

Best Practice for Success

Application Screening

Tenant Screening – Income is important!

by Jeff Zank, ARM®, President Rancho Property Works LLC, Property Manager, Instructor, Consultant and Investor

This is the second in the series of best practices for tenant screening – see my website under PR and Blog for the first version on Rental History.

I require that all applicants have 3x the gross monthly rent in verifiable income. Verifiable meaning, I need proof with the application. Sometimes if their income is just under 3x of the rent and they have strong credit scores I'll pass them on income. Every once in a while, I get a rental applicant back with little to no verifiable income. This is a surprise to me as the rental application clearly states what the standards are yet they are nowhere near what's needed for income. It's also telling for me that they are not readers or they expect me to pass them just because they applied. In addition, they don't appear to follow directions very well. And lastly, most of the time these applicants also have poor credit scores. These applicants are risky for me and they won't get approved.

Why income important? People have a right to live their lives, eat in / out, have a vehicle / use public transportation, pay utilities, buy stuff, etc. This all-costs money. They also need to have income to pay their rent! If the rent is \$600 a month, hard to pay for everything else if you make only \$1000 a month for example. Why would any property manager set them up to fail due to lack of income! Always make sure they have enough documented income. It's also important that they've had their job for 60 days + and that their pay stubs are current showing they're still working. Time the job is important as most employers have to make a decision to keep employees after 30 days. After that time, employees are eligible for unemployment if terminated. And unemployment never counts as a job or income as it's not long term.

If you, your friends or family need a property manager that understands the details of rental application screening for the residential rental market, please contact me.