

Chapter 4

THE APPLICATION PROCESS



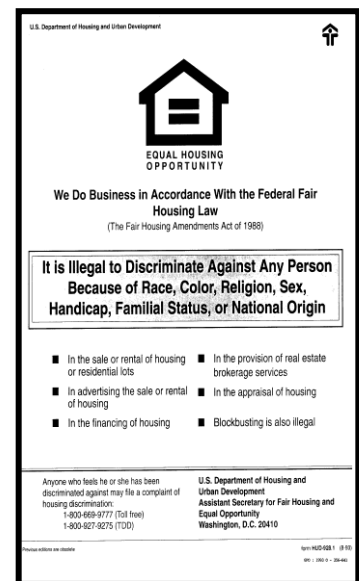
IT'S WORTH THE EFFORT

Property managers have differing views on how, or *if*, they should screen prospective residents. Some property managers have rigid guidelines established by their management company or owners. Other property managers may feel that calling references or checking prospective residents is not worth the effort. Remember, many of the problems associated with a rental property can be tied to the tenants and your screening process. Nobody, good or bad, can move into your rental unit(s) unless you let them. To avoid discrimination in applicant selection, it's important to understand Fair Housing Laws.

WHAT ARE PROTECTED CLASSES?

Federal Fair Housing Laws strictly prohibit any discrimination against protected classes. Those protected classes may include these and others:

- race
- color
- religion
- sex
- handicap
- familial status
- national origin
- source of income
- sexual preference



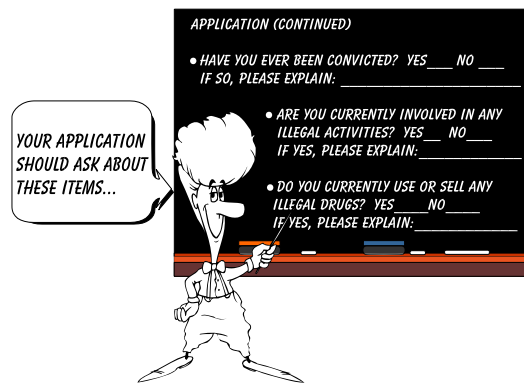
What most people may not be aware of is that EVERYONE is in a protected class! Everyone has a race, a color, a sex and a national origin. No one can discriminate against an applicant based on their color, regardless of what color they are. No one can be denied residency based on their national origin, regardless of where they were born. (**NOTE:** *You should keep an "Equal Opportunity Housing" sign in the office to remind prospective residents that you do not discriminate against those protected by the Fair Housing Laws.*) **Additional information about the Federal Fair Housing Act is located at the end of this chapter.**

WHAT ABOUT NON-PROTECTED CLASSES?

While discrimination against non-protected classes is not necessarily illegal, it may not be profitable either. For example, a property manager may discriminate against pet owners (provided that the applicant is not dependent upon the animal for a particular disability), but not allowing pets may turn away a large number of applicants. Another example is the property manager who chooses to rent to only non-smokers. Here again, it may be legal, but it may not be profitable.

WHAT ABOUT CRIMINAL BEHAVIOR?

At this time it is not illegal to deny residency to an applicant based on their criminal history. Keep in mind, you should not deny an application on the basis of an arrest; but only on a conviction, guilty plea, plea of no contest, been placed on supervision, probation, or parole. If an applicant says they were not convicted, but they made a plea bargain instead, it is **still** a conviction.



Behavior is not one of the federally protected classes. An applicant can be denied residency for behaviors at previous rental properties. For example, you could refuse residency to an applicant who has repeatedly disturbed or threatened previous neighbors, sold or manufactured drugs, or damaged properties they previously rented.

When looking at the criminal history of prospective residents, ask yourself, “Is this a crime that poses a threat to my residents”? A felony embezzlement charge may not be a threat, but a misdemeanor charge for assault may constitute a threat.

MAKE CRIME FREE MULTI-HOUSING A COMMITMENT!

It is important to convey to all prospective residents your intention to participate in the Crime Free Multi-Housing Program. Some property managers will attach a copy of the Crime Free Addendum to each application, while other property managers will display a poster-sized copy of the addendum in an area where prospective residents fill out their application.

You should also have a written applicant screening policy along with the criteria that will be grounds to deny the application. If you are going to screen an applicant (including their criminal background) you must screen every applicant including the sweet little old lady.

Be certain to treat all applicants equally and fairly. **Also be certain to tell them about your participation in the Crime Free Multi-Housing Program before they fill out the application.** This gives them the opportunity to continue looking for other options. (**NOTE:** If an applicant refuses to live in a Crime Free Community, you won't have to deny their application!)

An application should be obtained from all occupants 18 years old and over and each occupant 18 and over should be screened and approved.

DISCLOSURE

If an applicant discloses a previous criminal history of convictions on the application, you should decide immediately whether or not to accept the application. If you accept the application, you may lose the right to deny the application later for any information they have disclosed. Check with your Management Company and/or attorney to be certain of your company's policy in this regard.

Bottom line...check each application thoroughly before accepting it or any processing fees.

(EXAMPLE ONLY)

Happy Acres Apartments APPLICATION FOR RESIDENCY

NAME _____ SOCIAL SECURITY # _____
 DATE OF BIRTH _____ PLACE OF BIRTH _____
 SPOUSE'S NAME _____ SOCIAL SECURITY # _____
 DATE OF BIRTH _____ PLACE OF BIRTH _____
 TOTAL NUMBER OF MINORS TO OCCUPY UNIT _____ LIST AGES _____

CURRENT ADDRESS _____ SINCE _____
 CITY _____ STATE _____ ZIP _____ PHONE _____
 LANDLORD' NAME _____ PHONE _____
PREVIOUS ADDRESS _____ SINCE _____
 CITY _____ STATE _____ ZIP _____
 LANDLORD' NAME _____ PHONE _____
PREVIOUS ADDRESS _____ SINCE _____
 CITY _____ STATE _____ ZIP _____
 LANDLORD' NAME _____ PHONE _____

HAVE YOU EVER BEEN EVICTED OR HAD A FORCIBLE DETAINER FILED AGAINST YOU?

REASON _____

DRIVERS LICENSE # _____ STATE _____ EXP. DATE _____
 SPOUSE'S DR.LIC. # _____ STATE _____ EXP. DATE _____

VEHICLES - YOU OWN, ARE BUYING, AND/OR WOULD BE PARKING ON THE PROPERTY:

(MAKE/MODEL/YEAR/COLOR/LICENSE PLATE #/EXP. DATE/STATE)

PLACE OF EMPLOYMENT _____
 ADDRESS _____ CITY _____ PHONE _____
 DATED STARTED _____ POSITION _____ SUPERVISOR _____
 GROSS INCOME _____ PER _____

SECOND/FORMER EMPLOYER

ADDRESS _____ CITY _____ PHONE _____
 DATED STARTED _____ POSITION _____ SUPERVISOR _____
 GROSS INCOME _____ PER _____

SPOUSE'S EMPLOYER

ADDRESS _____ CITY _____ PHONE _____
 DATED STARTED _____ POSITION _____ SUPERVISOR _____
 GROSS INCOME _____ PER _____

ANY ADDITIONAL INCOME - STATE SOURCE AND AMOUNT: _____

(EXAMPLE ONLY)

Happy Acres Apartments

APPLICATION FOR RESIDENCY

NAME _____ SOCIAL SECURITY # _____
DATE OF BIRTH _____ PLACE OF BIRTH _____
SPOUSE'S NAME _____ SOCIAL SECURITY # _____
DATE OF BIRTH _____ PLACE OF BIRTH _____
TOTAL NUMBER OF MINORS TO OCCUPY UNIT _____ LIST AGES _____

CURRENT ADDRESS _____ SINCE _____
CITY _____ STATE _____ ZIP _____ PHONE _____
LANDLORD' NAME _____ PHONE _____

PREVIOUS ADDRESS _____ SINCE _____
CITY _____ STATE _____ ZIP _____
LANDLORD' NAME _____ PHONE _____

PREVIOUS ADDRESS _____ SINCE _____
CITY _____ STATE _____ ZIP _____
LANDLORD' NAME _____ PHONE _____

HAVE YOU EVER BEEN EVICTED OR HAD A FORCIBLE DETAINER FILED AGAINST YOU?

REASON _____

DRIVERS LICENSE # _____ STATE _____ EXP. DATE _____

SPOUSE'S DR.LIC. # _____ STATE _____ EXP. DATE _____

VEHICLES - YOU OWN, ARE BUYING, AND/OR WOULD BE PARKING ON THE PROPERTY:

(MAKE/MODEL/YEAR/COLOR/LICENSE PLATE #/EXP. DATE/STATE)

PLACE OF EMPLOYMENT _____
ADDRESS _____ CITY _____ PHONE _____ DATED _____
STARTED _____ POSITION _____ SUPERVISOR _____ GROSS
INCOME _____ PER _____

SECOND/FORMER EMPLOYER

ADDRESS _____ CITY _____ PHONE _____ DATED _____
STARTED _____ POSITION _____ SUPERVISOR _____ GROSS
INCOME _____ PER _____

SPOUSE'S EMPLOYER

ADDRESS _____ CITY _____ PHONE _____ DATED _____
STARTED _____ POSITION _____ SUPERVISOR _____ GROSS
INCOME _____ PER _____

ANY ADDITIONAL INCOME - STATE SOURCE AND AMOUNT:

Application for Residency - Page 2

NAME OF BANK BRANCH/ADDRESS TYPE OF ACCOUNT ACCOUNT NUMBER

CREDIT REFERENCES:

CREDITOR'S NAME TYPE OF ACCOUNT ACCOUNT NUMBER MONTHLY PMT. IN WHO'S NAME

TWO PERSONAL REFERENCES:

NAME _____
ADDRESS _____ CITY _____
PHONE _____ RELATIONSHIP _____
NAME _____
ADDRESS _____ CITY _____
PHONE _____ RELATIONSHIP _____

Have you ever been convicted of a crime, placed on probation/parole, is there a current warrant for your arrest, or are you currently involved in any criminal activity?

Explain:

All information furnished on this application is to the best of my knowledge, complete and accurate. Discovery of false or omitted information constitutes grounds for rejection of this application. You or any agent of your choice may verify any and all information from whatever source you choose. I authorize all persons/or firms named in this application to freely provide any requested information concerning me and hereby waive all right of action for any consequence resulting from such information.

I acknowledge payment of \$ _____ as a nonrefundable fee for the purpose of processing this application.

Applicant _____ **Date** _____

Spouse _____ **Date** _____

(EXAMPLE ONLY)

STATEMENT OF RENTAL POLICY

THIS COMMUNITY WILL NOT DISCRIMINATE AGAINST ANY PERSON BASED ON RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, FAMILIAL STATUS, OR DISABILITY.

OCCUPANCY STANDARD: TWO (2) PERSON MAXIMUM OCCUPANCY PER BEDROOM

RENTAL APPLICATION EVALUATION GUIDELINES:

- T Age Requirement: Lease holder(s) must be 18 years or older. All occupants 18 years or older will be required to complete an application (even if living with parent or guardian). Co-signers are not accepted.
- T Income Requirement: The gross monthly income of all lease holder(s) will be considered jointly and must equal ____ times the rental amount on the apartment. All income must be verifiable.
- T Employment Verification: *Lease holder(s) must be currently employed, or provide written evidence of regular income sufficient to at least ____ times the rental amount on the apartment, for the lease term.
- T Self Employment: Must provide the previous year's personal income tax return and the previous two (2) months personal bank statements as evidence of sufficient income. Persons who hold jobs that are commission only, or base salary plus commission, or tips, bonuses will be considered self employed.
- T Residency: Up to two (2) years residency history will be reviewed and must exhibit no derogatory references. Any debt owed to a Concierge property must be paid before lease can be approved.
- T Credit Requirements: The credit history will be reviewed and no more that ____% of the total accounts reported can be over 60 days past due, or charged to collection in the past two years.
- T Pets: All pets are subject to property policy.
- T Application Fee: A \$ ____ non-refundable application fee is required per application.
- T Criminal History: Must exhibit no criminal conviction involving violence, fire arms, illegal drugs, theft, crimes involving theft, or destruction of property, or any crime involving a minor.

This will include person(s) who have received deferred adjudication and/or have not yet satisfied the probationary period of a deferred adjudication for any of the above mentioned offenses.

ADDENDUM TO THE APPLICATION:

Are you a current illegal abuser of a controlled substance? _____ Have you ever been convicted of the illegal use, manufacture, sale or distribution of a controlled substance?

I UNDERSTAND AND ACCEPT THESE QUALIFYING STANDARDS AND HAVE TRUTHFULLY ANSWERED ALL QUESTIONS. FURTHER, I UNDERSTAND THAT FALSIFICATION OF RENTAL APPLICATION INFORMATION WILL LEAD TO DENIAL OF RENTAL. CONCIERGE MANAGEMENT CORPORATION'S RENTAL POLICIES ARE GUIDELINES, WHICH ENABLE US TO ACCEPT AS PROSPECTIVE RESIDENTS THOSE INDIVIDUALS WHO ARE CREDITWORTHY AND DO NOT HAVE A CRIMINAL BACKGROUND. THIS RENTAL POLICY DOES NOT INSURE THAT ALL INDIVIDUALS RESIDING ON OR VISITING THE PROPERTY CONFORM TO THESE GUIDELINES.

_____/_____
Prospective Resident Date

_____/_____
Prospective Resident Date

_____/_____
Prospective Resident Date

_____/_____
Agent For Owner Date

SCREENING AGENCIES

Many applicant screening agencies will provide credit checks, eviction searches, and offer to search local or county court records for criminal data pertaining to your prospective tenants. While many of these companies make claims, the results they get may vary as greatly as the costs.

It is important to *shop around* for the best results, using a control group of names currently being processed. **Screening resource lists from the National Apartment Association and Chicagoland Apartment Association are provided as a supplement to this chapter.** You will find that licensed private investigators can provide the same service, including searching multiple courts and jurisdictions.

MATERIAL FALSIFICATION

If there is a material falsification of the information provided on the rental application, the manager may serve a 10-day notice to the resident to terminate the rental agreement if the information is not corrected. If the corrected information provided would have disqualified the applicant in the beginning, the manager may proceed with the 10-day written notice (for violation of lease agreement).

Ensure that the applicant understands a false application constitutes a lease violation. Have this in writing. Check with your attorney or management company on the best way to accomplish this, whether on the application, on the lease, or as part of an addendum.

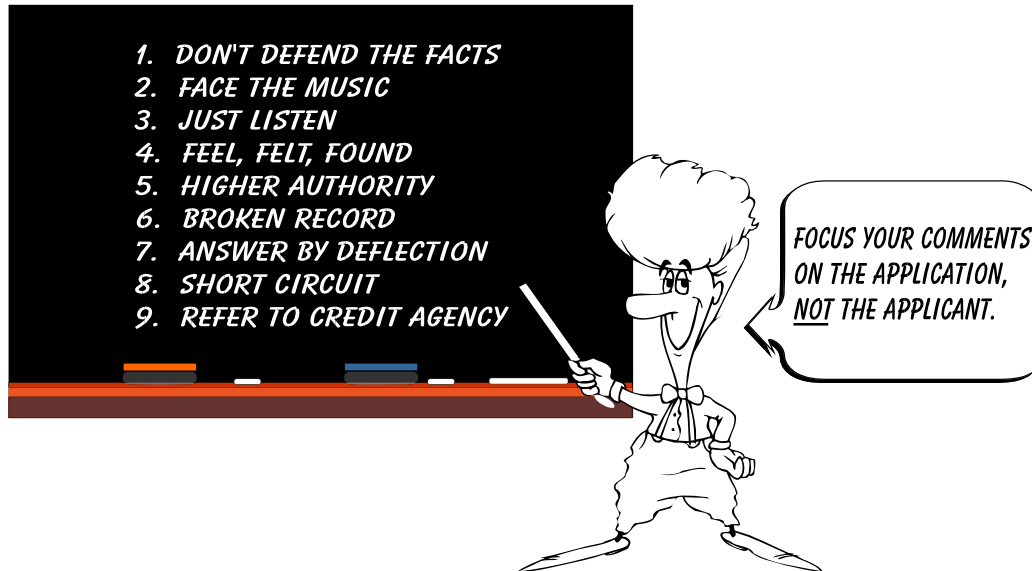
If the mistake was unintentional and the resident would have qualified anyway, the manager should void the 10-day notice.

FOR THE PURPOSES OF THIS SECTION, MATERIAL FALSIFICATION MEANS UNTRUE OR MISLEADING INFORMATION THAT "MATTERS," OR IS PERTINENT TO THE ISSUE OF THE APPLICATION PROCESS.



REFUSING AN APPLICATION

Try to resolve the applicant's questions by using as few of these techniques as possible.



1. Don't Defend the Facts

- Don't defend credit/criminal report
- You didn't author, you can't change

2. Face the Music

- Unresolved situations with previous mgr.
- Need to contact reporting company

3. Just Listen

- Be polite
- Don't volunteer too much

4. Feel, Felt, Found

- I understand how you feel
- I would have felt the same way
- However, info found does not meet our criteria

5. Higher Authority

- Company policy
- Can't change/decide case by case
exception = discrimination

6. Dumb Broken Record

- I can't change it
- I understand how you feel

7. Answer By Deflection

- You need to talk to "them"
- I can't fix this report

8. Short Circuit

- There is nothing I can do right now
- Excuse me, I have another appointment

9. Refer Applicant to Credit Agency

- If you improve the report, we may reconsider

BOTTOM LINE:

PLAN YOUR WORDS VERY CAREFULLY --

DISCRIMINATION SUITS ARE FILED WHEN MANAGERS SAY TOO MUCH!

APPLICANT SCREENING CONCEPTS

The **WORST** time to screen your residents is.....
during the eviction process !!!

As a rental property owner, or manager, in many respects you have more power than the police. You have the power to prevent problems from moving into your property and *you have the power to move them off.*

You should use the most thorough process possible to screen prospective tenants. Financial institutions measure a person's "credit worthiness" before issuing a loan. You should be measuring for an applicant's "tenant worthiness" (a predictor of what kind of resident they will be). This can be accomplished by not only checking the applicants credit history, but also their criminal history and their rental history. The rental history includes evictions, lease violations, and rental background (do they change apartments often, or before the lease expired, and contact with previous landlords).

J. Denton Dobbins, a prominent Arizona attorney, advises that if property managers utilize better screening procedures they can expect:

- Good tenants
- Deferred maintenance costs
- A better living environment
- Residents who notify you of problems....not create problems
- A waiting list for prospective tenants

Chris McGoey, The Crime Doctor, a nationally known crime prevention expert relates that a "good application" can be an *effective* screening tool in and of itself.

This section contains several examples of forms and documents (applications, screening policies, etc.). These items are provided simply as an example and are not specifically endorsed. What works for one property may not work as well for you. Discuss your applicant screening policy and process with your lawyer or an attorney experienced in landlord/tenant law. Adopt and develop screening criteria that suits your needs and that you and your attorney feel comfortable with. Your final goal and purpose is to protect yourself, protect your property, and protect your tenants.

Under the new City Ordinance criminal background checks are mandatory.

Below is a list of web-based companies that provide comprehensive background check services. This list is provided only as a service to assist you in finding background investigation services, and is not meant to be an exhaustive list of such companies. This list is not intended as an endorsement or recommendation by the City of Aurora.

REMEMBER!!!

You have the power to prevent problems. You should use the most thorough process possible to screen prospective tenants because the **WORST** time to screen your residents is during the eviction process.

The following sites will benefit property owners of single residential units/independent property owners.

Screening Works

Waltham, MA 02452
(888)401-7999 [1-200 units]
www.screeningworks.com

On-Site.com

Chicago, IL 60605 (708)686-6748
(866)547-9763 (private landlord)
(888)556-6748 (large community)
www.on-site.com

#1 Background Checks

Dallas, TX 75204
(866)652-4473
www.1-background-checks.com

US Search

Culver City, CA 90230
(800)877-3272
www.ussearch.com

Resident Data

Dallas, TX 75271
(800)487-3246
www.residentdata.com

Crimshield *(Endorsed by Crime Free Multi-Housing)*

Mesa, AZ 85211
(888)422-2547
www.crimeshield.com

The following sites will benefit property owners of multi-units/larger communities.

Rent Grow

Waltham, MA 02452
(800)736-8476 [200-60K units]
www.rentgrow.com

Domin-8 Enterprise Solutions

Mason, OH 45040
(800)236-1596
www.domin-8.com

First Advantage SafeRent Services

Park Ridge, IL 60068
(800)811-3495 [100 + units]
www.fadvsafere.com

Screening Reports Inc.

Bensenville, IL 60106
(866)389-4042 [100 + units]
www.screeningreports.com

Real Page Inc.

Carrollton, TX 75007
(877)325-7243
www.realpage.com

CBC AmRent, affiliate of CBC Innovis

Columbus, OH 43216
(614)222-5355
www.cbccinnovis.com

These additional sites will provide information on ways to protect your property/tenants.

National Apartment Association

www.naahq.org

Chicagoland Apartment Association

www.caapts.org

Crime Doctor

www.crimedoctor.com

Business.com (search Tenant Screening)

www.business.com

Landlord.com

www.landlord.com

Multi-Housing News

www.multihousingnews.com

