

8 Ways to Identify Fraud in Rental Applications

A Checklist for Property Managers

Where to look for fraud in financial documents

(Pay stubs, bank statements, employment verification)

Documents with **Text Alteration** have been edited either by adding new information, typically numbers, names or addresses, or removing information such as expenses, liens, etc. This type of fraud is easy to produce with home office equipment and easily overlooked in the screening process.

A record **20.5 million** jobs were lost in April¹, and the unemployment rate soared to **14.7%** due to the coronavirus. According to CNN, Goldman Sachs now predicts that this rate is expected to peak at **25%**, rivaling the Great Depression's worst period². What does this mean for the residential rental industry? It means that fraud is increasing and tenant screening is getting harder every day.

We've created this checklist to help property managers minimize losses by screening for signs of document fraud within tenant applications.



1. Does the name on the document match the applicant's ID?

It's easier to alter a financial document than it is a government-issued ID. Check for discrepancies as the document may be stolen.



2. Is the income statement accurate?

Inflation or deflation of income is also common practice these days. **Adjusted incomes** can fraudulently grant the applicant approval to a unit they wouldn't qualify for otherwise.



3. Is the income source correct?

Check out the listed business entity. Is the source a legal and real business entity? Do they have a phone number you can call or a location you could visit? An **altered source of income** can be a sign of criminal activity or be an entity created by the applicant to falsify income.



4. Is the document real?

Template Farms produce and distribute fake documents. This type of fraud is increasingly popular because of its accessibility. Snappt has a database of these known template farms. Documents flagged in this way are known to be produced by these fraudulent shops.

Other application documents

(References, background checks, criminal records)



5. Are the references listed legitimate?

References can be faked by friends, family, and hired companies. If your applicant rented from an apartment or property management company, Google the company or call them directly. If your applicant has a private landlord as their rental reference, it's harder to verify. Typically, you can tell if a reference is fake by looking up whether the given name on the application matches the property ownership or business registration.



6. Is your applicant who they claim to be?

Millions of people have fallen victim to identity theft, and the number is growing each day. If you can't meet your applicant in person, schedule a video chat to review the application. Does the person on the chat match the ID? Do they answer questions they should know with ease?



7. Is your applicant a real person?

Synthetic fraud is a fake identity created from multiple sources, so check for inconsistencies. If multiple things don't match up, it's an indicator that the applicant is using a synthetic identity.



8. Perform your own background and credit checks.

Be sure to do your own criminal and credit checks with reputable providers and cross-check the rental application. They can be the one source where the applicant can not digitally modify before you receive the data.



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TIP: Call and pretend to be looking for an apartment.

Call the reference listed on the application and ask if they have any available rental properties. A real landlord would say yes or no to a very typical phone call. But if the person on the other line says they don't know what you are talking about or hangs-up on you, it could be a fake.

The fake reference could have been prepared to put on the landlord act if you call saying you need a landlord reference, but you could throw them off guard if you pretend to be calling as a renter.

How can property managers mitigate risk the easy way?

All types of fraud are easy to commit yet difficult to detect. Manual inspections are ineffective in identifying these types of fraud, as well as time- and energy-intensive. With Snappt, you can upload your digital documentation for image and historical analysis as well as a data-driven review using algorithms tuned to catch document manipulation. Within 24 hours, Snappt certifies whether the documentation is fraudulent or authentic.

With a mission to deliver proactive financial documentation application fraud detection, Snappt has developed a fraud-detection solution that is affordable and integrates right into your existing tenant screening process. We invite you to request a no-pressure demo to see how it works for yourself.

¹<https://www.cnn.com/2020/05/08/economy/april-jobs-report-2020-coronavirus/index.html>

²<https://www.cnn.com/2020/05/13/economy/jobs-unemployment-rate-goldman-sachs/index.html>