

# Tenant Screening Guide: How to Properly Screen Tenants

## 1. Set Tenant Screening Criteria

Tenant screening is most effective when you set criteria before you start looking for tenants. If you know ahead of time what kind of tenant you are looking for, you'll have an easier time recognizing the right fit when you find it.

Just remember that this criteria has to be fair. A landlord should refrain from asking a prospective tenant any questions relating to a person's protected status under Title VIII of the Civil Rights Act of 1968. Also known as the Fair Housing Act, this law makes it unlawful to: *"Refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national origin. (Sec. 804. [42 U.S.C. 3604])"*

According to Fair Housing laws, you can reject a tenant based on a tenant's rental application, income, rental history, information from a reference, criminal history, or lifestyle criteria that doesn't work for your property — as long as you aren't using those criteria to justify discriminatory screening practices.

Here are important criteria that every landlord should set and apply to each tenant that's interested in renting their property:

- Makes sufficient income to afford your rent
- Stable employment or a co-signer with sufficient income
- History of paying rent on time
- Someone you think you can work well with
- Fits your lifestyle requirements (usually regarding things like pets and smoking)

Keep in mind that some cities limit a landlord's ability to run a criminal background check on a prospective tenant, or base any rental decisions off of a criminal record, so always check your local and state laws before you incorporate a criminal background check into your screening process.

## 2. List Your Rental Property Online

In your online rental listing such as Zillow, we recommend including a line that sets up expectations for interested tenants. For example, you can write, "All applicants are required to submit a rental

application, authorize a credit and background check, and pay a \$45 application fee.”

This provides transparency to interested tenants. Plus, quality tenants want a landlord who has a screening process. If you’re taking the time to screen your tenants, then you’re probably also taking good care of the property.

On the other hand, some tenants will see your requirements and won’t bother reaching out. This is an effective pre-screening technique, since it sets expectations for tenants and usually filters out tenants who aren’t interested in your screening requirements.

### **3. Pre-Screen Tenant Applicants over the Phone**

If a tenant reaches out by email, we recommend setting up time for an initial phone call. That way, you have an opportunity to ask important questions:

- What is your current living situation?
- Why are you moving?
- When do you plan on moving?
- What is your ideal move-in date?
- What is your monthly income?
- Can I ask for references from your former landlords and employer?
- Will you submit a rental application?
- Will you consent to a credit and background check?
- Do you have pets?
- Do you smoke?
- Will you have roommates?

If the tenant seems to be a good fit so far, then you should schedule a rental property showing (or, depending on the circumstances, a virtual property showing).

### **4. Show Property to Pre-Screened Applicants, Continue Screening in Person**

The rental property showing is your opportunity to meet the tenant in person, so be sure to get to know them well. If the tenant shows up late, is unprepared, rude, or comes off as disinterested then you should make note of it and consider not moving forward in the process.

If the showing goes well, then you should move onto the next step, which is asking the tenant to complete a rental application.

## **5. Require a Rental Application**

Rental applications are important because they signify the tenant is officially applying to live in your property. You should collect information from the tenant, including:

- Employment history, dates of employment, position, and salary.
- At least five years of residence history with landlord contact information.

Ask these important questions:

- Does the tenant smoke?
- Has the tenant ever refused to pay rent?
- Has the tenant ever been evicted?
- Has the tenant ever declared bankruptcy?

Once you have the completed application, you can begin reaching out to the tenant's references, which we'll go over more below.

## **6. Reach Out to a Tenant's Employer**

We recommend calling your tenant's employer to verify how long the tenant has worked at the company and the tenant's position. Keep in mind that sometimes, employers will only disclose the tenant's dates of employment.

Verifying tenant income and employment is an important step during tenant screening because you need to make sure your tenant has enough income, will continue to have enough income for the coming year, to pay rent. Paystubs, W-2s, bank account statements, along with employer verification, are good ways to do this.

## **7. Contact Prior Landlords**

Prior landlords can provide relevant insight to the tenant's behavior. You should find out if the tenant:

- Paid rent on time
- Reasonably took care of the rental property
- Left the unit clean and in good condition
- Didn't disrupt other tenants or neighbors

We recommend reaching out to the tenant's current landlord and previous landlords so you have a more complete picture of their rental history. Plus, current landlords may have motivation to lie if they

are trying to get rid of a problem tenant.

## **8. Analyze the Tenant Credit Report and Background Check**

A credit report allows you to see a tenant's financial history, and credit score to see how financially responsible the tenant is. The tenant background check will notify you if the tenant has ever committed a crime. We recommend considering the severity and type of crime: Crimes that are relevant to landlords are felonies, assault, arson, and theft, while less serious crimes may not be applicable to a rental situation.

Keep in mind that not all cities allow criminal background checks in the rental screening process, and there are guidelines that must be followed when assessing prospective tenants with a criminal record to avoid a lawsuit.

## **9. Accept or Deny Tenants**

If you follow these steps, you will be on your way to choosing the right tenants for your rental property. Remember to accept your first-choice tenant(s) first before rejecting other applicants. That way, if your first choice falls through, you will have backups.

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