

# Tenant screening



Everything  
you wanted to  
know about  
tenant  
screening!

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## **Tenant Screening 1.0**

Tenant screening is something which may confuse many, but is very important to every landlord and renter. There are many landlords and renters who rely on tenant screening to make sure their properties are safe and they make the money expected with their properties.

### **Summary:**

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### **What is Tenant Screening?**

Tenant screening at its base, is a screening which is done before the landlord gives the ok for someone to start renting from them. A tenant screening is the best way to completely understand who the tenant is and what their rental history is. There are multiple aspects to tenant screening and each aspect is incredibly important to a landlord. Without this screening, the landlord may wind up with a bad tenant, which in turn could cost them thousands of dollars.

It is important to keep in mind tenant screening is completely legal. Many people hear the phrase “screening” and tend to think it is something which is not legal. Tenant screening is a legitimate process, and only takes information which is already public (through credit bureaus and such) for use in the screening. If you are a landlord, you should not be afraid to use tenant screening as a tool for your rental business.

### **Who Uses Tenant Screening?**

People generally assume the only time a tenant screening is used is when an apartment is trying to be rented out in a bad part of town. Unfortunately, this stereotype keeps many land and property owners from getting a full and proper tenant screening done for those who want to rent from them. Without a tenant screening, you may be in for a large and unwelcome surprise. There are multiple

types of landlord and property owners who can utilize tenant screening to ensure they are protected with new tenants.

### *Apartment Landlords*

Apartments are rented in every city and owners are often running into issues with tenants. The apartment is often the place first-time renters will begin renting something on their own; thus many landlords simply think they need to check only the credit of the possible tenant. What they fail to realize is many people will hop from apartment to apartment; especially those who have poor rental records as a tenant. If someone has a poor rental history, they will often attempt to go to apartment complexes or rental facilities which look like they may not check the full past of the possible tenant. Often apartment landlords will complete just a basic tenant screening.

### *Home Rental Landlords*

Those who rent out entire homes will also want to make sure they utilize a tenant screening service. Tenant screening services can help ensure they know exactly who is renting their home. Landlords will know the rental past of their prospective tenant, and will know if they will be able to pay for the rental. The last thing you want to do as a landlord renting out a home is to complete a full background check on your prospective tenant; otherwise you could wind up with a ruined or severely damaged home or payment issues. All of these problems can be avoided simply by requiring tenant screening as a mandatory part of your rental process.

### *Landlords in College Towns*

Landlords who own housing complexes in college towns are also an important group of landlords who rely on tenant screening. While these landlords utilize screening for the prospective tenant, they will also need to screen those who co-sign with the students. These are the more important people to screen as they are often the ones who will be helping the students pay their rent, or will be the ones who are responsible for late or missed payments. Having a completed tenant screening allows a landlord to rent to students with no credit or tenant history, as you will know exactly who is backing them up.

## **The Basics of Tenant Screening**

Tenant screening is incredibly important for getting to know the possible tenants for your rental property before you actually approve their lease. Tenant screening is completely legal, and is the only real way to gain all of the necessary

information to protect yourself and your property. Many people do not realize without the tenant screening, they may be biting off more than they can chew.

## **The Benefits of Tenant Screening**

While many landlords and renters will simply tell you it is incredibly important to use tenant screening, it is often better to understand exactly what you will get from utilizing a screening service. There are multiple benefits to be gained for every landlord who uses a tenant screening service.

### *The Knowledge You'll be Paid*

One of the most important things for a landlord is the actual payment of rent. Landlords simply want to make sure they have the money in on time. If the property is already paid for, landlords want to make sure they have the money to utilize for expenses related to the property should a need arise in; addition to making a profit. If they still owe money on the property they own, however, they want to ensure they are able to make the mortgage payment on the property each month. While a tenant screening can't guarantee payment, it does help to show a record of timely payments etc. in addition to the rental history of the person who is requesting a unit. This helps a landlord to understand if there were any major payment issues or other problems to consider before renting property to an otherwise unknown tenant.

### *The Knowledge Your Property is Safe*

The tenant screening process helps you to understand how the person has taken care of any of the previous rental units they have occupied or rented.

If they completely trashed the last place they lived in or rented, you can generally find out this information through the screening process. This is incredibly important, as you can lose a lot of money as a renter if the person you choose decides to destroy your property; this costs the owner money as repairs will need to be done once a destructive renter vacates.

### *The Knowledge of Your Tenants*

Complete knowledge of a tenant is incredibly important, as you want to make sure the person you are allowing to rent your property is not prone to using the house for certain, illegal or illicit activities. You can check the criminal history of the person requesting occupancy on your property. You can find out many problems the person(s) may have; this is important for those who want to ensure

their properties are not used as drug houses or for any other illegal or unwanted purposes.

### *The Knowledge of Overall History*

Having a general overall history of the tenant is a vital part of the tenant screening process. On top of rental history and criminal history, you can find out exactly what kind of credit history the tenant has.

This is helpful for many reasons, with the most important reason being the knowledge of whether or not they will be able to afford your rental property and if they will make payments on time. It will also illuminate their habits of late payments, if they exist (and what types of payments those are).

## **The Downfalls of Tenant Screening**

There are not many downfalls to using tenant screening as a tool for your rental business; however, there are a few small negatives which should be noted. While these may not be reasons for you to stay away from tenant screening, it is still important to know all aspects of the service, both good and bad before making a decision.

### *Turning Away Good Tenants*

One of the downfalls to relying completely on tenant screening for your rental properties is you may in fact turn down tenants who are good but didn't pass the screening process. Some may have bad credit history from a major issue; while they may have missed payments in the past due to situations beyond their control, they may now be in an entirely different financial situation which allows for payments in a timely manner. Because you only checked their history, you may not be able to see this change, and may turn the person down without understanding their current situation or potential. This leads to passing up on good potential tenants because they were flagged by the tenant screening process.

### *Cost*

The cost of tenant screening is another downfall arising from tenant screening. This negative is small given the potential benefits, and should not deter anyone from using the system to figure out the history of the possible tenants. It is an important aspect to note since the cost is something the landlord will have to absorb and factor into overall rental costs. However, it is a small price to pay to make sure your property is safe and you will receive timely rental payments.

## **How to Use Tenant Screening**

While getting the actual tenant screening report is great for any landlord, it is not the final step in the process. Once you get the tenant screening, there are multiple steps necessary in making the final decision as to whether or not you allow the applicant or prospective tenant to rent from you. While these are not definite steps and your process may be vastly different, these tips may help you in the final decision making process.

### *Read the Screening*

The first thing that you need to do when you receive the tenant screening is to actually read it. Do not simply skim over the tenant screening report to the parts you have deemed important. By taking the time to read the entire screening report, you can ensure you do not miss a single aspect. The report is generally not long, so you should read the report through once or twice to be sure you understand everything included. Do not yet take any notes, as this is covered in the next step.

### *Note the Good*

The first thing to do when going through the screening is to note everything good you find in the tenant screening report. A lot of people tend to focus on the negatives of the report; and while these negatives are important, they can also hit hard when they are the first things noticed. If you note all of the good things in the report first, you are more likely to be level headed when looking at the bad or undesirable aspects of the tenant screening report.

### *Note the Bad*

Unfortunately, you do need to note all of the bad aspects contained within the report. Simply scour the report for all of the negative things you see as red flags. If something you see is slightly bad, but is not considered “terrible” by your standards, be sure to note it anyway; otherwise you may miss lots of little things which could add up. This is the best way to make sure you have the full spectrum of information.

### *Note Your Current Situation*

Once you have read the report back and forth, and taken note of all of the good and bad aspects of the possible tenant's screening report, think about your current situation.

While looking through both the good and the bad aspects, consider your own situation as a landlord. Can you afford to take a chance on a tenant who may have a small blemish? Are you in a situation where you should not be picky as to who you rent to? Taking your entire current situation into account is the best way to help yourself weigh all of the good and bad of the report. Your current situation will also help you to understand what aspects are currently important to you, and what aspects are easy to overlook.

### *Make your Decision*

In the end, you need to make your decision about the tenant based off of the tenant screening report. You need to take all of the aspects into account, and then take some time to think it over. This is not a decision you should make as soon as you receive the report, but is also not a decision you should wait a week on. Simply take time to absorb all of the information and gain an understanding of how comfortable you are with allowing the person to rent your property. If you are completely comfortable with them, you can easily make the decision to allow them to rent from you or not.

These are simply some of the steps that you may follow to make the final decision about a possible tenant. Once you have the tenant screening report, however, you may want to take a different approach to the entire situation. If you do decide to take your own approach, ensure you are taking the time to understand what is important to you as a business owner and renter, so you make the best decision for your business.

## **What to Look for with Tenant Screening Companies**

When it comes to the actual tenant screening companies, there are a few specific things you will want to look for. These things include questions you will want to ask about each specific company so you can understand exactly what they can offer you as a landlord and what services you expect them to offer.

### *What Information do they Offer?*

It is important to understand exactly what information the tenant screening company can offer you as a landlord. Knowing exactly what information they offer can help you to understand what you will learn about your tenant and whether or not you are paying for information you simply don't need. Questioning

the screening companies can also aid you in ensuring you get all of the information that you think you are paying for. The only way to know this is to take in all of the information about exactly what the tenant screening company can offer you and to ask questions.

### *How Much does it Cost?*

While you want to make sure as a landlord you know exactly who you are renting to; you do not want to be ripped off. You want to understand exactly how much it costs to get a tenant screening report and you'll want to be sure you can afford it and budget for it. While you should not let cost deter you, you will also want to make sure you are getting the best price possible for the tenant screening. One way to do this is shopping around and checking prices and options of the various screening companies.

### *What is the Reputation?*

It is important to understand the reputation of companies offering tenant screening to ensure they offer exactly what they claim to offer. Just like any other company, you should be sure you know exactly what you are getting. If you do not do the research into the reputation of the company you are considering, you may end up using a company who offers bogus or false reports. While these are rare, the Internet has made it easier for these sites to pop up. This is a detriment to any landlord as it doesn't accurately depict the prospective renter's history, thus putting the landlord at risk.

## **How to Find the Best Tenant Screening Company**

There are a seemingly endless amount of tenant screening companies available to choose from. There are services both in person and online which can help you to get the exact screening that you are looking for. However, how can you ensure you are getting the best tenant screening for your business? By making sure you work with the best tenant screening company which matches your needs, you ensure the best outcome possible for your property.

The first step is making a list of the tenant screening companies you find. If you look for these strictly in person, you may not find as many options for the services you seek. If you look online, however, you may find more companies than you bargained for. By making a large list of some of the tenant screening companies you come across, you have a large selection to choose from, which will increase your chances of finding the best company for your business.

Once you have made your initial list, the next step is finding those companies which offer screening steps which are most important to you. If you only want screen for one piece of history, you will want to find all of the companies who offer the ability to only pay for this simple screening. If you want the whole package of screening tests, you will want to highlight those tenant screening companies which offer full testing. Knowing what each company offers is critical in this step.

The third step in the process is checking the prices of each tenant screening you are interested in. You will need to get quotes from the companies you are interested in, or note prices if they are listed. This will help you narrow down your search to a few tenant screening companies. Be sure to keep multiple screening companies on your list as you may need them.

The last step in the process is checking the reputation of the places you have found meet your needs. The reputation of a company can help you understand exactly what you are getting. You can ensure the screening provided by the company is legitimate, and the prices are fair. Checking the internet for this information is a good way to make sure you know exactly what you are getting and to find out what experiences others have had.

To some; taking all of these steps into consideration when looking to hire a tenant screening company is simply too much. Many landlords want to make sure that they have the best tenant screening company so they know they are getting the right tenants for their rental properties. If you want to make sure you get the best screening possible, these steps can help you along the way or you can create your own using these steps as a guideline.