

Resident Application Evaluation

Phase 1: Establish rapport with the applicant and have an honest discussion. Share the calculated estimate of the monthly expenses. Discuss your job length requirement, income and debt guidelines for the front and back end ratios. Explain that you will be running a credit and a background check on each applicant that is over 18 years old and if they still interested in applying. If they want to continue to pursue renting the house ask them what you will find on the credit and background check. Do a quick review of the calculations in phase 2 and collect the application fee for each person over 18 years old that will be living at the rental property.

Phase 2: Carefully evaluate each rental application:

1. Calculate the estimated monthly house expense of what the resident will have to pay. Include water, sewer, electric, heating fuel costs and renter's insurance, if applicable.
2. Total the household income and debts from the rental application.
3. Front End Ratio – 28% of Annual Gross Salary then divided by 12 must be equal or more than rent amount.
4. Back End Ratio – 36% of Annual Gross Salary then divided by 12 must be equal to rent, estimated monthly house expense and revolving debt.
5. Must have held current job for at least 6 months in rare cases. One year is preferred.

Phase 3: If the landlord is comfortable with ratio levels from phase #1, call all previous landlords and ask questions like:

1. Confirm dates of residency, rent amounts and all the disclosed information.
2. Were rent payments received on time?
3. Are you aware of any issues with others?
4. Would you rent to them again?
5. If subject to building inspection were there any unsafe items found?
6. Were there any calls from the police or the SPCA?
7. Did you ever have neighbor complaints?
8. Did the tenant receive their whole security deposit back? And if not, why?

Phase 4: If phase #1 & phase #2 are acceptable then run a credit report and a background check on all residents over 18 years of age.

1. If the credit report results are consistent with the debt claimed on the application. GREAT!
2. If the background check doesn't reveal any surprises. GREAT!

Phase 5: Accept the resident. Congratulations!