

Landlord Criteria Considerations

MyScreeningReport.com recommends that landlords establish and consistently follow formal rental criteria when evaluating prospective residents. Doing so helps ensure fairness and avoid fair housing claims.

Rental criteria establishes specific thresholds for approval, conditional approval and denial of tenancy. Common decisions include:

- **Approved** - used when applicant meets or exceeds thresholds in all areas
- **Approved with Increased Deposit** - used when rental history, credit history and/or length of employment fall below established thresholds
- **Approved with Qualified Cosigner** - typically used when income falls below the income threshold
- **Denied** - used when there are one or more deniable factors

Objective thresholds are established for rental history, credit history, criminal and eviction history, length of employment and income.

- **Rental History**
 - Considerations:
 - Length of valid rental history (written contract vs. verbal agreement)
 - Treatment of international students
 - Treatment of military housing
 - Late payments
 - NSF checks
 - Noise Complaints
 - Property damage
 - Unfulfilled lease obligations
 - Balance owing landlord (unpaid rent, damages, etc.)
 - Evictions (unpaid vs. paid)
- **Credit History**
 - Considerations:
 - Number of established accounts (trade lines)
 - Length of time accounts established
 - Derogatory credit history threshold (total of collections, charge off accounts, unpaid tax liens/judgments, etc.)
 - Treatment of medical collections
 - Treatment of student loan collections
 - Rental collections or judgments
 - Discharged bankruptcies
 - Open bankruptcies
 - Past due mortgages
 - Foreclosed mortgages
- **Employment History**
 - Considerations:
 - Length of employment (continuous or within the same field)
 - Employment verification
 - Treatment of international students (in lieu of employment)
 - Treatment of military employment
 - Treatment of retired persons
- **Income Requirement**
 - Considerations:
 - Income threshold (e.g. 3 times the rental amount to qualify for approval)
 - Treatment of non garnishable income (state law may apply)
 - Income verification (paystubs, tax returns, W2, L.E.S., etc.)
- **Public Records - Criminal & Eviction History**
 - Considerations:
 - Criminal convictions for crimes considered harmful to people or property
 - Unpaid evictions
 - Treatment of paid evictions
 - Treatment of non-disclosure

Cosigners should at least meet applicant requirements. Higher credit & income thresholds may be appropriate.

MyScreeningReport.com recommends committing your criteria to writing and sharing with applicants up front - prior to taking an application or screening fee. Sample criteria and criteria worksheet follow.

Disclaimer: This document does not constitute legal advice. You may wish to review criteria with a qualified real estate attorney.

Sample Criteria

Positive Identification:

Requirement: Valid government issued photo identification is required of all applicants.

Rental History Criteria Example:

Requirement: 12 months valid, verifiable rental (mortgage or military housing) history

- Valid rental history is a written lease or month-to-month agreement.
- If rental history is less than 12 months then an increased deposit or cosigner will be required. However, military housing is considered valid rental history.
- Paid (disclosed) eviction will result in Increased Deposit or Cosigner requirement.
- Final decision is also dependant on credit history, income and length of employment.

Deniable Factors:

- 3 or more late payments, NSF checks and/or noise complaints within a 12 month rental period.
- Unfulfilled lease obligations.
- Balance owing to a landlord (for rent or damages).
- Unpaid (and/or non disclosed) eviction.
- Falsification of the rental application.

Credit History Criteria Example:

Requirement: At least 2 accounts established for 1 year and in good standing

- Derogatory credit history (past due accounts, collections, judgments, tax liens, charge off - excluding medical debt) in excess of \$500 will result in an increased deposit or cosigner requirement.
- Past due or foreclosed mortgage will result in an increased deposit or cosigner requirement.
- Discharged bankruptcy will result in an increased deposit or cosigner requirement.
- Paid rental collection and/or judgment will result in increased deposit or cosigner requirement.
- Final recommendation will also be dependant on income, rental & employment history.

Deniable Factors:

- Open Bankruptcy.
- Unverifiable (and/or falsified) social security number.
- Unpaid rental collection or judgment.

Employment History Criteria Example:

Requirement: 6 months of employment with current employer or in same field of work

- Employment that is less than 6 months will require an increased deposit or cosigner.
- Employment requirements will be waived for retired and self employment applicants. However, most recent tax returns will be required for verification of income.
- Employment requirement will be waived for international students. An I20 will be required for verification.
- Military personnel will be required to provide L.E.S. for proof employment.
- Final recommendation will also be dependant on rental, credit history and income.

Income Requirement Criteria Example:

Requirement: Verifiable monthly (garnishable and non garnishable) income equal to or greater than 3 times the rental amount.

- Income that is 2.5 – 2.99 times the rental amount will require an increased deposit
- Income that is less than 2.5 times the rental amount will require a cosigner.
- Proof of income required prior to move in. Valid proof includes but is not limited to current paystubs, tax returns, W2's, I20's (International Students), Leave and Earning Statements (military) or bank statements.

Deniable Factors:

- Lack of proof of income (or falsification of income information).

Public Records Criteria Example:

Requirement:

- Eviction and criminal records searches will be conducted.
- Criminal search includes felony and misdemeanor offenses.

Deniable Factors:

- Verified (unpaid) eviction.
- Failure to disclose eviction or criminal records.
- Verified name and date of birth match on criminal conviction for the following offenses (disclosed or not):

Murder (1 st and 2 nd degree)	Kidnapping (All counts)
Manslaughter (1st degree)	Theft (1st & 2nd degree)
Assault 1st, 2nd & 3rd degree)	Burglary (1st, 2nd degree & vehicle prowling 1st degree)
Robbery (1st & 2nd degree)	Malicious Mischief (1st degree)
Rape (All counts)	Arson (1st, 2nd degree & Reckless Burning 1st degree)
Child molestation (All counts)	Delivery or Sale (All counts)
Rape of a child (All counts)	Possession with intent to Deliver (All counts)

Cosigner Criteria Example:

Rental History: Same as applicant.

Credit: At least 4 accounts established for 1 year and in good standing.

Deniable Factors:

- Derogatory credit history is in excess of \$100.
- Open or discharged bankruptcy.

Employment History: Same as applicant.

Income: Verifiable monthly income equal to or greater than 4 times the rental amount.

Deniable Factors:

- Monthly income less than 4 times the rental amount.

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Criteria Worksheet

Formal criteria establishes what decision applies based on where the applicant falls against the various thresholds.

Rental History Requirements:

_____ Months of valid, favorable third party rental history or verifiable home ownership will be required for an approval of tenancy.

Military shall be considered to have favorable rental history ___ Yes ___ No

Waive rental requirement for international students ___ Yes ___ No

Decision

Meets or exceeds required rental history requirement (Example: Approved)

Less than required rental history (Example: Increased Deposit or Qualified Cosigner*)

_____ # Late payments in _____ months (Example: Denial)

_____ # Of NSF Checks in _____ months (Example: Denial)

_____ # Noise complaints in _____ months (Example: Denial)

Credit History Requirements:

_____ or more trade accounts established for at least _____ years

Disregard medical collections ___ Yes ___ No

Disregard student loan collections ___ Yes ___ No

Waive credit requirement for international students ___ Yes ___ No

Decision

Meets or exceeds required credit history requirement (Example: Approved)

Paid rental collection and/or judgment will result in (Example: Increased Deposit or Qualified Cosigner*)

Discharged bankruptcy will result in (Example: Increased Deposit or Qualified Cosigner*)

Past due or foreclosed mortgage will result in (Example: Increased Deposit or Qualified Cosigner*)

Unpaid rental collection and/or judgment will result in (Example: Denial)

More than \$_____ *derogatory credit* (Example: Denial)

Open bankruptcy will result in (Example: Denial)

Definition: "*Derogatory credit*" includes past due accounts, collections, charge off accounts, tax liens, judgments in excess of \$100 and/or bankruptcy (discharged or not).

* Qualified Cosigner recommendation generally applies if applicant does not meet the income threshold.

Employment Requirements:

At least _____ months with current employer or _____ years in similar job

Waive employment requirement for international students ___ Yes ___ No
(Consider I9 verification of international student status)

Decision

Meets or exceeds required employment requirement (Example: Approved)

Less than required employment (Example: Qualified Cosigner or Increased Deposit)

Income Requirements:

Gross monthly income (including spouse & roommates) of at least _____ times monthly rent to qualify for an approval.

Include *non-garnishable income* for qualification _____ Yes _____ No

Monthly income range of _____ to _____ will result in an Increased Deposit or Last Month's Rent (whichever is applicable).

Self-employed applicants will be required to provide current tax returns for verification of income. International students are required to provide proof of income source. If employer will not verify income, current pay stubs will be required.

Definition: *Non-garnishable income* includes tips, babysitting earnings, DSHS payments, child support, trust funds, student loan proceeds, and disability income)

Decision

Meets or exceeds required income _____ (Example: Approved)

Monthly income of _____ (Example: Cosigner)

Monthly income of _____ (optional) (Example: Denial)

Deny for:

Criminal:

- _____ Murder, 1st & 2nd Degree
- _____ Manslaughter, 1st Degree
- _____ Assault, 1st, 2nd and 3rd Degree
- _____ Robbery, 1st & 2nd Degree
- _____ Rape, all counts
- _____ Rape of Child, all counts
- _____ Child Molestation, all counts
- _____ Kidnapping, all counts
- _____ Theft, 1st & 2nd Degree
- _____ Burglary, 1st & 2nd Degree
- _____ Residential Burglary
- _____ Vehicle Prowling, 1st Degree
- _____ Malicious Mischief, 1st Degree
- _____ Arson, 1st & 2nd Degree
- _____ Reckless Burning, 1st Degree
- _____ Possession Controlled Substance - Intent to Deliver, all counts
- _____ Delivery or Sale of Controlled Substance, all counts

Other:

- _____ Falsification of rental application
- _____ Unverifiable social security number
- _____ Unpaid rental collection/judgment on credit report or verified unpaid eviction
- _____ Any unpaid balance reported by an apartment community
- _____ If any roommate does not meet approval criteria, all roommates are denied

Cosigner Requirements:

Gross monthly income of at least _____ times monthly rent to qualify for an approval.

Include non-garnishable income for qualification _____ Yes _____ No

_____ Months of valid, favorable (no late payments, NSF's or complaints) third party rental history or verifiable home ownership.

_____ or more trade accounts established for at least _____ years.

At least _____ months with current employer or _____ years in similar job

Discharged bankruptcy will result in _____ Open Bankruptcy will result in _____.

More than \$_____ derogatory credit will result in denial of cosigner

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