Tenant Screening in the Age of AI
Or: How to Catch Liarmouths Before You Turn Over the Keys

Inner Circle/Express Success Monthly Class

Who tonight is for

Anyone who screens anyone—

- Potential renters
- Potential seller finance buyers
- Potential borrowers

It's tough out there!!

- Fake documents look far more convincing
- Fake references are easy to arrange
- AI can create an entire application package

The Liarmouths Have Always Been Around, But Now…

The motivations for lying have increased dramatically!

- Rents have outstripped incomes
- Covid assistance is gone
- Stricter laws about screening have led to stricter screening
- All the rental owner hate…

A vacancy is cheaper than the expensive discovery that…

- The income was never real
- The job did not exist
- The landlord reference was a friend
- The applicant was not who the application claimed

The best approach

Treat the application as a list of claims that must be investigated and proven

The claims you need to verify

- Identity and intended occupants
- Current employment and income
- Address and rental history
- Landlord and employer references
- Documents supplied as proof

What we REALLY want to know…

- Can/will the resident pay as agreed?
- Will the resident follow the lease?
- Will the resident care for the property?
- Has the applicant been truthful about material facts?

You Need Written Criteria BEFORE you Take Applications

- Choose lawful standards (income, past rental history etc.)
- State the documentation you require
- Decide how material misrepresentation affects approval

The legal guardrails

- Use the same process for every applicant
- Follow federal, state and local fair housing rules
- Get proper authorization for consumer reports
- Send required notices when a report affects the decision

The screening system

Six steps that don’t depend on your mood, or how charming the applicant seems

Step 1: Pre-screening

- Use the same questions for every prospect
- State the rent, deposit and minimum criteria
- Explain what you will verify
- Do not schedule a showing for someone who cannot qualify
- Keep a record of the answers

Step 2: A complete application

- Every adult applicant completes and signs
- Current and prior addresses include dates
- Employment information includes dates and contacts
- All income the applicant wants considered is disclosed

The authorization

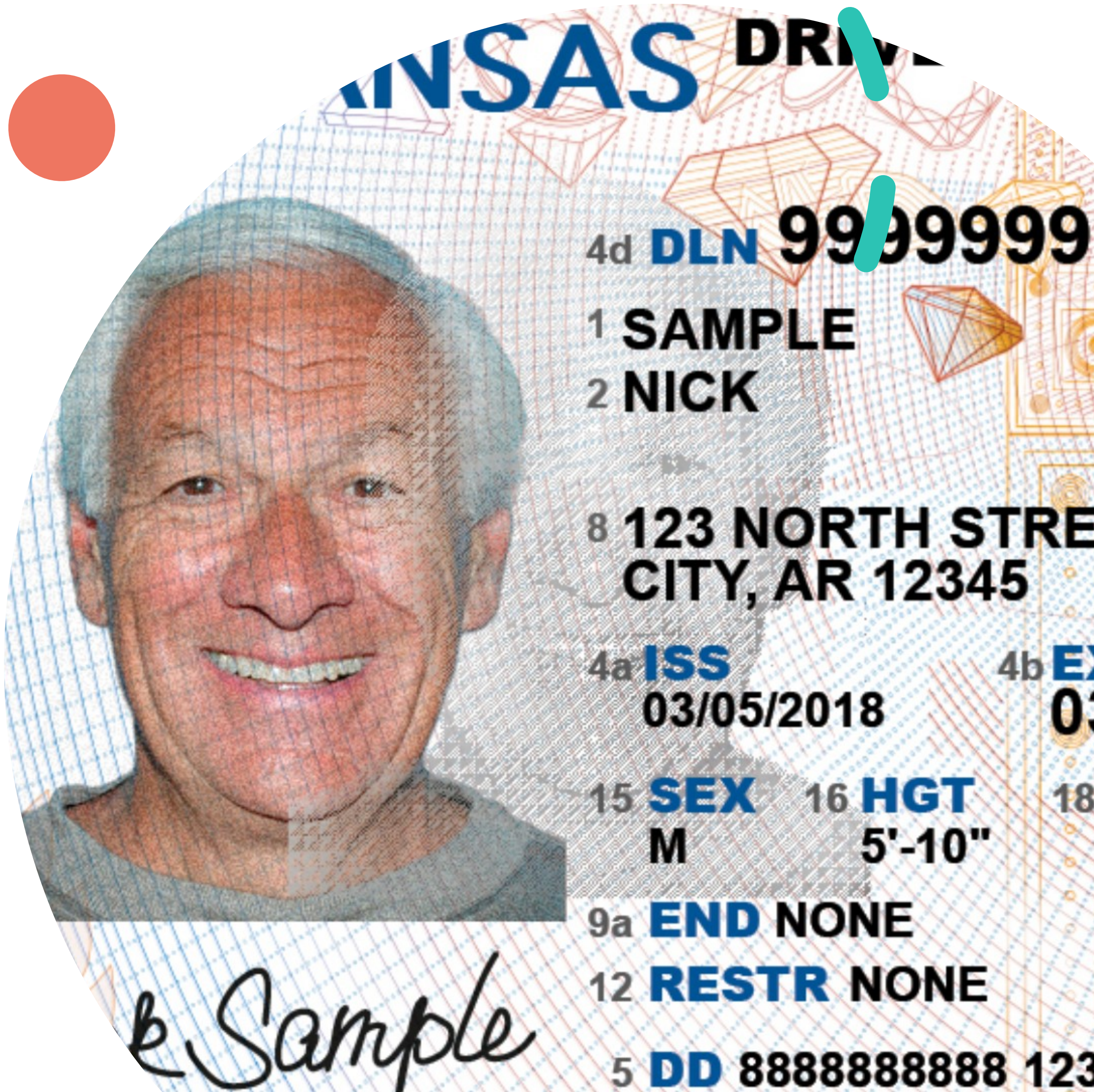
- Permission to obtain screening reports
- Permission to verify employment and income
- Permission to contact current and former housing providers
- Certification that the information is complete and truthful

Identity and rental history

Start with the person, then reconstruct the history

Step 3: Identity verification

- Compare government ID with the application
- Confirm the photo matches the applicant
- Compare names and birth date across records
- Investigate unexplained conflicts



Address history

- Compare the application with the screening report
- Look for omitted addresses and unexplained gaps
- Check dates for overlaps or impossible timelines
- Research court records only as permitted by law

Is the “current housing provider” really the “current housing provider”?

- Look up the property owner independently
- Find the management company through a public source
- Call the number you found yourself

Questions for former housing providers

- What were the tenancy dates and monthly rent?
- Was rent paid according to the lease?
- Were notices or lease violations documented?
- What was the property's condition?
- Would the applicant qualify to rent from you again?

Compare the answers!

- Do the dates match the application?
- Does the stated rent match?
- Do occupants and animals match?
- Does the reason for leaving match?

Employment and income

Verify the source, the amount and the pattern

Step 4: Employment verification

1. Find the company independently
2. Use a published main number or verification service
3. Confirm status, start date and position
4. Confirm earnings only as allowed

Pay-stub cross-checks

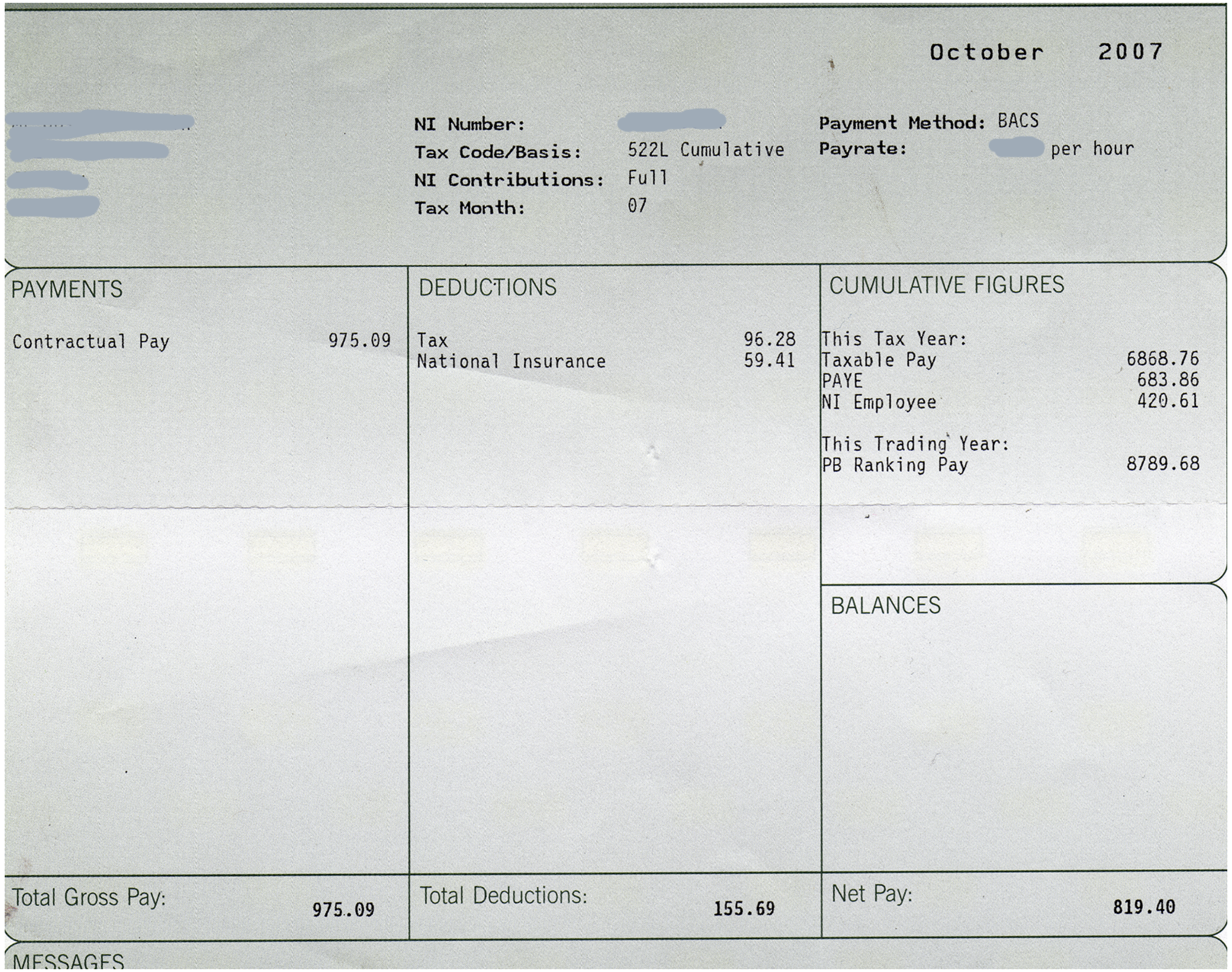
Employer name and address

Pay period and pay frequency

Gross pay, deductions and net pay

Year-to-date totals

Employer or payroll verification


October 2007

NI Number:
Tax Code/Basis: 522L Cumulative
NI Contributions: Full
Tax Month: 07

Payment Method: BACS
Payrate: per hour

PAYMENTS		DEDUCTIONS		CUMULATIVE FIGURES	
Contractual Pay	975.09	Tax	96.28	This Tax Year:	
		National Insurance	59.41	Taxable Pay	6868.76
				PAYE	683.86
				NI Employee	420.61
				This Trading Year:	
				PB Ranking Pay	8789.68
				BALANCES	
Total Gross Pay:	975.09	Total Deductions:	155.69	Net Pay:	819.40

MESSAGES

Does the pay-stub math work?

- Do the deductions add correctly?
- Does year-to-date pay fit the pay period?
- Does the stated start date fit the totals?
- Do several consecutive stubs remain consistent?
- Oh, and do the Facebook and LinkedIn pages jibe with the job?

Self-employed or irregular income

- Define acceptable proof in advance
- Use enough history to establish a pattern
- Verify contracts, invoices or deposits when appropriate
- Apply an equivalent standard consistently

What to do about self-employed people

1. Check bank statements

- Do deposits match the claimed net pay?
- Do dates match the pay schedule?
- Does the balance pattern make sense?
- Do multiple statements show continuity?

The cross-check

Fraud usually appears between the documents

One story, several sources

- The pay stub names the employer
- The employer confirms the job
- The deposits match the claimed pay
- The timeline fits the application
- The screening report supports the addresses

Behavioral warning signs

- Urgency tied to skipping normal steps (“I brought all that with me!”)
- Stories that change when details are requested
- Resistance to ordinary authorization
- Documents supplied in odd or incomplete fragments

Do not decide by intuition

- Charming applicants can be poor residents
- Nervous applicants can be excellent residents
- Appearance, accent and likability prove nothing
- Translate every concern into a neutral verification step

Screening reports that you pay for can be wrong

- Confirm the record belongs to the applicant
- Check dates, jurisdictions and dispositions
- Watch for duplicate or incomplete records
- Look for missing information

Mini-case

The paperwork looks excellent

What the application says

- $6,400 in monthly income
- Three months with the current employer—”graduated from nursing school”
- No housing provider reference—”I lived with my mom while I was in nursing school”

What the verification finds

1. The address she claims to live in is owned by a 28 year old—likely a sister
2. The last address on her skip trace is in an apartment completely different area
3. Call to the owner of that apartment reveals that she does in fact live there with her boyfriend, and is under eviction

The decision question

- What explanation did the applicant provide?
- Can independent evidence resolve the conflicts?
- What does your policy say about material misrepresentation?
- Would you use the same rule for every applicant?

The decision and the file

A good screening decision can be explained later

Step 6: Document the decision

- Record the facts you relied on
- Identify the written criterion applied
- Keep the application and supporting documents securely
- Send every notice required by law and policy

When a consumer report affects the decision

- A denial may require an adverse-action notice
- A higher deposit or cosigner requirement may also qualify
- The notice identifies the reporting company and dispute rights
- Use counsel-approved forms and procedures

Owner-financed sales need a separate process

- Rental screening alone may not satisfy lending rules
- Ability-to-repay requirements may apply
- Use an attorney and licensed mortgage professional when required
- Do not reuse the rental file as the entire credit decision

How to make thorough screening faster

- One pre-screening script
- One current application
- One verification checklist
- One organized file
- One decision and notice workflow

No keys until the file answers six questions

- Who is this person?
- Where has the applicant lived?
- Who owns or manages those properties?
- Where does the income come from?
- Do the numbers and dates agree?
- Did we apply our policy consistently?

The three things to fix tomorrow

- Update the written criteria and application
- Build the independent-source verification checklist
- Stop treating applicant-provided phone numbers as verification

Questions

Trust people. Verify applications.