



# Renter Entry Process



Preparing the Property

Setting Rents, Fees and Security Deposits

Advertising/Marketing

Showing the Rental Unit

Goal of Applicant Screening

Preparing for Applicants

- Creating and Posting Rental Criteria
- Creating and Posting Rental Expense Disclosure

Using First Qualified Applicant Rule

5 Finger Background Checks

Riskiest Types of Credit History

Riskiest Types of Criminal History

Income and Employment Verification

Previous Landlord Verifications

Denying Applicants

Preparing a renter to sign and comply with your lease

Begin your lease renewal now (create a plan)



# Preparing your property

Cleanliness

Maintenance Issues

Curb Appeal

Photos/staging

Lighting

# Setting Rents, Fees and Security Deposits

## RENTS AND FEES

Utah has a rent and fee control prohibition statute

Set based on the market

Set fees based on the market (discuss sources of data)

Fee Discussion

# Setting Rents, Fee and Security Deposits

## DEPOSITS

Purpose of a Security Deposit

Consider tiered deposits based on risk

No such thing as a non-refundable deposit – call this lease initiation fee

Don't restrict deposits (should be able to use for multiple purposes)

# Setting Deposits

- There is no limit on the amount of a security deposit in Utah
- While renter's advocates claim that high deposits are barriers to entry, it is wise to charge as much as the market allows due to how quickly damages add up and to provide an incentive to renters to comply with contracts and take good care of the rental.
- Never restrict any portion of the deposit by calling it *"last month's rent"* or *"pet deposit"*. All deposits should be classified as *"security deposit"* so if there are additional amounts required call it *"additional security deposit"* and make sure tenant understands that \$ can be used for any legitimate purpose.

# Advertising and Marketing

- Signs in the yard target people who frequent the neighborhood and are already comfortable there
- Resident/Neighborhood Referrals
- Online advertizing
  - Photos are key
  - Descriptions important
  - Attach rental criteria and expense disclosure as photos
- Know your competition





Showing the  
Rental Unit



# Goals of Applicant Screening

A good screening process can save thousands of dollars in damages, legal costs, lost rent, etc. After all, there is no better indicator of future performance than past performance. Don't use your gut instinct or cross your fingers that everything will be ok. Mistakes are too costly. Use the “**First Qualified Applicant Rule**” - By taking one applicant at a time, and comparing them to pre-set “rental criteria”. Never look for a “best match” or compare applicants to each other.

# Preparing for Applicants- Rental Criteria

## SAMPLE RENTAL CRITERIA

The following standards will be used to judge your application for tenancy. You must meet the following standards to qualify to sign a rental agreement with us. Applicants are judged on the same standards on a first come/first serve basis, one person or family at a time. Any incorrect inconsistencies on the application will result in an automatic denial of the application.

- **\$25 NON-REFUNDABLE APPLICATION FEE:** Each applicant over the age of 18 must pay an application fee and consent to have a background check done on them. Co-signers must also pay an application fee and give the same consent as other applicants.
- **SECURITY DEPOSIT:** Applicants must provide a check for the full amount of the security deposit (including any additional deposit amounts for pets or other reasons) for the application to be considered complete. The deposit will be returned if the application is denied.
- **PHOTO IDENTIFICATION:** All applicants over the age of 18 must provide current government-issued photo identification at the time of application.
- **EMPLOYMENT REQUIRMENTS:** Employment history should show that the applicant has been employed with their current employer for at least 6 months. Exceptions can be made for recent graduates who provide proof of graduation, current students who provide proof of enrollment, and self-employed applicants who provide a CAP-prepared financial statement or most recent tax return. Applicants with less than 6 months of employment with current employer may be approved if they pay an additional security deposit or have an approved co-signer and provide proof that they have been employed with their current employer for 2 months or were employed with their previous employer for at least 6 months. All employment history will be verified by contacting the employer.
- **INCOME REQUIRMENTS:** The combined income of all persons living in the rental must be at least three times the monthly rent. Applicants who do not have the requisite income will be considered if they provide a co-signer or provide proof of cash reserves equal to at least 12 times the monthly rent.
- **RENTAL HISTORY:** Applicants must provide the name and contact information for their previous two landlords, or all landlords in the last five years. Applicants must also provide all of the addresses they have lived at for the last five years. Applicants will not be approved if they have had any evictions, defaults in lease agreements, late rental payments, or if they owe any money to any other landlord.

# Preparing for Applicants- Rental Criteria

- **RENTER'S INSURANCE:** Applicants will be required to have renters insurance before occupying the premises.
- **CREDIT HISTORY:** Your credit must reflect that all accounts are current. Applications for tenancy will be denied if you have filed for bankruptcy in the last 2 years, or if you have any bankruptcies that have not been discharged at least one year prior to the application. All collection accounts must be "paid in full/ as agreed". Applicants with past due accounts/accounts in collections may qualify if they pay an additional security deposit or have an approved co-signer.
- **CRIMINAL HISTORY:** Your application will be rejected if you have been convicted in the last 5 years of any crime against person or property that would present a threat to the owners or neighbors, or the rental property. Applicants on probation or parole must provide contact information for their parole officer. Applicants on a publicly available list of offenders who are required to publish their address will be denied.
- **MAXIMUM OCCUPANCY:** A maximum of 2 people / 1 bedroom, 5 people/ 2 bedroom.
- **PETS:** Pets may be approved if they meet the following requirements: a good reference from the previous landlord for the pet's behavior, a complete veterinary medical history (including immunizations and sterilization) is provided, an additional deposit is paid and an additional amount of "pet rent" is agreed upon. The owner reserves the right to deny the application based on the size, species or breed of the pet.

If your application is approved you will be notified. You will have 48 hours from the notification of your approval to sign a lease agreement. If you do not, then other applicants may be considered and given the opportunity to sign a lease.

**We are committed to equal housing opportunity and provide housing opportunities regardless of basis of race, color, religion, sex, national origin, physical or mental disability, familial status, source of income, sexual orientation or gender identity.**

# Preparing for Applicants - Expense Disclosure

## RENTAL EXPENSES DISCLOSURE

### Rental Information:

Property Address: \_\_\_\_\_

Owner/Property Manager Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

This rental disclosure is given pursuant to Utah law. This is not a contract nor is it legally binding as to the amounts or terms. The final rental agreement is the binding document. The information contained herein is valid as of the date below. You should request additional disclosure if the application process is not completed timely. Rental amounts may fluctuate based upon availability and market conditions.

You should review the lease agreement before signing. After application, if the terms of the lease are different than those disclosed herein and you determine not to accept those terms, you may be entitled to a refund of the application fees paid. After rejection of the lease terms due to the differences or non-disclosures, you may request such refund if made in writing within five business days, specifically stating the differences and the cause for such request. The request must be made as required by Utah law.

|   |   |
|---|---|
| <b>Total Due at Lease Signing:</b> \$ _____                 | <b>Utilities that must be in tenant's name include:</b> |
| Rent \$ _____   | _____   |
| Refundable Deposit \$ _____                                 | _____   |
| Lease Initiation Fee \$ _____                               | _____   |
| <b>Late Rent Fee:</b> \$ _____ after 5 PM on _____ of month | <b>Other Obligations:</b> _____                         |
|   | _____   |
|   | _____   |

# Preparing for Applicants - Expense Disclosure

|                              |          |  |
|------------------------------|----------|--|
| <b>Service of Notice Fee</b> | \$ _____ | <input type="checkbox"/> Check box if resident is responsible for exterior maintenance including lawn, yard and snow removal<br><br><i>For more information on expenses and fees and when they are charged, see your rental agreement.</i> |
| <b>Eviction Turnover Fee</b> | \$ _____ |  |
| <b>Tenant Change Fee</b>     | \$ _____ |  |
| <b>Re-Key Fee</b>            | \$ _____ |  |

| Monthly Obligation | If Fixed Each Month,<br>List the Amount | If Variable,<br>Mark an X | If Not Applicable,<br>Mark an X |
|--------------------|---|---------------------------|---------------------------------|
| (Describe):        |   |                           |                                 |
| (Describe):        |   |                           |                                 |
| (Describe):        |   |                           |                                 |
| (Describe):        |   |                           |                                 |
| (Describe):        |   |                           |                                 |

Other elective services and options may be offered that you are not required to accept. These may include but are not limited to parking, washer/dryer, pets, valet garbage, and internet/cable.

In addition, the rental agreement will contain fees, fines and costs related to breaches of the lease or actions taken (or not taken). These may include but are not limited to late fees, service of notice fees, eviction fees, tenant change fees, re-key fees, violation fines, and costs for damages.

Date: \_\_\_\_\_

Renter Signature: \_\_\_\_\_

Renter Signature: \_\_\_\_\_

Renter Signature: \_\_\_\_\_

# Goals of Applicant Screening

## **Goals of Applicant Screening**

The purpose of applicant screening is to determine if an applicant is a reasonable risk. The five things housing providers should look for are renters who will:

1. Pay on time
2. Not commit crime
3. Not bother the neighbors
4. Not damage the property
5. Honor the lease agreement

# First Qualified Applicant Rule

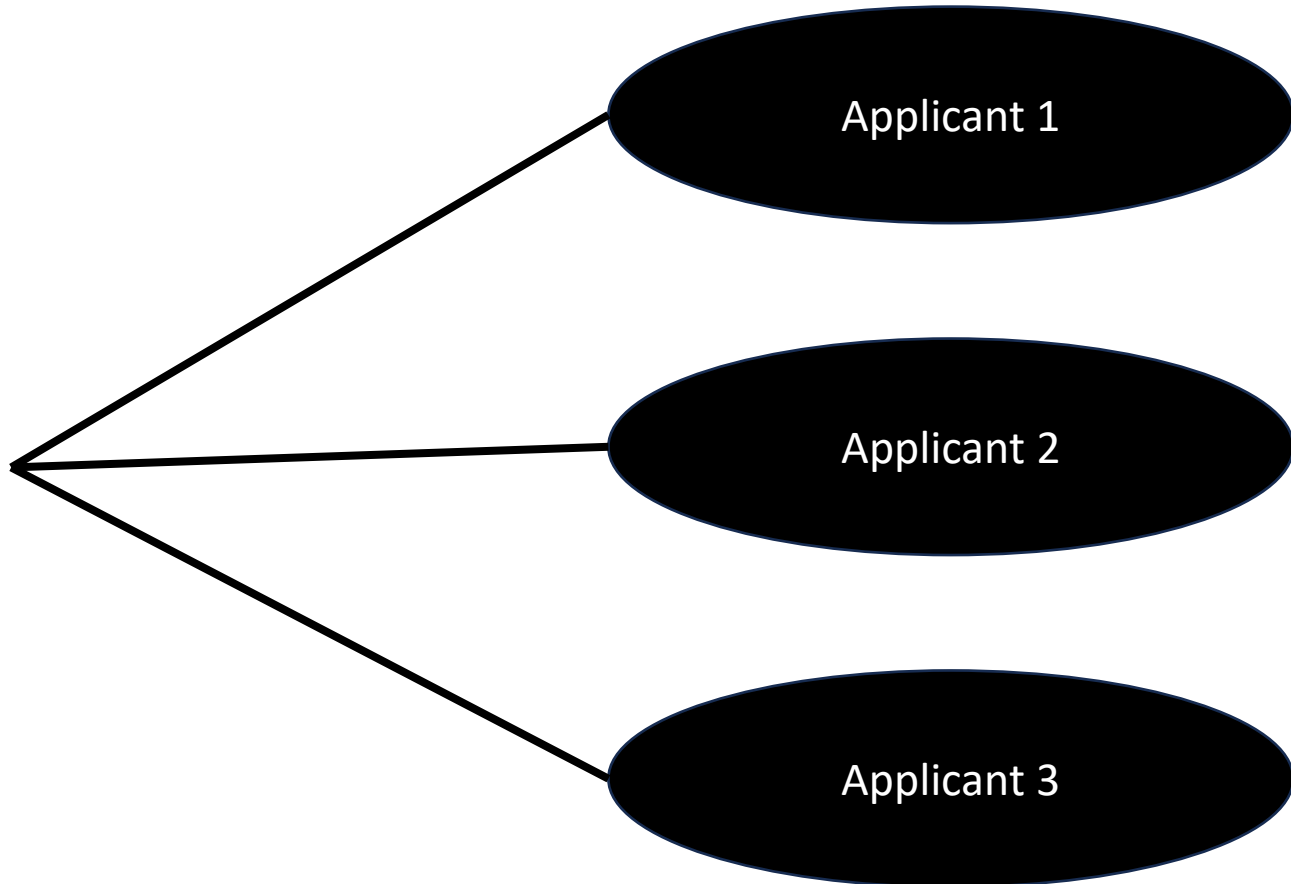
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# Five Finger Background Checks

## Conducting Background Checks

The RHA recommends every housing provider do what we call a “Five Finger” background check on all applicants. The five fingers are:

1. Credit history
  2. Criminal history
  3. Financial history (income, employment and overall financial stability)
  4. Current housing provider references
  5. Previous housing provider references
- A broad check of multiple areas reduces risk

# Riskiest Types of Criminal History

The four riskiest types of criminal behavior are

1. violent crimes,
2. drug crimes (use, possession or distribution),
3. property crimes, and
4. sex crimes.

Individuals who have committed one of those crimes in the last few years are highly likely to do it again. So, it is not uncommon for housing providers to require some time to have passed since conviction before they will rent to an individual with certain criminal history.

# Riskiest Types of Credit

- Bankruptcies
- Judgments and collection accounts
- Evictions, foreclosures, and repossessions (shows a history of using things without paying)
- Utility collection accounts (shows they can't get the utilities in their name)
- Late payments on consumer debt
- Large number of missed payments

# Income and Employment Verification

## **Income and Employment Verification**

It is important to make sure that applicants have sufficient income and payment history to meet their contractual obligations. Doing financial checks that include verifying income, assessing whether someone has enough income, and assuring the income is regular and consistent is a key part of doing a successful background check.

Common methods of conducting employment and financial checks include:

- Calling employers to verify how much they make and how long they have been employed
- Reviewing paystubs, tax returns, CPA prepared financial statements, and bank statements

Services like Intellirent can also help verify income and employment

# Previous Landlord References

When doing a rental history verification, you should ask “objective” questions that involve a yes or no answer, like:

- Did they pay their rent on time?
- Did they have any animals?
- Did they violate any of your lease provisions or house rules?
- How many occupants did they have?
- Did they give proper notice?
- Did they leave on time?
- Did they owe you any money when they left?
- Were there any complaints or police incidents?

**Ask factual questions, not opinion questions!**

# Denying Applicants

Consider asking for higher deposits or a co-signer on applicants that don't fit in the box

Use some type of denial letter

If credit, use adverse action letter approved by FCRA

If other, consider using RHA form

Return any deposits paid immediately

# Denying Applicants

## APPLICATION DENIAL



Date \_\_\_\_\_ Property Name/ Number \_\_\_\_\_

Applicant Name(s) \_\_\_\_\_

Unit Number \_\_\_\_\_ Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**This is to inform you that as a result of information obtained on your consumer credit file or other information sources, negative and adverse action has resulted regarding your application to rent a dwelling unit in the following way:**

1. Your application to rent the property did not meet our standards for the following reasons (check one or more):
  - ☐ Negative or insufficient rental history
  - ☐ Negative or insufficient reports from references or other sources
  - ☐ A prior eviction that resulted in a general judgment for the landlord
  - ☐ An eviction that is still pending
  - ☐ Inaccurate or false information on the application
  - ☐ Unacceptable criminal history
  - ☐ Inability to verify information regarding criminal history
  - ☐ Insufficient or unverifiable income
  - ☐ Insufficient or unverifiable employment history
  - ☐ Negative information from a consumer reporting agency
  - ☐ Inability to verify information regarding credit history
  - ☐ The property was rented to someone else
  - ☐ Failure to meet other written screening criteria: \_\_\_\_\_
2. When a credit report is used in making the decision, Section 6159(a) of the Fair Credit Reporting Act requires us to tell you where we obtained that report. The consumer reporting agency that provided the report was:
  - ☐ **Equifax Credit Bureau**, 1-800-685-1111; [www.Equifax.com](http://www.Equifax.com)
  - ☐ **Experian**, 1-888-397-3742; [www.experian.com/reportaccess](http://www.experian.com/reportaccess)
  - ☐ **TransUnion Corporation**, 1-800-888-4213; [www.transunion.com](http://www.transunion.com)



# Denying Applicants

3. Pursuant to Section 615 of the Fair Credit Reporting Act, we are notifying you that the above-noted agency provided information about your credit or other history on your credit report. It took no part in making the adverse action decision regarding your rental application, nor can it explain why adverse action was taken.
4. You have certain rights under federal law, as explained in more detail below.
- Pursuant to the Fair Credit Reporting Act you have a right to obtain a copy of your consumer credit report, dispute its accuracy, and provide a consumer statement describing your position if you dispute the credit report. If you believe your report is inaccurate or incomplete, you may call the consumer reporting agency at its toll-free number listed above.
  - Pursuant to Section 612 of the Fair Credit Reporting Act, if you dispute any of the information in your report, you have the right to put into your report a consumer statement of up to 100 words explaining your position on the item under dispute. Trained personnel are available to help prepare consumer statements.
  - You may have additional rights under the credit reporting or consumer protection laws of your state. For further information, you can contact your state or local consumer protection agency or your state attorney general's office.

Owner/Representative \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

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**Rental Housing Association of Utah \*UNAUTHORIZED REPRODUCTION OF THIS FORM IS ILLEGAL 12/2012**

801-487-5619 [www.rhautah.org](http://www.rhautah.org)

\*By signing document, Owner/Representative attests they are an RHA Utah member in good standing.

# Preparing a Renter to Sign the Lease

- **What to do When You Approve Applicants**

- Have applicants sign a rental agreement as soon as possible! Within 24-48 hours is the policy of most professionals. This prevents applicants from changing their mind after you start turning others away. Even if they don't move in for several weeks, having a rental agreement in place will protect you from potential financial losses, and protects them from you changing your mind, too. It's a win-win situation.

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# Preparing a Renter to Sign the Lease

Signing rental agreements early allows you to prepare the unit for any special requests an applicant might have and enables you to go over the rules, expectations and obligations under the contract. Housing providers should give renters a list of things they must provide on move in day before you give them the keys, including:

- 1. First month's rent
- 2. Account numbers for all utilities required to be in the renter's name
- 3. Proof of renter's insurance with you listed as an “additional insured” or “party of interest

# Before You Sign a Lease

- DO NOT give keys or possession before payment
- Non-Refundable Deposits MUST be in writing – call these “Fees”
- Consider certified funds for payment



# Begin the Lease Renewal/Retention Process Now

Think about what you want the renter to do when lease is up

Consider what rent increase you will want in a year

Prepare renter to sign a lease renewal

Questions!?

