

# Tenant Screening

This pamphlet is provided courtesy of the Rockford Apartment Association, an organization for owners/managers of single or multi-housing properties in Northern Illinois.

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## Tenant Screening

### **KNOW YOUR LEGAL RIGHTS AND RESPONSIBILITIES**

Screening tenants involves using the laws of the Federal, State and Local governments. The information being provided is for educational purposes only and does not represent legal advice. Consult an attorney and the appropriate governmental agencies to insure your screening process is in compliance with the law.

### **WHY SCREEN TENANTS?**

Tenant screening is a process of evaluating applicants to ensure a successful landlord tenant relationship. In some cases screening will result in rejection of applicants. In many cases, screening will provide you important information you can use to tailor the rental agreement to protect the landlord and provide housing to an applicant who may not have a perfect background. Holding a larger security deposit or collecting rent two months in advance instead of one can allow a landlord to take a chance on someone with a history of late payment. Having

knowledge of past problems can motivate a landlord to act quickly when similar situations develop. Many people have financial problems due to factors such as job loss or medical bills. A person who has handled these situations responsibly in the past may be a perfect tenant because they are willing to deal with problems that arise. The goal of screening is to fill your apartments with tenants who are likely to honor the rental agreement.

## **APPLICATION**

In order to screen applicants, standards must be established. These may include positive rental references, no history of evictions, a target income to rent ratio, good credit history and no criminal history related to the applicants housing. Use a formal written application to get information from applicants relevant to the standards you use for acceptance. The application should include the full name, date of birth and social security number for all individuals who will reside in the property. Information regarding income used to qualify should include the source and total amount of monthly income of each family member who will sign the lease. In the case of evictions some types of income may not be used to satisfy a judgment and only the people who sign the lease may be held responsible for the rent. Get applicants current and former address, how long at each location, managers names and numbers, amount of rent paid and ask why the applicants wish to move. Ask who should be contacted in an emergency and the names and phone numbers of personal or credit references. Request that the applicant disclose any adverse information such as evictions, judgments, or criminal record. The application must include a clause granting permission to verify the information provided and needs to be signed by all individuals who will sign the lease. The same information should be obtained for anyone who is co-signing the lease but not residing on the premises. State on the application the unit location, rent amount, and proposed move in date.

## **INFORMATION VERIFICATION**

Once you have a completed application the information needs to be verified. Property managers can utilize a service such as Landlord Information Services of Tenants (LIST) to perform the screening. The number to contact is 398-LIST. There are many resources available to property managers who wish to do their own tenant screening. Employment information and rental references can be checked by phone. Court records can be accessed to get information on past evictions, criminal record, collection actions and bankruptcy. How to access court records may differ depending on where the applicant lives. In Winnebago county computer terminals are located in the court house for public use. The internet can also be used to gain access to court records, registered sex offenders, and credit reports. Use the following web sites to register for these services.

For Winnebago county court records **[WWW.CO.WINNEBAGO.IL.US](http://WWW.CO.WINNEBAGO.IL.US)**

(click on the option for subscription)

For Stephenson, Boone and over 20 other Illinois counties court records go to **WWW.JUDICI.COM** To check if applicant is a sex offender **WWW.ISP.STATE.IL.US**

One credit report service is Kroll Factual Data. They offer a service specific for tenant screening called Resident Qualifier. The web address is [www.KrollFactualData.com](http://www.KrollFactualData.com) The cost is minimal for a basic report from one agency. Other options are available for an additional fee. There are many other similar services available to choose from.

## **CREDIT REPORTS**

These services provide an abundance of information regarding applicants. Credit reports contain information on payment history of a person's accounts. The number of payments made 30, 60 and 90 days late are noted for each credit account. Accounts that have gone to collection are also noted. An idea of an applicant's monthly obligations can be calculated to see if the rent payment will be within their budget. Remember to include estimates for auto insurance payments when the credit report shows auto loans. Look for bankruptcies on both the credit report and the court house records. If the bankruptcy has not been dismissed or discharged the applicant needs the courts approval to enter into a contract.

## **CROSS REFERENCE INFORMATION**

When obtaining a credit report, an applicant's social security number is being submitted along with their name. This insures that the information obtained is for the applicant. When using the court records no social security numbers are used. Care must be taken to verify that the information relates to the applicant and not someone with a similar name. Date of birth, and middle initials are important information to compare. Look at items such as traffic violations to see if addresses match those provided on the application. Check the names of all participants in a case to see if they are the same people who intend to occupy your apartment. Question the applicant about any information that is not clear in the record.

## **COURT RECORDS**

The court record will also show any evictions filed against the tenant. An eviction will appear as a Forcible Entry and Detainer. Look at the case participants to obtain the address from which the tenant was evicted. Check to see if the plaintiff in the case is the same as the landlord listed in the application for the corresponding address. The plaintiffs phone number may also be listed. Call them to get the specifics of the case. Look at the docket sheet to see the details of the case. Look first to see who won. The eviction may have been filed without proper cause. See if

the applicant was served and appeared in court. Find out if any monetary judgment was paid to the plaintiff.

Criminal complaints filed against the applicant in the county whose records you access will be listed in the court records. Crimes to screen for should include prostitution, sex offences, sale of drugs, violent crimes, use of weapons, and multiple occurrences of domestic disturbances. Verify if the individual was found guilty or innocent. Look to see how old the charges are and if there is recent history of good behavior. The State of Illinois maintains a web site to identify sex offenders throughout the state. Perform a criminal check for all individuals residing in the apartment. If people move in after the lease signing or are visiting for an extended time they should also be screened. The court records are public and no permission is required to access them to evaluate if someone is a potential problem.

### **RENTAL HISTORY**

Verify the applicant's rental history by calling previous landlords. Call as many landlords as possible to get a true indication of what type of tenant you are getting. In some cases an applicant's current landlord may not give accurate information because they want to get rid of a problem tenant. Make sure the people you are calling are actually the landlord. Tell them you are calling about their rental property before you mention the applicant's name. See if they acknowledge being the landlord of the property in question. Ask them questions only the landlord would know such as what is the correct address for the tenants, how much is the rent, how many bedrooms does the apartment have, how many people lived there, was the rent paid on time, was the apartment damaged, was proper notice given to vacate. Any discrepancy between the information provided by the landlord and what appears on the application may indicate you are not speaking to the actual landlord. Use the Winnebago County Geographic Information System on the counties web site to verify who is the tax payer for the property. Click on the WinGis option on the left side of the screen and select online tools and then property search to get the tax payers name. Some management companies may be reluctant to provide detailed information. Simply ask them if they would rent to the individual again. If they say no there is probably a problem. Finally ask both the applicant and landlord if they are either friends or relatives.

### **SOURCE OF INCOME**

Check that an applicant has sufficient income to afford rent. Calculate the ratio of income to rent amount by dividing the applicant's total monthly income by the monthly rent. If the ratio is 3 then the applicant earns three times the monthly rent. Decide what ratio you are comfortable with and use that as a standard with all your applicants. In the case of income provided by a public source such as Social Security or Public Aid obtain written documentation of the amount of monthly payment. To verify employment, contact the personnel office of the employer. Most employers will only provide start date and whether employment is full or part time. To verify

the amount of income, ask for a copy of the applicants most recent pay stub. This will confirm the Social Security number, pay rate, year to date earnings, and extra payroll deductions for child support.

## **FAIR HOUSING CONSIDERATIONS**

The fair housing act prohibits discrimination in the rental of housing on the basis of race, color, religion, sex, handicap, familial status or national origin. Discrimination means to make a distinction between people on a basis other than actual qualifications. The use of the classes stated in the fair housing law to make a determination either for or against a person is prohibited under the law. It is important to maintain consistent standards that apply to all applicants.

In the case of housing for people with disabilities the law requires that reasonable accommodations be made to allow the tenant to make reasonable modifications. The scope of the required modifications can be affected by location within a property. Some units may be impractical to modify, however what is considered reasonable is subject to interpretation by the courts. Property managers should consider how decisions on tenants may be perceived in relation to fair housing law. Maintain clearly defined requirements for approval to evaluate all applicants equally. Document all reasons for refusals to prevent any appearances of discrimination.

## **CONFIRM IDENTITY OF LESSEE**

Landlords should check a photo ID for individuals who will sign the lease. If possible, obtain a copy of the ID for your records. This should occur after an applicant has been accepted. Requesting a copy of a photo ID before approval may imply that race, color, sex or national origin can be used to screen applicants.

## **OCCUPANCY LIMITS**

Number of persons per unit should be based on occupancy ordinance. Familial status protects applicants with children, single parent households and unmarried couples. It is permissible to restrict number of occupants based on local ordinance. These limits are based on size and number of bedrooms. Check with the building, zoning and health department to determine the limits. To maintain an adult only property requires a landlord to meet specific standards. Consult an attorney to ensure you comply with the Fair Housing Act.

## **KEEP CLEAR RECORDS**

It is important to document all reasons for denial. In some cases you may wish to accept an applicant who does not meet your established standards. It is inadvisable to accept a less than

qualified applicant over a qualified one particularly if one of the protected classes are involved. If you wish to compromise your standards when no qualified applicant is available be sure to document your justification. Some valid reasons may be the length of time since problems occurred, number of negative factors verses number of positive factors, impact of medical and employment conditions of finances, and were past problems handled responsibly by the applicant. In cases where compromise is necessary you may want to collect additional security deposit to protect yourself. Being aware of past problems will help you judge how long a problem should continue before you need to take steps to evict a tenant.

## **IMPLEMENT A COMPLETE PROCESS**

How you conduct the showing and application process can also help to identify problem tenants. Ask if you can come to the applicant's current residence to pick up the application and inspect their apartment. If their household is not up to minimum property standards they may be a problem. Be sure to consider whether the problems you see are tenant related like damage to doors and windows or garbage which has not been handled properly, or maintenance problems like plumbing or roof leaks that are the landlord's responsibility. Having an application charge may deter unqualified applicants from going through the process. If you show apartments by appointment take note of how punctual the applicant is. Consider having people call in advance to confirm their appointments to reduce the number of no shows, or provide open access to empty units so that people can see them at their convenience. These subjective observations should only be used to indicate a problem may exist. Stick to your standard guidelines in evaluating the applicant. Don't refuse to accept an application based on a feeling. Let the screening process work for you. Remember that the goal of tenant screening is to find tenants that will make your properties more profitable.