



13 Tenant Scams to Avoid

The Complete Guide

13 Common Tenant Scams

Identifying and avoiding tenant scams is crucial when screening potential tenants. These scams damage trust and can lead to property repair expenses, financial losses, and even legal proceedings. We know how challenging it is to watch out for all of these scams, so we've put together this guide of common scams and how you can avoid them.

1 Inability to Pay Their Rent

There are some tenants who will move in with no intention of paying rent. They count on the fact that you are busy with other problems and tenants. They aim to live rent-free as long as they can until you catch on. To prevent this, develop a thorough tenant screening process that includes the following:

- A rental application
- A background and/or criminal check. This can help you avoid putting your property or your neighborhood at risk
- A credit report
- Personal and employment references to ensure that the information on the application is correct
- Previous landlord references to see if there have been any issues in the past
- Financial documents, such as pay stubs, to confirm employment and that their income aligns with what is being reported

2 Money Wiring Scams

Once the rental application has been accepted, victims of this scam are sent a fake check that is for more than the initial rent and fees. The renter then requests that the extra funds be wired back to them. Since it takes time for the fraudulent check to bounce, the unknowing property manager doesn't receive the funds that were wired back to the potential tenant and any funds used from the check.

We don't recommend accepting wire transfers, but if you do, remember that funds from a check deposited into an account should not be used until the check officially clears, which can take weeks. Consider requiring your renters to pay rent online through an online portal to eliminate the chance of receiving fraudulent checks

3 Falsifying Pay Stubs

Fake pay stubs are all too common these days. Companies are popping up all over the internet that can help tenants create phony pay stubs in minutes!



To avoid being fooled, check all the basic information closely on the pay stub. Look for any discrepancies in the numbers, formatting, and overall quality, and always make sure to ask for employment references. An applicant's employer cannot give you a person's salary information unless they have been given permission. Still, at the very least, you can verify that the applicant works for that employer.

4 Identity Fraud

Identity fraud is another potential scam you need to be aware of. Using a false name and identity, a potential candidate can rent an apartment from you. When you call or visit the property to follow up on missed rent payments, someone other than the original tenant answers. How is that possible? Well, the person you rented the property to is actually a professional scammer and has rented the property to an unsuspecting tenant and took the first six months' rent in advance.

The best way to combat this type of scam is by requiring ID verification. You'll also want to follow up on references from previous landlords and employers.

5 Writing a Check Larger Than the Move-In Amount

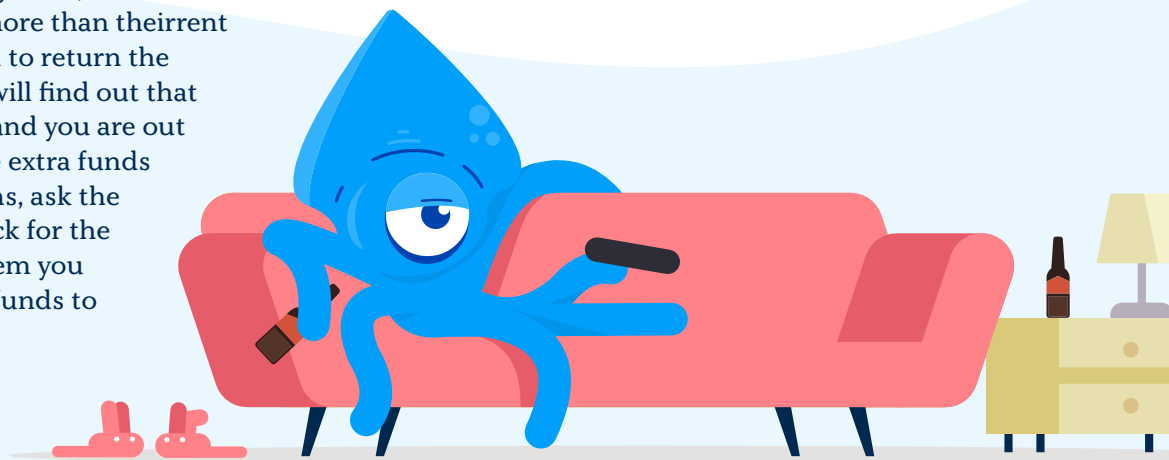
Similar to a money-wiring scam, a new tenant might write a check for more than their rent amount and then ask you to return the overpayment. Later, you will find out that the check is counterfeit, and you are out the rent payment and the extra funds you returned. If it happens, ask the tenant to rewrite the check for the correct amount or tell them you will apply the additional funds to next month's rent.

6 Illegal Sublets to Third Parties

Tenants are often tempted to sublet their unit if they're going on a long vacation, studying abroad, or just feel like making a little extra cash while they're not home. Tenants find it easy to sublet their apartment, require six months' rent upfront from the new tenant, and then take off. Next thing you know, someone other than the original tenant lives in the apartment. At that point, both you and the person subletting are out of substantial funds.

Here's how you can avoid this:

- > If you don't allow subletting, make it clear to potential renters
- > If you allow sub-leasing, add another clause clarifying what kind — and that deviating from what's agreed equals breach of contract with grounds for terminating the lease agreement.
- > Also, be creative: Add clauses dictating the process of subletting with instructions on how your tenants can add new residents



7 Resetting the Eviction Process

This common tenant scam can happen during the eviction process. Eviction processes must follow strict rules, and if you stray from the outlined steps, you'll have to start over.

If you have already filed for an eviction and then accepted a partial or late payment, you may be forced to start the entire eviction process all over again. Furthermore, if a tenant who is being evicted asks to stay in the apartment for a few more hours or an extra day and you allow it, this can also reset the eviction process. Make sure you understand the eviction laws for your state, so you can avoid these mistakes.

8 Providing a Fake Credit Report

Some prospective tenants will offer you a copy of their credit report to save you the time it takes to do it yourself. However, a potential tenant can simply go online and use a template to make their own credit report. By signing a lease agreement and handing over the keys without doing your own research, you open yourself up to a number of problems.

Verifying a printed report supplied by the applicant is very difficult and not worth the risk. Best practice is to request a credit report yourself and avoid loss of income or other potential issues with the tenant.



9 Stealing Your Listing

Unfortunately, it's all too easy for a fraudster to copy your property listing, download your photos, and post them to another site at a discounted rent. They then proceed to rent the property to another person, ask for the rent up front, and tell the renter to pick up the keys at the property.

Protect your listing by adding a watermark to your photos with your website or company name to prevent others from using them. If you find a fraudulent listing, make sure you report it to the website.

10 Using Fraudulent Documents

Providing fraudulent documents is one of the most common scams. There are countless websites that either teach applicants how to change documents, or they'll do the service for them for a small fee. Some scammers will even provide fake references, too!

Property managers need to be extremely vigilant in verifying the documents submitted by applicants. Eliminate this frustration by making a few calls to verify employment details and rental history with their former landlords. If you're looking for an easier solution that will save time and better protect your property, use a fraud detection software like Snappt.

11 Unauthorized Tenants

Having a roommate is a great way for potential renters to reduce their financial obligations, but some tenants may conceal who they have living with them if it's someone with a criminal record or credit problems that could hurt their chances of renting a property.

To combat this, confirm with the applicant that all necessary roommates have applied. Ensure they understand that any breach of contract can be grounds for immediate lease termination.

12 False Employment

Potential tenants may provide fraudulent information for their employer and hire a professional or a friend to act as a reference to verify their employment.

Independently contact the company that the applicant provided by searching the company online. If the company does not exist or the reference does not exist, you will immediately know that the potential tenant has provided fraudulent information.

13 Property Damage

A tenant may deliberately damage something in the rental property and then report to the Licensing and Inspections Department that the property manager has not made the repairs. Once the Licensing and Inspections Department issues a violation or citation, the tenant can then refuse to pay the rent.

When you are doing the initial tenant screening, call the previous landlords to see if there has been a problem in the past. We also recommend conducting a move-in/move-out report and regular inspections of the property.



To learn more about our fraud detection, visit snappt.com

Tenant scams are a **serious issue** that can have **disastrous consequences** for landlords, property managers, and tenants alike. With the rise of rental scams, it's more crucial than ever to stay informed and **take proactive steps to protect** yourself and **your property**.

