

INSTRUCTION SHEET (Form 3.0)

Application to Rent

Purpose of Application:

1. Qualifies and screens Residents and Guarantors.
2. Gives information for credit and unlawful detainer check.
3. Helps “skip tracing” and judgment collections.
4. Gives market information.
5. Helps protect you from discrimination complaints.
6. Saves you time and money.
7. Prospective Resident(s) and Guarantor(s) should demonstrate four things:
 - a) They can and will pay the rent in a timely manner
 - b) They will not disturb neighbors
 - c) They will take care of property
 - d) They will obey reasonable rules, laws and regulations

Applicant Screening Policy:

1. Prior to offering a unit for rent, the Owner/Agent should develop written screening criteria that include minimum income requirements, credit, employment, and other objective factors. Consistent application of these criteria, including renting to the first applicant who qualifies, will protect against claims of discrimination. CAA recommends that owners have their written screening policies reviewed by an attorney prior to implementation. Written selection criteria should be provided to each and every applicant or may be attached to all rental applications or posted in the office for everyone to see. The date and time of receipt should be noted on each application. The applications should be processed in the order received. The first qualified applicant should be accepted. Please review CAA’s Issue Insight – *Developing Appropriate Screening Criteria* for more information.
2. Follow the CAA Code for Equal Housing Opportunity and Code of Ethics.
3. Never refuse to rent to Applicants because of their source of income, as long as it is legal and verifiable (e.g., public assistance). You must consider rent subsidies paid directly to the Applicant as a source of income. However, the law does not require you to enter into a contract whereby you receive direct payment from the government for rent. For information on how to address applicants with non-employment income, see CAA’s Background Paper #25 – *Screening Prospective Residents: Using Income Standards and Source of Income*.
4. If you establish a minimum income requirement and you allow husbands and wives to combine their income in order to meet your standard, then you must allow prospective Co-Applicants (roommates) to combine their income to meet your standard.

Preliminary Interview:

1. Conduct an interview on the telephone or in person to do preliminary screening to save time and money for all parties involved.
 - a) When does Applicant want to move in? Will the apartment be ready for the Applicant on that date?
 - b) Will the Applicant have the money required to move in?
 - c) Does the Applicant have a pet, etc.?
2. Keep a memo of the preliminary interview.

Preparation of the Form:

1. Check a box in the upper right hand corner to specify whether the application is for a prospective Resident or Guarantor.
2. Each (18 years or older, or emancipated minors) adult who is going to occupy the apartment must complete a separate application and sign it.
3. Every blank should be fully and completely filled out.
4. Ask for two forms of identification, including a government-issued photo ID (such as a driver’s license, state ID, passport, military ID, foreign government ID, etc.). (This procedure may expose the Applicant who tries to use some other person’s name and credit.) For information about the new law regarding the issuance of driver’s licenses to undocumented individuals please see CAA’s Issue Insight – *California’s Immigration Law and Developing Appropriate Screening Criteria*. An application cannot be denied based only on the fact that this type of identification was offered.
5. An Owner/Agent should not require an Applicant to have a Social Security Card or number - other methods of checking credit should also be accepted, such as use of an Individual Taxpayer Identification Number (ITIN) coupled with other identifying documents, or allowing an applicant to provide proof of timely payment of current/recent monthly bills such as utility bills, etc. For more information see CAA’s Issue Insight - *California’s Immigration Law and Developing Appropriate Screening Criteria*.
6. Each Applicant should fill out the form and sign it. You must have each Applicant’s signature and consent to run a credit check. Take note of the type of reports that are authorized by this form. This consent is not designed for criminal background checks. Please contact your criminal background check provider for the appropriate consent form. See CAA’s Background Paper #14 – *Screening for Criminal History*.



Mandated Receipt for Tenant Screening and/or Credit Checking Fees:

Rental housing Owners/Agents have specific legal authority to collect a screening fee from all Applicants. Current law regarding the collection of screening/application/credit checking fees, has some very specific provisions:

1. It allows Owners/Agents to charge Applicants a screening fee to cover the costs of obtaining and evaluating information about Applicant. The original statute states that in no case, can the fee be greater than \$30 per applicant. The original statute does allow for an annual increase in this amount based on the Consumer Price Index. See CAA's website for the current maximum amount you can charge for a screening fee at <http://www.caanet.org/documents/screening-fees/>.
2. Unless the Applicant agrees, the law prohibits Owners/Agents from charging a fee when they know that no rental unit is available, and the law requires owners to return the fee if they do not perform a background check.
3. The Owner/Agent must provide the Applicant with an itemized receipt for the money paid.
4. Upon request, the Owner/Agent must provide the Applicant with a copy of any credit report obtained. Existing law found at Civil Code Section 1950.6 provides that if you do not charge Applicants a fee to run credit checks or tenant screening reports, this law does not apply to you.

Receipt information is incorporated into the body of the Application (page 2, boxed area in bold type), so that the Owner/Agent has the receipt information as proof of compliance with the law requiring a receipt for the application fee. In order to be in full compliance, however, you must give a copy of this receipt portion to the Applicant, or issue a separate itemized receipt (See CAA Form 3.5) to the Applicant. For an Application with a receipt that is perforated for easy removal, use form 3.0-R.

Before using this form, determine your costs for credit reports and other screening reports. Then calculate your "soft costs" to evaluate the screening information for each applicant. "Soft costs" may include staff time (or the Owner/Agent's time) to obtain, process, review and verify the information. The total of both costs cannot exceed \$30 (may be adjusted annually according to the Consumer Price Index from 1-1-98. See CAA's website for the current maximum amount you can charge for a screening fee at <http://www.caanet.org/documents/screening-fees/>). These are the amounts you will use on the Receipt. Be realistic when estimating your soft costs. CAA discourages "padding" these costs to reach the maximum amount allowed by law. If you do not charge Applicants any fee to run credit checks or tenant screening reports, enter "\$0.00" in the boxed area on page two of the Application to indicate that you do not charge a screening fee.

Verification of Form:

1. The information on the application should be verified as soon as possible. Do not keep your Applicants waiting. They are looking for a place to live and are anxious to find out if you are going to accept them.
2. Contact the Owners/Agents of Applicant's present and past residences. However, do not rely on what the present Owner/Agent might have to say about your Applicant. (The present Owner/Agent may be very anxious for your Applicant to leave his/her apartment. A prior Owner/Agent's statements may be more reliable.) CAA Form 3.7 – Rental Applicant Reference Form may be used to verify the information provided by the Applicant.
3. When checking the place of employment, ask to speak to the Human Resources Department of the company, or someone in charge of verifying employment. Applicant's foreman and Applicant might be good friends, so information from the foreman may not be too reliable. Be sure to verify that telephone and company name are authentic. CAA Form 3.8 – Employment Verification Form may be used to verify the information provided by the Applicant.
4. It is strongly recommended you contact your local apartment association and obtain a screening report on the Applicant. A combination report, which checks retail credit, unlawful detainer (eviction) history, and other tenancy information is available.

Pitfalls and Precautionary Notes:

1. DO NOT discard an application even though it was turned down. Make notes on a separate sheet (not on the application) why you have turned the applicant down, the time in which you did so, and any other pertinent information. This will help you if the Applicant complains of discrimination. Retain applications for at least 2 years (it is suggested that you retain applications for 4 years) from denial of tenancy, or from the date of the ending of tenancy for an Applicant who became a Resident.
2. It is the responsibility of the Owner/Agent to keep applications secured in the rental office. Applicants have entrusted you with very personal information. Stolen rental applications have been traced to the crime of "identity theft."
3. To ensure that you have the residents' current banking information, keep a copy of the most current check they have used to pay rent.
4. California law requires that when a business (i.e., an Owner/Agent) disposes of customer (e.g., Tenant) records, the business must destroy the records by shredding, erasing, or otherwise modifying the personal information in those records to make them unreadable or undecipherable.
5. This form has been prepared by the California Apartment Association to help members comply with applicable California and Federal law. The California Apartment Association, its local Chapters, and Divisions do not make any representation or warranty about the legal sufficiency or effect of this form. Consult with an attorney if you require assistance in completing the form or to determine if use of the form is appropriate or changes to the form are necessary in any particular situation.
6. The California Apartment Association does not sanction any CAA form that has been altered or changed in any way.

