

IN THE KNOW

TIPS AND TOOLS FROM THE RESIDENT SCREENING EXPERTS

WWW.RENTGROW.COM

307 Waverley Oaks Rd, Suite 301, Waltham, MA 02452 800.736.8476



RentGrow
RESIDENT SCREENING EXPERTS

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President's Letter



As resident screening experts, working closely with property management companies across the country, we would like to offer some insider knowledge to the industry on how to maximize the current applicant pool during the upcoming "busy season" for rentals.

Taking the time to re-evaluate a few key areas within your screening criteria and making strategic adjustments to align with the current applicant pool will help you to maximize occupancy in 2010. As always your comments and suggestions are welcome.

Sincerely,
[Mike Lapsley](#), CEO
RentGrow, Inc.

RentGrow "In the Know"

Maximizing Your Applicant Pool: 3 Screening Criteria Adjustments

With an ever-changing applicant pool, you must make strategic adjustments to your screening criteria to ensure that you are renting to as many qualified applicants as possible. As 2010's rental season begins to take off, it's a good time for management companies to review their current acceptance criteria. First, you want to ensure that your screening criteria and corporate goals for 2010 are aligned, and that the former doesn't interfere with the latter. Next, you want to evaluate your existing screening criteria in the context of your current and future applicant pool.

Based on a study of RentGrow clients, application volume has increased by 4% through the first few months of 2010, when compared with the same time period in 2009. At the same time, the number of rejected applicants has increased by 1%. Looking forward, properties will begin to see more and more applications as the "busy season" arrives, while also seeing the credit worthiness of their applicant pool continue to decline as those most impacted by the economic downturn begin to return to the rental market. Properly evaluating the risk of this growing population of "borderline" applicants will dictate a property's level of success in 2010 and beyond.

Based on current rental conditions and real-life success stories of our clients, RentGrow recommends three key screening process adjustments to consider for 2010:

1. Reduce the Time Period of Evaluation

We recommend reviewing the time period evaluated for credit and criminal history in your screening criteria and adjusting if appropriate. We have seen companies successfully increase their acceptance rates by reducing the time period evaluated for credit and criminal history. One 12,000 unit property management company in the Midwest reduced the number of years that credit data was scored from 2 years to 1, increasing the number of accepted applicants by over 5%, while at the same time maintaining a low delinquency rate. Another company decided to overlook misdemeanor criminal offenses over 5 years old, yielding them an additional 1% in acceptances.

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Owners with portfolios of fewer than 500 rental units can now [screen their applicants](#) quickly and effectively. Visit [ScreeningWorks](#) for more information on how you can take advantage of RentGrow's expertise using [ScreeningWorks' Online Tenant Screening](#) application.

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2. Examine Security Deposit Amounts

We recommend that you examine your security deposits levels to determine whether or not yours are inline with local competition. In today's economy, qualified applicants can be won over with a more attractive deposit, such as surety bonds or monthly rental supplement programs.

3. Better Understand Your Cancellations

As application fees have fallen, and in some cases disappeared entirely, cancellation rates have increased significantly. Historically, 10-15% of applicants who applied and were accepted would cancel prior to move in. In recent years, this number has doubled to an average near 30%. For every 100 accepted applicants that your company is able to attract, nearly 30 of them are choosing to take residence elsewhere. By monitoring and studying this applicant group, you can better understand why this is happening and ultimately reduce your number of cancellations.

Although we don't have control over our current economy, property managers can make the proper adjustments to lessen the blow. By honing in on maximizing each property's applicant pool, property managers can keep vacancy issues at bay during this tough economic time. It is wise to discuss possible strategic criteria adjustments with your resident screening provider to maximize the true potential of your applicant pool; they can help to qualify the best of the bunch and fill your vacancies with qualified renters.

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If you have additional questions about other aspects of your resident screening strategy you can contact RentGrow at 1-800-RENTGROW (1-800-736-8476) or visit our website at <http://www.rentgrow.com>.