



Systematic Screening

With resident screening, e-leasing and collections integrated into a single software system, owners are saving time and money.

BY LAUREN BOSTON

Resident screening used to be a real pain for apartment owners and management companies. Criminal and civil records weren't easily accessible and credit bureau reports were the only consistent source of applicant data. Leasing agents, in turn, were taking a gamble.

Today, the process is more efficient and reliable. Many screening companies are fully integrated into a core property management and accounting system, streamlining the process into a resident screening one-stop shop. The infrastructure enables leasing agents to apply consistent and comprehensive screening criteria to each prospective resident—and to do so efficiently.

"Our integrated screening system provides a reliable, automated process," says Michael Johnson, Executive Vice President and Chief Administrative Officer for ALCO Management Inc., a Memphis-based apartment management company. "Being able to launch a credit check directly from our property management software guest card workflow or from our marketing portal, without having to use a separate system, has enabled our leasing agents to work much more efficiently," he says. "We no longer have to enter the same information into two systems, so there is

less of a chance that data will be entered incorrectly."

Working from a single technology platform has enabled ALCO to reduce its number of technology vendors, which has in turn minimized spending. The integrated system also allows the company to customize decision criteria for each property, ensuring the enforcement of uniform screening standards.

Sign On the (Virtual) Dotted Line

Owners seeking the most qualified batch of prospective residents might want to start their search on the Web.

To cater to this group of prospective residents, owners are making it easier than ever for applicants to drop the pen and instead click the mouse by incorporating electronic signature technology into their documents.

Aaron Stright, Operations Manager for Washington-based HNN Associates, LLC, says his apartment management company requests that all prospective residents complete their application online. Each application is then accessible through the same portal as the credit and background checks. Once a prospective resident has been screened and cleared, a leasing agent can e-mail the applicant an invitation to sign their lease electronically. The signed lease is available online should a resident need to review it.

"The e-signature technology has not only saved us time and paper, it's also been very helpful in our interactions with residents," says Stright, whose company manages 2,500 units, all of which are affordable housing. "A resident is required to electronically initial each page of our lease before the technology allows them to sign the final page. If a resident later says they never read one of the pages and were unaware of a certain policy, we have proof otherwise. We also know how long they spent on each page of the lease."

Stright estimates that 97 percent of HNN's residents take advantage of the e-signature technology.

Putting a Dent in Debt

In the end, when there's nothing left but an empty apartment, there are two types of former residents: the ones who pay their debt, and the ones who don't—unless they're sent to collections.

Or so says Joseph Elhabr, Vice President of Sherman Oaks,

Screening for Sex Offenders

According to the National Center for Missing and Exploited Children, there are more than 700,000 registered sex offenders living in the United States. To protect both their residents and their reputation, apartment management companies must effectively use national sex offender data to screen prospective residents.

The national sex offender database, known as the Dru Sjodin national sex offender list, is publicly accessible online and includes aggregated data from all 50 states. Apartment managers should make sure resident screening providers understand the importance of using such a database to provide clear applicant screening files with documentation showing the national sex offender search was conducted on each applicant.

This is especially imperative for affordable housing providers. According to the Department of Housing and Urban Development (HUD), under a 1998 federal law, sex offenders cannot reside in Section 8 housing, either directly or as part of a larger household. To avoid the risk of a failed audit or lawsuit, affordable housing owners must have documentation of a completed sex offender search both at the lease signing and lease renewal.

Source: RentGrow, Inc.

"We no longer have to enter the same information [twice], so there is less of a chance that data will be entered incorrectly."



—*Michael Johnson*
EVP and Chief Administrative Officer
ALCO Management Inc.
Memphis, Tenn.

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—*Aaron Stright*
Operations Manager
HNN Associates, LLC
Bellevue, Wash.

Calif.-based IMT Residential, which manages 16,500 units in five states. Elhabr's company has been using a third-party collection agency for nearly a decade to chase down residents who move out with debt and has recently centralized its collection process to improve its efficiency.

The key change, Elhabr says, has been reducing the time between when residents move out and when their debt is sent to the collection agency. After reducing the window of time from 60 to 90 days to just 30 days, IMT Residential is averaging a half percent increase over what they were able to collect before. It may not seem like much, he says, but the increase can add up quickly.

The third-party company's electronic collection tools also are tied to its resident screening product to provide the whole picture

of the credit cycle.

"It allows IMT Residential to better analyze screening criteria in determining if a resident meets the property's qualification standards," Elhabr says. "It's also a way to gauge the likelihood that a resident will fulfill his or her lease."

By analyzing screening and collections together, the management team can understand the impact of their credit approval standards and recognize preventable bad debt associated with applicants who were not screened properly or that resulted from management overrides of the screening partner recommendation. ■■

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Thank You

Yardi, On-Site and ResidentCheck contributed to this article.

FYI

For a list of National Suppliers Council (NSC) members that provide resident and employee screening services, please see pages 76-77.

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