ll find quality tenants while complying with Fair Housing laws.

## CHAPTER 2

# PRE-SCREEN TENANTS TO SAVE TIME



Tenant screening is a process. It takes time. But if you use pre-screening to your advantage, you can save yourself time down the road by not moving forward with tenants who are not a good match.

Pre-screening helps you eliminate any candidate who doesn't fit your initial criteria. This kind of criteria can be easily determined during the first conversation — for example, you should find out if a prospective tenant has a pet or smokes.

If you don't ask the right questions during pre-screening, you end up wasting your time. The later stages of tenant screening, including the rental application, reaching out to references, and analyzing a credit and background check, should be reserved for tenant leads who have a good chance of being qualified.

Pre-screening also enhances your overall screening process. It's your opportunity to set expectations for your rental process, which will help you attract quality tenants.

We've outlined three easy steps to help you pre-screen your tenants:

### **1) Use Your Rental Listing to Screen Tenants**

Your rental listing is how you find quality tenants. It's the first point of contact between you and the thousands of tenants who might see your listing.

To attract quality tenants, you should write a catchy title, describe your property in an impressive way, and upload great photos.

You need to generate tenant interest to avoid a rental vacancy, but attracting a high number of tenant leads makes your tenant screening process an uphill battle. You want only the best tenants to reach out to you.

In order to attract the best tenants, we recommend including this sentence in your property description:

“Applicants are required to complete a rental application and authorize a \$55 credit, eviction, and background check.”

Avail offers these reports for \$55, but this sentence should be tailored to your screening process fees. Adding this sentence to your listing effectively communicates to tenants what is expected of them. If the screening fee is too expensive for a tenant, or they don't want to authorize a credit or background check, then they likely won't reach out.

The sentence above also helps you attract quality tenants. After all, quality tenants want a quality landlord who takes care of their rental business. If you think about it from the tenant's perspective, a landlord who takes the time to screen tenants is probably also taking time to care for the property and the rental business. So for the tenant, this means the property is likely in better condition, the landlord is easier to communicate with, and the overall rental experience will be a positive one.

## **2) Ask the Right Questions During the First Contact**

Once a tenant reaches out, he or she officially becomes a tenant lead. Listings with Avail typically receive an average of **18 tenant leads**, so our platform makes it easy for you to manage tenant leads with ease.

Typically, a tenant will reach out via email or phone. In your initial contact, you should ask the following pre-screening questions:

- Why are you moving?
- What is your current living situation?
- When are you looking to move in?
- Can I ask for references from your former landlords and employer?
- Will you submit a rental application and authorize a credit and background check?
- The security deposit is \$X. Are you comfortable with that deposit amount?
- Do you have pets?
- Do you smoke?
- Will you have roommates?

This can be a lot of questions to ask all up front, but it will give you the best sense of how qualified a tenant lead is from the start.

The initial contact should reduce the pool of candidates further. Here are two ways it will help:

1. If a tenant lead does not agree to fill out a rental application, provide references, or authorize a credit and background check, then you can stop moving forward with them.
2. If a tenant hears your requirements and doesn't reach out again, then you do not need to move forward with this lead.

### **3) Screen Tenants at the Property Showing**

Tenants typically reach out about 30-60 days before needing a new place to live, which means the entire tenant screening process occurs in a limited time span. This also means the property showing is likely the only time you meet a prospective tenant before making a decision.

To screen tenants at a property showing, you should meet each tenant separately.

It's easier to get to know a tenant, notice red flags, and remember the details when you are only meeting one tenant at a time. This is also why we believe that open houses are a waste of time — they make your screening process ineffective because you won't be able to remember each tenant that you meet.

At the property showing, pay attention to whether the tenant:

- Shows up on time
- Takes care of his or her belongings
- Asks important questions
- Remains interested and engaged
- Agrees to complete a rental application
- Authorizes a credit and background check
- Discusses moving forward in the process

If the tenant checks all of these boxes, then you should move forward.

### **Pre-Screening and Rental Applications**

Pre-screening is a simple way for you to eliminate bad tenant leads, attract quality tenants, and save yourself time down the road. If you've followed our steps and found great tenant leads, then the next step is asking them to fill out rental applications.

Next, we'll go over everything you need to know about **reviewing rental applications**, including:

- The benefit of using online rental applications
- What questions to ask
- How to review a rental application
- How to handle co-signers

## CHAPTER 3

# HOW TO REVIEW RENTAL APPLICATIONS



Up until this point, you've completed tenant pre-screening. You've created an effective rental listing and hosted a rental property showing (in person or virtually).

If you haven't noticed any red flags, you should move forward by asking applicants to complete a rental application. If your tenant fills out the application, you can be assured that he or she is interested in renting your property.

Here at Avail, we believe online rental applications are the most effective. They're easier for tenants to complete, which means you'll receive the application faster. You can manage all of your applications in one place, so there's no confusion or paper clutter. Online forms also allow tenants to upload documents, so you can easily verify income with a W-2 or an offer letter.

This chapter will go through the six important parts of the rental application:

1. Tenant contact information
2. The five core questions
3. Rental history
4. Employment history
5. Co-signer information
6. The rental application signature

### Contact Information on a Rental Application

You'll need basic information from your tenants, including **name, email, and phone number**.

This allows you to identify the application and easily contact the prospective tenant if needed.

We recommend you hold onto rental applications, whether you reject or accept tenants. If you use Avail to complete your tenant screening, then your applications are always available to you, even once you've rented the unit. That way, you can easily access important tenant information that is gathered in the application. And if needed, you can verify why you rejected other tenants.

## **Five Questions to Ask Prospective Tenants in the Rental Application**

The best way to gather information in your rental application is to ask questions. Our five core questions help you gather crucial information and have “yes or no” answers, meaning they're designed to be easy for your tenant to answer. This way, you can quickly scan the answers and spot red flags. A “yes” to any of our core questions should make you think twice. Here are our five core questions:

### **1. Have you ever declared bankruptcy?**

A history of bankruptcy could indicate financial irresponsibility. If a tenant has filed bankruptcy, you can follow up with him or her to find out more information.

### **2. Have you ever been convicted of a felony?**

A felony is a serious crime that typically involves jail time of at least one year. Felonies are typically violent crimes, which is why they should be taken very seriously.

Note that some cities have banned screening a tenant based on a criminal record, so make sure you know your local laws first.

### **3. Have you ever been evicted?**

A prior eviction indicates the tenant is not a responsible renter and could mean they did not pay rent in the past or significantly damaged another landlord's property.

That said, keep circumstances in mind and give the tenant a chance to explain their

situation — especially if the eviction is related to something out of their control, like a global pandemic.

#### **4. Have you ever refused to pay rent?**

You usually want to avoid tenants who have refused to pay rent in the past. There is a strong chance they will repeat the same behavior with you. But again, allow them to explain the circumstances before you make a decision.

#### **5. Do you smoke?**

This is a question that you likely already asked during tenant pre-screening, but is an important question to ask because smokers can create a lot of problems for you. Smoke creates an odor problem, and it is a fire hazard and a health hazard to other tenants.

Most landlords don't allow smoking in the unit, building, and in more strict cases, anywhere on the property. Some landlords set smoking limits that they write into the lease. For example, tenants are allowed to smoke 10 feet away from the rental property, or can smoke in a certain designated outdoor part of the property. Ultimately, it's important to ask if a tenant smokes and to have rules in place if they do.

### **Verifying Tenant Information**

In regard to a tenant's answers to the above questions, you may be skeptical if a tenant is being truthful. Keep in mind that bankruptcy, eviction, criminal history, and nonpayment of rent can all be verified by following up with tenant references and by requiring a tenant credit and background check.

### **Employment History on a Rental Application**

Gathering employment history is important for a few reasons. You want to verify a tenant's current source of income to ensure he or she can afford rent. Steady employment also signifies a tenant is responsible.

Most importantly, we recommend you ask for a tenant's current employer.



You'll want to collect the following information:

- Company name
- Position
- Salary
- Company address
- Reference information: name, email, and phone number

You need the contact information for an employer reference so you can verify a tenant's employment. Keep in mind that if you reach out to an employer, they may only be able to confirm that the tenant is employed at that company and the length of time they have been employed.

At Avail, we ask tenants to enter current employment and two previous work experiences. This allows you to see the trajectory of a tenant's career. We ask for dates of employment so you can pay attention to work stability, or how frequently a tenant switches jobs.

Employment History	
company	employment period
Sterling Cooper	01/01/12 - Present
position	salary
Creative Director	\$70,000
address	employer contact information
1271 Sixth Avenue New York, NY 10020	Don Draper <a href="mailto:don@sterlingcooper.com">don@sterlingcooper.com</a>   555-555-5555

## Income Verification

As a landlord, you need to know if a tenant can afford your rent. Verifying income is the best way to do this. With an online rental application, tenants can upload documents to verify salary.

We recommend requiring one of the following documents:

- W-2
- Pay stub
- Offer letter with salary

### **Tenant Income Requirement**

Typically, monthly income should be at least three times the rent price. This ensures the tenant will have sufficient income to cover rent. However, there are a lot of situations where this rule may not apply.

For instance, if a tenant has a responsible financial history (no outstanding payments, a history of paying rent on time, and a history of keeping jobs) then you may be comfortable renting to this person even if their income is only two times the rent price.

Gauging a tenant's likelihood of paying rent comes down to more than just income level. It's important to also consider job stability, financial history, and listening to prior landlord references. With all of these factors, you have a more complete picture to base your decision on.

Ultimately, you should follow your best judgment when it comes to an income requirement.

### **How to Screen Co-signers**

A co-signer is essentially another person on the rental agreement who is financially responsible for payments. If your tenant hasn't had a chance to establish credit or their income is too low, then a co-signer is a great way for you to ensure payments will be made.

On the rental application, you should ask the applicant if they will have a co-signer. Then, you can follow up with the co-signer because they will need to go through the tenant screening process just like any other applicant.

This includes the rental application, a credit report, and a background check.

Make sure the co-signer is aware of the implications of co-signing. The co-signer will be responsible for the full rent amount if the tenant does not pay.

Screening co-signers is extra work, but it adds to your certainty that you will receive rent each month.

## **Rental History on a Rental Application**

We recommend asking for at least five years of residence history. When a tenant is filling out rental history, ask for the following information:

- Property address
- Landlord name and contact information
- Dates lived in residence
- Reason for leaving

You'll need the landlord contact information so you can reach out to the tenant's prior landlords.

At Avail, we require at least three years of residence history. The more complete the information, the better. An important indicator to look out for is the reason the tenant left their prior residence — it helps you learn if the tenant had to leave due to a problem. For instance, if the reason for leaving was an eviction or a problem with the landlord, then this is a red flag.

Check out this article for more important things to look out for on a rental application.

## Ask for a Rental Application Signature

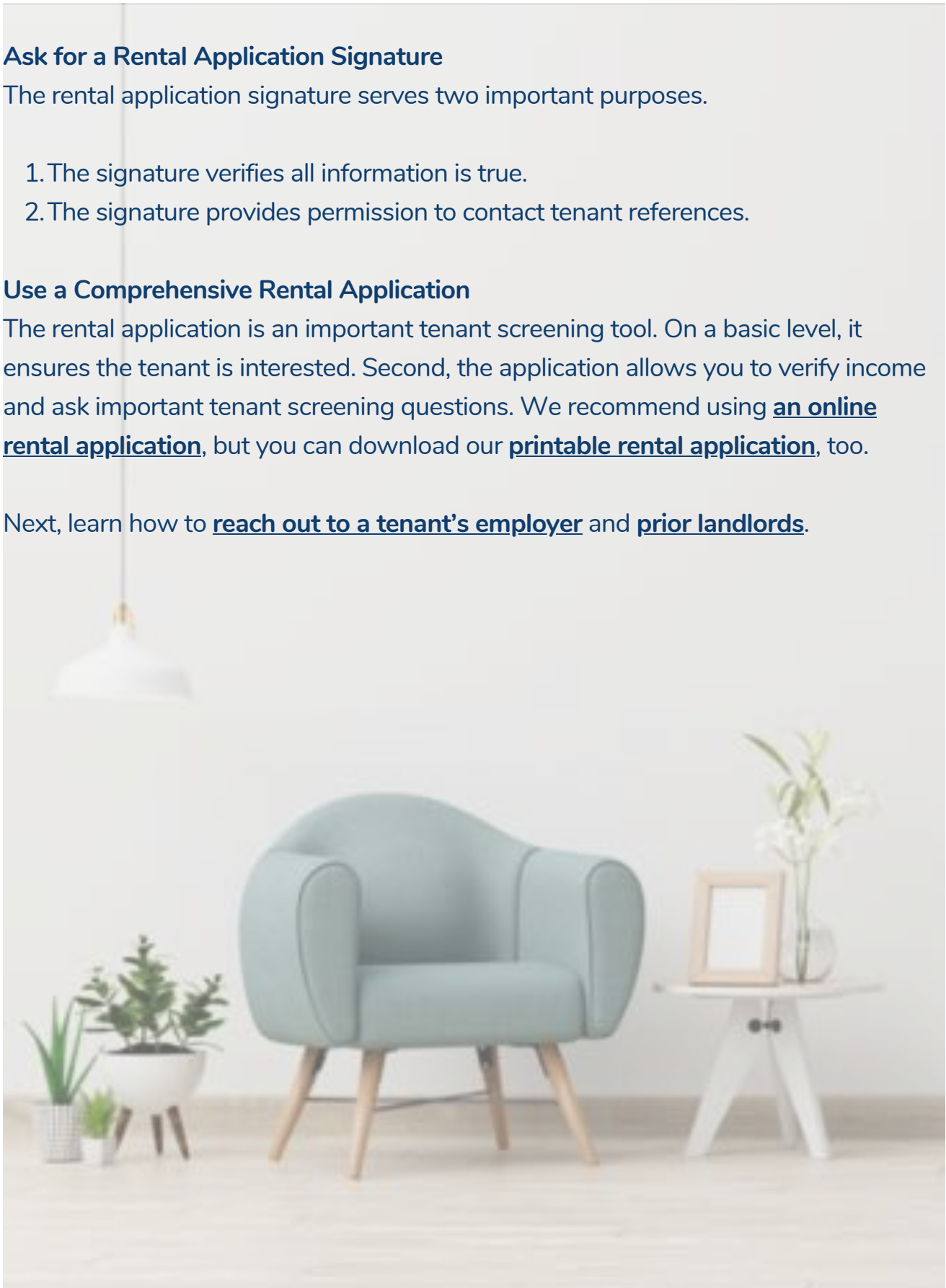
The rental application signature serves two important purposes.

1. The signature verifies all information is true.
2. The signature provides permission to contact tenant references.

## Use a Comprehensive Rental Application

The rental application is an important tenant screening tool. On a basic level, it ensures the tenant is interested. Second, the application allows you to verify income and ask important tenant screening questions. We recommend using [an online rental application](#), but you can download our [printable rental application](#), too.

Next, learn how to [reach out to a tenant's employer](#) and [prior landlords](#).



## CHAPTER 4

# HOW TO VERIFY TENANT INCOME AND EMPLOYMENT



As soon as you have a tenant's completed rental application, you should reach out to the tenant's references. In this article, we'll discuss when and how to reach out, as well as what to ask a tenant's employer. This will teach you how to verify employment and income for prospective tenants.

Landlords who spend time reaching out to references end up learning quality information about a prospective tenant. This information educates your decision whether or not this applicant will:

- Pay rent on time
- Take care of your property

Here are some answers to common landlord questions about tenant references:

### 1. When should you reach out to a tenant's employer?

You should reach out as soon as you have the completed rental application. When you consider the tenant turnover timeline (shown below), you can see that most tenants reach out about 60 days before move-in day.



By the time you have the rental application, you'll need to keep the process going in a timely fashion by reaching out to references as soon as possible.

## **2. How should you reach out to a tenant's employer?**

You can email or call a tenant's employer. The benefit of emailing an employer is you can send a quick templated email with some personalization. However, people often ignore emails or the email gets lost in their inbox.

A phone call is a faster way to reach someone. Plus, with a phone call, you can read tone of voice. We recommend verifying who you are speaking to because in cases of a tenant scam, the tenant will enter a fake phone number instead of a real employer.

Here's an example script to help you get started:

"Hi, can I speak to [reference's name]? I'm calling in regards to [tenant's name]. [He or she] is applying to rent my property and I wanted to verify some information. Do you have a few minutes to chat?"

If you're talking on the phone, you can assure the employer that the questions will only take a few minutes.

## **3. What questions should you ask a tenant's employer?**

Whether you're emailing or calling, here are the important questions to ask:

- Can you confirm that [tenant's name] has worked for you since [date of employment]?
- What does he or she do for the company?
- Can you verify that he or she makes [salary amount]?
- Is [he or she] a responsible employee?

Note that some employers will only disclose employment status and dates of employment.

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- Can you verify that he or she makes [salary amount]?
- Is [he or she] a responsible employee?

Note that some employers will only disclose employment status and dates of employment.

#### **4. What are some red flags to watch out for?**

- The tenant lied about employment or salary
- The tenant provided a fake reference
- The tenant's employer had negative remarks about the tenant's attendance, performance, or behavior

#### **5. What if your tenant's employer doesn't reply?**

If you don't get a reply from a tenant's employer, or they refuse to answer your questions, then you can always rely on the tenant's credit report to verify income. This is the benefit of having a thorough tenant screening process — you don't have to solely rely on the employer reference for this verification.

#### **6. What if the employer refuses to say anything?**

It is possible that the employer will tell you they can't release any information regarding income level or other questions besides verifying dates of employment.

Keep in mind that employers often fear lawsuits. In this situation, a tenant could sue an employer if the employer says something to cause the tenant to be unfairly rejected.

This is why some employers may not reply or will only provide minimal information. They will sometimes only verify, "yes, [he or she] works here."

If an employer doesn't answer your questions, then this shouldn't be construed as a red flag on the part of the tenant. It's ultimately the employer's choice whether he or she discloses any information about an employee.

Remember, reaching out to employers is an important step to follow, but it's not the only way to verify income. You should also have the tenant upload a W-2, pay stub, or offer letter in your rental application.



## 7. What if a prospective tenant gave you a fake reference?

A fake reference is a huge red flag. It's possible your tenant is trying to hide their income level or is falsifying employment. In more extreme cases, it's a sign of tenant fraud.

At Avail, we occasionally hear from our landlords about the mistakes they've made in the past. Below is the story of a landlord in San Francisco who rented to a fraudulent tenant:

.....

The landlord did an abbreviated version of tenant screening, which he acknowledged was his first mistake. Instead of running a tenant credit report and background check, he used the credit report the tenant handed him. He then called the tenant's employer and spoke on the phone with someone who verified the tenant's employment. He said, "Everything sounded good, so I assumed this tenant checked out."

The landlord's second mistake was handing over the keys to the tenant at the lease signing. We recommend never handing over the keys until the security deposit or first month's rent is actually in the bank. The best way to do this is to collect rent online.

After the tenant moved in, he never paid rent. It was at this point that the landlord realized he had made a big mistake. He even questioned if the tenant's employer was legit, or simply a friend who was in collaboration with the tenant.

.....

In this case, the landlord didn't screen the tenant well enough. To double-check if an employer is legit, we strongly recommend digging deeper. You can verify the employer's identity on LinkedIn and by researching the company.

With a rental application, tenant references, a credit check, and a comprehensive tenant background check, you can successfully avoid tenant scams and fraud.



## Document Your Tenant Screening Process

After contacting a tenant's employer, make sure you've taken thorough notes. Every step of your tenant screening process should be documented. If you emailed an employer, hold onto the emails as documentation.

Remember, if you spot red flags during this step, you should not move forward with this applicant. If you suspect the reference is fake, or if the tenant lied about employment or salary, then you should decline the prospective tenant.

If everything checked out, then you should reach out to a tenant's current and prior landlord.

Continue reading below to learn what [questions to ask prior landlords](#).

## CHAPTER 5

# FIVE QUESTIONS TO ASK PRIOR LANDLORDS



Reaching out to prior landlords will give you relevant insight. After all, prior landlords can tell you about a tenant's behavior.

Our [rental application](#) requires that tenants provide at least five years or more of residence history along with landlord contact information.

With that contact information, you can begin reaching out to a tenant's prior landlords. At Avail, we eliminate this extra work for you. **We automatically send an email to your prospective tenant's prior landlords so you don't have to.**

Below we've listed the five questions that we ask prior landlords. Let's say your prospective tenant's name is John. After John fills out his rental application, we automatically send an email to his prior landlords asking the following questions:

1. Can you confirm that John rented from you?
2. Did John pay his rent on time?
3. Did John reasonably take care of the rental property?
4. Was the unit clean and in good order when John left?
5. Was John disruptive to other tenants or neighbors?

When you receive a completed rental application on our platform, it's easy for you to see a landlord's response:

Rental History	
address	
2024 North California Avenue 3A Chicago, IL 60647	
renters period	
01/01/14 - Present	
landlord contact information	
Aljack Mgmt   555-555-5555   stanleyroper@email.com	
reason for leaving	
Desired new location	
<b>Reference responded</b>	
Has rented from you in past?	Yes
Paid rent on time?	Yes
Took care of property while living there?	Yes
Left property in tidy order when lease was done?	Yes
Was disruptive to other tenants or neighbors?	No

## What Should I Do If My Tenant Doesn't List a Prior Landlord?

It's possible your tenant won't have prior landlords if the tenant has been living in a dorm or at a parent's house. It's also possible the tenant owned a home and decided to switch to renting.

In the Avail application, you can't leave prior residences blank. The tenant must list some residence, whether it's a dorm, a parent's house, or a previously owned home.

If a tenant doesn't have a landlord for you to call, you can rely on the [tenant's credit check](#) and [tenant employment reference](#). You can also ask for a co-signer to add to your sense of security. But if a tenant has a solid financial history, it's probably fine that they don't have a prior landlord.

## Why Should I Reach Out to the Tenant's Current and Previous Landlords?

Current landlords may have a reason to lie if the tenant is a nuisance. The landlord may say anything to ensure the tenant has a place to move. Prior landlords, however, don't have any motivation to lie because the tenant is out of their property.

## What Additional Questions Can I Ask a Prior Landlord?

If you call prior landlords, you can ask additional questions and read tone of voice. Some of our questions below are designed to help you spot a fake reference.

It's possible your prospective tenant will list a family member or friend as a prior landlord — one way to find out is to call and ask the landlord if they have any current

listings. If the person is not actually a landlord, they will not know what you are talking about.

If a tenant leaves a fake reference, this is a red flag. It usually means the tenant has something to hide, possibly bad behavior or an eviction.

Below are key questions you can ask to help you spot red flags:

- Confirm that the tenant was indeed a former tenant of the landlord.
- Confirm the address and the dates that the tenant lived there.
- Ask, “I have the rent price listed as \$[rent price]. Is that correct?”
- Ask if he or she ever filed court papers against the tenant.
- If a previous landlord has filed any court papers against the tenant, then this is a huge red flag and warrants good reason to reject a prospective tenant.
- Ask if the tenant ever violated any terms of the lease. This includes damaging the property, not paying rent, hosting loud parties, or doing anything illegal on the property.
- Ask if the landlord asked for a renewal. If they did not, then ask why.
- Ask the landlord, “Would you ever rent to the tenant again?”

## What Kind of Past Behavior Is Good or Bad?

### Good tenants...

- Paid rent on time
- Did not damage the property
- Did not disrupt neighbors
- Sometimes don't have a prior landlord



### Bad tenants...

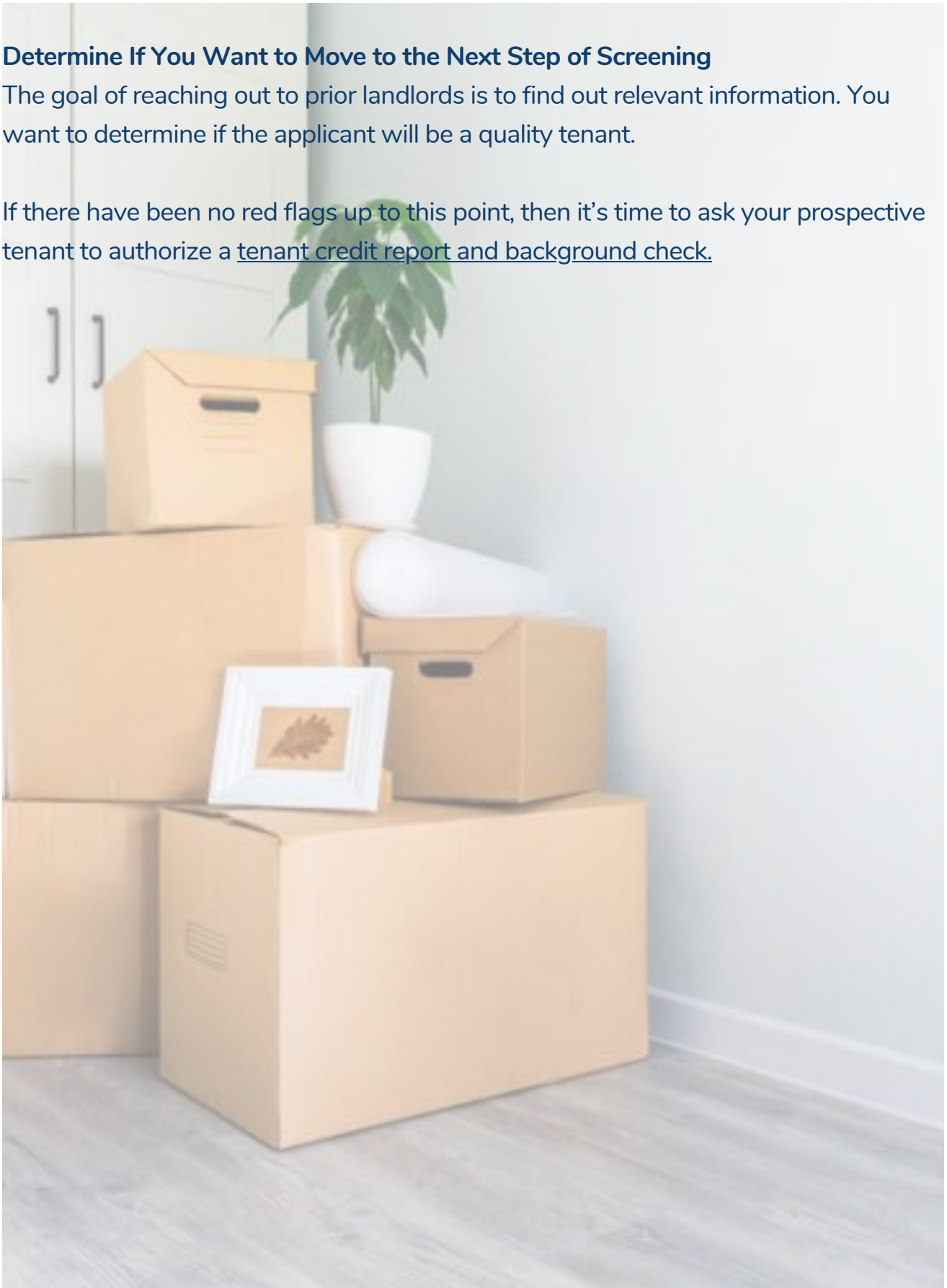
- Had papers filed against them in court
- Damaged the property
- Disrupted neighbors with loud parties
- Submitted fake references



## Determine If You Want to Move to the Next Step of Screening

The goal of reaching out to prior landlords is to find out relevant information. You want to determine if the applicant will be a quality tenant.

If there have been no red flags up to this point, then it's time to ask your prospective tenant to authorize a [tenant credit report and background check](#).



## CHAPTER 6

# HOW TO ANALYZE CREDIT REPORTS AND BACKGROUND CHECKS



So far in the Complete Guide to Tenant Screening, we've discussed:

- [Setting up a tenant screening process](#)
- [Pre-screening tenants to save time](#)
- [Reviewing online rental applications](#)
- [Verifying a tenant's income and employment](#)
- [Calling prior landlord references](#)

The next step is to ask your prospective tenant to authorize a credit and background check. It's understandable that tenants want to save money by handing out their own credit report, but as a landlord, it's important that you don't use reports given to you by the tenant. It's a common [tenant screening scam](#) and there's a possibility that the tenant has altered information in the report.

Luckily, it's easy to require your own credit report using Avail. We are a trusted partner of TransUnion so our credit and background checks are accurate, comprehensive, and encrypted.

And luckily for tenants, they don't have to pay separate application fees. Tenants pay \$55 for their credit and background check and can share it with as many landlords as they want through their Avail account.

### **Request a Tenant Credit and Background Check**

To get started, you and your prospective tenant will [create a free account with us](#).

When tenants fill out our rental application, they are prompted to enter their social security number, which is sent directly to TransUnion, so you never have to see it. This provides tenants peace of mind and security.

Because the tenant is initiating the reports, you don't need to be a verified "requestor" of credit reports. In fact, we've gone through the long and arduous process of becoming a verified "requester" so you don't have to.

Not only does this save you time, but using Avail to perform a credit check also helps your tenant. Our credit checks perform a **soft inquiry**, meaning pulling the report does not impact the tenant's credit score. Often, tenants will be worried that a credit report will negatively impact their credit score, but you can assure them that it won't with Avail.

## **Analyze a Tenant Credit Report**

Our [tenant credit report](#) provides two important pieces of information:

1. Tenant's credit score
2. Detailed financial summary

First, let's go over [how to interpret a tenant's credit score](#):

The number we provide on our reports comes directly from TransUnion. The credit score is a single number that summarizes the tenant's credit history. Some factors that positively influence credit score include:

- Making payments on time
- Little to no derogatory marks (bankruptcies, foreclosures, etc.)
- Total number of accounts
- Minimal number of hard inquiries


Credit scores range from 300 to 850. While the formula for determining credit scores is kept secret, it is understood that the higher the credit score, the better. A high



credit score indicates a tenant is financially responsible.

Keep in mind as you are analyzing a tenant's credit score that there are some situations that can negatively impact a credit score, even if a tenant is financially responsible. For example, people who lost their jobs during the recession or the COVID-19 pandemic may not have made all of their payments. Even once they've found a new job and begin making payments on time, their credit score will still reflect the times they did not make payments. These types of exceptions are important for you to consider, and we recommend you gather as much information as you can and then make your best judgment call.

The chart below will help you determine the next steps based on a tenant's credit score, but remember, be sure to take circumstances into account and look at other proof of financial responsibility.

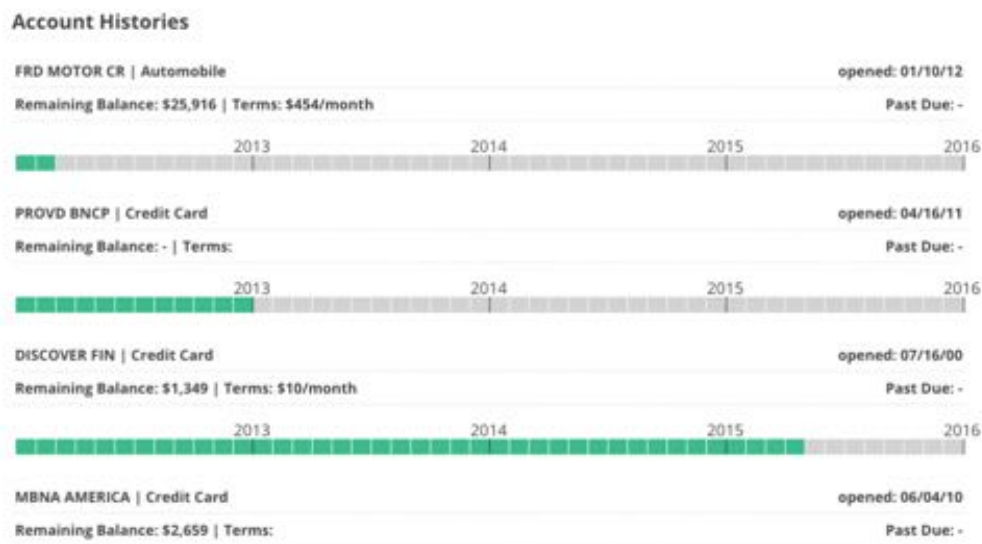


Signals	Next Steps
<ul style="list-style-type: none"><li>• Credit score below 500</li><li>• Consistent history of late or missing payments</li></ul>	<ul style="list-style-type: none"><li>• Decline prospective tenant</li><li>• Continue looking for tenants</li></ul>
<ul style="list-style-type: none"><li>• Credit score between 500 and 680</li><li>• Occasional or long stretch of late payments in the past</li><li>• Moderate-high monthly payment obligations</li></ul>	<ul style="list-style-type: none"><li>• Discuss specific issues with prospective tenant to understand why certain things happened</li><li>• Consider requiring a co-signor</li></ul>
<ul style="list-style-type: none"><li>• Credit score over 680</li><li>• Consistent history of on-time payments</li><li>• Low monthly payment obligations relative to income</li></ul>	<ul style="list-style-type: none"><li>• Verify income and employment</li><li>• Call tenant's prior landlords</li><li>• Determine lease terms</li></ul>

Frequently, landlords look at the credit score and then don't analyze the rest of the report. This is a huge mistake, as the majority of the information is found in the financial summary, including:

- Current open accounts
- Financed purchases (cars, student loans, etc.)
- Mortgage items
- Closed accounts with outstanding balances

We also include a tenant's **account history**. This shows all of the tenant's ongoing payments, including credit cards, loans, and mortgages:



Payments that were paid on time are shown in green. If a payment is yellow, then the tenant paid late. And if it's red, then the tenant never paid.

With this information, you can easily track if a tenant is making his or her payments on time. Ideally, you want a tenant who never misses a payment and never pays late.

You can also determine if the rent price is truly affordable for your tenant. If you add up the tenant's monthly payments and add in your rent price, you will know the tenant's total monthly expenses. If this number exceeds the tenant's income, then you know they cannot afford your property.

Ideally, all of a tenant's payments (including rent, loans, credit cards, etc.) should all comfortably fall below the tenant's income.

In summary, the account history helps you determine:

1. If the tenant will likely pay rent on time each month
2. If the rent price is affordable

These are both good indicators of a tenant's likelihood of paying rent each month. But remember, even an impressive credit report does not guarantee that you will receive rent on time.

### **Request a Tenant Background Check**

To make things easier for you, you can request single reports through Avail (i.e., just a credit report). This is important because some cities don't allow landlords to screen based on a tenant background check — if your local laws don't allow you to pull a background check, you don't need to pay for one.

What's more, our software clearly shows you when your tenant finishes each step of the application process. This clarity makes it easy for you to know where you're at in your tenant screening process.



## Analyze the Tenant Background Report

After reviewing the credit report, the next step is analyzing the background check. Our [tenant background check](#) at Avail includes information from all 50 states. It verifies identity and a tenant's social security number (SSN).

Our reports pull data from the following sources:

- Felonies and misdemeanors from state and local jurisdictions
- Sex offender public registries
- Drug Enforcement Administration
- FBI's Most Wanted
- Homeland Security
- U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Most Wanted
- U.S. Marshals Service Most Wanted
- U.S. Secret Service Most Wanted Fugitives
- U.S. Treasury Office of Foreign Assets Control (OFAC)

This includes data from approximately **700 sources of criminal, sex offender, and eviction records**. Combined, these sources have nearly **300 million** criminal records.

Ultimately, the goal of scanning these databases is to provide critical information about your prospective tenant. You'll learn if your prospective tenant has a criminal history or prior evictions.

## What To Do If Your Tenant Has a Criminal History

First, you **cannot deny a tenant just because they have a criminal record**. If you use criminal records to discriminate against tenants, you can be held liable and end up in court.

If you do deny a tenant with a criminal record, you need to be able to prove that you have standardized screening policies in place to refuse tenants with certain convictions that would put your property or other tenants at risk.

There are **five factors** you should consider before declining a prospective tenant for having a criminal history.

- **Severity**
- **Recency**
- **Frequency**
- **Relevance**
- **Legal Considerations**

Some criminal sentences carry legal restrictions that the individual has to follow. For example, sex offenders are typically not allowed to come close to schools or parks. If your prospective tenant is a registered sex offender, then it's important to consider if they are legally allowed on your property, depending on how close your property is to a school or park.

Keep in mind that requiring a tenant background check also helps you **avoid liability**. If a tenant commits a crime, perhaps stealing from a neighbor, then you may be held legally responsible for allowing that tenant to live there. In court, ignorance is not considered an excuse, which is why it's best to cover your bases and require a tenant background check.

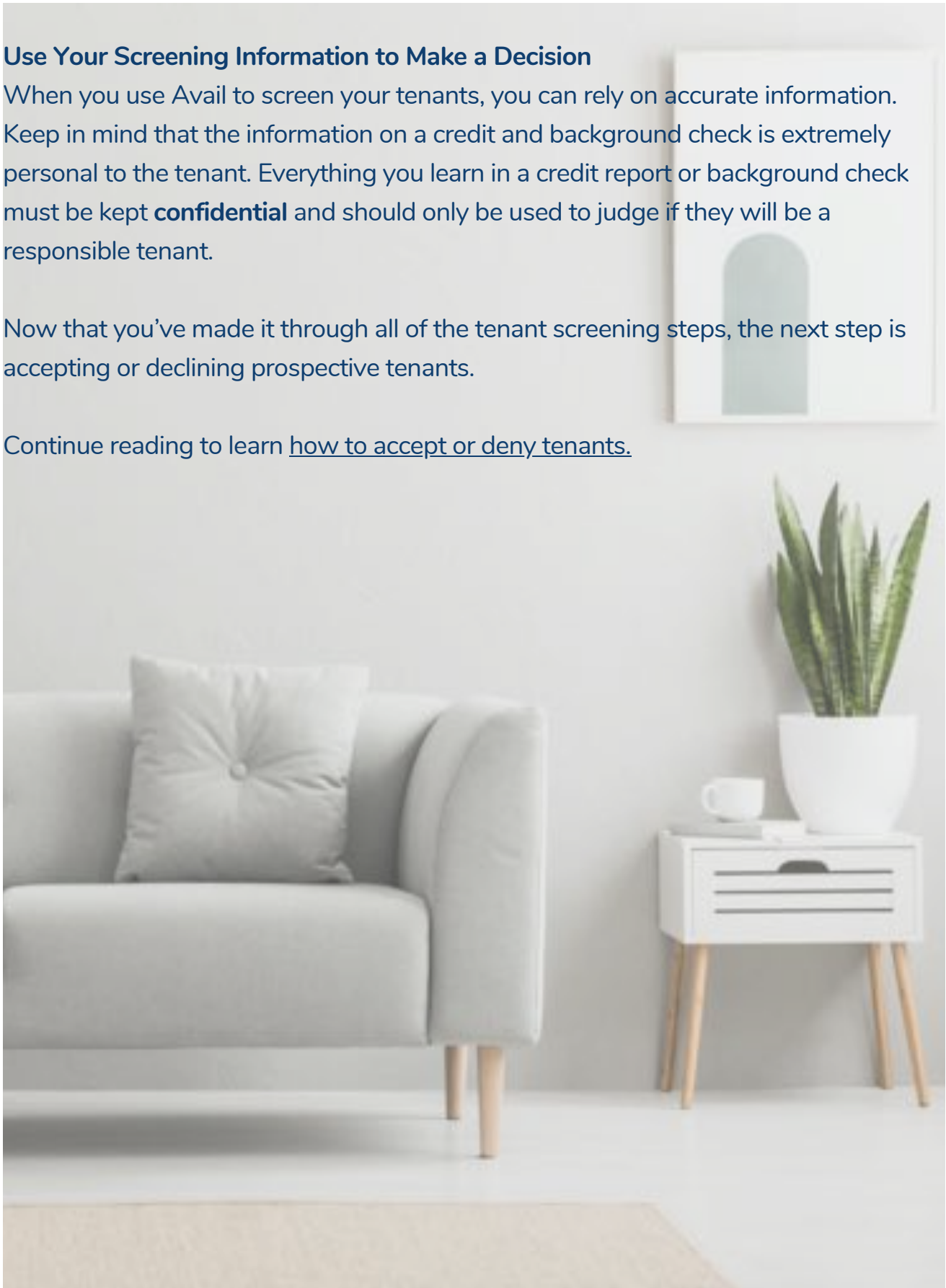
Learn more about how to [evaluate a prospective tenant's criminal record](#) and the [reasons that criminal background checks are helpful](#) in the screening process.

## Use Your Screening Information to Make a Decision

When you use Avail to screen your tenants, you can rely on accurate information. Keep in mind that the information on a credit and background check is extremely personal to the tenant. Everything you learn in a credit report or background check must be kept **confidential** and should only be used to judge if they will be a responsible tenant.

Now that you've made it through all of the tenant screening steps, the next step is accepting or declining prospective tenants.

Continue reading to learn [how to accept or deny tenants.](#)



## CHAPTER 7

# HOW TO ACCEPT OR DENY PROSPECTIVE TENANTS



The goal of tenant screening is to make an informed decision about prospective tenants. You want to choose a quality tenant who will pay rent on time and take care of your property.

To determine if a tenant will be a quality tenant, you've followed the steps of a thorough tenant screening process:

- [Pre-screen tenants](#)
- [Review rental applications](#)
- [Verify employment](#)
- [Contact prior landlords](#)
- [Analyze tenant credit reports and background checks](#)

Each stage of tenant screening helps you gather information.

### **How to Accept a Prospective Tenant**

If your tenant screening was successful, you should be able to determine if a tenant is likely to pay rent on time and take care of your rental property. If you've found your ideal applicant, then it's time to accept them.

You should accept an applicant via email. That way, you can follow up with next steps immediately. In your acceptance email:

- Let the tenant know that your property is still available and you'd like to rent it to them.

- Let the tenant know that the next step is signing a rental agreement.
- Confirm the move-in date.
- Discuss collecting the first month's rent and the security deposit (if applicable).
- Create a deadline for when you expect the lease agreement to be signed by. It's reasonable to ask a tenant to sign a rental agreement within 24 to 72 hours of providing the agreement.

We recommend setting a deadline for signing the rental agreement because it ensures that a tenant will not drag their feet. If your tenant doesn't follow through, then you're risking having a vacant unit on your hands. And chances are, you are relying on the tenant's rent to pay mortgage bills. So it's important to facilitate this next step in a timely manner.

This is easy to do if you are using our **online rental agreement**. Our rental agreement is entirely digital, so you can create, customize, and sign it all online.

For the first month's rent and any deposits, we recommend that they be paid within a week of both parties signing the rental agreement. This should occur before the tenant receives a key to the unit and moves in. Be sure that the rent and deposit clears in your account, as sometimes tenants will initiate payments that don't go through. This helps protect you from tenant scams.

Next, you'll want to set up a method for collecting rent. **Collecting rent online** is extremely easy with Avail: Simply set up charges and send them to your tenants. Your tenant can pay with his or her bank account, debit card, or credit card, and it will land directly in your bank account. No more checks or waiting for standard mail.



## Legal Implications When Denying Prospective Tenants

- The reason why you deny a tenant can have legal implications. You cannot reject a tenant based on:
  - National origin
  - Race
  - Color
  - Religion
  - Sex
  - Familial Status
  - Disability
  - Marital status
  - Veteran status
  - Citizenship
  - Sexual orientation
  - Political ideology
  - Gender identity
  - Age
  - Participation in the Section 8 Program or other subsidy programs

Make sure you can pinpoint the reason why you're denying an applicant. And even better, back up the reason with your notes and forms (a rental application, an email from an employer reference, etc.).

### **How to Say No to a Prospective Tenant**

We recommend declining applicants in writing (email is best). If you've rented the unit to another applicant, you can say:

**“We're sorry, but we've rented the unit to another applicant. Thank you for your interest.”**

Remember, you cannot tell an applicant that the unit is rented unless it has actually

been rented. This is why we recommend that you accept a tenant first, make sure this tenant is moving forward with the lease signing, and then reject all other applicants. However, if you haven't yet rented the unit, you can say:

**“We’re sorry, but we’ve decided not to move forward with your application. Thank you for your interest.”**

Many landlords wonder if they have to provide their prospective tenants a reason for the rejection. You are not legally obligated to provide a reason; however, if a tenant reaches out and asks, the professional thing to do is inform the tenant of your reason. It's also legally risky not to provide an answer, as the tenant may be motivated to seek legal action in order to find out.

There is one exception to this rule: **You need to tell a tenant if you are rejecting them based on a credit report.** According to the Fair Credit Reporting Act (FCRA), any user of a credit report must notify the tenant when an “adverse action is taken” based on information in the report.

In other words, if you are rejecting a tenant based on credit score, debt, missed payments, or any information you found in a credit report, then you should notify the tenant of this reason.

Learn more about [approving and rejecting tenants the right way](#).

### **Use a Tenant Screening Checklist**

The most important part of tenant screening is making sure you have a standardized and consistent process. This helps ensure you tick all screening boxes, don't miss anything major, and don't violate Fair Housing laws.

To help you navigate the entire tenant screening process, use our [tenant screening checklist](#).

## CHAPTER 8

# THE COMPLETE GUIDE TO TENANT SCREENING SUMMARY



After finding tenants with an effective online rental listing, the next step is to screen tenants to find the best tenant for your rental property.

Finding quality tenants doesn't have to be hard — tenants comprise 35% of the U.S. population. With so many tenants looking for their next rental property, we are confident you will find the right one.

### **Why Should You Care About Tenant Screening?**

Tenant screening helps you find a tenant who will reduce your costs. Quality tenants pay rent on time every month, they don't damage your property, and they don't create expensive legal headaches.

Plus, with a quality tenant, you might renew your rental lease, which will save you the additional cost of having to find new tenants.

This all leads to one important factor: increasing your investment profits.

In this Guide to Tenant Screening, we've thoroughly gone through each step of the tenant screening process. Below, we summarized the main points for you.

### **The Main Takeaways from the Complete Guide to Tenant Screening**

#### 1. How to Screen Tenants

To be successful at tenant screening, you need to have a plan and follow it. It's common for landlords to skip steps, which is very risky. You might end up renting to someone who doesn't pay rent on time or causes you legal or eviction issues.

With a consistent screening process, it's also easier to avoid Fair Housing violations. It's considered discrimination to require different screening steps for different tenants, so it's essential that you follow a consistent process.

## 2. Pre-Screen Tenants to Save Time

Pre-screening helps you attract quality tenants and dissuade bad tenants. You can pre-screen tenants with your:

- Online rental listing
- First conversation with the prospective tenant
- Rental property showing

You don't want to waste your time or energy on tenants who aren't a good fit. Our tips will help you eliminate bad tenants before diving into the nitty-gritty of tenant screening: the rental application, tenant references, and a credit and background check.

## 3. Review Rental Applications

The purpose of the rental application is to gather information and ask the right questions. With an online rental application, you can receive all of this information faster. You can even verify income by having your tenant upload a W-2, pay stub, or an offer letter.

Our five rental application questions help you determine if a tenant raises any red flags. We also provide advice on rental property co-signers, and recommend having co-signers go through the tenant screening process just like any other applicant.

## 4. Verify Tenant Income and Employment

Reaching out to employer references informs you if a tenant is responsible, a stable employee, and is likely to pay rent on time.

We recommend asking an employer how long the tenant has worked at the company, verify his or her salary, and the tenant's position at the company. The more

information you can learn, the better, but keep in mind that many employers will only verify dates of employment.

Furthermore, if you find out the tenant provided a fake reference, then you've found a red flag and you should decline that applicant.

### 5. Contact Landlord References

The second reference for you to reach out to is the tenant's prior landlords. Prior landlords can provide relevant information — they will let you know if a tenant paid rent late, hosted loud parties, damaged the property, or caused any legal headaches.

Reaching out to references also provides you an opportunity to spot red flags.

### 6. Analyze Tenant Credit Reports and Background Checks

Tenant credit reports provide valuable financial information. The credit score is a reflection of making payments on time, having long-standing credit accounts, and not having any financial drama (bankruptcies, foreclosures, etc.).

Tenant background checks also provide valuable insight. While you cannot deny a tenant just because they have a criminal record, you can have standardized screening processing in place to refuse tenants with certain convictions that would put your property or other tenants at risk.

Keep in mind that you need to be able to prove that you aren't discriminating based on a criminal record during the screening process, and that some cities have banned screening based on a criminal record altogether.

### 7. Accept and Decline Prospective Tenants

Once you've gathered all of this information, it's time to make a decision. Make sure you're properly (and legally) accepting or denying a tenant. Once you accept a tenant, you'll need to have a rental lease ready for them to sign.

## Next Step: Signing a Rental Lease Agreement

Once you've accepted a tenant, the next step is signing a rental lease agreement. As you move forward, it's important to continue the mindset of tenant screening. You should be screening tenants even as you sign the lease.

Writing, customizing, and signing your own rental lease agreement can be difficult. Lawyer fees are expensive and understanding lease terms isn't always easy, which is why we've worked hard to improve the leasing process for you.

Our online rental agreement is lawyer-reviewed, state-specific, and easily customized. You can edit your rental agreement and have it signed in a few clicks, rather than hours of printing, scanning, or faxing paperwork back and forth.



