



# ***Rent Smart***

## ***Module C***

# ***Application Process***



**Extension**

UNIVERSITY OF WISCONSIN-MADISON

**Rent Smart 2017** focuses on the knowledge and skills essential for a successful renting experience. It challenges participants to know and understand their rights and responsibilities as a tenant as well as know and understand the rights and responsibilities of their landlord. Emphasis is on forming a strong partnership between the tenant and landlord. **Rent Smart** was originally based on information collected through focus groups held with property managers and tenant advocates. It was piloted under its original name, **Good Neighbor-Good Tenant**, for several years, then taught as **Rent Smart** in numerous Wisconsin counties for the past 15 years.

**Rent Smart 2017** participant goals include:

- Learn new skills to build positive relationships with landlords and neighbors.
- Gain confidence in their ability to find and maintain affordable housing.
- Understand the application and screening processes used by landlords.
- Learn the responsibilities and rights of tenants and landlords.

The 2017 revised curriculum continues to emphasize an active learning approach designed to foster participant motivation and course effectiveness. Videos, case studies and internet links have been incorporated in the updated curriculum to provide additional interactive learning options. The 2017 revised curriculum consists of six modules, designed to be taught separately or in combination.

**Rent Smart 2017** Modules:

- How Much Will It Cost? And Can I Afford It?
- Checking Out the Rental Property and the Landlord
- **Application Process**
- Who's Responsible for Maintenance, Repairs and Care?
- Communications
- Rental Agreements—Moving In, Moving On

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## Overview

Before landlords lease rental property, they want to know if a tenant will pay the rent, maintain the property and get along with other residents. To do this, landlords use a number of techniques to screen tenants. This module describes these techniques so that participants know what to expect and can be prepared.

This module covers how to read and complete a rental application; credit reports, a screening device used by many landlords; a basic introduction to credit reports, including how consumers can obtain a copy of their credit report; and ways to improve a credit report. It also covers fair housing regulations, which are intended to control and protect against discriminatory screening practices.

## References

- Annual Credit Report.com: [www.annualcreditreport.com](http://www.annualcreditreport.com)  
(1-877-322-8228)
- State guides to credit issues and credit reports: [www.wdfi.org/wca/consumer\\_credit/credit\\_guides/](http://www.wdfi.org/wca/consumer_credit/credit_guides/)
- Free Credit Report: [http://www.wdfi.org/wca/consumer\\_credit/credit\\_guides/FreeCreditReport.htm](http://www.wdfi.org/wca/consumer_credit/credit_guides/FreeCreditReport.htm)
- Check Your Free Credit Report: <http://fyi.uwex.edu/creditreport>
- Fair Housing-It's Your Right: [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/online-complaint](https://www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint)
- Wisconsin's Fair Housing Law and Complaint Process: [https://dwd.wisconsin.gov/dwd/publications/erd/pdf/erd\\_9523\\_p.pdf](https://dwd.wisconsin.gov/dwd/publications/erd/pdf/erd_9523_p.pdf)

## Objectives

Participants will:

1. Understand why and how landlords screen applications and how to prepare.
2. Become familiar with the information on a credit report, how it is used and how to improve a credit report.
3. Be aware of the fair housing protections available and where to find assistance for fair housing mistreatment.



The module covers how to read and complete a rental application.

Landlords report that it is rare for an applicant to provide a complete and accurate application.

## Activities

**Activity 1: Why Landlords Screen Applicants**

**Activity 2: How Landlords Screen Applicants**

**Activity 3: Completing a Rental Application**

**Activity 4: Application Problems**

**Activity 5: Reading a Credit Report**

**Activity 6: Obtaining a Credit Report**

**Activity 7: Improving Your Credit**

**Activity 8: Fair Housing Rights**

## Teaching Outline

Provide the *Overall Handout* before beginning the module.

### Suggested Introduction

During this module you will learn what information landlords are likely to request, the importance of providing information accurately and completely, and how to deal with potential problems a landlord might uncover while screening an application. Landlords report that it is rare for an applicant to provide a complete and accurate application, which may be the basis for “rejecting an applicant” or “turning down an applicant.”

This module also covers fair housing regulations, which are intended to control and protect against discriminatory screening practices.

In preparing to present this lesson, you should check whether there are local fair housing laws that expand the scope of fair housing protections. If local laws include additional protected classes or types of discrimination, they should be shared.

You should also determine if there are local organizations that assist persons who believe that their fair housing rights have been violated. Include these groups in your local resource directory. Check with local groups who may be willing to provide speakers or furnish background material that will help you prepare to teach about fair housing. The Fair Housing and Equal Opportunity Office of the Wisconsin State Office of the U.S. Department of Housing and Urban Development is a good place to check.

## Activity 1: Why Landlords Screen Applicants

(Objective 1: Understand why and how landlords screen applications and how to prepare.)

- Handout 1: *The Rental Application Process*

Ask participants to assume that they just inherited a rental property and they are looking for a new tenant. What would they want to know about applicants before renting to them? Provide Handout 1: *The Rental Application Process*, then list the questions you would want answered before you rented to someone.

Ask them to share some of their ideas and list them on a whiteboard or flip chart. Be sure the following items are on the list:

- Do they have sufficient income to pay the rent?
- Will they pay the rent?
- Will they keep up the rental unit?
- Will other tenants complain about them?
- Are they honest when filling out the application?

## Activity 2: How Landlords Screen Applicants

(Objective 1: Understand why and how landlords screen applications and how to prepare.)

- No Handouts

Using the list generated in Activity 1, ask participants to suggest how they would get answers to each of the questions raised. Use this list to summarize screening techniques landlords typically use.

### Credit report

- Bad debt collections
- Bankruptcies
- Late payments

### Employer and income check

- Ability to pay rent
- Stability of employment

### Previous landlords



- Rent payment history
- Condition of rental unit
- Complaints from other residents

#### Arrests and convictions

- Crimes that could affect the safety of other tenants or the condition of the property

#### Utility payment verification

- History of paying utility bills

### Activity 3: Completing a Rental Application

(Objective 1: Understand why and how landlords screen applications and how to prepare.)

- Handout 2: *Model Rental Application*

**Suggested Introduction:** Once you find rental property that meets your needs, you will probably have to complete an application form. The way in which you fill out this form can greatly affect whether you are successful in getting the rental unit you want. Prospective tenants often fail to fill out the application form completely and accurately. Doing it completely and accurately will make a favorable impression on the landlord. Landlords use application forms to collect information helpful in determining whether you will pay your rent and will be a responsible tenant.

Provide Handout 2: *Model Rental Applications* and go over each section with participants. Ask participants to look at the information requested in the application and note the following:

- Names that are requested (people who will live in the unit, past landlords, employment contacts). Landlords often restrict the number of people that can live in a dwelling. For example, 2 people per bedroom is a common rule. If there will be two or more adults living in the rental unit, each adult may be required to fill out a separate application, since each one is responsible for the rent. If adults have lived together for several years, separate applications may not be required.



- Numbers requested (Social Security, years at current address, phone, monthly income). The Social Security number is needed to order a credit report.
- Addresses requested (current home, place of employment, banking institution). Most landlords want your current and past addresses. They will probably want to check with your previous landlords to determine if you paid your rent on time, and if there were problems with upkeep or with neighbors. If you have moved several times recently, they will often ask you to list more than one previous landlord.

There are certain questions landlords should not ask. A couple of examples:

- Requests for detailed financial information, such as bank account numbers or credit card numbers.
- Information about your age, marital status, or gender. You do not have to answer such questions. However, persons under 18 cannot legally sign leases; therefore, if you look like you could be under 18, it would be appropriate for the landlord to want to verify your age. If you are applying to live in housing designated as elderly-only, it is also appropriate for the landlord to check your age.

Recommend that participants complete this sample application and take it with them when looking for housing. This will provide all of the necessary information in one convenient document. Recommend to participants to not fill in their social security number on handout. Allow participants a few minutes to begin completing the form. Answer any questions that may arise. Ask them if there is there any information requested that you do not know? This could be the address of a former landlord or a banking institution. Discuss where such information might be found.

#### Activity 4: Application Problems

(Objective 1: Understand why and how landlords screen applications and how to prepare.)

- Handout 3: *Explaining Negative Information*

**Suggested Introduction:** Some answers on an application form or some of the information landlords obtain from other sources may lead to rejection of the application. Four of the primary reasons for rejecting an applicant include omitted or inaccurate information, credit problems, bad landlord references, or inadequate income.

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Some answers on an application form or some of the information landlords obtain from other sources may lead to rejection of the application.



Discuss these four things as written or in your own words with the participants.

- **Omitted or inaccurate information**

It is best to be honest with the landlord. Fill out the application as completely and accurately as possible. Inaccurate and missing information may raise concerns and affect a landlord's ability to trust you.

- **Credit problems**

Check your credit report before you make any rental applications. It may contain wrong or out-of-date information. You can contact the credit bureau to have this corrected. You should have a plan in place for explaining to the landlord any problems he/she will see on the credit report. For example, if you have been behind on your electric bill, contact the company and arrange a payment plan. Get the company's acceptance of the plan in writing and see if they will add a note to your credit file about the plan. You may be able to do the same for other overdue payments, such as medical bills.

- **Bad landlord references**

If you had problems with a previous landlord, explain this to the landlord. Be sure the landlord hears your side of the story first, what happened from your perspective and back it up with witnesses or documents if possible. If you were at fault, explain what you have done to correct the situation so the new landlord need not worry. For example, you may have had a roommate that had loud parties. You can explain that the roommate will not be living with you and already has made other living arrangements. If you weren't paying your rent on time, explain that you have taken a second job or that you will have your rent paid directly by your bank.

- **Inadequate income**

Landlords want to be sure that an applicant will have enough income to pay the rent. They will want to know that you have a steady income and one large enough to pay the rent. If you have changed jobs frequently or only recently started to work, you need to explain this and show that you will have a steady income in the future. If the landlord thinks you don't have enough income, you should be prepared to document that you have been paying an equal or greater rent for an extended time with the same or less income.

Provide Handout 3: *Explaining Negative Information* and explain that this sheet provides the framework for providing a response to clarify any negative information about the applicant that a potential landlord may have discovered.



Use a whiteboard or flip chart to use the formula as a class to write out a similar explanation from an example volunteered by a participant. If time allows, let participants work individually to write out a note or explanation for themselves.

### Activity 5: Reading a Credit Report

(Objective 2: Become familiar with the information on a credit report, how it is used and how to improve a credit report.)

- Handout 4: *Sample Credit Report*

Provide participants with a copy of Handout 4: *Sample Credit Report*.

Review the main sections of the sample report, highlighting the types of information found and how to read a report:

#### Identification information Name(s)

- Social Security Number
- Current and former addresses

#### Employment data

- Current and previous employers length of employment

#### Public records

- Bankruptcies

#### Bill paying history

- All loans are listed here
- Unpaid or overdue payments are also listed here. How much and to whom is owed

#### Inquiries

- Businesses/individuals who have inquired about your credit

Ask participants to review Handout 4: *Sample Credit Report* and identify something on the report that a landlord would consider negative and something that a landlord would find positive.

Information they may identify:

- One public record is a bankruptcy.
- Has one account with 1 late payment, 4 open accounts, 2 different types.
- Currently in good standing with 4 open accounts.
- Numerous inquiries have been made to the report. Note the 2 different types and why.

Items landlords check on Credit Reports:



- a record of not paying rent
- utilities paid on time (utilities may or may not report)
- pattern of unpaid bills
- number of applications to other landlords
- addresses consistent
- Social Security number matches

### Activity 6: Obtaining a Credit Report

(Objective 2: Become familiar with the information on a credit report, how it is used and how to improve a credit report.)

- Handout 5: *Obtaining a Credit Report*
- Handout 6: *Annual Credit Report Request Form*

Provide Handout 5: *Obtaining a Credit Report*, which contains information about obtaining a free credit report. Review Handout 6: *Annual Credit Report Request Form* highlighting how to secure a credit report.

Suggest that participants sign up for reminders to check their credit report three times a year using the Extension website: <http://fyi.uwex.edu/creditreport/>. Annual Credit Report Request Form is available to print at this site.

Point out to participants that if they get a copy of their credit report before submitting any housing applications they will know what is on it and can make corrections, if necessary. In addition, many landlords will obtain a credit report before accepting an application. Under Wisconsin Landlord-Tenant rules, the landlord may charge a prospective tenant the actual cost, up to \$20, for the report. The landlord must notify the applicant of the charge before requesting the credit report and must provide potential tenants with a copy of the report.

Also, prospective tenant may be able to save money if they have a copy of their credit report that is less than 30 days old and give it to the prospective landlord before he/she requests one from a reporting agency.

### Activity 7: Improving Your Credit

(Objective 2: Become familiar with the information on a credit report, how it is used and how to improve a credit report.)

- Handout 7: *Building and Improving Your Credit Report*

Instructors may want to have this local info:

- Who to contact at utility companies for payment plans.



- Information on local energy-assistance programs and whom to contact to apply.
- Information from several local financial institutions on savings accounts, including required minimum balance to open an account, interest charges, additional fees, etc.
- Local financial counseling services available, including name, contact information, and cost, if any.

Provide Handout 7: *Building and Improving Your Credit Report*.

**Suggested Introduction:** Understanding credit helps you to build good credit and avoid pitfalls. You can have a good credit history when you limit your credit use to things that you can afford and when you review your credit report regularly to correct errors and make improvements.

Building good credit requires paying monthly bills and credit cards on time. Improving your credit is more complicated, but starts with checking your report for errors.



Review the handout as a group.

Depending on the participants in your group these may be important items to highlight:

- To correct mistakes, contact the credit reporting company directly by phone or on its website to initiate the dispute process. Follow up with a brief letter to both the credit reporting agency and the creditor. Except for correcting errors, a credit report cannot be improved directly. However, a number of steps can be taken to show landlords that you are working to improve your credit.
- Remind participants to get payment arrangements in writing. Often, a creditor will not provide a copy of the arrangements until a certain amount has been paid. Having a copy of the payment arrangements when looking for a rental unit may improve participant's chances of success.
- To make a payment on a bill or listed on the credit report, contact the business listed there. If the company or individual cannot be found or no longer exists, it may be possible to have the balance changed to \$0 or to have the item removed from the credit report.
- Warn participants about credit repair schemes that promise miracles and often charge large fees for very little work. Ask participants to share their experiences, if any, with credit repair offers.

## Activity 8: Fair Housing Rights

(Objective 3: Be aware of the fair housing protections available and where to find assistance for fair housing mistreatment.)

- Handout 8: *Groups Protected by Federal and Wisconsin Fair Housing Laws*
- Handout 9: *Types of Fair Housing Violations*

Check local and regional Fair Housing Agencies in the area for guest speakers.

**Suggested Introduction:** While most landlords are aware of fair housing laws and obey them, some landlords are either not aware of them or refuse to obey them. Every year Wisconsin landlords are found guilty of violating the provisions of fair housing regulations by either denying housing to applicants or treating them differently in ways that violate their fair housing rights. It is important for tenants to be alert to possible discrimination against them and to know of ways to get help.

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Provide Handout 8: *Groups Protected by Federal and Wisconsin Fair Housing Laws* and Handout 9: *Types of Fair Housing Violations*. Introduce the various classes of persons protected under fair housing regulations and the practices that violate fair housing rights. Encourage a discussion about any personal experience with housing discrimination. Conclude by referring participants to the fair housing resources included in their resource list.

## Learning Assessment

Have participants learned the key concepts of this Rent Smart module? The following questions or activities are recommended to assess participant understanding of the information covered in this module.

- Ask participants to list 4 things they would bring with them when filling out rental applications.
- Ask participants to list some ways a credit report can help a landlord when reviewing a new tenant.
- Ask for a show of hands to the following questions:
  - Do you have a better understanding of the information on a credit report?
  - Do you know how to obtain a copy of your credit report?
- Ask participants to state one thing they plan to do to improve how a landlord would view their credit reports.