**5 Steps to Finding and Keeping Good Tenants**

As a landlord, you want to protect your investment, but you don’t want a rental to remain vacant for long periods of time. While you might be tempted to rent the property quickly, sacrificing tenant quality may cause costly, time-consuming problems down the road. Evictions of tenants can cost you thousands of dollars (averaging $2500-$3500\* by latest TransUnion estimates) and serious headaches.

Finding good tenants can be stressful, particularly for landlords with little experience or those who are new to owning properties. The top concern in bringing in new tenants are payment problems.

There are ways to minimize dealing with a risky renter before you even start to advertise. We’d like to share some tips on attracting the best tenants, and how you can do this early on in the tenant life cycle. The following are some of the important things to remember for the best possible outcome in finding a reliable tenant for your rental property.

**Step 1 – Ge Prepared & Do Your Research**

First things first, you should do your research. As with any type of business, there are best practices to follow. It is important to familiarize yourself with federal, state and local housing and tenancy laws that might apply to you. Many jurisdictions regulate the advertising and tenant selection process. A good source of information on these issues might be your local attorney bar association. Attracting a top-quality tenant starts with your property. If the property is in good condition, you will have an easier time attracting a better tenant. It also sets the standard for the condition in which a tenant will leave the property. When you show respect for your property by keeping it in good condition, it sets an expectation for your tenants to respect the property as well. However, you should consider the neighborhood income level in the area of your rental property. If you over-improve your investment property with the idea of charging a higher rent, one that requires a salary significantly above what most families on the block bring in, you might have a difficult time finding the right tenant.

**Step 2 – Advertise**

Now you’re ready to start advertising. These days, it’s best to skip the expensive flyers. Online advertising is now the industry standard thanks to its popularity with renters, ease of use, and minimal cost. There are a variety of advertising sites to choose from, and some of them will send your ad out to other sites as well. [Zillow](http://www.zillow.com/rental-property-advertising/) is a good resource that has no limitations on the number of photographs you can upload. [Craigslist](https://www.craigslist.org/about/sites#US) is another popular and free option for advertising your rental - just be sure to keep your ad current as it can quickly become lost in the sea of other property advertisements. [Radpad](https://www.onradpad.com/) is also a great alternative that has quickly gained popularity with renters thanks to its easy-to-use mobile interface. You can also create a virtual video tour to post on YouTube, which can be copied into the body of your advertisement. Make sure to point out both the positive and negative aspects to the apartment, so you don’t waste your time or that of prospective tenants by showing them a property that isn’t right for their needs-- e.g. no dedicated parking space. An older, but tried and true, method of sourcing reliable tenants is asking your friends, family, and best tenants if they have friends who are looking to rent. You can even offer a finder’s fee to sweeten the deal and increase the likelihood that they will help you find replacement or additional tenants. You may also want to consider keeping an active waiting list for your properties. This way, you won’t be tempted to rush into accepting a less-than-stellar applicant simply because a property is vacant.

*Source: TransUnion*

**Step 3 – Set Expectations Up Front**

A well-placed advertisement with clear photos will generate a multitude of responses. Many of those people won’t meet your criteria, and you’ll want to separate these queries from those better qualified as quickly as possible. One way to avoid wasting time is to set expectation upfront with applicants during your first contact with them. Your first contact with the applicant typically takes place by email or over the phone. This is your chance to gather some basic information about the applicant that can help separate applicants who aren’t a good fit. You can gather information such as name, contact information, reason for moving, occupancy date, pets, smoking, rental term, etc. This is also an opportunity to let them ask questions to see if your rental meets what they’re looking for. Once you’ve established a short list of possible candidates based on your initial evaluations, you’ll be ready to have them fill out an application and begin tenant screening.

**Step 4 – Conduct a Comprehensive Tenant Screening Process – Checking Credit, Past Evictions and Criminal Background**

A full tenant screening is one of the most crucial steps in finding a good tenant. Some questions can’t be answered by a quick Google search. Checking their credit, criminal and eviction history gives you a well-rounded view of who they are, their ability to pay, and suggests what risks might be associated with the tenant. “[TransUnion SmartMove](https://www.mysmartmove.com/)” offers this service, providing great reports that help you pick great tenants. While a credit report is a great measure of a prospective renter’s financial history, it is important to verify employment and income for assurance that the prospective tenant has the means to pay the rent. Ask to see current pay stubs to ensure that their salary is high enough; the industry standard is three times more than the rent. You will also want to have an actual conversation with their employer, on a company line.

Remember that selecting a new tenant is a business decision. It’s important to keep your emotions out of your selection, and to consider the data you receive from tenant screening reports. By remaining objective and keeping your criteria the same for all applicants, you’re less likely to make an emotional decision that you regret later.

**Step 5 – Maintain Mutual Respect to Retain Good Tenants**

Once you find a good tenant, a mutually respectful relationship will ensure the longest possible stay. Just as you expect them to pay their rent on time and keep the property in good shape, they expect you to keep up to date with maintenance and repairs. A lease agreement that outlines all your policies (number of persons in the rental, payment due date, late fees, pets, smoking, renter’s insurance requirements, etc.) will prevent misunderstandings down the line.

In the end, the tenant screening process is the most important way you can protect your investment property. Finding reliable, profitable tenants becomes much easier once you create a consistent process, and use it each and every time.

*Source: TransUnion*