

MASTERING TENANT SCREENING



REDUCE
RISK!

in 2025



(Chicago & Suburbs Leasing Guide)

The Stakes are Higher Than Ever

I'm so happy you're here right now. It doesn't matter whether you own a house, apartment, or condo: When you rent out property, you do far more than just collect rent checks.

Remember that your property is your investment, your asset. Protecting it means understanding the real stakes and that you're running a business. Being a landlord in the Chicago market isn't just about handing over the keys because you're navigating one of the toughest, most tenant-friendly markets in the country.

Let's be real: one wrong move can cost you thousands.

Whether it's the wrong lease, an illegal addendum, a missed disclosure, or trusting the wrong tenant, the financial and emotional toll can be staggering.

Today, you're faced with far more than just avoiding problem tenants—you also have to avoid the growing number of professional scammers. They make a living by fooling landlords like you, they come prepared with perfect stories, fake pay stubs, and convincing references.

Landlords who educate themselves have an advantage in the market. So, nice job downloading this priceless resource for your investing journey!

As the co-founder of GC Realty & Development LLC, I've seen it all—scammers, bad tenants, legal hiccups, and unbelievable situations. Personally, I've made more missteps than I like to admit at times, but that's why I can share this with you. Been there. Done that.

After over 3,000 leasing transactions, you see things that make you want to make gut reactions. However, our team and thousands of our clients have learned that investment success comes from following a consistent process and staying ahead of market challenges.

Informed landlords don't guess. They have a strategy, hedge against risk, and protect their downside. With the right systems in place, you can also stay compliant, minimize risks, and keep your properties profitable.

On behalf of my amazing team at GC Realty & Development and the Straight Up Chicago Investor Podcast, thank you for being serious about your success.

Mark Ainley

P.S.: At the end of this guide, see how you can take advantage of another free resource we're offering all Chicago area landlords that can solidify your tenant screening.



In This Guide You'll Find...

4	New Legal Requirements in 2025
9	Common Chicagoland Landlord Land Mines
15	Key Aspects of Tenant Screening
16	Your Rental Requirements
18	Creating an Effective Application Process
20	Setting Expectations from the Start
21	Red Flags in the Screening Process
23	Making Informed Decisions
24	Best Practices on Declining Applicants
25	Now What?



New Legal Requirements in 2025

Let's start with the changes to the Landlord-Tenant Laws in Chicago because they represent the steepest learning curves for Chicagoland landlords. Plus, the beginning of 2025 brought more changes than in years past. The biggest ones revolve around landlord retaliation, new disclosure and reusable credit reports. Also, if you have property in Evanston, prepare to stay on top of even more residential tenant-landlord ordinance requirement updates. Let's dive into each of these one by one.



Illinois Landlord Retaliation Act

Who This Impacts: Every Landlord in Illinois

The Illinois Landlord Retaliation Act protects tenants when they exercise their legal rights. The Act prohibits landlords from retaliating against tenants for actions like reporting code violations, filing legitimate complaints, or exercising their rights under Fair Housing laws. Retaliation can take many forms—raising rent, reducing services, or threatening eviction—and the law doesn't take these actions lightly.

How This Impacts Landlords

Let's be honest—sometimes tenants can push your patience. They file complaints, contact housing authorities, or make what feel like unfair demands. How you respond in those moments matters.

If a tenant accuses you of retaliation, the burden of proof is on you to justify your actions and prove they were unrelated to their complaint. Failing to comply can lead to penalties of up to two months' rent, plus court costs and attorney fees. In some cases, retaliation can even void parts of the lease, leaving you exposed to further disputes.

How Landlords Can Protect Themselves

The Illinois Landlord Retaliation Act is a reminder to treat tenants fairly, even in challenging situations. To stay compliant, document every decision carefully, from rent increases to notices of lease changes.

With every interaction, ensure your actions are rooted in objective, business-related reasons, and avoid knee-jerk reactions that could be seen as punitive to tenants exercising their rights.



Landlord Resource

Many of these actions to comply with this act are practical steps you should do anyway. Check out our Survival Guide for Self-Managers for more tips.



New Flood Disclosure

Who This Impacts: Every Landlord in Illinois

Landlords in flood-prone areas or that have had any flooding must now provide a Flood Disclosure Form in your lease. The purpose of the law is to inform potential tenants upfront about any flood-related risks. Similar to the radon or lead based paint disclosure, this extra addendum in your lease must be signed by both you and your new tenant.

Not every landlord needs to use this disclosure, but we encourage everyone to add it to your template. This reduces the risk of the flood disclosure not being included in a lease that does require it.

Rentals that Require a Flood Disclosure

- Basement or garden apartments
- A first floor unit or a first floor unit with a basement, including all single family homes
- A condo with storage in the basement

You see why we say everyone should just add this to their lease template?



How This Helps Landlords

The inclusion of a flood disclosure adds transparency and should strengthen trust during the application process (so long as you're honest). It also allows a tenant to plan accordingly.

When tenants are aware of flood risks, they may not put their personal belongings directly on the floor. Instead, smart tenants use a pallet or shelving to raise their belongings higher off a surface that could get wet and ruin their stuff.



The part I like about this is if any flooding, backup, or seepage occurs, and we disclosed it to the tenant at the lease signing, they cannot give a landlord a hard time about giving them credit towards items they had to clean or throw away. While this should be a problem handled through their renters insurance, some tenants will always try.

How This Can Hurt Landlords

Failure to provide a required flood disclosure can result in penalties and could void sections of the lease. You can verify if your property is located in a FEMA-designated floodplain using their Flood Map Service Center.

Landlord Resource

Need a copy of the new flood disclosure for your lease? Please email mark@gcrealtyinc.com.



Illinois Tenant Credit Report Law

Who This Impacts: Every Landlord in Illinois

Let me tell you, the 2025 Illinois Tenant Credit Report Law could catch unprepared landlords off guard. Starting in 2025, tenants can submit reusable credit reports when applying for rental property.

Sounds simple, right? Not always.

How the Credit Report Law Works

Tenants can now submit a reusable credit report that's no more than 30 days old, has been certified, and was issued by a consumer reporting agency. If a tenant provides a reusable credit report that meets these qualifications, landlords must accept them and cannot charge an additional screening fee.

How This Can Hurt Landlords

Tenants love the new law because it saves them from paying multiple application fees, reducing their overall costs when finding a new rental home. However, the change shifts more responsibility onto landlords to dig deeper when screening applicants, adding another step into the process.

As a landlord, you have to be careful or you could miss critical details. How?

Reusable credit reports may not always include the full picture. Think about it—the credit report might look great, but there's no mention of eviction filings, incomplete landlord references, or fake pay stubs.



How Landlords Can Protect Themselves

Chicago landlords can no longer rely on just one document. They have to build a complete story about every applicant. That's why it's crucial to request supplemental documents to make sure you've got all the pieces of the puzzle.

Landlord Hot Tip: Document and Follow Processes

If you deny someone without proper documentation or fail to follow the law, you could face a Fair Housing complaint. Having a consistent, well-documented process that you and your team ALWAYS follow is non-negotiable to protecting yourself and your assets.



Evanston Residential-Landlord Ordinance Changes

Who This Impacts: Evanston Landlords

If you're a landlord in Evanston, buckle up! 2025 brought some important changes to the Evanston Residential Landlord-Tenant Ordinance (RLTO), and ignoring them could land you in trouble. Let's talk about what's new and how to stay ahead of the game.

Security Deposits

Evanston now requires landlords to place security deposits into interest-bearing accounts and pay tenants the earned interest annually.

Sorry, that means no more stashing deposits in your personal account or forgetting about them until move-out day. Not complying with this rule can lead to fines. So, if you haven't already, it's time to tighten up your processes and quit co-mingling funds.

Repair and Deduct

The repair-and-deduct rule gives tenants more power when landlords drag their feet on repairs.

If a landlord delays fixing essential items—think heat, water, or plumbing—tenants can now have it fixed themselves and deduct the cost from their monthly rent.



Yes, tenants are legally allowed to do this if you've failed to act within a reasonable timeframe. This makes it more important than ever to address maintenance requests quickly and document every step.

Lease Termination and Rent Increase Notice Timelines

Notice periods have also been extended to 90 days for lease terminations and rent increases. Giving tenants 3 months' notice gives them more time to prepare to move or figure out their budgets.

As a landlord, you'll need to plan ahead to avoid gaps in cash flow or unintended lease extensions.

How This Helps Landlords

The updates to the existing Evanston RLTO should not be earth shattering for well-organized landlords. In fact, the changes reward landlords who already treat their tenants well. Plus, if you're proactive, these updates can actually help you strengthen your business.

For example, the repair-and-deduct rule might make it feel like tenants have more leverage and that could cost you, but guess what? If you're a responsive landlord who's quick to address repairs anyway, this won't even apply to you.

The same goes for notice periods—planning ahead is just good business. The changes to the RLTO just reinforce good habits.



How This Could Hurt Landlords

If you're someone who chooses to cut corners, you'll have to shape up fast or risk tons of fines and vacant properties. Change is never easy, but if you don't, it's going to hit you where it really hurts.

Common Chicagoland Landlord Land Mines

Plainly put: if you rent out property in Chicago, Cook County, or the surrounding suburbs, you're operating in one of the most tenant-friendly markets in the country. Whether you're dealing with city-specific rules or county-wide protections, landlords need to understand a lot. The laws in Chicagoland aren't forgiving if you get it wrong, making the consequences of missing a step can be costly.

Owning rental property always comes with risks, but there are some common pitfalls that can trip up even the most careful landlord. Below we've collected a few changes Chicagoland landlords should beware of in 2025, including Source of Income, Chicago RLTO, Chicago Human Rights, Cook County RTLO, the Just Housing Amendment, and Tenant Radon Protection.



Illinois Fair Housing Source of Income

Who This Impacts: Every Landlord in Illinois

Under the Illinois Human Rights Act, landlords are required to treat all lawful income sources equally. That includes not just vouchers but also Social Security, disability benefits, child support, and even income from employment a landlord may find unconscionable such as pot dispensary workers or exotic dancers. If the applicant meets rental criteria, their income source cannot be a deciding factor.

How Landlords Must Approach Source of Income

Consider this scenario: you have a stack of applications for your vacant property, and one stands out. The applicant checks all the boxes—steady income, good credit, strong references—but part of their rent will be paid using a Housing Choice Voucher (Section 8). Maybe you hesitate, thinking about the extra steps or stories you've heard about voucher tenants.

Bottom line: rejecting an applicant based on their source of income isn't just wrong—it's illegal in Illinois.

Double-Trigger Landmine

Here's the part that trips up some landlords: discrimination laws cover more than just application denials. For example, say a tenant's housing voucher payment is delayed, and in frustration, you make a comment like, "This is why I don't want voucher tenants." Even an offhand remark like



that can spark a Fair Housing complaint. The law doesn't just cover denials—it covers how you treat tenants, period.

Consequences of Accusation of Discrimination Based on Source of Income

Stakes for adhering to this law are high. One misstep can lead to lawsuits, penalties, and reputation damage. The fines alone can be hefty, and once word gets out, it's hard to rebuild trust with future tenants. Worse, non-compliance could even void sections of your lease, leaving you vulnerable in ways you never see coming.

At the time of the release, over 180 Chicagoland landlords have been accused of discriminating against a tenant's source of income.



How Landlords Can Navigate

Avoid becoming the next landlord accused on discrimination by focusing only on what matters. Use documented criteria like credit scores, rental history, and income stability. Apply these criteria consistently to every applicant. It's not about where the money comes from; it's about whether the applicant meets your standards and will treat your property with care.

Landlords who understand and carefully adhere to the law protect themselves while building trust with their tenants and the community. By embracing how to operate with source of income protections, you protect your investment, avoid unnecessary headaches, and bolster a reputation of doing things the right way.



Chicago Residential Landlord and Tenant Ordinance (CRLTO)

Who This Impacts: Chicago Landlords

The Chicago Residential Landlord and Tenant Ordinance (CRLTO) is the rulebook for every landlord-tenant interaction within the city. This ordinance clearly defines the rights and responsibilities of both parties. In a tenant-friendly market, landlords must understand and closely follow the CRLTO.



A Landlord's Responsibilities

To comply with the CRLTO, Chicago landlords need to know the law inside and out to protect themselves and their properties.

It also helps to know where to pay special attention to details.

For example, one of the most scrutinized areas of the CRLTO is security deposits. Missing even a small detail can lead to fines and potential legal action.

Understanding the rules reduces risk, helps avoid costly mistakes, and shows tenants their landlord knows how to run a professional operation.



Chicago Human Rights Ordinance

Who This Impacts: Chicago Landlords

The Chicago Human Rights Ordinance (CHRO) goes beyond the federal Fair Housing Act to foster an inclusive and compliant rental environment. It outlines landlord responsibilities during tenant screening and obligations throughout the lease agreement.

The CHRO adds protections against discrimination based on:

- Sexual orientation
- Gender identity
- Marital status
- Retaliation
- Source of income



How Landlords Can Ensure They Comply

It's not enough for landlords to know the basics of both the federal and CHRO laws—they need to ensure every part of their application, screening, and leasing process aligns with them. Even an innocent mistake can lead to a Fair Housing complaint, so take this seriously.

As a Chicago landlord, you should also know how to handle discrimination claims and how to handle reporting procedures should you ever have a complaint raised against you.





Cook County Residential Tenant-Landlord Ordinance

Who This Impacts: Cook County Landlords

Cook County's Residential Tenant-Landlord Ordinance (RTLO) is among the most detailed and stringent ordinances in Illinois, often surpassing the complexity of others across the state. Covering vital aspects like leases, security deposits, and tenant protections, it's a must-know for any landlord who wants to safeguard their investment and steer clear of costly missteps.

What Landlords Should Know

When the first video on the Cook County RTLO is about how to sue your landlord if they lock you out, you know you're in a tenant-friendly situation. Complying with the Cook County RTLO doesn't require a law degree (of course, that could help), but it does require landlords to fully understand how every line item impacts their operation.

Landlord Resource

Download our comprehensive Cook County RTLO eBook to learn how to protect yourself and your investment.



Just Housing Amendment (Includes Chicago)

Who This Impacts: Cook County and Chicago Landlords

The Just Housing Amendment (JHA) to the Human Rights Ordinance takes the CHRO one step further regarding tenant criminal records. Under the JHA, landlords must follow a specific process when using criminal background checks as part of their tenant screening.

How This Impacts Landlord Screening

Imagine as a landlord, you're screening tenants, and you find someone who looks like a great fit—solid credit, steady job, good references. But then during the background check, you discover a criminal record from five years ago. Maybe it's for something minor, or maybe it's more serious. Your first instinct might be to decline them on the spot. But here's the thing: in Cook County, that's not how it works anymore.

Landlords can't just deny an applicant based on a record. Instead, they're required to perform an individualized assessment to evaluate whether the applicant's criminal history is relevant to their ability to be a good tenant.



The JHA doesn't mean landlords have to accept every applicant, but it does mean they need to evaluate them thoughtfully and document decisions carefully.

What The Process Looks Like

1. **Pre-Screening:** First, landlords should evaluate the applicant based on their income, credit, rental history, and other non-criminal factors. Criminal history can't even come into play until after this step.
2. **Individualized Assessment:** If an applicant's background check reveals a criminal record, you have to consider the nature of the offense, how long ago it happened, and whether it's relevant to being a good tenant. A minor offense from years ago likely won't hold up as a valid reason for denial.
3. **Written Notice:** If you decide to deny the applicant based on their criminal record, you must provide a written notice explaining your decision and giving the applicant the opportunity to appeal.



This process can feel overwhelming at first, but the goal is to give everyone a fair shot, including people who made some mistakes in the past.

How This Can Hurt Landlords

Skipping any of the steps above could put a landlord in hot water. As can using specific phrases like “no felons” or “sex offenders” when advertising a vacant property. Landlords can't even include a check box on applications asking whether the applicant has a criminal background.

Violating the JHA can lead to lawsuits, fines, and even having lease agreements voided. It's not just about following the law—it's about protecting your investment and avoiding unnecessary legal headaches.

How This Helps Landlords

Landlords who understand and follow the JHA are building a system that protects their business and reputation. When you know the rules and follow them, you're one step ahead, every time.





Tenant Radon Protection Act

Who this Impacts: Every Landlord in Illinois

In effect since 2023, the Illinois Tenant Radon Protection Act serves to protect tenants from elevated levels of radon. Prolonged exposure (think years or decades) could lead to lung damage and lung cancer.

The Tenant Radon Protection Act applies to all units on or below the second floor, including single-family homes with basements, garden apartments, and even condos with basement storage.

That means if a tenant asks about radon levels in an applicable unit, this is a question you can't ignore. As a landlord, if your property has tested for radon and elevated levels were detected, Illinois law now requires you to disclose that information to your tenant upfront.

Landlord Responsibilities

Along with any disclosures of elevated radon levels, landlords must provide tenants with the Illinois Radon Guide for Tenants as part of the lease.

Even if your property hasn't been tested for radon, it's a smart move to include the disclosure as a precaution. This way, you're prepared if testing is ever conducted, and it reinforces transparency with tenants.

How This Can Hurt Landlords

Failing to disclose known radon levels can lead to serious consequences. A tenant discovering high radon levels after moving in might demand lease credits or even take legal action. Adding the disclosure to your lease protects you from these risks while giving tenants the information they need to plan responsibly.

How This Can Help Landlords

Compliance with the Tenant Radon Protection Act is about more than just avoiding penalties—it's about building trust. When tenants know you're upfront about potential risks, they're more likely to respect and value their relationship with you as a landlord.

If a building does test for elevated radon levels, landlords can also choose to make modifications to the building to mitigate levels. While this work must be conducted by professionals, this further builds trust with current tenants and impacts future tenant relations as well.



Key Aspects of Tenant Screening

The new laws that affect how tenant screening must be conducted can easily create costly legal pitfalls if a landlord doesn't understand and follow them. It's no exaggeration to say the stakes for landlords in Chicago and its suburbs are higher than ever.

How Landlords Can Limit Their Risks

Based on the information we've shared already, hopefully you see why establishing a robust, consistent tenant screening process is more important than ever. What's even more vital is that landlords must diligently apply that screening process to every single applicant.

By committing to a standardized process, landlords minimize risk and reinforce a solid defense against claims of unequal treatment or bias. In the realm of Fair Housing—where landlords are often assumed guilty until proven otherwise—the burden of proof is on you, the landlord.

Your best defense? A documented, consistent process that proves your compliance and fairness every step of the way.

Best Practices for Tenant Screening Processes

1. **Demonstrate Transparency in Every Interaction:** With laws like the Illinois Tenant Credit Report Law mandating the acceptance of reusable screening reports, ensuring consistent procedures has become a critical compliance step. Transparency fosters trust and ensures applicants understand your screening process.
2. **Document Everything:** Landlords must plan to record every form, verification, and communication. If you have a verbal conversation with an applicant, follow it up with written documentation (even a text counts!). Bad record keeping can hurt you if you have to reference a particular applicant one year from now.
3. **Demonstrate Consistent Application of Your Screening Process:** In a market with complex Fair Housing and tenant protection rules, applying the same criteria across the board shields you against claims of favoritism or discrimination. Demonstrating consistency in your screening process comes from clearly communicating and documenting your process every. single. time.

Following these best practices won't just help you avoid lawsuits. They also demonstrate your leadership as a business owner who values fair and inclusive operations.



Your Rental Requirements

The approval process for tenants in Chicago and its suburbs is shaped by both evolving laws and your unique property management strategy. While legal compliance sets the baseline, you still have flexibility in crafting your own rental criteria to make informed, consistent decisions about applicants. That said, with new regulations in place or existing ones updated all the time, whatever rental criteria you select, plan to be transparent, accessible, and flexible to stay legally compliant.

How to Stay Compliant and Transparent

- **Written Criteria is Non-Negotiable:** Document your rental requirements and share them with applicants upfront to avoid miscommunication, reduce application churn, and demonstrate fairness.
- **Reusable Tenant Screening Reports:** If an applicant submits a certified reusable credit report, you cannot charge an additional application fee. To mitigate gaps in information, your written criteria should specify the documents you expect (e.g., proof of income or rental history) beyond what their provided report may include.
- **Fair Housing and Source of Income:** Your criteria must be inclusive. For example, do not list preferences that could exclude tenants who use housing vouchers (e.g., Section 8) or have a criminal record.

Recommended Rental Criteria

A clear, consistent set of rental criteria helps you screen tenants effectively and demonstrates fairness throughout the process. Below is a streamlined framework:

- **Application Requirement:** Everyone over 18 must submit an application and pay the application fee, regardless of dependent or student status.
- **Income Threshold:** Net income must be at least 2.5x the monthly rent (after taxes and deductions). Self-employed applicants must provide two years of tax returns.
- **Outstanding Balances:** Total past-due balances, including rent and utilities, must be under \$10,000.



- **Credit Score:** Define a minimum credit score (e.g., 650+) and review for collections and late payments.
- **Rental History:** Require proof of the last three months of rent payments and verify landlord references to avoid false verifications.
- **Evictions:** Assess both the number and recency of any evictions.
- **Employment Verification:** Confirm employment and income with listed employers.
- **Bankruptcy:** Track bankruptcies filed in the past seven years.
- **Pets:** Specify allowed types, sizes, and the number of pets (e.g., large breeds or multiple pets).
- **Smoking Policy:** Clearly state whether your property is non-smoking and any penalties for smoking outside designated areas
- **Debt-to-Income Ratio:** Ensure applicants' overall debt is manageable based on their income.

PRO TIP:

Sharing your rental criteria upfront sets clear expectations and reduces time spent processing unqualified applicants.



Creating an Effective Application

Your application process should be a no-nonsense, consistent system (see a *consistent* pattern in our advice?) that every applicant can easily navigate.

In today's digital world, online applications are the gold standard—they're fast, efficient, and allow for easier record-keeping. But don't overlook the importance of having a paper version available. It might feel old-school, but it's non-negotiable when it comes to ensuring accessibility and avoiding potential claims of discrimination.

Application Questions and Required Permission Requests

In your criteria, you already noted that anyone over 18 years of age must complete an application and pay the application fee, regardless of their dependent status.

So what should your application contain?

For starters, your application should provide space for them to list:

- Their contact information
- Emergency contact(s) information
- Current Address
- Reason for moving
- Status as a smoker or non-smoker
- Pet information (if applicable)
- Disclosure of any past evictions
- Disclosure of any lawsuits against previous landlords
- Any other property-specific requirements



Your application must also have a space where applicants give explicit permission for you to:

- Run credit and background checks
- Verify employment income
- Contact current and past employers



- Check rental references

Your applications should also list out required documentation applicants must submit for landlord review, including:

- No less than previous three years of rental history (and landlord/property management compacts)
- No less than previous three years of employment history
- Most recent three pay stubs
- Last three months proof of on-time rent payments
- Copy of Housing Voucher (If applicable)

Too many times landlords either want to be the “cool landlord” or are lax about collecting all this information upfront, telling applicants they can get documentation to them later.

But by being thorough now, you set the stage for a smoother rental experience, fewer surprises, and a more positive landlord-tenant relationship. You demonstrate your expectation for prompt responses for requests (and on-time rent payment) and treat your interactions like proper business transactions. It’s about protecting your investment and ensuring your property is in the hands of someone who values it as much as you do.

Beware of Scammers

Scammers in the Chicago market are more professional than ever. They show up with polished applications, fake pay stubs, and convincing references. But don’t fall for them! One slip-up could cost you thousands in unpaid rent, legal fees, and property damage.

How to Spot Scammers

Sometimes it’s easy to see how things in an application just don’t add up. But most professional scammers don’t make rookie mistakes like that. That means landlords have to bring their A-game to the screening process as well.

- **Verification at Every Level:** Don’t just check documents; cross-check everything against trusted data sources
- **Use Advanced Screening Tools:** Invest in fraud-detection technology to identify red flags that manual checks can’t catch
- **Real-Time Experience:** Learn from others’ mistakes to adapt quickly to the latest scams as they evolve

The rental game is changing, and your screening process needs to change with it. Investing in tenant placement services can keep you from becoming a scammer’s next victim.



Setting Expectations from the Start

You have your application and processes in place and are ready to start accepting applications from interested tenants. Before you even share the application with someone, you need to set expectations with them right upfront.

Save Time and Energy with Clear Expectations

Setting expectations upfront is key in every relationship, and it's no different between you and your applicants. When you're renting multiple units a year, you need a clear, transparent process that lays out exactly what applicants can expect and what you're looking for in a tenant.

Why is a clear roadmap important? Because when applicants understand your process and criteria, you avoid wasting their time and your own. Being upfront helps weed out applicants who won't meet your requirements before they even hit "submit." The result? Fewer headaches, fewer wasted application fees, and a smoother screening process for everyone involved.

The Importance of a Clear Roadmap

By giving applicants a clear roadmap from the start, landlords dramatically reduced the number of incomplete applications and misunderstandings. Sharing written information like estimated timelines helps build trust and keeps you from wasting time answering "how long" questions while you process information.

With a clearly written and shareable process, you save both time and money, letting you focus on selecting reliable tenants instead of explaining basic requirements over and over. For example, if applicants understand you work on a first-come, first-approved process, they know that delays in submitting their required documentation can impact the likelihood of their getting approved in time for their rental of choice.



Red Flags in The Screening Process

Once you've gathered all the information from your applicants, get ready to dig in and look for red flags. While a red flag doesn't always mean automatic disqualification, it should prompt you to ask deeper questions. You want to make informed decisions about selecting the best tenant for your property.

Below are some common red flags:

- **Incomplete or Missing Information:** You'd be surprised how often problem tenants can be traced back to incomplete applications. If an applicant leaves gaps in their rental or employment history, dig deeper. Clearly explain what you need and that their application won't move forward until they fill in all the blanks.
- **Suspicious Financial Documents:** Fake pay stubs and bank statements are becoming more common. Look closely for mismatched fonts, inconsistent numbers, or anything that feels "off." A small discrepancy could be the tip-off to much larger issues with honesty and financial stability.
- **Mismatched or Generic Email Addresses:** If an applicant's email doesn't match their name or seems unusually generic, take a second look. While this might not disqualify someone, it often provides a clue that something isn't right.
- **Inconsistent ID and Housing History:** When the address on an ID doesn't match the housing history they've listed, especially if the ID was issued recently, it's time to ask questions. This could point to an attempt to hide past rental problems or a fake ID.
- **Out-of-State or Multiple Addresses on Credit Reports:** If a credit report shows addresses from different states without a clear explanation, it might mean the applicant is leaving out part of their story. Take the time to verify their story.



- **Outstanding Debts or Collections:** Applicants with large unpaid balances or open collections for rent or utilities are waving a red flag right in front of your face. It doesn't always mean disqualification, but proceed cautiously.
- **Frequent Late Payments:** Late payments on accounts (other than medical or student loans) show that paying bills on time might not be a priority for the applicant. Look for patterns that could carry over into their rent payments.
- **Self-Employment Without Verification:** Self-employed applicants who can't provide tax returns, bank statements, or other proof of income might not be financially stable. If they can't verify their income, it's hard to trust that they'll meet their rent obligations or won't use your property for their own less-than-legitimate business operations.
- **Unverified Landlord References:** Be wary of references that don't check out. If the "landlord" listed on their application isn't actually affiliated with the property, you're likely dealing with a fake reference—and potentially a risky tenant.
- **Unexplained Evictions:** An eviction doesn't always mean an automatic "no," but an unwillingness to explain what happened is a problem. You need a clear picture of the circumstances before moving forward.

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Some of these red flags could make you feel like a private investigator but where there is smoke there is fire and you need to catch these issues early.



Making Informed Decisions

Once you've gathered all the information and addressed any red flags, you're at the pivotal point of deciding whether to accept an applicant. By this stage, you should have a complete picture of your applicant's financial stability, rental history, and overall fit based on your rental requirements.

But here's the key: don't rely on gut feelings alone. Instead, back your decision with clear, documented criteria. This ensures consistency, fairness, and compliance with Fair Housing laws, especially in a market as regulated as Chicago and its suburbs.

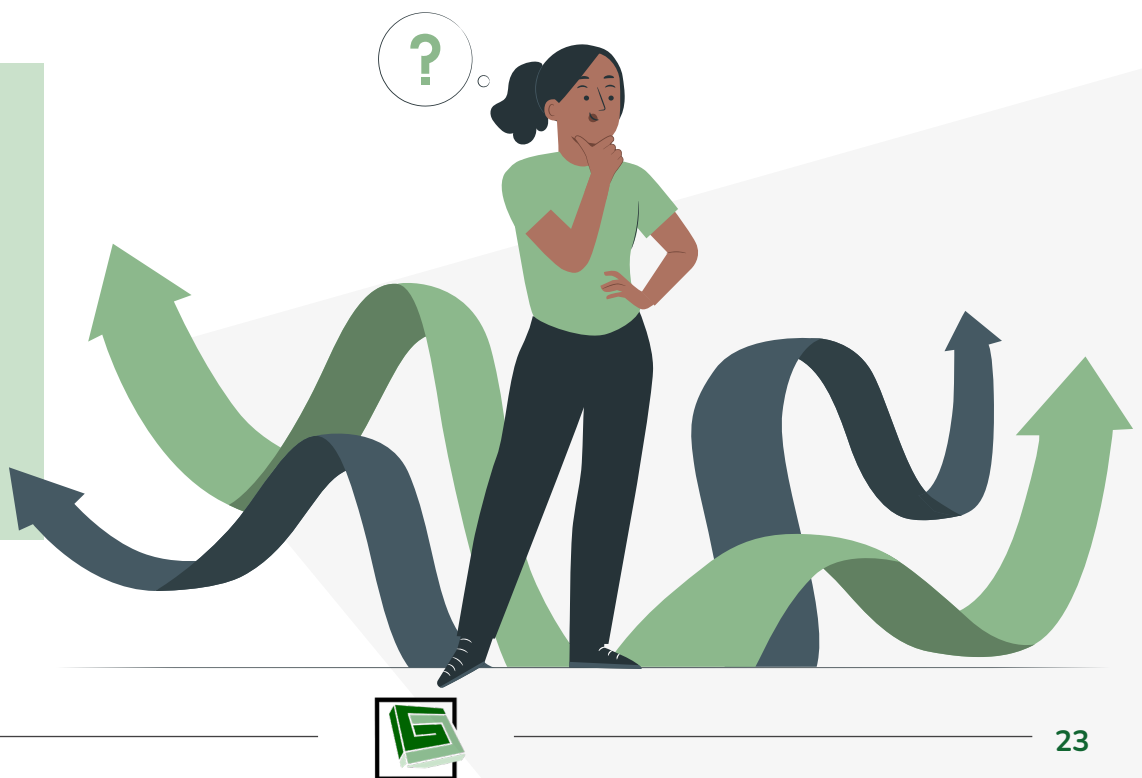
How to Stay Confident in Your Decision

1. **Follow Your Rental Requirements:** If your written criteria say an applicant needs a minimum credit score of 650 credit score, stick to it. Consistency protects you from claims of unfair treatment.
2. **Weigh Red Flags with Context:** Some red flags, like a past eviction, may have valid explanations (e.g., medical hardship). Balance your policies with reason.
3. **Keep Documentation:** Record why you approved or denied an application. This becomes your defense if you ever need to justify your decision.

At the end of the day, you're not just choosing a tenant—you're choosing your peace of mind. A well-informed decision can save you from months of rent headaches and legal stress.

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If you're ever unsure of your practices or documentation, rely on the expertise of a housing attorney.



Best Practices on Declining Applicants

If you have a well-priced property in a good location, chances are you'll have multiple applicants. You can only lease to one applicant though, which means you'll have to understand the right way to decline the rest.

Often, applicants don't meet your criteria, or you've already selected someone else. But rejecting an applicant isn't just about saying "no." There's a right way to do it, especially in Chicago and Cook County, where landlord-tenant laws are strict, and Fair Housing compliance is non-negotiable.

How to Decline Legally Applicants

Here's how to protect yourself while maintaining transparency and fairness when you decline an applicant:

- **Avoid Source of Income Discrimination:** Ensure your rejection has nothing to do with the applicant's income source (e.g., Section 8 vouchers). Discrimination based on income source is illegal and carries hefty penalties.
- **Understand the Just Housing Amendment (Cook County):** Background checks must follow individualized assessments. Rejecting someone solely based on criminal history without context can lead to legal trouble.
- **Issue Written Denials:** Always provide written notice of denial to maintain transparency and protect yourself. A verbal "no" can be misunderstood or misinterpreted.
- **Consider Refunds for Late Applications:** If someone applied after you've already approved another applicant, consider refunding their application fee as a goodwill gesture.
- **Fair Housing Compliance:** Ensure every denial decision aligns with Fair Housing laws. Be consistent, avoid subjective decisions, and apply the same criteria across the board.
- **Keep Thorough Documentation:** Record why an application was denied and retain supporting documents (e.g., credit reports, reference checks, or timing after another accepting another applicant). This can be critical if your decision is ever challenged.
- **Maintain Consistency Reviewing Application:** Apply your rental criteria equally to every applicant. Inconsistencies, even unintentional ones, can appear discriminatory.
- **Know Local Regulations:** Stay informed about specific rules in your area. For example, Cook County has detailed requirements regarding criminal background checks and tenant notification timelines.



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AND GET YOUR
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About the Author

PRICE Is What You Pay, VALUE Is What You Get



I always strive to provide value to others during their real estate journey while also making a living for myself along the way. I accomplish both of these things as partner/founder at [GC Realty & Development, LLC](#) and as co host of Chicago's #1 real estate investor podcast, [Straight Up Chicago Investor](#).

GC Realty & Development, LLC, currently manages over 1,300 investment properties throughout the Chicagoland area. These properties are owned by over 400 investors who have trusted us to manage their investment(s) for them. We've also renovated, revitalized, and stabilized over 500 properties with ownership stake.

I share my personal experiences as well as business relationships with listeners on our podcast, [Straight Up Chicago Investor](#), that we started in 2020. We currently have 350+ episodes of amazing local knowledge already gathered since our inception. Subscribe to our [YouTube channel](#) or download episodes on [iTunes](#) or your favorite podcast catcher.

GC Realty & Development, LLC has been featured on CNBC's TV show [The Deed](#) and Chicago's AM560 Real Estate Revealed Radio Show. In 2019, 2020, and 2021 GC Realty & Development, LLC was featured on the [Inc. Magazine 5000](#) fastest growing companies in the United States. We also made the final cut to be featured on the cover of [Top Agent - Property Management Edition](#) in 2017.

Personally, I have been featured on podcasts such as Bigger Pockets, The Real Estate Mogul Podcast, Joe Fairless, REI Diamonds, Thoughtful Entrepreneur, Real Estate Money School, and Work The System with Josh Fonger.

I take great pride in providing valuable feedback to beginners and less experienced entrepreneurs on what steps not to take or what pre-active steps to take while growing a young business. After 20 years as an entrepreneur, I truly have plenty of mistakes to share so that others may benefit from those on their own journey.

Mark Ainley



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