

How to Deal with Prospective Tenants

by Vena Jones Cox

Q: We've come across some problems we thought your readers might also be encountering, hence this note to you for your consideration in possibly addressing the below subjects in your newsletter. The past two weeks have been really frustrating as I have been stood up by prospects at scheduled showings eight times. We try to pre-qualify interested prospects over the phone, explaining our screening process, up front money needed, the lease/option as a way to become a homeowner, etc. We always ask if they have driven by the property and also tell all prospects when scheduling a showing, to please call if they need to cancel. Of eleven scheduled showings, I actually had one show up, two had the decency to call me and cancel, and eight just failed to show.

Let me start by saying that you're doing one major thing exactly right: having the applicant drive by the property before you show it to them. This policy has really cut down the time I spend standing on the porch, waiting to be stood up.

Part of your "no show" problem might be your pre-screening process. I've noticed that most prospective tenants will not say to your face, "I can't afford that payment" or "I don't understand the lease/option". So rather than TELL them about your requirements, you should ASK them about their qualifications. For example, when you say, "You have to earn \$2,000 a month to qualify", the caller is unlikely to admit that they don't, because they're embarrassed. Ditto when you say that they have to have \$1,500 up front. Instead, they'll go ahead and make an appointment they have no intention of keeping. So a better plan for you is to ask a series of questions: "What is your total household income before taxes?", "How much do you have to invest?", "Why are you moving?", etc. (For fair housing reasons, it's a good idea to print these questions out, have them put into a pad, and actually fill out the form for each caller. This avoids the appearance that you are trying to dissuade some callers and not others).

Any applicant who does not pass this pre-screening should just be told so, right then, by you. If you want to soften the blow some, you can use the line that my assistant always does, which is, "The owners have a very strict policy about income, and you don't meet the guidelines. I wouldn't want to waste your time or your \$20 on this house, but would you like me to call you about others?"

I have been told by fair housing advocates that, before giving this little speech to any caller, you should double check that they do not have additional income that they're not mentioning. Also, if the caller insists on seeing the property anyway, it's a good idea to show it to him...just tag him onto another showing that you already have (see next question for more details).

Another good question to ask is, "Have you ever lease/optioned a home before?" If the answer is no, you can do your little spiel about how a lease/option works, then end with "Well, I'm not sure I explained that very well—I'll have some information about how it works at the house" (and, of course, have the information available when they get there). This way, you take the blame for the fact that they don't understand, and assures them that they WILL understand prior to making a commitment.

If you're concerned about asking questions about people's income and motives, get over it. The ones who get offended are the last people you want to make an appointment with, anyway.

Q: We considered blocking out a set period of time each week to show vacancies (say Saturday from 11:00 a.m. to 1:00 p.m.) but I'm trying to be customer friendly and I'm afraid that the work schedules of our prospects would preclude them from making it to the set "open house."

There is a way to accomplish both: when a caller sets an appointment at, say, Wednesday at 6:00 p.m., tell the next caller that you'll be there Wednesday at 6:00. If that time doesn't work for him, set up Friday at 5:00 (or whatever). Now you have two times during the week when you know you'll be at the property anyway, so try to plug everyone else into those times.

Being "customer friendly" is always a good idea, but making your schedule around those of your potential tenants is a very bad one. You can appear to be accommodating them without inconveniencing yourself by offering several appointment times. Believe me, they don't appreciate you any more because you jump when they say jump. In fact, it sets a tone for the rest of your relationship that you probably don't want to encourage.

Q: An internet site suggested that I require a prospect to call to confirm an hour prior to any scheduled showing, but I'm not comfortable doing that—to me it sends the message that I regard all prospective tenants as being too immature to keep appointments.

Clearly, they are too immature to keep appointments, so I don't know why you'd feel bad. But if it makes you feel better about this policy (which is a great one, by the way), tell prospects that you always forget appointments, so they need to call you an hour before to remind you to show up. Remember, the point here is to save your valuable time, NOT to make the lives of your prospects easy.

Q: Another issue we have come across is prospects who take an application and never return it. They seem excited about the property when they leave, and promise to get the completed application back to us in a day or two, then we never hear from them. We had an open house and had four couples who seemed to have genuine interest, but none returned the applications. Should we be doing follow-up calls?

Yes, you should be doing follow-up calls not only to the people who took applications, but to the people who didn't. This is the best way to get feedback as to what your customers like and dislike about your property. I can speculate all day as to why your folks aren't returning the applications, but the only ones who can really tell you are, well, the folks who aren't returning the apps!

My guess in the case of the open house is that each of the four couples believed that they had no chance of getting the house because three other people were clearly interested in it.

And, by the way, it's a good policy to try to get people to fill out the application onsite rather than return it to you. In your pre-screening, you might tell potential applicants to bring a driver's license or photo ID and a \$20 application fee in the form of a certified check, money order, or cash. This way, they can actually apply before they have second thoughts, see another property, or just get distracted.

Q: One final concern is the quality of applicants. It seems like from mid-December through January (now), the only applications we are getting are from people with Beacon

Scores of 500, awful references, and recent felonies. Are things usually slow this time of year? Is it the economy? The phase of the moon? My haircut?

You didn't mention whether you are dealing with one property or several. Nor did you say what the condition and price range of the property is. These sorts of details would tell me a lot about why you might be having bad luck with applicants. Lower priced properties, particularly those in not-so-great condition, draw the types of applicants who stand you up and who aren't worth having. Dirty or smelly houses in any price range do the same.

I can't speak to the effect of your haircut (although if it's bad enough to merit consideration you might want to think about a change), but I can tell you that good applicants at this time of year are few and far between. Think about it: what kind of person moves just before Christmas? Answer: the kind of person who has to. Who moves around the first of the year? Answer: people who spent their December rent on Christmas presents. I kid you not—this is a tough time to find good tenant/buyers, and a common time to lose existing tenants to the commercialization of Christmas.

It seems as if you are mostly doing the right thing, but you need to get over this idea that the prospective tenant's time is more valuable—or even AS valuable—as yours. When you give people that impression, you're giving them permission to take advantage of your time now and in the future. Repeat after me: "I am in control here... I am in control here... I am in control here..." Good luck!

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