

BIZ VOICE

Here are questions all landlords should ask



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Inside Advice

The vast majority of rental problems can be eliminated in advance through a good screening process. Many amateur landlords are so desperate for a tenant that they accept the first applicant who walks in the door. That is a rental nightmare waiting to happen.

When screening any applicant, remember to be consistent - treat all potential renters the same so that you're not violating any fair housing laws.

At the very least, you'll want to make sure you have every tenant submit a complete rental application and authorize a credit report and criminal background check.

Here are the questions that must be included in a rental interview:

1. Why are you moving?

I know, that question makes you a little uncomfortable. It's a little intrusive. But you *must* know the answer.

In evaluating the answer, listen for tenants who are moving because of an eviction or a bad relationship with their prior landlord.

If everything about their last rental was awful, it's likely they will have a problem with yours as well.

More promising are logical reasons, such as needing a larger place for a growing family or a job transfer.

2. When do you plan on moving in?

Because most landlords require at least 30 days notice from their tenants who plan on moving out, expect an answer "thirty days." Then negotiate and offer to "split the difference."

A prospect who is looking 60

or more days in advance is asking you to forego the rent until he is ready to move. Don't waste your time showing your property if you know the timing won't work.

3. What is the source and amount of your monthly income?

My rule is that the rent should not exceed 30 percent of the tenant's income before taxes. In addition, monthly rent plus all monthly ongoing debt payments should not exceed 40 percent of tenant income. You need to make sure the tenant can afford the rent for your place. Also confirm that they have the security deposit and first month's rent available now.

4. May I contact your former landlords and current employer?

More and more, I am seeing applicants who are moving out of their parents' basement at age 42.

But be sure to talk with at least one former landlord. Ask if they would be willing to rent to this person again. If not, move on.

Here's a quick tip: Ask for a former landlord as a reference rather than their current landlord. If the current landlord has issues with the tenant or is going through an eviction, he'll be thrilled at the opportunity to get this tenant off his hands and say anything to do so.

5. Will you submit a rental application and consent to a credit and background check?

I use MySmartMove.com to check out my applicants. They are affiliated with credit giant TransUnion, and for just \$35, they cover all compliance issues. You can get a link at Money99.com.

Disqualify anyone who refuses an application and credit check immediately. If they don't say yes, it means they have something to hide or they know their credit isn't good enough.

Let them know this is a requirement of all applicants and that

you treat all applicants equally. You can't make exceptions.

Tell them you're just following fair housing laws by holding all applicants to the same set of standards.

You should also consider asking them directly at this point if they've had any evictions. Their credit report will show whether they have credit issues and whether those were in the past or more recent.

And finally,

6. How many people will be living in the apartment?

More people means more wear-and-tear. You'll either want to adjust the rent, security deposit or restrict the number of people. In fact, in many states the law dictates that a residence cannot have a rental with more than two people per bedroom.

Now is also a good time to find out if they have any pets that will be living in the apartment. If you have a "no pet" policy, you may mutually disqualify each other and won't have to do a showing that was never going anywhere anyway.

Always say:

"You'll need to submit a rental application and authorize a credit and background check. The application fee is \$35. I'll also need references from your prior landlords. You should also know that I will need to verify income and verify whoever is paying or living in the property. Each one of them will also need to be on the application and lease."

You can learn more about this process at Money99.com, and get a free special report on how to screen rental applicants in Georgia.

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