



About the Presenter



Heather Staggs, AHM, CPO™, FHC™

Ms. Staggs brings knowledge from both sides of the aisle. Formerly with the Colorado Housing and Finance Authority (CHFA) and, prior to that, the U.S. Department of Housing and Urban Development, she is an expert in compliance with low-income housing laws and regulations. As a long-time property manager, Ms. Staggs possesses the real-world, hands-on knowledge of applying the rules of the trade. Her experience includes:

- More than 20 years of property management experience with deep knowledge of multifamily programs and regulations, including: Project Based Section 8, Low Income Housing Tax Credit, FDIC Affordable Housing Program, and FHA and Non-FHA Loan products
- Former Manager of Section 8, and Multifamily Program Compliance and Asset Management Officer with Colorado Housing and Finance Authority (CHFA)
- Former Project Manager with the U.S. Department of Housing and Urban Development
- Former Sr. Director of Property Management
- Former Community Manager/Assistant Manager with Windsor Communities / General Investment and Development
- Former District Manager with McCormack Baron Management Services and Wilhoit Properties
- Former Special Task Assignment Response Team Specialist with Property Asset Management / AIMCO
- Attended the University of Denver's Executive Leadership Program 2010-2011
- Rocky AHMA's Contract Administration Special Recognition Award for Commitment to Excellence in Affordable Housing in 2011
- Recipient of a Special Recognition Award from the Denver HUD Office 2012

Before We Begin...



Introduction

Screening Your Applicants Without Being Too Restrictive

Balance



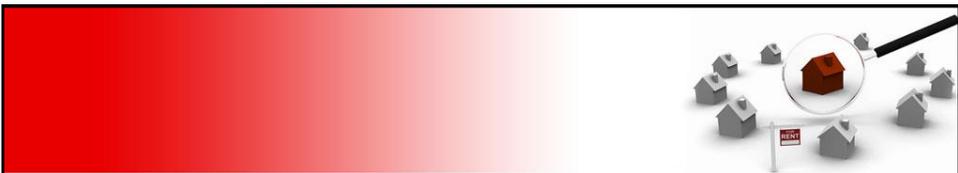
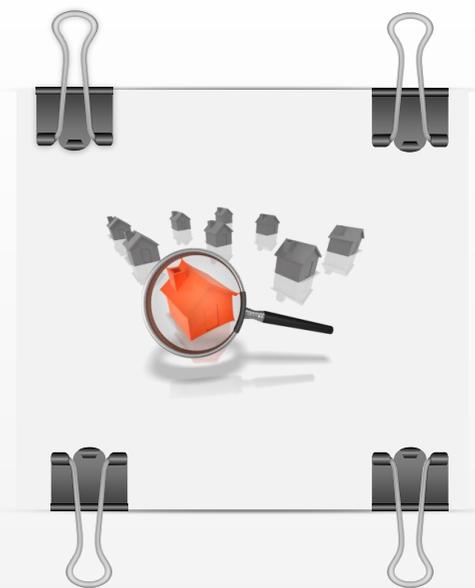
End Goal

- Reduce Evictions
- Increase Occupancy
- Protect Staff and Current Residents
- Make Property More Attractive to Potential Residents



Agenda

- Different Types of Screening
- What to Consider When Doing Screenings
- Different Types of Credit Reports
- Reasonable Accommodations for Applicants
- Fair Housing



Different Types of Screening

Tenant Selection Plan

- Owners must create written screening criteria that prohibits the admission of certain individuals who have engaged in drug-related criminal behavior, or are subject to a State lifetime sex offender registration program, or are individuals whose abuse or pattern of abuse of alcohol interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

Tenant Selection Plan

- Be sure to define:
 - Arrest
 - Conviction
 - Felony
 - Misdemeanor
 - Reasonable time before admission

Required By HUD



- Criminal
- Drug Related Screening
- Lifetime State Sex Offender Registration
- Eviction From Federally Assisted Housing
- Abuse or Pattern of Abuse of Alcohol
- EIV Existing Tenant Search

Recommended

- Drug Related Criminal History
- Terrorist
- Rental History
- Credit

False Information

- If the applicant provides false information it can be grounds for denying the application
- If it is discovered after move-in that the resident provided false information during the screening process, the resident may be evicted



Criminal Screening



Reason for Criminal Checks

- Ensure safety of the staff, residents and the property

Considerations

- How long ago did the crime occur
- Was it:
 - Drug Related
 - Violent
 - Other Criminal Activity
- Felony
- Misdemeanor



Drug Related Screening



HUD Definition

- **Drug-related Criminal Activity**
 - “The illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute, or use the drug. [24 CFR 5.100]”



Mandatory Screening

- Anyone evicted from federally assisted housing within the last three years for drug related criminal activity
 - Two exceptions
 - Completed a supervised drug rehab program
 - Circumstances leading to the eviction no longer exist



Mandatory Screening

- A household member that is currently engaged in the use of illegal drugs
- The use or pattern of drug use could interfere with the rights of others to the peaceful enjoyment of the property or that would endanger the health or safety of other residents



Mandatory Screening

- If there is reasonable cause to believe an applicant's behavior, from abuse or pattern of abuse of alcohol, may interfere with the health, safety, and right to peaceful enjoyment by other residents.
- It's important to remember that the screening standards must be based on behavior, not the condition of alcoholism or alcohol abuse.



Lifetime Sex Offender Registry



Registered Sex Offender Screening

- The State of South Dakota
 - South Dakota State Legislature revised the sex offender registry laws in 2006 to permit internet based searches that allow the general public access the list of all offenders registered in the State.

Registered Sex Offender Screening

- The State of South Dakota
 - <https://sor.sd.gov/search.aspx>

The screenshot shows the 'SOUTH DAKOTA SEX OFFENDER REGISTRY' website. The page has a blue header with the state seal on the left and right. Below the header is a navigation menu on the left and a search form on the right. The search form is titled 'TEXT SEARCH' and includes instructions: 'To locate a registered sex offender in your area, fill in any one or more of the following items and click the "Search" button.' The form contains input fields for Last Name, First Name, Alias, Address, County (a dropdown menu), City (a dropdown menu), and Zipcode. There is also a checkbox labeled 'Include Incarcerated Offenders?' and a 'SEARCH' button at the bottom of the form.

National Sex Offender Registry

- Recommended website
 - <http://www.nsopw.gov>
- HUD requirements
 - Must run all states the resident has resided in or use the above database
 - Must ask if the applicant or any member of the applicant's family is subject to State lifetime sex offender registration



Dru Sjodin National Sex Offender Registry

NSOPW SMART Statewide Offender Tracking, Assessment, Reporting, and Tracking

HOME ABOUT SEARCH EDUCATION & PREVENTION REGISTRY INFO FAQ

National Sex Offender Search

Results [print view](#) [contact us](#)

483 records from a national search including all states, territories and under County for First Name (see table), Last Name (see table) To view a list of the jurisdictions included in this search, click here

Search performed 4/13/2014 8:30 PM EDT

OFFENDER	AGE	ALIASES	ADDRESS
 GRIFFIN, STEWIE	37	DOE, JOHN DOE, JAMES DOE, J GRIFFIN, STEWIE	1234 ANY STREET ANYTOWN, USA 87787 DOUGLAS CITY RESIDENCE
 WHIPLASH, SNIDELY	87	DOE, JOHN DOE, JAMES DOE, JAMIE WHIPLASH, S	DEPORTED TO MEXICO UNKNOWN YY 0000 UNKNOWN RESIDENCE
 EVIL, GARGAMEL	47	DOE, JOHN DOE, JAMES DOE, JAMIE GARGAMEL, E EVIL, GARGAMEL	MDOC FACILITY ANYTOWN, USA UNKNOWN RESIDENCE

Terrorist Searches

- Conducted by resident screening companies or your property management software vendor.
- Follow polices from the screening company. They may require that you contact the authorities.



Recommended Screening



Drug Related

- The owner may implement screening for drug related criminal activity or evictions for non-federally assisted properties

Terrorist Screening

- Owners may do terrorist watch list screening on applicants
- This must be done through a screening service

Rental Checks

- Used to determine if the applicant can meet the terms of the lease and make timely rental payments
- HUD states that owners must not deny applicants for lack of rental history; however, they may deny for poor rental history
- Do your best to rely on past rental vs. current rental history



Credit Checks

- Used to determine if the applicant has public records, collections, past due utilities
- HUD states that owners must not deny applicants for lack of credit history; however, they may deny for poor credit history





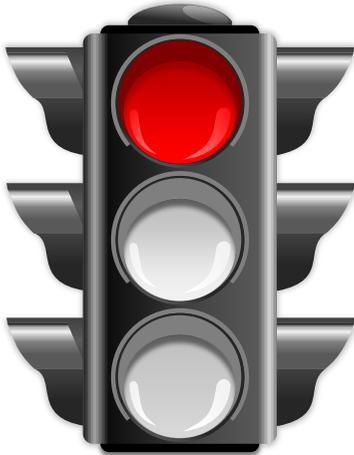
What to Consider When Doing Screenings



Credit



Credit That Is A “No Go”



Public Records

Bankruptcies, tax liens, evictions, large financial lawsuits

Past Due Utilities

History of past due bills or utility bills that have gone to collections

Collections

Large amount of collections, with high balances

Credit That Is A “Maybe”



Past Due Bills

Past due medical bills or student loans may need to be overlooked, especially if the applicant is applying for an apartment in a Section 8 community.

Past Due Utilities

Has the resident paid the past due balance. If not, can the resident pay it before move-in as a condition of approval?

Loss of Job

Are there past due or slow pays on the applicant's credit report. Can they be tied to a job loss? Have they shown improvement recently?

Credit That Is A “Go”



No Negative Public Records

Such as bankruptcies, tax liens, large financial law suits

One-time Late Payments

Does the applicant have a credit tradeline that has 5 years worth of credit history with a late payment or two?

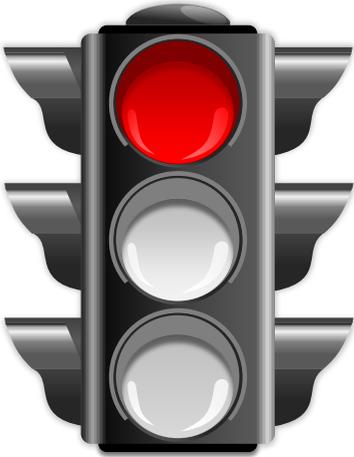
Paid Collections or Utilities

Did the applicant have collection(s) or past due utilities that have since been paid in full, with no recent collections?

Rental History



Rental History That Is A “No Go”



Eviction

Eviction from any rental. Eviction from federally assisted housing within the last 3 years for drug related criminal history.

Late Rental Payments

Habitual late rental payments more than one or two in a 12 month period.

Damages

Left damages in the prior unit. If the applicant had a large amount owing and paid in full, it may still be acceptable to deny. Verify the extent of the damages.

False Information

Applicant provided incorrect information on previous address or landlord. Public Record shows different owner of the rental property than was provided for you to contact.

Rental History That Is A “Maybe”



Lease Violation

Member of the household that had the violation is no longer part of the household

Owed Small Amount at Move Out

Applicant left owing a balance; however, it was small and they paid it off as soon as they found out about it.

Foreclosure

Applicant lost their job and therefore lost their home. The applicant has solid employment and rental history for the last year.

Rental History That Is A “Go”



No Rental History

The applicant has never had any rental history.

Positive Long-term Rental History

Applicant has verifiable long-term positive rental history.

Positive Mortgage History

The applicant has owned their home for the last 10 years and had no late mortgage payments.

Criminal



Criminal That Is A “No Go”



Violent Criminal History

Criminal Homicide, Robbery, Sexual Assault, Other Assault, Burglary, Arson, Motor Vehicle Theft and Larceny.

Felony Convictions

Determine reasonable time before application (3-5 years).

Drugs , Domestic Violence

Convictions within 3-5 years of application.

Criminal That Is A “Maybe”



Non-violent Crime Older than 5 Years

Serious crime conviction over 5 years ago.

Criminal That Is A "Go"



Drug Possession Years Ago

Marijuana possession 25 years ago, no new or recent criminal history.

Misdemeanor

Misdemeanor conviction for traffic offences.

Drug Abuse or Related Criminal Activity



Drug Abuse or Related Criminal Activity That Is A “No Go”



Felony Drug Charges

Current or pattern use or distribution of drugs.

Drug related Criminal Activity That Resulted In an Eviction

Eviction from Federally Assisted housing.

Sale or Manufacturing of Drugs

Any recent history or pattern of drug sales or manufacturing.

Drug Abuse or Related Criminal Activity That Is A “Maybe”



Drug Use or Pattern Of Drug Use

Person has completed a supervised rehabilitation program.

Terrorist Search



Terrorist Search That Is A “No Go”



Resident is a Suspected Terrorist

Ensure that you do not disclose that they are on the Terrorist Watch List. Contact the authorities.

Convicted of Terrorist Activity

Any conviction related to terrorist activities.

Registered Sex Offender

A traffic light with three vertically stacked lenses. The top lens is red, the middle is yellow, and the bottom is green. All three lenses are illuminated with their respective colors. The traffic light is mounted on a black post with two side arms on each side.

Registered Sex Offender That Is A "No Go"

Life-time Registry
Applicant or any member of the household is subject to a Lifetime State Sex Offender Registry

A traffic light with three vertically stacked lenses. Only the top lens is illuminated red. The middle and bottom lenses are unlit and appear grey. The traffic light is mounted on a black post with two side arms on each side.

Registered Sex Offender That Is A “Maybe”



Sex Offender not Subject to Lifetime Registration

Tier I or Tier II offences that are non-violent

Things To Be Cautious Of



- Living with friend or relative
- Shows up in a moving truck
- Leaving blanks on the application
- Giving false owner of the previous rental property
- Has a “story” for everything



The Types of Credit Reports

EQUIFAX[®]

 **Experian**[™]

 **TransUnion**[®]

National Credit Bureaus

- Equifax
- Transunion
- Experian

Sample Experian

INTOWN DATA CORPS
 Address: 2000 R MARITOWN BLVD STE INTOWN CO 11111 (555) 555-5555
 Date of Request: 07/16/2006

Personal Information

The following information is reported to us by your creditors and other sources. Each source may report your personal information differently, which may result in variations of your name, address, Social Security number, etc. As part of our fraud prevention efforts, a notice with additional information may appear. As a security precaution, the Social Security number that you used to obtain this report is not displayed. The Name Identification number and Address Identification number are how our system identifies variations of your name and address that may appear on your report. The Geographical Code shown with each address identifies the state, county, census tract, block group and Metropolitan Statistical Area associated with each address.

7

Names:
 JOHN Q CONSUMER
 Name Identification number: 15621
 JONATHAN Q CONSUMER
 Name Identification number: 15622
 J Q CONSUMER
 Name Identification number: 15623
Social Security number variations:
 999999999
 Year of birth: 1959
 Spouse or co-applicant: NONE
8
Employers:
 ABCDE ENGINEERING CORP
 Telephone numbers:
 (555) 555 5555 Residential

9

Your Personal Statement
 No general personal statements appear on your report.

Important Message From Experian
 By law, we cannot disclose certain medical information (relating to physical, mental, or behavioral health or condition). Although we do not generally collect such information, it could appear in the name of a data furnisher (i.e., "Cancer Center") that reports your payment history to us. In such cases, these names display in your report, but in reports to others they display only as MEDICAL PAYMENT DATA. Consumer statements included on your report at your request that contain medical information are disclosed to others.

Personal Information
 Information associated with your history reported to Experian by you, your creditors and other sources. May include name and Social Security number variations, employers, telephone numbers, etc. Experian lists all variations so you know what is being reported to us as belonging to you.

Address Information
 Your current address and previous address(es).

Personal Statement
 Any personal statement that you added to your report appears here. Note: statements remain as part of the report for two years and display to anyone who has permission to review your report.

Property Management Software

- Yardi

Automate recommendations based on your criteria and help staff work more efficiently.

Key Features

- » Integrated with the entire Voyager leasing cycle, including generation of lease documents
- » Screening and operational data are combined for smarter business decisions
- » Customizable rules automate consistent decisions and improve compliance
- » Strategic analytics and executive reports provide insight into portfolio-wide traffic and screening activity
- » Integration with Voyager and Orion combines for an unprecedented 360° business intelligence view across your entire portfolio
- » Business profile reports available

Pay Per Background Check

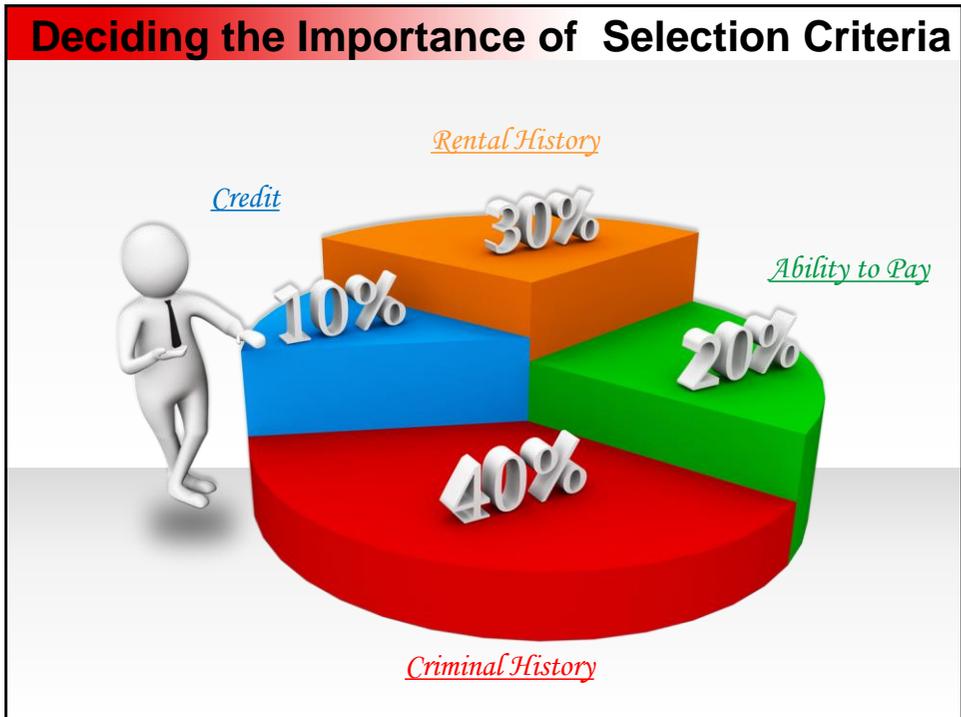
- Can purchase for \$25.00 to \$50.00
- Should go with a company that requires a site check
- Most companies offer
 - Full Credit Report
 - Eviction Records Search
 - Criminal Records Search
 - Registered Sex Offender Search
 - Terrorist Database Search
 - Rental References
 - Current Employment Verification

Items You Want on a Report

- Credit Score With:
Bankruptcies
Foreclosures
Medical Collections
- Nationwide Criminal Search
- National Sex Offender Search
- Terrorist Watch List Check
- Employment Report
- Any Known Aliases Used
- Past Address History With
Eviction Records

The screenshot displays a comprehensive background check report for a subject named John Smith. The report is organized into several key sections:

- COLLECTIONS:** A table listing various collection items such as medical bills, utility bills, and other debts, including details on collection dates, amounts, and current status.
- PUBLIC RECORDS:** A section for legal and public records, including bankruptcies, foreclosures, and medical collections.
- EMPLOYMENT SUMMARY:** A summary of the subject's employment history, including the number of employers, total years of employment, and average annual income.
- Post Address History:** A list of the subject's previous addresses, including the date reported, address, and city/state.
- Eviction Records Search Results - REVIEW:** A section detailing any eviction records, including the date reported, address, and the reason for eviction.
- Nationwide Criminal Database Results - REVIEW:** A section showing any criminal records from across the country, including the date reported, offense, and the court.



Fair Credit Reporting Act (FCRA)

- Anyone using credit report information (including background checks) to make a determination of acceptance or denial of rental housing have the following responsibilities under the FCRA:
 - You must notify the applicant when an adverse action is taken on the basis of such reports.
 - You must identify the company that you obtained the credit report from, so that the accuracy of the report may be verified or contested by the applicant.

Release

- THIS APPLICATION HAS BEEN FILLED OUT COMPLETELY AND TRUTHFULLY. _____ (Initial)
- HAVE YOU EVER BEEN CONVICTED OF A FELONY? _____.
 - IF YES, WHEN?. WHAT CHARGE(S)? _____.
- HAVE YOU OWNED A HOME IN THE PAST? _____.
 - IF YES, HOW LONG? _____. HOW MANY? _____.
- HAVE YOU EVER FILED A PETITION FOR BANKRUPTCY? _____.
 - IF YES, WHEN? _____.
- HAVE YOU EVER BEEN EVICTED FROM ANY TENANCY? _____.
- HAVE YOU EVER WILLFULLY AND INTENTIONALLY REFUSED TO PAY RENT WHEN DUE?
 - IF YES, WHEN AND WHY _____.
- I HEREBY AUTHORIZE THE OWNER/AGENT TO VERIFY THE VALIDITY OF ALL THE INFORMATION PROVIDED IN THIS APPLICATION, AND TO INQUIRE NOW OR PERIODICALLY WITH MY EMPLOYERS, FINANCIAL INSTITUTIONS, AND ANY OF THE CREDIT REPORTING BUREAUS, AND CRIMINAL SEARCH DATABASES AND LIFETIME SEX OFFENDER REGISTRIES AVAILABLE TO THEM.
- I AGREE TO SUPPLY ANY ADDITIONAL INFORMATION NEEDED BY OWNER/AGENT TO PROCESS THIS APPLICATION.
- I HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THIS APPLICATION AGREEMENT. I AGREE THAT THE OWNER/AGENT MAY TERMINATE ANY AGREEMENT ENTERED INTO IN RELIANCE ON ANY MISSTATEMENT MADE ABOVE. I DECLARE, UNDER PENALTY OF PERJURY, ALL OF THE ABOVE INFORMATION TO BE TRUE AND CORRECT, TO THE BEST OF MY KNOWLEDGE.

Applicant's Signature: _____ Date: _____

Record Retention

- The Federal Equal Credit Opportunity Act requires a creditor to preserve all written or recorded information connected with an application for 25 months.
- Under federal fair housing law, claims must be filed within 2 years of the claimed discriminatory action. Some states may have longer filing periods, so it is important to keep records for a period of at least the greater of the federal or the state requirements.

Programmatic Record Retention

- Tax Credit –
 - First year files kept for 21 years
 - All other resident files are kept for 6 years
- Section 8
 - Application if denied, 3-years from the date of denial
 - After move-in, 3 years from the termination of tenancy



Rejecting Applicants



Application Rejection Notice



- Required rejection notice must :
 - Be in writing
 - Give the reason for the denial
 - Give the applicant the right to respond to the owner in writing or request a meeting within 14 days to dispute the rejection
 - Give persons with disabilities the right to request reasonable accommodations to participate in the informal hearing process



Meeting With the Denied Applicant

- “Any meeting with the applicant to discuss the applicant’s rejection must be conducted by a member of the owner’s staff who was not involved in the initial decision to deny admission or assistance.
- Within 5 business days of the owner response or meeting, the owner must advise the applicant in writing of the final decision on eligibility.”



HUD Handbook Pg. 4-28

Rejection Letter Should State

We are hereby informing you of your rights under the Fair Credit Reporting Act, 15 U.S.C. Section 1681, et seq, as amended by the Consumer Credit Reporting Reform Act of 1996 (Public Law 104208, the Omnibus Consolidated Appropriations Act for the Fiscal Year 1997, Title II, Subtitle D, Chapter 1).

You have the right to a free copy of this same report from (credit bureau used) , if you make a written request to them within 60 days after you receive this notice. Under the Fair Credit Reporting Act you have a right to obtain a copy of your credit report, dispute its accuracy or completeness, and provide a consumer statement describing your position if you dispute the credit report. If you believe your report is inaccurate or incomplete, you may call the consumer reporting agency at its toll free number listed below, or write to them at the listed address.

Any questions regarding your credit report should be directed to (credit bureau used) .

We **do not** have the ability or authority to make changes to a consumer's credit report, only (credit bureau used) has that ability. The consumer reporting agency can be contacted at:

 (credit bureau used)
P.O. Box XXXXX
City, State Zip
Phone: (XXX)-XXXX-XXXX



Reasonable Accommodations for Applicants



Informal Hearing



- Persons with disabilities have the right to request reasonable accommodations to participate in the informal hearing process.



Fair Housing



Resident Selection Plans - Rejection

- You need to have procedures for rejecting ineligible applicants.
- The plan must describe the circumstances under which the owner may reject an applicant for occupancy or assistance.

Resident Selection Plans - Rejection

- If the owner or agent establishes a policy to consider extenuating circumstances in cases where applicants would normally have be rejected, and those circumstances indicate the applicant might be an acceptable resident, a policy must be made and be described in the plan.



Credit Scoring

SafeRent Scoring & Analytics

[Overview](#)
[Resident Scoring](#)
[Property & Portfolio](#)
[Contact Me](#)

Our resident scoring products are designed to take the guesswork out of selecting the applicants who are most likely to adhere to the terms of their lease. SafeRent offers the following products to help minimize risk.

Registry ScorePLUS®
 The Registry ScorePLUS statistical lease scoring model is a fact-based method for evaluating the risk in a proposed rental transaction. The model delivers a score that ranks leases by the loss they are likely to cause to an apartment community for:

- Unpaid rent
- Lease termination
- Property damage

A unique score is delivered for each application. On average, leases with higher scores are less likely to cause a loss than leases with lower scores. Each lease score is a summation of points based on factors from the:

- Application
- Credit report
- Landlord/tenant court records
- Consumer subprime credit data
- Other relevant sources of predictive information

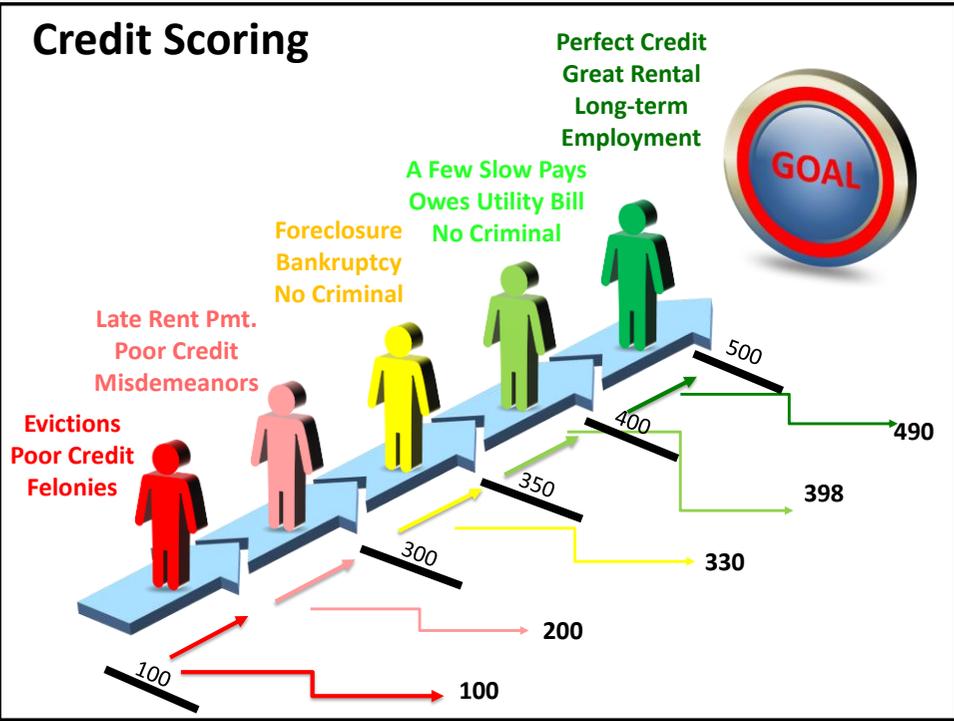
250 F	300 F	400 F	500 F	600 F	700 F	800 F
Unlikely Candidate: History of rental non-payments, property damage and evictions	Potential Candidate: One missed payment, some gaps in employment history, no outstanding collection records					Best Candidate: Excellent payment history, solid work history, no outstanding collection records

Our three-digit statistical lease score tells you which applicants are likely to default on their leases, and who is likely to stay longer, protect your property and be better able to absorb potential rent increases.

RegistryINSIGHT®
 Combining the essential screening services and scoring into one powerful easy-to-use decision tool. Management Reports include:

- RegistryCHECK®
- Registry ScorePLUS
- Credit Report
- APPLICANT™

Lease Performance Analytics
 SafeRent offers a variety of advanced services that leverage ScorePLUS to deliver superior lease, property and portfolio-level results. This solution includes a recommendation of decision points, which automatically balances property occupancy with changes in the volume and quality of applicants by recommending the optimal decision points as a result of evaluating vacancy and applicant traffic. You also receive enhanced reporting that provides an overview of the score results at the property level.





Review

- Who is screened?
- What is screened?
- When is screening completed?



Who Is Screened



- Everyone over the age of 18
- Live-in Aides
- Any new adult or Live-in Aides added to the household

What Is Screened



- Criminal History
- Drug Related Criminal Activity
- Lifetime Sex Offender Registry
- Evictions
 - Federally Assisted Housing for Drug Related Criminal History
- Credit
- Rental History
- Terrorist Watch List
- EIV Existing Tenant Search

When Must Screening Take Place



- Before Move-in
 - Mandatory
 - Criminal, Eviction - Drug Related Criminal History, Drug/Alcohol Abuse and Sex Offender, EIV-ETS
 - Optional
 - Credit, Rental, Terrorist Watch List,

When Must Screening Take Place



- Recertification
 - Mandatory
 - For Any New Adult or Live-in Aides Added to the Household
 - Optional
 - Criminal
 - Sex Offender

The Best Practice Would Be To Use A Screening Service



You Are Throwing Away Money If You Are Being Too Restrictive





S.T.A.R.
MOMENTUM
Training and Consulting for Affordable Housing Professionals

HEATHER STAGGS
303.484.1762
Questions?
heather@star-momentum.com
More Information?
www.star-momentum.com

Two 3D white figures are positioned on either side of the contact information. Each figure is holding a magnifying glass over a large red question mark, symbolizing inquiry or search.