



Tenant Screening Tools

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Introduction

- **Tenant Screening is critical**
 - Obligation to ensure your other tenants' reasonable enjoyment
 - Protect your interests
- **The vast majority of tenants are great!**
But a bad tenant:
 - Takes time to remove due to slow & technical process and Landlord Tenant Board (LTB) delays
 - Can result in significant damage and loss of rent during the process
 - Can significantly disturb other tenants in the building
 - LTB has a bias towards housing retention exacerbating the above
- [This document explores the tools used](#). Another document will be created to discuss screening in more detail

The Screening Process (Overview)

➤ Incoming Lead

- ✓ Pre-screening application (optional – Used in high volume market segments)
- ✓ Pre-screening interview
- ✓ Showing
- ✓ Detailed application
- ✓ Tenant Research
- ✓ Decision

➤ Start of Leasing process

- ❖ **Decisions should consider all aspects not just credit score**
- ❖ **You are checking for consistency all the way through the process**
- ❖ **You must adhere to the Human Rights Code and Residential Tenancies Act**

Credit Bureaus

- Two main providers: **EQUIFAX**® **TransUnion**®
 - Equifax is market leader: used primarily by lenders
 - TransUnion: used primarily by credit cards, Telcos
- Did you know that there are many ways a credit score may be calculated?
 - Top level scores such as FICO and BEACON
 - Sub scores such as ERS 2.0 or CRP 3.0 (this is what Borrowell & Credit Karma normally use)
- Tenant focused screening services also have their own databases
 - Generates tenant scores such as ScoreVISTA (RentCheck)
 - Different report levels (short, full, enhanced by tenant database) – you want at least a full report
- Soft Pull vs Hard Pull
 - TransUnion tenant pulls are usually soft inquiries
 - Equifax tenant pulls are usually hard inquiries (can affect a tenant's credit score)



Credit Bureau Reports

- Key credit report sections:
 - Identification
 - Score
 - Analysis (depending on tenant screening provider)
 - Previous addresses
 - Previous employers
 - Trade lines
 - Collections
 - Inquiries

NOTE: Read the entire report and not just the score. Determine if the report is consistent with the earlier interviews.

ESSENTIAL: Ensure you use a disclosure and consent statement before you do a credit pull. The service you use should have this statement available for your use.

Score **VISTA:**
Overall Average:
786 ... [learn more](#)
LEASE STANDING SUMMARY
RENTCHECK
800



CREDIT STANDING SUMMARY

[TRANSUNION](#)

773

MEDIA SEARCH RESULTS

NEWS Search Clear [View](#)
GEO Search Match [View](#)






[View Detail](#)

Canadian RANKING 81.72% [View](#)

LEASING RECOMMENDATION 786 VERY LOW RISK

Applicants in this range pose a VERY LOW RISK with a Good Standing Index (GSI) of 24 – 47; they are accepted by most housing providers after successful document review.

You May Want More Than One Tool !!

	Coverage Area	Comments					
Screen	Credit Check	All tenants!	★	○	○		
	Criminal Check	Specific tenant profiles	★	○			
	Social/Public Check	All, manual or SingleKey (or Certn)	○	★			
	Financial Check	Manual or Rentify			★		
Tenancy	Tenant payment reporting	Help other landlords	★			★	
	Credit Improvement	Specific tenant profiles				★	
Delinquency	Bureau reporting	Motivates specific tenant profiles				★	★
	Collections	DIY (e.g. LCB) or Outsource					★

★ Strength / Best in Class

○ Offered

EQUIFAX
TransUnion^{tu}

EQUIFAX

EQUIFAX

TransUnion^{tu}



Screening: Credit Checks

- Recommended: RentCheck, SingleKey
- Alternatives: TVS, Naborly, Certn, Rentify
- Always pull a credit report yourself and read the entire thing
- Not all credit reports are the same. You want a FULL report. Many just give you a short report.
- RentCheck:
 - In our opinion this is the best option.
 - Full Report with a choice of TransUnion (default) or Equifax
 - Augmented with their own database of over 10 million tenant records
 - Enhanced tenant predictive score
- SingleKey:
 - Another excellent choice
 - Full Report from Equifax but no augmentation

Screening: Criminal Check

- Recommended: RentCheck or SingleKey
- Alternatives: Certn (pure play criminal and background check)
- Recommended to pull a criminal check
- RentCheck
 - Extra fee on top of credit check
 - The most comprehensive report from the national database (RCMP)
 - May take up to 4 hours as the process with the RCMP is currently manual
- SingleKey
 - Included in basic credit report
 - Pulls from provincial and international databases (instant) but not from the national database

Screening: Background Check & Financial Check

- Background Checks:

- Recommended: SingleKey, Certn or do your own
- Alternatives: RentCheck
- Saves time in finding public records and social media profiles
- We recommend you augment those results with your own research

- Financial Check:

- Recommended: Rentify
- Allows verification of income and rent payment history while respecting tenant privacy
- Certain tenants may find this intrusive even though property manager does not have direct access to their accounts

Tenancy & Collections:

- Tenant Payment Reporting & Credit Bureau Reporting

- RentCheck offers this and has a very large proprietary database (10 million tenant records) but does not report to credit bureaus
- Landlord Credit Bureau offers an ability to report tenant payments as a trade line on Equifax
 - Similar to credit cards, mobile carriers, etc
- Landlord Credit Bureau will also engage with tenant to inform them of record of arrears

- Credit Improvement

- Landlord Credit Bureau offers this uniquely
- For certain types of tenants (e.g. students) this can be a benefit as a way to improve their credit score and may be marketed as a benefit
- Landlord must pay a monthly fee per tenant

- Collections

- Can be done as Do-It-Yourself in conjunction with Landlord Credit Bureau
- Can be outsourced to firms such as National Recovery Corp, Dixons, or many others
- A judgement is not required to report a collection but must be done in good faith
- A judgement is required to enforce a collection such as garnishing wages



Recommendations

- Tenant Screening
 - For tenants that are not likely to have much tenant history we will use SingleKey
 - Has a solid credit check and also includes a background check and criminal record check
 - For tenants that likely have a rental history we often use both RentCheck and SingleKey
 - RentCheck serves as our primary check and looks at TransUnion
 - SingleKey augments with a pull from Equifax and a background plus criminal check
 - In this case, if you only want to pick one then pick RentCheck
 - Many landlord organizations offer discounts for these services including www.oreio.org. And Facebook groups such as Ontario Landlord Haven.
 - We don't currently use Rentify as we work directly with the tenant to provide proof that they have the ability to pay rent.

Recommendations Continued

- Reporting
 - We report on time and late payments through RentCheck
 - If there is a significant or chronic delinquency then we will report to Landlord Credit Bureau
 - If there is a significant delinquency then we will also engage a collections agency in addition to pursuing for a judgement.
- Credit Improvement
 - This can be a differentiation for landlords that focus on certain tenant profiles (e.g. student housing) and thus may be worth the monthly recurring fees
 - We do not focus on any particular tenant market segment and thus for our business we feel this service is of limited value