
The Belleville Beat

Belleville Police Department
Belleville, IL 62220

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From the Desk of Lt. Don Sax

Welcome to *The Belleville Beat* January 2006 issue. This issue was originally sent September 1999, from an article in the September Realtor Magazine. With more housing becoming available in the city, it is again being sent as a reminder for homeowners.

Landlords and Tenants

* Lease with Caution

Bad residential tenants can wield a lot of power. They can damage property, stop paying rent and make good residents want to leave. A thorough tenant-screening process can prevent a world of headaches in defaults, evictions and unnecessary turnovers.

Ask more on a rental application than is asked on a mortgage application. Remember you are handing over the whole building for a small security deposit. You and the other tenants have to live with whom you choose.

In fact, the cost of vacancy is far less than the cost of a non-paying resident since evictions can take months and add legal fees to lost rent. Shortchanging the tenant-screening process also raises the risk of property damage, noise and rule violations and general deterioration of a property's reputation among residents. Over time those problems can lead to high vacancy rates, reduced cash flow and, ultimately, reduced property value.

If you let in bad tenants, you are jeopardizing the tenancy of good residents. But, if you do your job right, the tenants you choose will be more likely to fulfill their lease terms.

To screen out troublemakers and fly-by-nights, require an application, conduct an interview, obtain a credit report, contact personal references and previous landlords, talk to previous neighbors, verify employment and salary. On the application, ask tough questions about criminal history, previous evictions and late payment of rent. Insist on full disclosure, and then follow up.

This process can be very time consuming and not always smooth. But it is time well spent.

* If You Are Not Thorough, You Will Wind Up Dealing with Residents Everyone Else Rejected.

There are some companies that screen potential tenants through a point system by evaluating an applicant's residence history, income and employment (like RentGrow's AppSystem I, www.rentgrow.com). This kind of software is generally inexpensive, but it can't interview past landlords, neighbors or employers. You need to do your homework.

One of the biggest areas of concern for property managers and landlords is ensuring compliance with the fair housing law. Even property managers who follow the letter and spirit of the law may be vulnerable. To avoid discrimination charges, develop an objective methodology for qualifying tenants and use it religiously. Consistency is the name of the game. You can't let your guard down just because you see an applicant you feel comfortable with, or you will expose yourself to unequal treatment charges.

The opposite is true, too. Don't assume that someone you aren't comfortable with won't qualify. Even if people tell you they don't have a job, you have to go through the application process and show them the apartment.

Federal law prohibits housing discrimination based on race, color, gender, handicap, religion, familial status and national origin. Local restrictions may go further including factors such as source of income, sexual orientation or age.

Make your qualification criteria available to applicants as soon as they walk in. That way they know up front if they qualify or not.

Don't let the fair housing law make you afraid to reject tenants who legitimately put your property or its residents at risk. For instance, smokers, families too large for the unit, people with pets, waterbeds or drum sets are not protected classes.

* Being a Good Tenant Is More Than Just the Ability to Pay Rent

You also represent the other families in the community, the building and the neighborhood. Don't approve anyone who could pose a threat to their safety or welfare or who may cost the building other residents.

* Special Tenant Considerations

Roommates: Qualify roommates separately and make sure they understand they are jointly and separately liable for the rent. If two skip and one is left, that one is liable for the rent.

Divorce: It's common for applicants going through a divorce to have recent credit problems, as spouses stop paying credit card bills. As long as there isn't a long history of credit problems, don't be alarmed.

Bankruptcy: Applicants who have recently filed for bankruptcy may be safe risks because they can't file again for seven years.

Unpaid medical bills: They are often not an indicator of someone who can't pay. We all know how expensive health care costs can be and how long it can take to settle with insurance companies.

To see sample rental applications and to view model language for tenant rejections letters, visit Realtor Magazine Online, www.realtormag.com

The Fair Housing Act isn't the only one landlords and property managers need to consider when screening applicants. If you reject applicants based on information obtained from a credit check, you are required by the Fair Credit Reporting Act to provide detailed information on how to contact the credit agency. On the Internet, at One Realtor Place, search "fair credit".

All of this sounds like a lot of work. It is. But, if every tenant were perfect, you wouldn't need property managers.