

5 STEPS FOR CHOOSING THE RIGHT TENANT

Your cash flow from a rental property can be compared to water running through a pipe. Think of every pipe leak as a loss of income. With profit as your primary goal, you should strive to minimize those leaks or eliminate them altogether.

What's the biggest leak to your cash flow? Bad tenants. Choosing who will be your next tenant is a big decision, so don't make it lightly. Having a stable, reliable renter who is likely to pay on time and take care of your property is the key to profit.

How can you find the right tenant? While you can never be 100% sure of a successful choice, you can put practices in place that maximize the chance of renting to high-quality tenants.

HERE ARE OUR 5 STEPS FOR CHOOSING THE RIGHT TENANT FOR YOUR PROPERTY

01 CREATE A DETAILED RENTAL APPLICATION



It is crucial to gather accurate and thorough information on potential renters to properly determine if they're right for your property. A rental property application should include information on the prospective tenants, their financial and employment history, and their rental history. It can also indicate your preference on smoking, pets, if you allow a co-signer, requirements for references, and other questions you may have to make an informed decision.

02 CHECK CREDIT HISTORY



Experienced landlords and property managers will tell you to always run a credit check for tenants before extending a lease agreement. A tenant's prior history is likely the best predictor of how well they'll meet future rent obligations. Look at how much debt they carry and how many late payments they've made. If they are too deeply in debt or pay their bills late, you may want to pass on renting to them.

03 CHECK CRIMINAL HISTORY



When you're considering a tenant, you should think of it as who you are allowing in your property AND in your community. It's your responsibility to protect other tenants from dangerous criminals, as well as to protect yourself against negligent lawsuits. Landlords should assess each criminal history on a case-by-case basis. You are allowed to deny an applicant based on criminal history, but you must prove that your decision is meant to preserve the safety of your property and your community.

04 CHECK EMPLOYMENT STATUS



Verifying a tenant's current income and employment is an essential part of the screening process. As much as we wish it did, money doesn't grow on trees. Steady employment is one of the best indicators you will receive your rent check on time. Ideally, you should verify 3 years of employment history, including dates worked and wage. Make sure to include your requirement for income in the rental application so you can easily justify turning down a tenant who doesn't meet your requirements.

05 MAINTAIN COMPLIANCE



Make certain that if you are running a tenant background check, you are maintaining compliance. This includes getting the person's consent to run credit, criminal history, employment, or other checks. You also need to let a person know if you choose not to rent to him because of something you find during the tenant screening process. To help avoid potential discrimination claims, decide ahead of time what criteria you will use to choose your tenant and make that known at the start of the process. Tenant screening criteria may include things such as no smoking, pet limits, income being three times the monthly rent, no history of violent crimes, and no prior evictions.

There you have it, the 5 steps for choosing the right tenant for your rental property! If this list feels overwhelming, you are in luck because we've done our research and found a great solution for landlords to lean on when looking for the right tenant.

TRANSUNION SMARTMOVE

Transunion SmartMove, a convenient tenant screening service, is ideal for landlords who don't manage hundreds of properties. This service makes it painless for landlords to run an online tenant credit check, eviction history, and criminal background check in minutes. The landlord simply emails a screening request to an applicant, the applicant authorizes screening by providing personal information online and SmartMove sends the landlord the tenant's credit check, criminal, eviction, and Income Insights reports. This solution removes the hassle of compiling each of these reports separately and carrying the burden of protecting the prospective tenant's personal identifying information.

Landlords can enjoy free account signup and take advantage of pay-as-you-go rental screening services, the cost of which you can always pass off to prospective tenants. Regardless of whether you use SmartMove or piecemeal the tenant screening steps together yourself, you are likely to enjoy more time, better profit margins, and a happier experience for everyone involved!

You can learn more about SmartMove by visiting <https://millersinsurance.mysmartmove.com/>.

About Millers Mutual Insurance

Millers Mutual Insurance, based in Harrisburg, Pennsylvania, is the niche property & casualty insurer that brings stability to multifamily housing. As a carrier that's dedicated to understanding the intricacies of the niche, we believe our singular focus on multifamily housing results in the kind of comprehensive, stable coverage our agents—and their multifamily clients—deserve. We currently serve commercial policyholders in Pennsylvania, Delaware, Maryland, North Carolina, Ohio, Virginia, and Washington, D.C., through a network of independent agents.