

So You Want to be a Landlord?

Chapter 3

Selecting the Tenant

Rental Application

The undersigned makes application to rent housing designated as Apt. No. _____
Located at _____ City _____.

Name _____
Address _____
Phone number _____
Social Security Number _____
Driver's License Number _____

Have you ever been evicted? Yes _____ No _____.
If Yes, please explain on the back on this application.

Do you or any proposed tenant for this rental smoke? Yes _____ No _____

Any Pets? Yes _____ No _____ If so describe _____

How Many in Your Family? Adults _____ Children _____

Table with 4 columns: Proposed Occupants, Relationship, Age, Occupation. Includes multiple rows for data entry.

Do you give the landlord permission to do a credit check?
Yes _____ No _____

The applicant certifies that all information given in this application is correct.

Signed _____ Date _____ *

**This is from the Rental Application Form*

How to Find the Perfect Tenant

Finding the perfect tenant is like a little like dating. First you need to decide what you just **can't** live with, and then you look for someone with the qualities of Mr. or Mrs. Right. Knowing what you **don't** want will help you know what you **do** want in a tenant. For example, you don't want someone who will trash your rental. You do want someone who leads an organized life and has basic cleaning skills. In the rental dating game, the right fit for the right rental is important.

I hate to break it to you, but there is no perfect tenant. There are some good ones out there though and if you're lucky and observant you can be a successful matchmaker. You might even make a few friends. Tenants live out their lives in your rental. Eventually you will see the whole spectrum literally from birth to death—with marriage, divorce, sickness and occasional unemployment thrown into the mix. Tenants are real people, sometimes at their best and sometimes at their worst through the years. In this past year two of our tenants have had babies and we have watched another two face a life and death battle with cancer. Life is real. One of our tenants has rented from us for over 40 years. Many have been our tenants for over 10 years. So when you select a tenant be mindful that it can be a long-term relationship lasting longer than some marriages.

While no tenant is perfect, your task as the landlord is to find one who is the best fit for your rental: one who can actually afford the rent; one who has the right number of children for the number of bedrooms; one who comes with good references.

References

Most tenants will tell you they have excellent references. This means that they can get their mother to vouch for them. The rental application will give you only a sketchy view of who they really are and what kind of tenant they might be.

Checking out a prospective tenant is fraught with perils. References are just the tip of the iceberg. They give only a hint of what type of tenant may lurk below the surface. Hopefully, all of those relatives the tenant listed as references will have something nice to say, especially if they want him to move out of the guest bedroom.

But what about the last landlord? He is in a tricky position. If the tenant in question is one he can't wait to get rid of, would it pay to tell the truth? Telling you "*I'm evicting him for trashing the place, dealing drugs, and not paying any rent for the past three months*" is not likely to get the problem tenant out of his apartment. And he can actually be sued for defamation of character if he reveals too much. A lot will have to remain unsaid, or left to your interpretation. It may go something like this:

Landlord: "I've only asked him to leave as I need to get in and renovate the space so I can up the rent."

Translation: *After his disastrous tenancy I need to completely rebuild the apartment. This is the easiest way to get him out without showing cause.*

Landlord: “He is very social.”

Translation: *His place is party central.*

Landlord: “He starts a lot of projects without finishing them.”

Translation: *He is not as handy as he says. He tore up the flooring 6 months ago and has yet to lay the tile I bought for him to put down.*

While a landlord has to be careful about what he says about a bad tenant, the other side is that it saddens a landlord to lose a good tenant. Now he will have to start the rental dating game all over again. But hopefully, the last landlord of the near perfect tenant will be a good sport and give you a glowing report, as will you when it comes your turn to let go.

The rental application and checking the references will only tell you so much. Sometimes you just have to rely on prayer, intuition, and your sense of smell to truly size up a prospective tenant. Say for instance that you want a non-smoker.

You ask, “*Do you smoke?*”

“*No*” he says. But he reeks of smoke.

You pause and give him “the look” while pointing out the cigarette package bulge in his shirt pocket.

He responds a bit more honestly. “*Well, only at work. Never in the house. I’m trying to give it up.*”

He may actually smoke outside—until the first cold snap. And until then he will leave a trail of butts in the garden and next to the front stoop. After the first rain, the cigarette burns will appear in countertops or in the rug. He will never give up smoking under your watch. If he’s not afraid of emphysema or lung cancer, your little agreement means nothing. Most likely his teenage children smoke too. He may at times be unable to come up with the rent, but he is never out of cigarette money. You will never be able to get the smoke smell out of the carpet and the drapes, or the yellow stain off of the walls. So plan on renting to smokers from now on. And up your fire insurance. You may need it.

Take the time to try and find out about how things went at the tenant’s last place. You will be dealing with a tenant for a long time so it is worth a few phone calls and a credit check to find out any bad news up front.

My father-in-law was in his 80’s when he rented a house to a sweet young thing who flirted outrageously with him and completely hoodwinked him. Mrs. Flirty listed no references, but assured Pops that she could be trusted. He let her and her family in and the first month’s rent was the last he ever saw. It took another six months to get her evicted. We checked with her past landlord just before the court appearance and learned that she had done the same thing to him—a serial flirt and shirk.

Attitude counts when sizing up a tenant. Is he pushy, aggressive, demanding? It will only get worse after he actually moves in. I’ve had applying tenants ask if I would remodel a room to suit their needs, add on a patio, change the exterior paint color, take out the carpeting, put in carpeting, forego the security deposit, or lower the rent, all before they

were even approved as a renter. Some tenants mistake a landlord for a personal genie who can make all their wishes come true for free. They confuse a landlord with Santa.

Naughty or nice? A tenant with a bad attitude will usually give you one too. One tenant, Mr. Macho, moved into our rental after his new girlfriend (our original tenant) first got a restraining order and then a divorce from her husband. When we had him sign the rental agreement, he told us that he was really somebody special. *"They think I'm a god in Fresno."* Without a trace of humility, he then informed us that if his new girlfriend stepped out of line with him, *"She's out of here next!"* This tenant was not one I would have selected. He just sort of oozed in with our present tenant and her revolving boyfriends. It didn't take long for Mr. Macho to start throwing his weight around. He refused to let the pest control person into his apartment to spray our building for ants thus invalidating our three-year guarantee. In no time at all he had all the neighboring tenants mad at him. One evening the police called asking us to let them into Mr. Macho's apartment as they had received a 911 call and then a hang-up from his unit. When we arrived with the key, the apartment was bathed in the red glow of revolving police car lights. The police unlocked the door to find the girlfriend cowering, afraid to open the door to the police. It seems her small child had dialed 911 by mistake. Anyway that was her story. Our story is that we were mighty relieved when shortly thereafter Mr. Macho told us *"Your apartment is junk"* and gave us notice. He took his attitude with him.

The Real Test

Is there a foolproof way to select a good tenant? Well, almost...check out his car. Is it neat and clean or is there a lifetime supply of stale French-fries, food wrappers, dirty clothes and half empty soda cups strewn about the interior? This is the way he will maintain your apartment. If he eats in his car, he'll most likely eat in the apartment living room over the brand new carpet, in front of the TV. He's great at multi-tasking as long as it doesn't involve clean up. Is the windshield caked with dirt with a half circle cleared by the windshield wipers for viewing? He doesn't do windows or probably any dishes either. Is the body of the car shrouded in dust with "Wash Me" scribbled in the dirt? He doesn't own a mop or a vacuum cleaner. With him you will discover just how deep ground-in dirt can really go. Does he have a little statue of a naked hula girl bobbing in the back window? Expect plenty of overnight guests. A child's car seat in grandma's car? Expect live-in grandchildren. Is the car rolling on bald tires with primed dents and mismatched bumpers? He's not only a bad driver, but he might have trouble coming up with the rent. Car repairs will either bleed him dry or he won't be able to get to work. Is the headliner hanging down just above the driver's seat? Expect sheets for curtains. Does the car interior reek of cigarette smoke? Don't believe him when he says he only smokes outside.

If the car is clean and neat with a minimum of chaos inside, you may have a winner. Someone who will wash his car will probably clean the toilet.

The car check can be invaluable, but only if you go with your first instinct. This is something I failed to do when I once rented to two women. They charmed me with a sweet little note expressing their love for my cozy rental and informing me *"We are through with*

men.”

“*We just want to live a quiet life in that cute little house.*” gushed the two ladies.

My first clue that this might be a pipe dream should have been the beat up condition and bashed in passenger door of their dingy compact car.

“*Oh, my ex-boyfriend got mad and kicked it in,*” admitted Wanda Bet “*but he’s history.*” Within six months Wanda was in jail, her fellow tenant had vanished, and Mr. History was living in our cute little house with a new girlfriend. All this happened without our knowledge or the benefit of a rental agreement with our two new tenants. We didn’t even know their names. Nor did they pay any rent during their abbreviated tenancy. The car is your first CLUE especially if the ex-boyfriend did it in the side door with his foot. I should have gone with my first instincts.

Look Before You Leap

If you don’t get a chance to check out his car, an even better bet is to check out the prospective tenant’s current home. Gaining his current address from the rental application, you can easily drive by for a look if the property is in town. Is the lawn mowed? Is the front yard a wrecking yard for torn apart cars. If a prospective tenant looks promising, you can ask for permission to see inside their present home. How neat is the house? Are the dishes done? Have the toilets been scrubbed lately? Any pets? Does the house smell like smoke? How many beds are actually in the house?

I once drove by to check out the yard of a tenant who said that she loved gardening and would take excellent care of our rental landscaping. Her current front yard was a barren field of stubby grass that looked as if it hadn’t been watered in this century. The bare dirt was littered with broken bikes and toys. Old toilet paper streamers hung from a forlorn tree that had a few limbs ripped off. But the piece de resistance was the huge 8-foot by 24-foot cargo container that she had parked crookedly in the driveway. When I asked her about it, Mrs. Brown Thumb told me with pride that she took the cargo container everywhere with her as she needed it for her many possessions. I was glad it wouldn’t be parked in our rental driveway anytime soon.

I’ve learned that as a landlord, you should go with your first instincts, a look at his car and present home and your prospective tenant’s track record. This means carefully checking his references and his credit report. A leopard doesn’t change his or her spots. He just polishes his claws on your doorposts.

Getting it Right Know what you Want

The first rule of tenant dating/selection is to know what you want. The tenant usually knows what he is looking for, but you also need to decide what you are looking for. Know ahead of time what you want and don’t want for your rental. How many people

would suit your unit? Will you allow pets? What about smoking?

Legally you cannot discriminate against tenants because they are not married, have children, are a single mom, or have ten people in their family. You can however screen for what is appropriate and safe for your rental. An upstairs apartment may be unsafe for small children. A one bedroom is not large enough to hold a family with five children. Houses sharing a septic tank may need to be limited to perhaps three people per unit.

If you do not want pets, be firm and say NO in spite of the begging. (See Chapter 7) There is no point in a tenant with pets even filling out an application for a no-pets unit.

Determine if you will allow smoking or not. This is very important because once a unit has been smoked in it is very difficult and expensive to restore it to a condition that a non-smoker would want. White refrigerators can turn yellow. Walls will need to be washed with a detergent solution and then painted with a stain killer and sealer before they can be painted or else the tobacco stains will bleed through. Carpets and drapes need to be cleaned thoroughly to get the smell out. Even then the smell of smoke can remain. Just think of the last smoking (as opposed to non-smoking) motel room you tired to sleep in.

Smoking also poses a very real fire hazard. The constant presence of burning cigarettes and smoldering butts always has the potential for fire. Many fire deaths are caused by a person falling asleep in bed or on the couch with a burning cigarette. This is a danger not only for the smoking tenant, but also for other tenants in your house or apartment building. No landlord wants to endanger tenants or lose a building to fire. There is also the concern that landlords have some obligation to eliminate the risk of harm to tenants from secondhand smoke. The tenant smoking under another tenant's window or by their doorway, for instance, exposes a non-smoking tenant to toxic smoke. For these reasons, smoke free buildings are becoming more popular. Law does not prohibit a smoke free policy.

Checking the References

It pays to take the time to check out the references your prospective tenant gives on the application.

Call the previous landlord first. This is the person who really knows if the applicant is a Dr. Jekyll or a Mr. Hyde. Ask the following questions about the tenant: Why is he moving? How long was he there? Did he pay the rent on time? How much rent did he pay? Did he have any pets? Did he smoke? How did he keep up the yard? Did he get along with the neighbors? How did he leave the place? Any problems with this tenant? Is this an eviction? If so, why? One of the best questions to ask the past landlord is: Would you rent to this person again?

Keep in mind that the previous landlord has mixed feelings in talking to you. If this tenant is really great, he will not want to be losing him. The landlord might secretly hope that the tenant will not move after all. If the tenant is a creep, the landlord is only too eager to see him find another place to live. How can he answer your questions honestly and still get rid of the baggage?

So you have to read between the lines. I once had a landlord tell me only, *“He paid the rent on time...that’s all I’ll say.”* I took this to mean, *“I’m afraid of being sued if I say anything bad about this tenant from hell.”*

A really good tenant may elicit glowing reviews from a generous landlord. *“He left the place better than he found it,”* is about as good as it gets. Other words you’d like to hear are: *“He always paid early. He really fixed up the yard. His kids are jewels. I really hate losing him as a tenant.”*

The mixed reviews sound something like this. *“He starts a lot of projects, but doesn’t really finish them. He has a lot of parties. He usually pays on time. We’ve only had a few problems. He only rented from me for a few months. We’ve had a few tangles. He’s unhappy with the neighborhood. He wants a place where he can have pets.”*

If the tenant lists no past landlord to check with, you are at a disadvantage. He may be moving away from home for the first time. He might be going through a divorce. He might be lying and doesn’t want you to talk to his landlord because he’s left there on bad terms or is being evicted. People usually don’t go from owning a house to a rental unless something major has happened to change their lives.

Another reference it pays to check is the place of employment. Does the person really work there? How long has he been there? Is this a full-time position? Is he making a salary sufficient to pay the rent? Some questions may not be answered due to privacy issues, but it doesn’t hurt to ask.

Personal references are only valuable if you know the person listed as a reference. This can happen in a small town. Then you know if the person giving the recommendation is someone whose opinion you respect. Unknown friends of the prospective tenant will usually say something nice, but they haven’t rented to your guy, and might be hoping for a cool place to party.

You don’t need to check the references for every application you receive. Some applicants may be simply rejected by you as an inappropriate tenant. This can be for a variety of reasons ranging from their perceived inability to pay the rent to the number of occupants being too many for the size of your unit. You only need to take the time to check references on those tenants you are seriously considering.

A **warning** is however needed here. In our litigious society, it is best to never state a reason for rejecting a tenant. By not stating a reason for rejecting a tenant you prevent both hurt feelings and a potential lawsuit. Angry applicants can threaten to take you to court if they feel they have been discriminated against for any reason— be it race, number of children, marital status, or even age. It is your rental and you have a right to decide who will live there. You will have valid reasons for not wanting to rent to certain people. However when rejecting an applicant, it pays to be a little vague and just say that you are still taking applications. After you have signed with a tenant you can then state that the unit has been rented. End of Story.

Doing the Credit Check

While it is a bit of a hassle, always do a credit check for a tenant who looks

promising. The best way to get an unbiased view of your prospective tenant's financial outlook is to pay for a credit check. This way you will know if he reasonably has enough finances to pay the rent, if he has ever been evicted and has a judgment against him, and if he has filed for bankruptcy. You will need to have the person's permission to do a credit check. For this reason, a space asking for the tenant's permission and his agreement to pay for the credit check is included on the **Rental Application**.* I let the tenant know that I will only do a credit check on someone I am serious about renting to. An earnest tenant with nothing to hide usually won't mind paying for it.

The three main agencies for credit checks are: **Equifax** (at Equifax.com), **TransUnion** (www.transunion.com) and **Experian** (experian.com) You can order reports on line or use their 800 phone lines.

The easiest way is to have a rental company who does credit checks run it for you. You can have it faxed back to you in less than an hour. It usually costs from \$10 to \$25 to get a credit report run by a rental agency. You will need the tenant's social security number for this, as well as their signature OKing the credit check. These items are included in the **Rental Application*** form. You will also need some proof of ownership of the property like a utility bill. Or you can call a credit check agency to do the work for you.

Sometimes the most glib and confident applicant can be a scam artist. OK, so I'm skeptical, but the occasional con man gives you a phony application and nightmares thereafter.

We had one tenant with difficult to check references who looked great up front. He owned his own business, supposedly had family in town... so we let him in without a credit check. After the fact—in the middle of the eviction for non-payment of rent—we found that there was no guy with his name and social security number. He had no credit history. He had given us a false identity. He skipped out owing us and everybody else in town. It's too late to unlatch the barn door and shoo out the jackass once he has possession. Do your homework now or regret it later.

What to Look For

Some things I look for in a tenant are stability, a good fit to the rental, and the tenant's ability to easily pay the rent.

Tenant Stability

I want a long-term tenant, so I am looking for one whose situation is relatively stable. A married couple is usually more stable than a single person. The single person might move in boyfriend or girlfriend, get married, move out with a boyfriend or girlfriend or have a lot of parties. Or he might be a very quiet tenant who is easy on the rental. A person going through a divorce is in a very unsettled condition. He or she might reconcile, move back in together, or decide to move out of town. He can be in your rental one day and out the next. A new boyfriend or girlfriend might be part of the picture. Kids might come to visit or to stay.

Probably the least stable situation is the young person who has a first job and is moving out of home for the first time. He will most likely want a roommate to help pay the

rent. Said roommate may or may not work out and may or may not move in a boyfriend or girlfriend who is of course “just a guest.” (See Chapter 4.) Novice renters often have only a dim idea of the necessity for cleaning the toilet, doing laundry, watering the lawn, keeping harmonious relationships with neighboring tenants, and month-to-month financial planning.

When a tenant’s life changes, your life changes. A rolling stone may gather no moss, but you want a rock-solid boulder for a tenant who will stay put and pay the rent. A tenant is more likely to be long term if the rental fits his family and his needs. A family with four kids will be best in a home with at least three bedrooms. A guy who likes to work on cars will do best with a garage. The gourmet cook will want a good-sized kitchen. You don’t want a tenant who can *make do* with your rental for a short time. You want one who says, “*This is perfect!*”

Suitable Job, Travel Time to Work, and Good Fit to Area

Travel time to work is also a consideration. If the tenant works at a firm a two-hour drive away, does he really know what he’s getting into? What seems like a scenic drive now, may become a reason to move in a few months. Beware of the tenant who has yet to find a job but knows it will be easy to get. Get the job first, apply later. Also think twice about the tenant who is new to the area. Your town may not be what he thinks it will be, and greener pastures might call. A good prospect for a happy camper is the person who says, “*I just had to move back to My Town. I love it here!*”

Able to Afford the Rent

Next, I try to determine if the tenant will be able to afford the rent. This seems rudimentary, but if a tenant gets in over his head, you’ll become the life preserver. You need to look at monthly income, the stability of the job(s), the ages and number of kids, the age of the car, and calculate if the total picture looks good. The tenant who is over-reaching financially can quickly start in with the late rent and the excuses. A car repair or a holiday can mean you don’t see the rent. Sympathy is nice, but in reality you need to find the tenant who can actually afford to live in your rental. Otherwise it gets messy real fast.

Trust Your Intuition

Never disregard your own intuition. Sometime you just get a bad feeling about a person. Once I just didn’t feel right about a certain tenant. My husband thought that the proposed tenant measured up great on paper, so we went ahead and rented to him. It was a big mistake. The tenant had lied to us in some crucial areas and things went downhill fast. The situation involved paranoia, a terminal illness, death, a meth lab, smoking in a smoke-free apartment, apartment damage, and moving in unauthorized guests. It ended badly with an ugly eviction. I should have listened to the little voice that said *No Way* early on.

On the other hand, sometimes your intuition says that this tenant would be perfect for your rental, even though they’re had some problems in the past. We’ve taken a chance on a person based on this intuition and created a win/win situation.

Take Your Time

Lastly, take your time. It is better to lose a month’s rent than to be saddled with a bad tenant. Often a tenant will say during the open house, “*We’ll take it!*” and offer money on the spot. Resist the temptation to make any decision until you have checked references

and credit. If you don't find a tenant who looks right to you— keep on looking. Run the ad for another week or another month. Show the rental a second time. Don't let a pushy tenant pressure you into a bad decision. When it comes to choosing a tenant, haste makes not only waste but also usually a date with an eviction attorney.

When you have found the tenant you want, the one closest to perfect, it is time to have him sign the rental agreement (See Chapter 4.) **Don't take any money until you have made a firm decision and signed the tenant.** Some tenants will beg you to take some up front money even before they have looked at the place. Taking money is in itself a binding legal agreement, so do so only after the rental agreement is signed and you are actually ready to enter into a legal contract with this person.

Selecting the Tenant Checklist:

- Check the tenant's references, especially
his last landlord and employer.
- Do a formal credit check.
- Check out the tenant's car.
- Check out the tenant's present home.
- Is the tenant stable?
- Is the tenant a good fit to the rental?
- Can the tenant afford the rent?
- Pay attention to your intuition.
- Don't make a rush decision.

You are the landlord.... never date someone you wouldn't consider marrying.

**This form is found at the back of this book.*