Step Four: Process

After you collect all the filled out paperwork from your tenant applicant, you need to go home where you can review and analyze all the information you've collected. We call this step four, or the "process" step. It will be the final step in your decision to accept or deny a tenant applicant. Study step four to improve your analytical skills for reaching that decision.

CHAPTER 13

Analyzing the Rental Application

One day as I was developing this book, my brother called me to tell me with great enthusiasm about a movie he had just watched. Since my brother is generally pretty laid back about most things in his life, I had to stand up and take notice about the subject at hand. It seems the movie that had him so stoked was the Tom Cruise film *Minority Report*.

Following his much pressured advice, I decided to watch the movie to see what was so fascinating. The movie takes us ahead 50 years into the future, and we see the country has the highest rate of murder and bloodshed in its entire history. It seems murders happen hourly in almost every city and town in every state. No one is immune. Everyone knows someone who has been murdered. Washington, D.C., in an effort to curb the murder rate, has developed a law enforcement agency called "Pre-Crime." Basically how Pre-Crime works is there is an acute combination of modern technology mixed with good old-fashioned human visions or imagery that alerts the pre-crime police on when and where a murder is going to take place. Once the "who, when, and where" are established, the pre-crime police sweep in and arrest the soon-to-be villain seconds before a murder actually happens.

It was a very intense and interesting movie and if you like futuristic crime thrillers, *Minority Report* is for you! I ended up thinking about this

movie on and off for days afterward. I just couldn't get over the cool concept of predetermining a crime before it happened.

Naturally, being a full-time landlord, I started to fantasize about how great it would be to have something like that to help me "watch" over my tenants. I mean, think about it: Wouldn't you love to have "pre-late rent" police or "pre-broken pet policy" police or even just a general "pre-tenant problem" police unit in place to solve all those pesky tenant problems before they actually surfaced? I know I would. In fact, I found myself enjoying my daydreams of no unwarranted phone calls or unpleasant and expensive surprises. I was envisioning landlord utopia.

But of course, eventually I came back to earth and realized it wasn't to be, at least not in my lifetime! So I decided that I, and consequently you, will have to be our own "pre-tenant problem" police, which in a roundabout way is what this whole book is about. Therefore, I'd like to introduce you to step four in the search for a quality tenant. That step is the processing step. This step is designed to help you analyze, follow up, and confirm all the written information and paperwork you gathered in step three. If you are actually using the system and forms outlined in this book, step four is where things get a lot easier in the tenant selection process because you used the Tenant Qualifications form, and you used the Caller Interview form.

Because of all the preliminary work you did, the actual review of your applicant's paperwork is not so difficult. In other words, if you are truly trying to achieve the original goal, which is *When you decide to show a caller your rental unit, you know you would rent it to them provided they did not falsify or omit any information that you received from them on the phone,* the confirming of information is more of a formality and double-checking step than anything else.

Selection Skills

The way you use and analyze the rental application will determine if you are using professional or merely average landlord skills.

The landlord with average tenant selection skills makes decisions regarding tenants using the following process:

- Prepares the dwelling to whatever they feel defines "prepared"
- Advertises
- Shows the rental to almost anyone who calls on the ad
- Possibly takes applications, *then* begins to decide if that applicant is worth renting to

Only *after* the average landlord enters step three, and receives an application does he begin the search to see what kind of applicant he has. Such a landlord goes to the rental dwelling, takes information on people he knows very little about, then drives home to begin the investigation process he *hopes* will reveal a worthwhile tenant. If that applicant fails the process, the landlord goes back to step one and begins again.

It is of my opinion that a professional landlord, on the other hand, will have all the important guidelines outlined before the phone rings and won't even leave his home to show the dwelling until he is extremely sure the prospect on the phone can probably meet his qualifications.

Ask yourself which landlord sounds more knowledgeable and profitable. Which landlord are you? Which landlord do you want to be?

Let me repeat: If you are reading this book and using the forms and system outlined, then once you begin to go over the information on your rental application, it is more of a formality and a double-check on all things you probably already learned about this prospect.

This doesn't make analyzing any of the paperwork less important or give anyone the reason to skip over it all together. No matter how secure and content you are in your applicant's ability to meet your qualifications, you *must* still verify all recorded information. As a professional, it is in your best interest to do so because there will be times you will uncover hidden information that will change your outlook on a prospect, or at the very least, raise a caution flag.

Achieving the Best Results

Before we begin to review the application, let me give you a couple clues on how to best extract information from it.

Plan on approximately three business days to put everything together—more if you don't own a fax machine or computer and have to

rely on snail mail for things such as your credit report. If you can verify all reports using the computer, that is fine as long as you keep a printed paper trail in the tenant's file. Even if you can accomplish everything by computer, I would still plan for three days to compile all needed information, not because you will spend very much time actually working on analyzing information, but because it will take about three days for most of the applicant's personal and work references to return your calls. In fact, your actual total time spent on completing all of step four should only take you about one hour unless you uncover information that confuses you or has the potential to make you nervous. In those instances, you'll definitely want to spend more time investigating that particular circumstance so you can eventually make the best decision regarding that prospect.

Accurate information

I feel now is as good a time as any to mention this final tidbit: *Keep in mind that generally, the more* accurately *the application is filled out, the better tenants they always seem to be.* I haven't done an official study, but I've evaluated enough applications and had enough tenants to know this rings true, for whatever reason.

In my previous statement, you'll notice I emphasized "accurately" but not "completely." Sometimes, an application will have less information on it because less information applies. Let's say you have an applicant who got divorced after 15 years of marriage and 13 years of homeownership. They probably can't remember who their last landlord was or what the phone number was. Incomplete or lack of information such as this may be okay and even beneficial in your search for knowledge. For example, in the previous scenario, the tenant prospect owned a house for 13 years before divorce. Because of this 13-year homeownership, you can safely assume things about them that you would have asked a previous landlord anyway, such as:

- Can the prospect pay the rent? If he or she still owned a home after 13 years, the chances are he or she was making the house payment.
- Will the prospect take care of the house? Again, chances are after 13 years of homeownership, this person probably has maintenance,

fix-up, and cleaning skills that are at least equal to if not better than the average tenant.

Sometimes good tenant selection involves reading between the lines. Often, the information you *don't* receive is better than what you *do* receive.

Let's quickly review the basics of the application, and as we do so, I will cover any areas that might need a little more clarifying.

Personal information

The information that begins the application doesn't really reveal anything about the applicant's work ethic, spending habits, or rental history. What it does do is provide all the important numbers pertaining to that applicant. Those numbers include home, work, and cell phone numbers so you can locate the prospect if you need to now or in the future. Also included are birth dates, Social Security, and driver's license numbers. You need these numbers to ensure that you can locate, verify, and connect the correct information with the correct applicant. For this reason, the last three numbers are extremely important. They are so important that I feel it's necessary to mention some previously stated advice. *Double-check these numbers directly off their driver's license and Social Security cards with their rental application to verify the numbers are legible, complete, and correct*. Failure to do so could cause you delays in follow-up on the applicant's given information and/or could cause you to gather information on the wrong applicant. Of course, you need to use this procedure on any and all rental applications you accept. Make this a regular habit.

Names and relationship. Once you have verified names and numbers, you want to look at how many people will be living in the unit. There should be a list of all minors' names and their ages. Count the number of people to see if that number is the same as what you were told on the phone, and if the number falls within your qualifications. Having a list of the children's names also helps you call people by their correct names when you interact with them. Knowing everyone's name makes you more professional and respectful.