

My 10 Steps to Finding, Screening, and Keeping Great Tenants



Sarah Larbi



Introduction

One of the biggest fears for many newbies when it comes to real estate investing is getting stuck with nightmare tenants.

I am sure that you have heard the horror stories in the media or through a “friend that had a friend” with these bad tenants. The ones who were either not paying rent and living in the property while the landlord was trying desperately to get their property back in court, or the stories of the tenant who trashes a property and leaves it in a state of disrepair costing the landlord thousands of dollars to get it back into rentable condition.

These situations can and do happen, but to be honest the majority of tenants want to be good and the nice stories usually don’t make headlines. In many states and provinces, once you hand over the keys to your tenant, the courts will favor them if it came down to it, so it is extremely important to do your due diligence before handing over the keys.

To help you navigate this process, I have put together a list of the 10 things that I do in order to find and screen prospective tenants. I want to ensure that I screen out the bad ones as much as possible and give the keys over only once someone has passed through all these steps with flying colours.

To your real estate investing success

Sarah

1. Don't Waste Time: Start advertising when you have removed your conditions on the property



Most great tenants that you will want living in your properties will decide to give their current landlord 30-60 days' notice to move. If someone is in dire need of a place for the following week, it always raises a red flag for me. So far, I have always found my tenants prior to closing on each of my houses by advertising the property online as soon as I go firm and remove my financing and/or inspection conditions.

When I am purchasing a property, I will ask for 4 showings that way I can use 3 of them to do tenant showings. If you have something that doesn't need too many renovations and can be shown as is, then I suggest not wasting time and getting some prospective tenants through. If you find the right tenant through these showings, you can get them moved in soon after closing and they still have time to give their current landlord notice. A true win win scenario.



Mentor Tip: Always use your final showing to view the property on the very last day before the closing to ensure everything is as you remember and that the property will be vacant if that is what you requested.

2. Ask for something specific in your ad

When I post my ads online, I will either use some of the images from the MLS listing if applicable or take a picture of the front of the house. I will list the features and benefits of the property, move in date, rent price, and that I will be doing a full background check.

Since I have time on my side by posting early, I like to test the market and set my rent at higher than average. Then I wait a couple days to see how many replies I get vs how many views. This has allowed me to get some very good rent amounts.

The most important part of my ad are the instructions. It allows me to know who can follow them and who doesn't bother to. For each ad, I will ask for a phone number and name so that I can call them myself, and also for the prospective tenant to tell me a little bit about themselves (I leave it to them to decide what to share). I do not post my name or number as I want to be the one contacting them once they have responded.

If a prospect does not reply with these simple requests, I simply do not respond to them. For me, this is a good indicator that they either can't follow instructions or don't care enough to read the ad in full. Not the type of tenant I want living in my properties.



Mentor Tip: If you are not getting the replies you were hoping for, do not become desperate and start responding to replies that don't meet your guidelines and instructions. Rather try reposting your add every couple of days to keep your ad near the top and change the titles and images to keep it fresh.

3. Complete a pre-screening process over the phone



When I see some replies that meet the requested information I call the prospective tenant and pre-screen them over the phone.

My first question is always my asking them if they have any questions about the property.

That is a good indicator of whether or not they just applied to a bunch of places or are actually interested in my property. Then, I will briefly describe the property; features, closing date, move in date and whatever other details I think would be beneficial to share. Once I have provided some information and established some rapport, I ask them if they would be ok with me asking them a few questions.

Some of the questions I ask are:

- Who would be moving in?
- Why are you looking to move?
- When would be your ideal move in date?
- How long have you live in your current property?
- What is your current rent? How long would you plan to live in this new home?
- Describe your current relationship with your landlord.
- What steps and measures did you take last time you were late on rent?
- Do you smoke?
- Do you have pets?
- Do you like gardening/ landscaping?

Of course this is not the complete list, but these are some of the main ones I like to ask.

I then let them know that I will be conducting showings and if they like the property and want to fill out an application, that I will be doing a full background check which includes a credit check, verifying income, calling past and current landlords etc. I then ask them if they think any of this would be an issue or if they have any concerns.

This is where I get a lot of comments and tenants open up about bad credit, issues with the current landlord, issues in court and more.

At this point if I like their answers to the questions I will schedule a showing and move them forward in the process. If not I will nicely end the conversation.



Mentor Tip: Ensure you write down the answers to the questions you ask the prospective tenants so that you can compare them later on in the process when you are reviewing their applications. Furthermore, once you discuss the process over the phone with your prospective tenant and how thorough you will be conducting the checks, the bad tenants will often decide to move on to someone else with an easier process.

4. Schedule your showings efficiently

Your time is your most valuable asset so always treat it as such. I prefer to schedule tenant viewings within a short time span from one another. If you need to drive to the property and you only have one showing and that tenant doesn't show up, you have wasted time for nothing.



This is why I schedule my showings within 10 minutes from one another and try and get as many qualified ones to view the house within a 1-2 hour time frame. For example I will schedule showings at 1pm, 1:10pm, 1:20pm and so forth. I will schedule these a week out so that I have time to add more prospects that have passed the pre-screening.

At least if one of them doesn't show up, you have another one coming in 10 minutes. In addition, it will create some urgency to apply on the tenants part when they see others coming and going from the property.



Mentor Tip: Ask the prospective tenants to bring their ID as well as 2 recent pay stubs (Or have them bring proof of income if they are on disability) to the showings as you will be checking this when you hand them an application. This will allow to test to see if they can follow instructions and help weed out anyone trying to bypass steps or pull wool over your eyes.

5. Prepare a thorough application form and complete an interview in person



Anyone over 18 should receive and complete an application form. It should be completed by the tenant in full. You should be able to get an application form through your realtor or you can ask another investor for theirs.

My application form also includes 3 pages of questions that I ask them to fill out in order for me to get to know them better. This helps me get a better idea of who they are and cross check the answers with my phone pre-screening questions.



Mentor Tip: If you would like to get a copy of my questions that I add to my application page please email me at sarah@sarahlarbi.com

6. Ensure you have been given all the necessary information

This includes but is not limited to: proof of income such as last 2 pay stubs, letter of employment, bank statements if needed, verified their Photo ID, received their SIN numbers to pull their credit checks with a signed acknowledgment form that you can go ahead and pull the credit.



Also contact information for the current landlord as well as the 2 past landlord references, past property manager contact information if applicable, a completed application form detailing their address and previous address as well as how long they lived there.

This information should be on the application and it is important to ensure it is complete and accurate.



Mentor Tip: Sometimes a tenant will have their own credit checks done. My recommendation is to always pull your own as they can be easily changed or altered by the tenant.

7. Do your due diligence and set your requirements

Now that you have all the information in your hands, be thorough and check for any red flags or discrepancies.



Call and speak to every current and past landlord indicated on the form and have a list of preset questions to ask them. Try and come up with a few trick questions to see if the landlord is real and not one of their friends pretending to be a past landlord.

Set your minimum criteria of what you will accept and what you will not accept and ensure it does not discriminate or go against any local laws.

I also like to look at all the tenants' social media accounts such as Facebook, LinkedIn, or Instagram. I can also try to find some images of them in their homes and get an idea of their home cleanliness on Facebook.



Mentor Tip: It is important that you look at affordability as some tenants may not realize they can't afford a certain property. My rule of thumb is 3x or more income for the rent. This reassures me that they will not be strapped or be too close to the edge.

Another great tip is to find a local paralegal who you can call and build a relationship with. You will then be able to ask them if they have heard of certain tenants that you are considering. If not that is a good sign.

8. Signing the lease agreement



Even though this may be a common practice, I urge you never to sign any lease agreements in a coffee shop. Set the expectation early on with the tenants that you are a professional landlord and should be treated in a professional manner at all times. Pick an office location such as your realtors' office or rent a space at a Regus office to review the lease with them.

All tenants over 18 should be present to sign. Read over each line with them to ensure they understand what everything means and have them initial each page. Answer any questions they may have and at the end of the signing, and ensure they have a copy of the agreement to take home with them. Personally I also collect last months' rent upon signing in cash or certified check.



Mentor Tip: Get a paralegal on your team before you actually need one. This will serve many great purposes. In this case for lease agreements, many of them have templates that they share with you so you do not need to create one. Before meeting to sign this lease send your paralegal your filled out lease agreement for review

9. Handing over the keys

On move in day, I will meet the tenants at the house and do an entire walkthrough of the property with them noting any damages and overall condition of the property.

I will also take pictures of each room to use in case of future damages that I need to prove. I also leave them with a move in checklist to fill out and send back to me within 7 days of moving in. This checklist allows them to note the state of each of the rooms, appliances, as well as any damage they noticed.



Mentor Tip: I like to do a little something nice for my tenants on move in day and I think that it goes a long way in establishing a great professional relationship from day one. I will get my tenants a card saying welcome home and a cake which has “welcome home” written on it. It doesn’t cost a lot and is greatly appreciated.

10. Be a good landlord



This is a 2 way relationship and you need to do your part as a landlord too.

Treat your tenants well and with respect.

Respond in a timely manner when your tenants contact you.

Fix repairs when needed.

Ensure you give proper notice to enter the premises.

Remain professional and follow the rules and regulations.

Just like there are bad tenants there are also bad landlords out there. Don't be one of them.



Mentor Tip: Always remember your reason for wanting to become a real estate investor. It is a long game and not a get rich quick one. There will be great days and some stressful ones but you will get through it by following these steps and getting the right team of professionals on your side. If you can't handle the bad days you can always hire out a property manager and manage the manager instead.

Meet Sarah Larbi

The Millennial Real Estate Investor, Speaker, Mentor

“Inspiring young professionals to own property faster and easier”



Sarah
Larbi

specializes in helping take the mystery out of home ownership for millennials, who thought real estate investment was going to be out of reach. She has earned their trust and respect by having the drive and focus to embark, build and grow a seven-figure (or home) investment property portfolio by her early 30's.

Sarah's goal is to inspire young professionals to realize their own property owning dreams by sharing her simple 7-step investment process that can result in going from first property, whilst fully employed, to planning retirement in around 15 years. Her results-oriented approach has been featured in The Toronto Star, 1010 News Talk Radio, and Canadian Real Estate Wealth Magazine and she has been an invited speaker at the Canadian Real Estate Wealth Investor Forum.

Her boundless energy and continued focus on knowledge building and personal development see's Sarah as host of her own podcast "Where Should I Invest?" In

the podcast Sarah interviews fellow real estate investors about their strategies and geographical focus, providing valuable insights to her audience with actionable tactics for their own real estate goals.

Sarah has spoken on investing for millennials at several young professional networking groups and she also co-hosts regular investor learning sessions, for experienced and newer investors, through the SO REIT Club.

When not attending various real estate and investor conferences and events or looking for her next investment property, Sarah can be found enjoying her time outdoors with friends and family, trying out new restaurants and brunch spots, or hanging out at a local Starbucks.

To book Sarah as a speaker for your event please contact;

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For more information on real estate investing for young professionals go to www.sarahlarbi.com