

# APPLICATION CRITERIA GUIDELINES

*These guidelines are intended to help you create your own application criteria and should not be handed out to prospective tenants. Criteria will vary greatly depending on the owner / manager, the market, the property and even different units in the same building.*

## UNDERSTANDING THE LAW

The purpose of creating your own unique rental criteria is to meet the legal requirements and guidelines in your jurisdiction. It is important that you read through the entire law to fully understand all of your landlord duties, however, the following excerpts include what is most relevant to criteria for tenant selection:

### Washington State Laws

[RCW 59.18.257](#) requires that you provide prospective tenants with your written, qualifying criteria prior to obtaining any information about a prospective tenant, including what types of information will be accessed to conduct the tenant screening and what criteria may result in denial of the application.

If a consumer report is used the criteria notice must also include:

- The name and address of the consumer reporting agency and the prospective tenant's rights to obtain a free copy of the consumer report in the event of a denial or other adverse action, and to dispute the accuracy of information appearing in the consumer report.
- Whether or not the landlord will accept a comprehensive reusable tenant screening report made available to the landlord by a consumer reporting agency.

In the event an applicant is denied tenancy, or any other form of adverse action is taken against the applicant including requiring an additional deposit, a qualified guarantor, last month's rent, or increased monthly rent, the landlord is required to provide an Adverse Action Notice. This notice must inform the applicant of the basis for denial of tenancy, as well as providing contact information for the applicant to obtain a copy of their screening report.

[RCW 59.18.255](#) prohibits discrimination based on the source of income of an otherwise eligible prospective tenant. When applying a minimum income-to-rent ratio to an applicant receiving a rent subsidy, the amount of the subsidy must be deducted from rent instead of added to income. Example: With a 3:1 Income to Rent ratio on a \$2,000, where the tenant's portion of rent is \$500, the tenant must have \$1,500 income, not counting the subsidy which would be paid directly to the landlord.

Washington Attorney General's office has enforced federal HUD guidelines for using criminal records in screening where there is a disparate impact on protected groups. This means that blanket denials based on criminal history are prohibited. If looking at criminal records in screening, the landlord should adopt a policy of performing an individual assessment which considers the nature and severity of the offense, the number and type of convictions, the time that has elapsed since the conviction, the age at the time of conviction, evidence of good tenant history before and after conviction, any additional information regarding rehabilitation, good conduct, or other factors provided by the applicant.

Outside of Seattle, you are free to evaluate applications in any order you choose, as long as you do not discriminate. However, to avoid unconscious bias, it is considered best practice to process applications in the order they are received.

## CREATING YOUR OWN CRITERIA FOR TENANT SELECTION

The following should only be considered as basic guidelines. Criteria for tenant selection should be reviewed regularly to ensure they meet the needs of the marketplace. You may choose to have different criteria for different rental properties, or even different units at a single property. Once adopted, each criteria must be consistently followed throughout the tenant selection process to avoid violating fair housing laws.

**When creating your criteria, it is important to focus on objective evaluation of the following qualities:**

- **Capacity to pay:** Does the prospective tenant have enough income to afford to the rent and other expenses involved such as utilities or additional costs such as parking or storage?
- **Credit worthiness:** Does the prospective tenant have good history of paying bills on time, and is their debt to income ratio low enough that they can afford your rent?
- **Civil Integrity:** Does the prospective tenant have a civil records history that would influence the type of renter they would be, including any history of previous eviction, owing money to previous landlords or poor landlord references due to payment or behavioral issues?

- **Contractual Integrity:** Has the prospective tenant fulfilled previous contracts in a timely and complete manner? This can include information from landlords on lease violations, but also info from screening reports on payments and collections.

CRITERIA	CONSIDERATIONS WHEN SETTING MINIMUM STANDARDS FOR ACCEPTANCE
<b>Employment History</b>	It is a good idea to require that the applicant provide a copy of their most recent paystub and reference for you to verify steady employment. Self-employed persons should provide bank statements for the last 3 months and signed tax returns for the last 1 - 2 years to show predictable income. Keep in mind that many good residents are not currently employed (e.g., retired, disabled, student, etc.) and that all income sources must be considered.
<b>Income Requirement</b>	When checking for sufficient income, most landlords only use verifiable garnishable wages or government and/or charity program vouchers or government issued payments. Typically, an income to rent ratio of 3:1 is common (i.e., rent should not exceed 33% of gross income). Some landlords choose to require a flat, monthly income in lieu of using an income to rent ratio. Some lower income properties set this at 2.5:1, while higher-end homes often require a 4:1 ratio. Debt to Income ratio should not exceed 20% of the applicants' income.  <i>NOTE: See page one for details on working with rental assistance programs.</i>
<b>Credit History</b>	The applicant should be able to demonstrate good fiscal responsibility. Housing providers may determine that applicants with charge-offs, unpaid debts, or a history of delinquent payments should be denied tenancy. When using full credit reports you may wish to establish a minimum credit score. Generally, thresholds are set in the 600's for lower priced units, low to mid 700's for mid-priced, and 775 or higher for high-end rentals.
<b>Rental History</b>	Each rental applicant must be able to demonstrate a pattern of meeting their rental or mortgage obligations, leaving prior properties in good condition and not having a pattern of complaints from neighbors. Applicant should be able to provide references from previous housing provider(s) for a minimum of 12 - 24 months, and have no prior evictions.
<b>Criminal Records</b>	If checking criminal history, include a statement such as: "We perform an individualized assessment of any adult on criminal evictions to determine whether a business reason exists to deny tenancy. We consider the nature and severity of the offense, the number and type of convictions, the time that has elapsed since the conviction, evidence of good tenant history before and after conviction, any additional information showing rehabilitation, good conduct, or other factors that you would like us to consider."
<b>Policies</b>	Include summaries of key policies such as parking limitations, no-smoking, pet policies, etc. If you have a policy that allows guarantors / cosigners when an applicant does not meet one or more criteria, describe your requirements.
<b>Required Fees &amp; Documentation</b>	List all items the applicant must submit with the application and the amount of the deposit and any other move-in costs. Many owners/managers require applicants to provide their photo ID at the showing as a safety measure.