



Mortgage Brokerage Lic#: 13151

# Screening Potential Tenants

## *Tips, Tools, and Best Practices*

Presented by:



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## Agenda

- This presentation is focused only on the tenant screening aspect of tenant / landlord relationship
- The rental application and supporting documents (discussion and analysis)
- Recent tales from the trenches
- New to Canada - how to strengthen the application in absence of established history in Canada
- Rent guarantee
- Helpful resources

# Purpose of This Seminar



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## What you get from this seminar:

- In-depth discussion and analysis regarding best practices on how to screen potential tenants

## What you will not get from this seminar:

- No legal advice pertaining to landlord tenant act
- No input on rental agreement contracts, agreement clauses and other requirements for realtors as part of your compliance
- No advice on how to deal with challenging tenants





# The Rental Application & Collecting Information

# The Rental Application & Collecting Information



## Items To Consider - Overview:

- The Application and The Ontario Human Rights Code
- Income and Employment Verification
- Credit Reports
- Capacity to Pay
- Public Record Search and Their Digital Footprint
- ID verification
- References and Rental History
- Tenant Interview



# The Application & The Ontario Human Rights Code



- **Use standard forms** available to you via RECO or TRREB to avoid asking questions that could be in violation.
- **The Ontario Human Rights Code protects potential tenants from discrimination.** “Every person has a right to equal treatment with respect to the occupancy of accommodation, without discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status, disability or the receipt of public assistance.”
- **Example:** you can ask how many people are going to live in the property, but you should not ask if the person is married and how many kids they have.
- **For more information,** and to access the Ontario Human Rights Commission Background paper on rental housing in Ontario, please [[click here](#)].





# Income Verification



## Types of employment and documentation used to verify income:

- Salaried (pay stub, letter of employment, T4, direct deposit)
- Hourly / part-time / variable pay (same as above but may want to see 2-year average to determine stability)
- Cross reference the documents with each other
- Carefully examine client details (name, address) as well as employer details including logo and address as it compares to employer website
- If suspicious – pull business registration (contractor on a 100k salary working for a business run from someone's basement may signal a red flag)
- Pay amount and pay periods – does it add up to salary, what about year-to-date amount paid?
- Deductions – 2024 max CPP \$3,867.50, max EI \$1,049.12



## Determine type of self employment:

**Sole proprietorship** – gross and net income declared on personal income taxes

**Incorporated** – client's business income and expenses are declared on Financial Statements. Personal income taxes only account for the \$\$\$ that client paid to him/herself from the business.

- T1 Generals (income tax filing) supported by Notice of Assessment NOA
- Business Financial Statements
- Business Bank Account Statements
- Corporate Search – do they actually own the business and how established is it?



## Other income types:

- **Spousal Support** - Agreement that shows payments due to them, not what they are receiving – big difference! Spousal support is reported on T1 General and if paid regularly should show up on bank deposits
- **Child Support** - income is not declared on the T1's, it can be verified via a separation / divorce agreement and bank deposits, and it normally ends when children turn 18
- **Pension / CPP / OAS** – T1's and bank deposits, tax slips
- **Investment Income** – T1's (keep in mind that you want to make sure the investments that generate income are still there)
- **Rental Income** – not common that someone would own rental properties and rent themselves. Find out more!



# Credit Report



## Credit Report / Items to Consider:

- Request written permission to check credit – pull your own report, you never know if the one provided is real!
- SIN number is not compulsory
- Credit Score Ranges (reviewed on upcoming slide)
- History of repayment R1, R2, R9
- Current debt load - how much do they owe?
- Personal details and public records section



**EQUIFAX**

## CONSUMER CREDIT REPORT USER GUIDE



### SAMPLE REPORT

(Please see format specific user guides for system-to-system outputs).

#### 1 CONSUMER CREDIT FILE

[1] 1-800-485-7166 [2] CCYMMDD

[3] File Requested by: JOE  
**Identification**  
 Name: TEST, FILE, EQUIFAX  
 Current Address: 6660 YONGE STREET, TORONTO, ON, M2M 4G3  
 Previous Address: 110, SHEPPARD AVE EAST, TORONTO, ON, M2B 6S1  
 Date of Birth: CCYMMDD,  
 SIN: 999-999-999  
 Reference: JOE  
 Employment  
 Employer, Occupation: TESTS MECHANIC SHOP, OWNER

#### 2 [4] Subject 1: Alert, Score, Identification, Inquiries, Employment, Summary, Public Records, Banking, Consumer Statement or Alert

#### 3 [5] Warnings

[6] SAFESCAN  
 SF-9 Possible True Name Fraud  
 [7] Product Score  
 Equifax Risk Score: 609  
 Various delinquency and public record or collection filed  
 Time since delinquency is too recent or unknown  
 Number of accounts with delinquency  
 Medium Risk Region, Subprime Credit File  
 Bankruptcy Navigator Index: 230  
 Age of delinquent public records  
 Average age of retail trades  
 Number of recent inquiries

#### 4 [8] Identification

[9] Unique Number: 123456789  
 [10] File Number: 00-0000000-00-000  
 [11] Date File Opened: CCYMMDD  
 [12] Date of Last Activity: CCYMMDD  
 [13] DOB: CCYMMDD  
 [14] SIN: 999-999-999  
 [15] \*\* Consumer Statement \*\*  
 [16] Name: TEST, FILE, EQUIFAX  
 [17] Current Address: 6660 YONGE STREET, TORONTO, ON, M2M 4G3  
 [18] SIN: CCYMMDD  
 [19] Reported: STS Reported  
 [20] Former Address: 110, SHEPPARD, TORONTO, ON, M2B 6S1  
 [21] SIN: CCYMMDD  
 [22] Reported: Tape Reported  
 [23] 2nd Former Address: 2314, 11 TH AVE 1201, TORONTO, ON, M4W 3C1  
 [24] SIN: CCYMMDD  
 [25] Reported: Tape Reported  
 [26] AKA/Also Known As: PRETEND, FILE, EQUIFAX  
 [27] Telephone #  
 [28] Telephone #: 555-555-1234 EXTN: Residential/Home  
 [29] Date first reported: CCYMMDD  
 [30] Date last received: CCYMMDD

#### 5 [32] Inquiries

[33] Subject shows 3 inquiries since CCYMMDD  
 [34] Member Inquiries

Date	Member Name	Telephone
CCYMMDD	ABC BANK	222-555-3333
CCYMMDD	RETAIL WORLD	555-555-1234
CCYMMDD	CANADA CAR LOANS	555-999-0000
CCYMMDD	MORTGAGE WORLD	555-555-0987

[35] Total number of inquiries: 28  
 [36] Foreign Bureau Inquiries:  
 [37] Date: CCYMMDD  
 [38] Member: ABC CREDIT  
 [39] Description: 3720C0000

#### 6 [26] Employment Information:

[27] Current Employer: TESTS MECHANIC SHOP  
 [28] Since, Left, Position, Salary: OWNER  
 [29] Former Employer: ABC MECHANICS  
 [30] Since, Left, Position, Salary: AUTO MECHANIC  
 [31] Second Former Employer: THE CAR SHOP  
 [32] City, Province: TOR, ON  
 [33] Since, Left, Position, Salary: CCYMM, CCYMM, MECHANIC JR, 1900  
 [34] Credit Status: CCYMM

#### 7 [8] Summary

Pub/Other Trade Oldest Newest Total High Credit Rating  
 4 CCYMMDD-CCYMMDD 3 2850 28000 1-Ons, 1-Two, 1-Other

#### [31] Public Records/Other Information

[32] Information from the Superintendent of Bankruptcy:  
 Filed Type Court Name Court No Liab Asset  
 Filed By: CCYMMDD BKRPY MIN OF ATTORNEY GEN 472VF0022 280500 490  
 Subject: 810  
 Case No/Trustee: 22803 MORRIS ETAL  
 Disposition: Discharged, CCYMM  
 Description: Bankrupt Absolute Discharge

#### [33] Collections

Report	Type	Amount	DLA	Est	Reason	Ledger Number
CANADA COLLECTION	URVCL	481YC00098				
CCYMMDD	POVCL	2500	CCYMMDD	2212	Unknown	1111111

Verified Date: CCYMM  
 Acct/Creditor: 5555 ABC RETAIL INC  
 Description: Subject disputes this account

#### [34] Financing Statement:

Filed	Court Name	Court No	Maturity
CCYMMDD	CDT RES TOR	481YC00254	CCYMMDD

Creditor/Acc: FURNITURE HOUSE 99 ELLIS AVE TOR 3800  
 Description: Security Disposition Unknown

#### [35] Judgment:

Filed	Type	Court Name	Amount	Status	Date
CCYMMDD	JDGT	481YC00257	4800		

Defendant: Test File Equifax  
 Case No: 9990002  
 Plaintiff: NATIONAL CREDIT HOUSE  
 Description: Disposition Unknown

#### [36] Trade Information

Bus/ID Code	DT	DT	DT	DLA	TR	RT
CCYMMDD	0000	0000	0000			

High Credit: CCYMMDD  
 Credit Limit: 24000  
 WTRN OF AMT: ACT PRETAMT  
 MEM ID: PREVMEM ID  
 CANADA BANK (555) 999-9999 4818800000  
 \*J 0075801351 CCYMMDD CCYMMDD CCYMMDD 21 R1  
 28000 24000 4000 150 0  
 Account Number: 8452875  
 Description: Personal Loan, Semi-Monthly Payments  
 Trade Payment Profile: 11111111111111111111111111111111  
 BB  
 CCYMMDD CCYMMDD 196200 1250 M1  
 325000 212000  
 Description: Second mortgage. Months reviewed is greater than 24  
 Trade Payment Profile: 11111111111111111111111111111111

#### [37] SMARTSHOP RETAIL (555) 999-9999 7230C00000

CCYMMDD  
 Status: Lost or stolen card  
 [38] Credit Utilization: 22% 30900 6776

#### [10] [39] Banking

[40] Check/In/Status:

Report	Open	Amount	Account No	Account Type
ABC BANK	011805057	9999 999-9999		
CCYMMDD	CCYMM	LSF		Checking/Saving
NB NSF, Status:	4 NSF	CCYMM		

#### [41] Consumer Declaration

Read, Purge CCYMM, CCYMM  
 Declaration: \*\*\*\*\*WARNING\*\*\*\*\*CONFIRMED TRUE NAME FRAUD/FRAUDULENT  
 CREDIT APPLICATIONS HAVE BEEN SUBMITTED USING THIS NAME IF YOU  
 ACCESS THIS FILE AS PART OF A CREDIT CHECK, PLEASE VERIFY WITH THE  
 CUSTOMER THAT IT IS LEGITIMATE BEFORE EXTENDING CREDIT/PHONE: (000)  
 555-1234

End of Report

All available fields are returned on the credit file, however may not be populated if the information is not supplied to Equifax.

## TRADE INFORMATION AND DESCRIPTIONS

### PORTFOLIO TYPES

- R:** Revolving or option (open-end account)
- O:** Open account (30 days or 90 days)
- I:** Installment (fixed number of payments)
- L:** Lease Account
- C:** Line of Credit
- M:** Mortgage

[\[CLICK HERE\]](#)

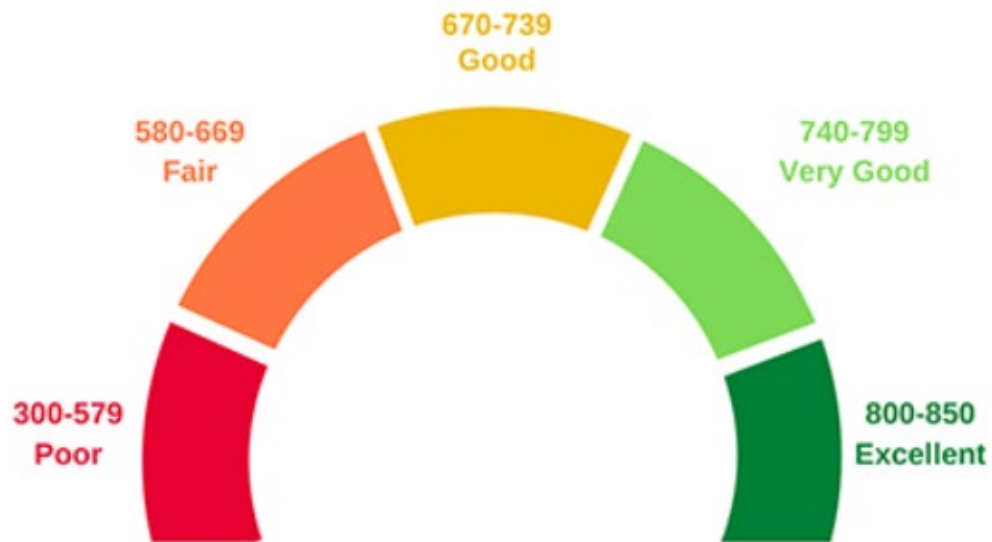
To Access the Equifax  
Consumer Report User Guide.

### MANNER OF PAYMENT

#### NORTH AMERICAN STANDARD ACCOUNT RATINGS

- 0:** Too new to rate; approved but not used.
- 1:** Pays (or paid) within 30 days of payment due date or not over one payment past due.
- 2:** Pays (or paid) in more than 30 days from payment due date, but not more than 60 days, or not more than two payments past due.
- 3:** Pays (or paid) in more than 60 days from payment due date, but not more than 90 days, or not more than three payments past due.
- 4:** Pays (or paid) in more than 90 days from payment due date, but not more than 120 days, or four payments past due.
- 5:** Account is at least 120 days overdue but is not yet rated "9".
- 7:** Making regular payments under a consolidation order or similar arrangement.
- 8:** Repossession (voluntary or involuntary return of merchandise).
- 9:** Bad debt; placed for collection; skip account.





## Description of Scores From Equifax

### Credit score ranges—what are they?

There's more than one credit scoring model available and more than one range of scores. However, most credit score ranges are similar to the following:

- **800 to 850: Excellent Credit Score**  
Individuals in this range are considered to be low-risk borrowers. They may have an easier time securing a loan than borrowers with lower credit scores.
- **740 to 799: Very Good Credit Score**  
Individuals in this range have demonstrated a history of positive credit behavior and may have an easier time being approved for additional credit.
- **670 to 739: Good Credit Score**  
Lenders generally view those with credit scores of 670 and up as acceptable or lower-risk borrowers.
- **580 to 669: Fair Credit Score**  
Individuals in this category are often considered “subprime” borrowers. Lenders may consider them higher-risk, and they may have trouble qualifying for new credit.
- **300 to 579: Poor Credit Score**  
Individuals in this range often have difficulty being approved for new credit. If you find yourself in the poor category, it's likely you'll need to take steps to improve your credit scores before you can secure any new credit.

# Affordability Analysis (Capacity to Pay)



## Affordability Analysis - Items to Consider:

- What is the total “bring home” income per month?
- Deduct monthly rent payment and utilities
- Deduct monthly payments on the debt reported on the credit bureau
- Deduct monthly car payment, gas, insurance if applicable (ballpark estimates are okay)
- Is there a surplus? How much is left towards other expenses?
- Is there a shortfall? How do they plan to cover it?
- Is a guarantor needed?



# Searching Public Records



## Searching Public Records - Items to Consider:

- Search social media platforms (Facebook, Instagram, etc.)
- Access their LinkedIn and cross reference with the information on file
- Tips for Google search – use quotation marks “[tenant name] and [job]” or “[tenant name]” + court or “[tenant name]” + news
- No digital footprint? Why?
- Check credit bureau for aliases
- Search public and court records

## Useful Links

**Court records:** <https://www.canlii.org/en/on/>

**Corporate registry to verify a business:**

- <https://www.ontario.ca/page/ontario-business-registry>
- <https://escregtech.com/PPSA/Default.aspx>



# ID Verification



## ID Verification - Items to Consider:

What to look for on each type of ID [[click here for examples](#)]

### Driver's license basics:

- Age / eye color / height – how does the info on the ID compare to the characteristics of the person in front of you
- Last 2 digits = day of birth
- Digit 9 and 10 = year of birth (example: “8 - 0” = 1980)
- Photo on Federal and Provincial ID cannot be the same
- Make sure ID is valid, compare the address to the one declared on the application. If needed MPAC the address

May also want to use 3<sup>rd</sup> party verification apps similar to those used for FINTRAC



# Tales From The Trenches





## Fraud for Shelter:

- People with good intentions and bad paperwork
- Move in without intent to pay

## Fraud for Profit:

- OnlyFans operation
- Sublet / Airbnb / Rooming house
- Run a business from the property

## Criminal Enterprise:

- Rent to take possession of property and then mortgage it or sell it. A typical risk/problem described by Title Insurers



# Tenant References



## Various Sources:

**Websites:** Search names to see if there are any court orders / disputes among tenants and landlords - <https://openroom.ca/documents/>

### Landlord references:

- Check if they are an actual landlord – MPAC
- Make sure you are talking to the actual landlord, try to verify their contact details independently

### Employer References:

- Call through the reception / obtain phone number from company website
- Try to verify that the person who signed the employment letter works at the company



# Tenant Interview

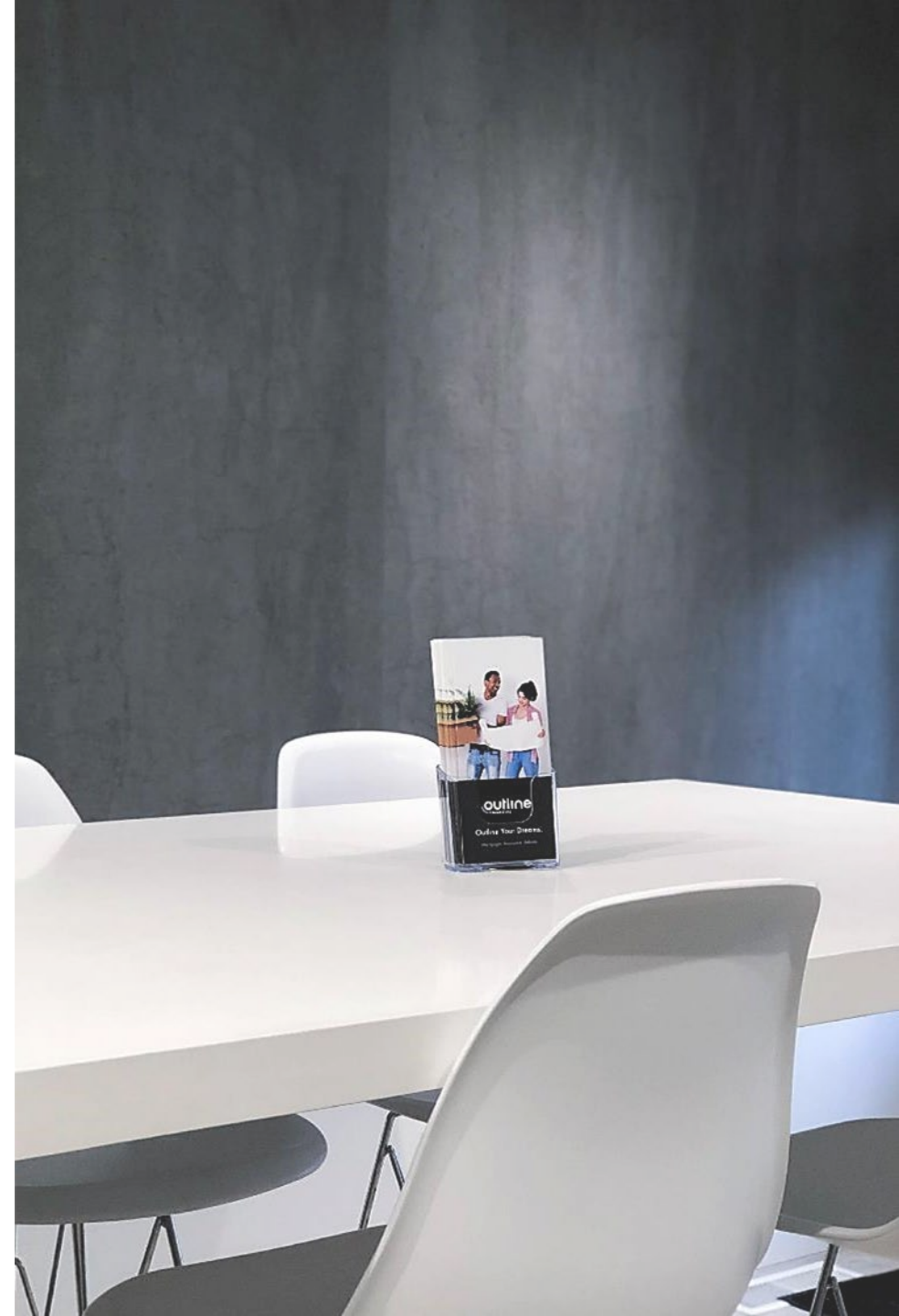


## Tenant Interview - Items to Consider:

- How interested are they in the property. Are they visualizing themselves living in the space?
- Ask open ended questions and try to pick up on what are the worried about.
- Ask what made them want to move.
- Ask if they have had had any disputes with their previous landlord(s)
- Major red flag – looking for **immediate availability**. While there are a few legitimate reasons why this may be the case, it's not typical that someone needs to move this week.



# Sample Resources & Tools



## SingleKey For Landlords:

- Tenant Report (Income, employment, credit report, public records, ID verification)
- Rent Guarantee (income protection, property damage insurance, eviction resolution). Conditions apply

## SingleKey for Tenants:

- Tenant Passport (co-signer)
- Verified Renter Profile (fully vetted rental application)

## Other:

- [Rentcheck](#)
- [Tenchek](#)
- [TVS Tenant Verification Service](#)





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*Tips, Tools, and Best Practices*

# Thank you!

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