



The Rising Tide of Application Fraud: What Every Owner Needs to Know

We've all dealt with the occasional bad tenant or questionable application over the years. That's part of the business. But what's happening right now? This is different. Let's talk about it.

The Problem Might Be Bigger Than You Think

Noticed an uptick in sketchy applications lately? You're not imagining things. According to a recent survey by the National Multifamily Housing Council, 93.3% of apartment owners and managers experienced fraud in the past year, with fraud levels increasing by an average of 40.4%. This isn't a niche problem.

The numbers get more alarming when you drill down. During the pandemic, fraudulent applications received by property managers doubled from 15% in February 2020 to 29% just six months later, and 85% of landlords reported being victims of rental fraud during this period. Property managers used to detect 90% of fraudulently altered applications before the pandemic, but now they only catch 75%. *They're getting better at what they do faster than we are.*

In certain Atlanta apartment buildings, for example, landlords report that as many as 50% of rental applications are fraudulent. *Half.*

Why It's Happening Now

Several factors have converged to create this perfect storm.

First, the pandemic normalized remote everything. Virtual tours, online applications, and digital document submission. Then AI came along, consolidating even more of the leasing process online. These technological advances created new vulnerabilities in the leasing and screening cycle AND, on the flip side, provided more sophisticated tools to individuals who wish to exploit those vulnerabilities.

Social media. TikTok, Instagram, Facebook—they've become how-to guides for application fraud. There are literally tutorials showing people how to forge documents, create fake employment verifications, and game the system. The barrier to entry has never been lower.

Delinquency skyrocketed during the pandemic and associated lockdowns. Those "black marks" follow people. Those people still need to rent apartments. Fraud is a solution to their problem set.

The Cost

Direct losses are just the beginning. Lost rental income, legal fees, property damage, and opportunity cost, not to mention stress on your on-site teams constantly dealing with negative effects.

The Cancer Cell Effect

The damage goes beyond isolated instances of lost rent. Every fraudulent tenant is a potential cancer cell in your community.

One bad apple doesn't just cost you their rent—they metastasize. One gets in and soon you've got clusters of problematic tenants all gaming the system together.

Every property has a "vibe". Walk into a well-managed community and you can feel it immediately. Residents take pride in where they live. They keep things clean. They're friendly. And they renew their leases. But let a handful of fraudsters in, and that vibe can go south fast.

Your good tenants notice. Renewal time comes around, and they're gone. It's a death spiral, and it can happen quickly.

The Safety Factor

When fraud extends to concealing criminal backgrounds, you're not just risking your bottom line—you're risking people's safety.

Your residents, your staff.

Someone who's willing to commit application fraud to hide a violent criminal history or sex offense isn't a model neighbor.

And if there is an incident, you may face liability.

Residents have a reasonable expectation that you're doing due diligence on each of their prospective neighbors.

What Do We Do About It?

Let's talk solutions. The good news is that technology is catching up, and there are concrete steps we can take.

1. Overlay *Document Verification Technology*

This is non-negotiable at this point. Solutions like Snappt (which claims 99.8% accuracy in detecting fraudulent documents), Inscribe, Findigs, and ApproveShield use AI and forensic analysis to detect altered documents. They can spot fake pay stubs, manipulated bank statements, and forged tax returns that would fool the human eye. Automated document verification can reduce potential bad debt and evictions by 51%. Yes, it's an added expense. But compare that cost to one bad placement.

2. Implement *Redundant Verification*

Don't rely on a single data point. Layer your verification: Require two months of pay stubs AND bank statements. Call employers directly—don't just verify through the number on the application.

Check references, and then check them again through a different method. Cross-reference Social Security numbers through proper screening services. Look for inconsistencies between documents.

3. Strengthen Your *Screening Process*

This means going beyond the basic credit and background check. Use comprehensive screening services that include employment verification, rental history, and income verification. Be wary of Credit Privacy Numbers—they're illegal when used in place of Social Security numbers on housing applications. Watch for red flags: applications that are too perfect or urgent requests for approval.

4. Train Your *Teams*

Your leasing staff is your first line of defense. Train them on common fraud indicators and the importance of following procedures every time, no exceptions. Pay them well and give them real incentives to catch fraud before it becomes a problem. Tie bonuses to on-time rent payment rates, not just lease volume.

5. *Slow Down*

I know. Vacancy pressure is real. Every day a unit sits empty costs money. But rushing applications is how fraudsters slip through. Build in time for proper verification.

6. Network and Share *Information*

Talk to other owners and managers in your market. What are they seeing? What's working? Industry groups like the National Multifamily Housing Council and National Apartment Association are doing important work, sharing data and best practices. Use those resources.

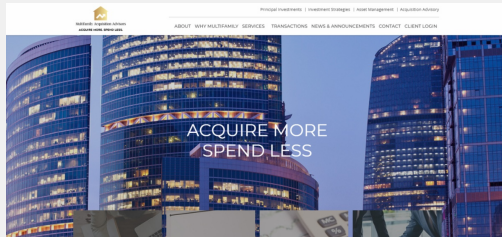
The Bottom Line

Application fraud isn't going away. It may get worse before it gets better. The tools are too accessible. The motivations are too strong. The opportunities are too plentiful. But we're not helpless. With the right technology, proper procedures, trained teams, and a commitment to thorough verification, we can significantly reduce our exposure. It requires investment—in tools, in time, in training—but the alternative is far more expensive.

Stay vigilant out there.

Chris

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