

What does a messy car have to do with a bad tenant?

I'm sure that most landlords know the value of an in-depth screening process when deciding to approve or deny a tenant. You would be surprised how many landlords that I talk to actually skip this step and just trust what is written on a tenant's application. It seems to be most prevalent among investors that manage their own properties and either don't want to take the time or simply don't know where to order the background reports necessary.

In my opinion this is the most costly mistake that any landlord can make. If an applicant has a criminal record or a bad rental history you can rest assured that they won't tell you this on their application. They're gambling on the fact that you might not follow up with a detailed screening. Typically this happens when they know that the owner of the rental is the same person that is managing the property. These tenants typically won't even apply to a company like mine (www.CBPropertyManagement.com) because they know that doing a detailed screening is simply our job and there is no way that we will skip that step.

Screening doesn't start when the application is turned in, it actually starts during the very first communication with that tenant. More importantly during the showing. You should always be present for showings and never just give out the key or a lock box code. If you aren't present then you obviously risk vandalism, but you also miss out on the ability to start the screening process. Keep in mind that your ultimate decision of whether to approve or deny a tenant should be made after getting the whole picture of who they are and how responsible of a life they have lived. Some negatives can be overlooked if there are a lot of other positives.

Having a conversation with someone while walking through the unit can give you a very good feeling of what their demeanor and behavior is. You also get to enlist a couple little "tricks" if you meet with them in person. One being at the end of the showing, be sure to walk them out to their car. As far as they are concerned you are simply being polite and having a conversation with them. If you are renting a non-smoking unit and they say they don't smoke then you will be able to verify this if you are within a few feet of their car door when they open it. Most smokers will smoke in their car and you will be able to smell it. Also take a peek inside their car through the windows as you are standing there. If it is messy with fast food wrappers and other garbage throughout the vehicle then they will most likely keep their home in this same condition. Obviously this isn't a reason to deny them, but it just adds to the total picture you are creating of them while going through the screening process. We may overlook this if everything else checks out or if they happen to have a job that requires them to be in their vehicle for long periods of time.

Once they turn in an application don't skip the step of ordering their background reports. It is actually a lot easier than you might think. If you do a simple search on any search engine website for "tenant screening" you will be given numerous choices. Personally I only like to use these companies to get the credit, criminal, and civil court reports. This will tell you if

they pay their bills on time, have a criminal record that you should be concerned about, or have been a party to an eviction in civil court.

When it comes to the credit report I would suggest not putting too much emphasis on the actual score and look at their actions. Some of our absolute best tenants are ones that went through a foreclosure during the down economy over the last 7 years. Instead of looking at the score, look at why their score is low and what their actions have been since the last delinquent payment or collection was posted. If you see a collection account it will show when their last recorded payment was and if they are up on their payments. If it doesn't then you can always ask for payment verifications from the applicant. Everyone has made mistakes or possibly just lost a job at some point and couldn't pay their bills. The important thing to find out is if they took responsibility for their actions and have handled it responsibly by attempting to get the debt paid off.

When it comes to criminal reports you should use your best judgement. Obviously some things are way more concerning as a landlord than others. If they have violent crimes on their record and they are moving into a multi-unit building we try to avoid them as they may pose a threat to their neighbors. You also want to look out for dishonest crimes like fraud and anything that would give you reason to not trust them.

The civil report will let you know if they have been a party to a lawsuit or eviction in the past. If there is an eviction then you definitely want to get that landlord's opinion of what happened. In most cases you won't want to rent to that tenant, but in some cases it was simply a matter of the tenant losing their job and not being able to afford rent any more. The main deciding factor for me is whether the tenant made good on the money owed to that landlord and if there was any intentional damage caused to the unit. If they have made good on paying that landlord the money owed or they have a payment plan and haven't missed any payments then they might still be acceptable.

Then there is the previous landlord interviews. Be sure to check with both the current landlord and the one previous. Unfortunately not all landlords are honest and the current landlord may tell you they are perfect tenants in an attempt to get rid of some bad tenants. The previous landlord has no skin in the game and will most likely be honest with you if they had a bad experience with your applicants. The main questions you should ask are about their ability to pay rent on time, if they had to post any adverse action notices, and if they would re-rent to these tenants if they applied for their unit again. Also be sure to find out if there was any damage to their unit when these tenants moved out and how they handled it if there was money owed by them.

The main thing to remember when screening a tenant is that no matter how busy you are it will be well worth taking the time to be very detailed. Document everything that you base your decision on. If you deny them and they want to challenge it then you should be able to prove that you had grounds to do so. Within our company we end up only doing 1-2 evictions

every year even though we manage properties in Portland, Salem, Eugene, and all of the surrounding areas. The main reason is that we do a very detailed screening and tenants know up front that if there is something negative in their background we will most likely find out about it.

Happy Screening!

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