

THE STATE OF MULTIFAMILY FRAUD PREVENTION

How Operator Experience Is Making the Case for Specialist Screening

20for20

WHITE PAPER

IN COLLABORATION WITH

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FOREWORD FROM RETTC

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Addressing America's housing challenges requires practical solutions that expand supply, improve operations and help people find and remain in homes they can afford. Rental housing providers' ability to manage costs, verify information and address fraud is an essential part of that work. So is an application process that gives prospective residents clear expectations and fair consideration.

The Real Estate Technology & Transformation Center (RETTC) brings rental housing providers and technology companies together to advance innovation that improves the business of housing and the experience of the residents we serve. Fraud prevention sits squarely within that mission. Providers need effective tools to make informed leasing decisions, protect the safety and security of residents, team members and communities, and sustain operations. Prospective residents benefit from a process that is fair, accurate, and transparent, evaluates applications consistently, complies with applicable fair housing and consumer protection requirements, and moves efficiently toward a reliable decision.

These needs are closely connected. Rental housing providers must meet ongoing obligations for maintenance, staffing, insurance, utilities, taxes and financing. Fraud adds another layer of cost and risk. In a 2024 survey by the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA), 93.3% of the 75 responding apartment owners, developers and managers—all NMHC or NAA members—reported experiencing fraud during the preceding 12 months. Beyond direct financial losses, investigating suspicious applications and resolving problems after move-in consume staff time and resources.

Those pressures can be particularly difficult for smaller providers with limited capacity to absorb losses or maintain dedicated screening teams. Giving providers practical tools to address fraud supports the financial stability, ongoing maintenance and investment that rental housing communities need.

Reducing fraud and administrative waste will not, on its own, solve the housing shortage or guarantee lower costs and rents. But addressing avoidable costs is a practical part of the affordability equation. Efforts to improve affordability should recognize the cumulative pressures involved in providing housing and preserve providers' ability to manage legitimate financial and operational risks.

The challenge is translating that need into effective practice. Adding more checks, more software or more paperwork does not necessarily produce better decisions. Providers need solutions that work

within real leasing environments, integrate with existing systems, deliver reliable information and justify their cost. Onsite teams need clear policies, usable tools and access to expertise when an application requires further review. Technology should help staff resolve problems and serve residents while reducing the burden of repetitive verification tasks.

Better verification also serves prospective residents. It can help providers recognize legitimate income from self-employment, multiple jobs, retirement benefits and other sources that conventional processes may struggle to assess. Reliable alternatives are important when an applicant cannot complete a preferred verification method.

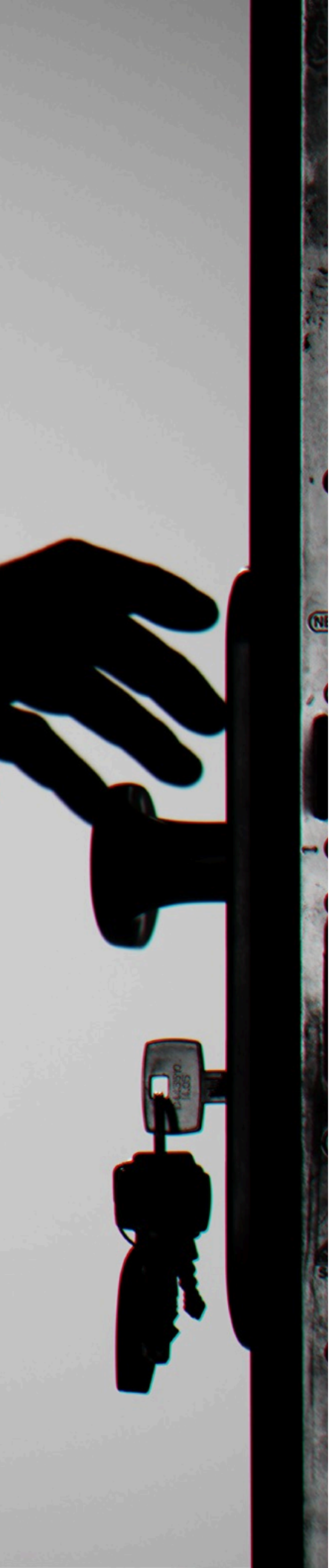
Maintaining a clear distinction between deliberate deception, verification difficulties and financial hardship strengthens this work. Providers need the ability to identify intentional misrepresentation and assess whether applicants meet lawful qualification standards. A technical failure or an unfamiliar income source should prompt an appropriate verification path rather than an unsupported conclusion. Screening also has limits: no process can anticipate every job loss, illness or household disruption that may occur after move-in.

RETTC supports responsible technology deployment that combines operational effectiveness with accuracy, fairness, transparency, privacy, and meaningful human oversight. That includes evaluating technologies for accuracy and potential bias, protecting sensitive applicant information, and establishing appropriate processes for reviewing and correcting errors. These principles help providers make defensible decisions, resolve errors and maintain confidence in the tools they use. They should translate into practical procedures that organizations of different sizes can implement, with clear responsibilities for rental housing providers and their technology partners.

The analysis that follows offers 20for20's perspective on how fraud prevention and screening practices are evolving, including the role of specialist expertise and different approaches to verification. It provides a resource for rental housing providers evaluating their own needs and capabilities. RETTC does not endorse any particular solution, product type or approach but believes that multiple approaches warrant further review by housing providers as they look to navigate the costly rise in application fraud.

For policymakers, the objective should be to preserve effective tools for addressing fraud while supporting fair housing, consumer protections and workable compliance expectations. Overly prescriptive requirements can add cost and limit the ability to respond to changing threats. Clear, practical rules can support responsible innovation and give providers greater confidence to invest in solutions that improve outcomes.

RETTC's focus is on making progress against persistent housing challenges. Effective fraud prevention can reduce avoidable losses, strengthen operations and help qualified applicants secure housing through a more reliable process. Advancing those outcomes together is an important part of building a more resilient and affordable rental housing system.



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1
INTRODUCTION

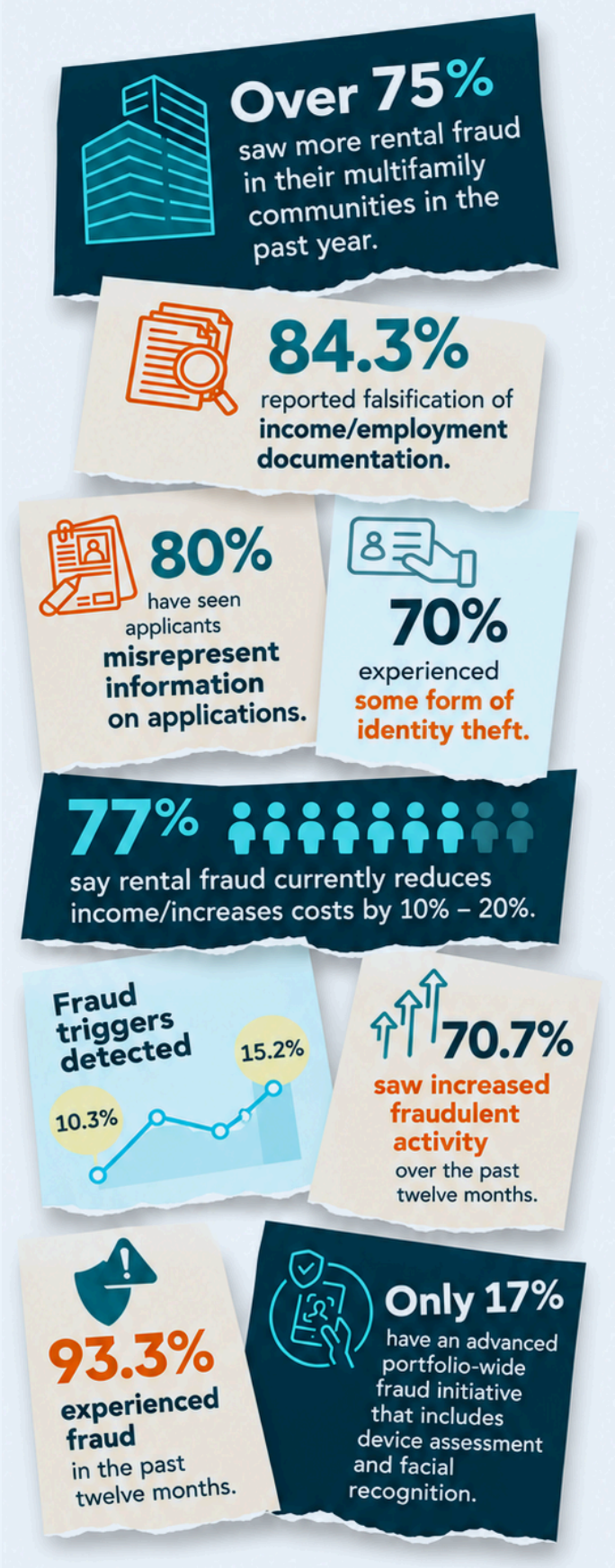
Application fraud has always existed in the rental housing industry. Recently, however, it has escalated from a marginal operational nuisance to a structural risk in the leasing process with material consequences for asset performance.

This change is the result of several factors that have converged over recent years. The industry's move to digital leasing concentrated exposure at the point of application: as it has become easier to apply for apartments, it has become easier to attempt fraud. The COVID-related eviction moratoria added a new dimension, making it harder to remove residents who were not paying their rent.

That raised the stakes on screening decisions. It also contributed to a change in the relationship between some residents and their housing providers.

Social media influencers emerged whose audiences were built on advice about how to avoid eviction and circumvent property management companies' (PMCs') policies. The moratoria eventually ended, but the opportunity to build audiences by advising applicants on how to game the system remains. An ecosystem of online *fraudpreneurs* and suppliers of high-quality fake documents now makes it easier for bad-faith actors to submit applications designed to defeat conventional screening.

These developments have come to define the industry's conversation about fraud. Operators moved quickly to add specialist tools to protect themselves from fraudsters. Identity checks, document analysis and income verification now operate as distinct but overlapping disciplines, often deliv-



ered by best-of-breed suppliers. Each new capability can improve detection, but also adds complexity to existing processes, which has made the technology landscape harder to navigate.

Experience Reframes Operator Perspectives

More recently, the industry's experience with these technologies has exposed a more fundamental issue. Fraud prevention is part of a screening process that is not *solely* about excluding bad actors. It is also, and more broadly, about assessing the risk represented by applicants who genuinely intend to pay their rent but may not be able to do so reliably. Changes in employment patterns and income composition have made that assessment harder, particularly where income is irregular or difficult to document.

The 20for20 Annual Survey[1] has been tracking fraud prevention since it emerged as a priority a few years ago. Figure 1 summarizes a finding from the most recent (2026) edition. In answer to the general question "What, if anything, is changing about fraud prevention?" more than a third of respondents were re-evaluating the process.

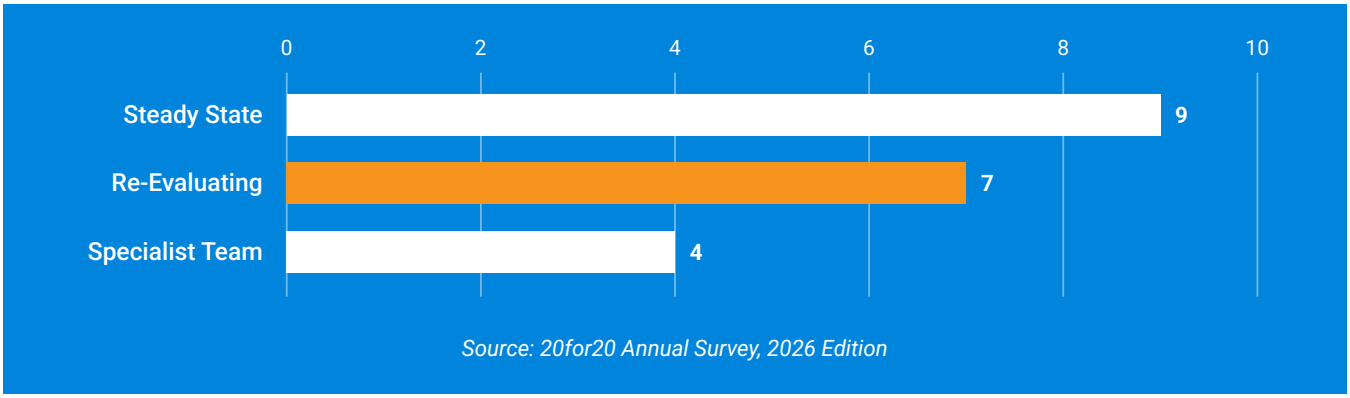


Figure 1: What, if Anything, Is Changing About Fraud Prevention?

Most had addressed it, usually with specialist software, in the last few years, so it was curious that so many were already re-evaluating their programs. Respondents cited application friction, a growing focus on managing bad-debt risk earlier in the leasing process and a desire to move screening into specialist teams as their reasons for changing.

Why Screening Is a *Capability*

It is easy to understand why companies rushed to acquire software to address a growing risk. But as this paper will establish, screening represents a combination of policy, process and oversight. To do it well requires an evolving, enterprise-wide capability rather than a fixed set of verification checks. Several factors add to the complexity.

- **Fraud is increasingly organized and commercialized.** Unlike most operational processes, fraud prevention involves managing behavior that adapts to the controls designed to prevent it. Fraudsters share methods, documents and coaching, and identify weaknesses in screening requirements and exploit them across properties and markets.
- **Authentic information can still be misleading.**

Section 3 explores the checks that form the foundation of fraud-prevention technology. Most focus on establishing the authenticity of documents or obtaining financial information directly from banks. But authentic information is not necessarily a reliable indicator of financial capacity. Genuine documents can contain false information, evading document-based fraud checks, while legitimate bank transactions can provide a misleading picture of recurring income.

- **Screening requires judgment.** Incomplete or conflicting evidence makes some decisions inherently uncertain. Both false approvals and unnecessary declines have economic consequences, while team incentives, inconsistent overrides and even occasional collusion introduce further risk.
- **Fraudsters exploit the process itself.** The sequence of checks, alternative verification methods and exception procedures can create opportunities for evasion. As controls improve, fraudsters adapt their methods to exploit the remaining weaknesses.
- **Screening must meet fair housing obligations.** Qualification criteria must be applied fairly and consistently, with clear policies governing exceptions and discretionary decisions. As screening becomes more complex, operators need the expertise and oversight to ensure that technology and operational practices support these obligations.

Together, these and other factors make fraud prevention an ongoing enterprise responsibility. Operators need specialist expertise, portfolio-wide visibility and consistent policies that can evolve as threats change. More broadly, they need to assess applicant risk without unnecessarily excluding qualified residents.

The following sections explore the process and technology considerations of fraud prevention in greater depth. First, however, we return to first principles to establish the underlying problem that screening is designed to solve.

[1] 20for20 Annual Survey: 20for20.com/annual-survey



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A FIRST PRINCIPLES UNDERSTANDING OF FRAUD

For the purpose of this paper, we adopt the following working definition of application fraud:

> *Any attempt by a prospective resident to submit false information as part of a rental housing application process, with the intention of misleading the housing provider.*

That covers income misrepresentation, fabricated documents, the use of someone else's identity and entirely synthetic identities. Importantly, it includes applicants who intend to pay their rent as well as those who do not.

However, the primary economic objective is to reduce bad debt through better decisions at the point of application. Fraud is one potential cause of bad debt, but it is not the only cause. An applicant may misrepresent information yet pay rent reliably. Conversely, an entirely truthful applicant may lack the financial capacity to meet their obligations.

The industry's response to increased fraud risk has focused heavily on detecting deliberate deception. But when we reframe the problem as bad-debt mitigation, some important considerations emerge:

- **Bad debt has multiple causes.** Non-payment can result from insufficient or unstable income, as well as financial hardship after move-in. Fraud detection alone cannot identify these risks.
- **The timing of non-payment matters.** Early bad debt may reveal risks present at application, while later losses may reflect changes in circumstances. Early-lease performance is therefore a useful measure of screening effectiveness.
- **Risk varies across properties and markets.** The causes of bad debt differ by geography, asset type and market conditions. Controls that reduce bad debt in one setting may add unnecessary friction and potential vacancy loss elsewhere.

Screening should therefore be evaluated not simply by the fraud it detects, but by how effectively it qualifies applicants likely to meet their obligations. It is an *underwriting* process through which operators balance the financial risk of approving applicants against the cost of unnecessarily excluding qualified residents.

The challenge is to design a process that makes those decisions consistently, with an appropriate balance of verification, judgment and applicant friction. Beyond its financial objectives, effective screening supports resident and community safety while helping qualified applicants access housing through fair, consistent decisions.

The Screening Friction Trade-off

Screening involves competing objectives: reducing financial risk, preserving leasing conversion and maintaining a consistent, defensible process. More rigorous verification can improve decisions, but it can also increase cost, delay and applicant abandonment. Three considerations should guide the balance.

- **Friction can have value.** Verification requirements can deter fraud, reveal financial risk and reassure applicants that a community takes security seriously, particularly when they know that the same fair and consistent standards apply to their future neighbors. But additional checks produce diminishing returns when their costs exceed the losses they prevent.
- **Applicant experience depends on clarity and speed.** A predictable process with timely decisions may be preferable to one with fewer steps but repeated requests, unclear requirements or lengthy delays.
- **Consistency matters.** Complex requirements invite workarounds and discretionary exceptions, particularly when they impede the leasing process. Arbitrary overrides can introduce regulatory risk, as policies are inconsistently

applied. Controls must be practical to execute, consistently applied and justified by their contribution to financial outcomes.

These trade-offs further demonstrate how screening is a careful underwriting process and customer experience rather than simply a defense against fraud. Operators must decide where verification adds value, when further evidence is necessary and when an application can proceed to a decision.

2.1 THE IMPORTANCE OF PERFORMANCE METRICS

A prospect underwriting process should be measured by underwriting outcomes, not simply the number of fraudulent applications identified. Traditional fraud-prevention metrics, such as detection rates, declines and suspicious documents, help assess individual tools, but not whether screening reduces bad debt or unnecessarily excludes qualified applicants.

STAGE	KEY PERFORMANCE INDICATORS
Application and primary gate	Application abandonment, approval rates, time to initial decision
Secondary verification	Fallback usage, incremental declines, approval reversals, time to final decision
Post-move-in outcomes	Early delinquency at 30, 60 and 90 days; evictions by lease age; bad debt per approved lease

Figure 2: Screening Indicators by Application Stage

Figure 2 provides examples of metrics that connect application decisions with subsequent resident performance. These must be evaluated against their economic consequences: declining an applicant may prevent bad debt but create vacancy loss, while additional verification may reduce risk but increase abandonment. The question is whether improved rental performance justifies those costs.

Operators should also compare outcomes across verification paths, including applicants approved through fallback procedures or conditional approvals. Differences in early delinquency and bad debt can reveal whether particular checks add value or whether some paths carry disproportionate risk.

These findings should inform ongoing changes to qualification criteria, verification requirements and the sequence of checks. Rising bad debt does not necessarily justify another fraud-prevention tool. It may indicate weaknesses in existing checks, overly permissive fallback procedures or risks that the process fails to recognize.

a screening process that balances financial risk, leasing conversion and cost, rather than maximizing detection or approval rates independently.

2.2 THE SCREENING WATERFALL

Screening must establish sufficient confidence in an applicant's identity, financial capacity and rental history without requiring every applicant to complete every available check. The process must satisfy requirements as efficiently as possible while accommodating applicants' different circumstances and verification preferences.

One way to achieve these objectives is through a screening *waterfall* that organizes verification into a sequence of decisions. An initial check establishes the basis for qualification, while supplementary checks address unresolved questions or risks. The objective is to collect sufficient evidence to make a defensible decision with the least necessary cost and friction. Figure 3 presents a simplified example of a screening waterfall.

The Importance of the Primary Gate

The primary gate does disproportionate work. It establishes which applicants can proceed toward approval and which require further scrutiny. Its effectiveness depends on the risks it addresses, the reliability of the evidence it collects and the proportion of applicants it can assess without additional intervention.

As Section 3 explains, primary verification typically follows one of two approaches: document-based or direct income verification. Credit and background checks also form part of the screening waterfall, but this paper concentrates on the identity and financial verification steps that have emerged in response to application fraud.

No primary check can resolve every uncertainty. Applicants may be unable to complete the preferred verification method, or the evidence may be incomplete or contradictory. These cases require clearly defined alternatives that preserve the integrity of the process.

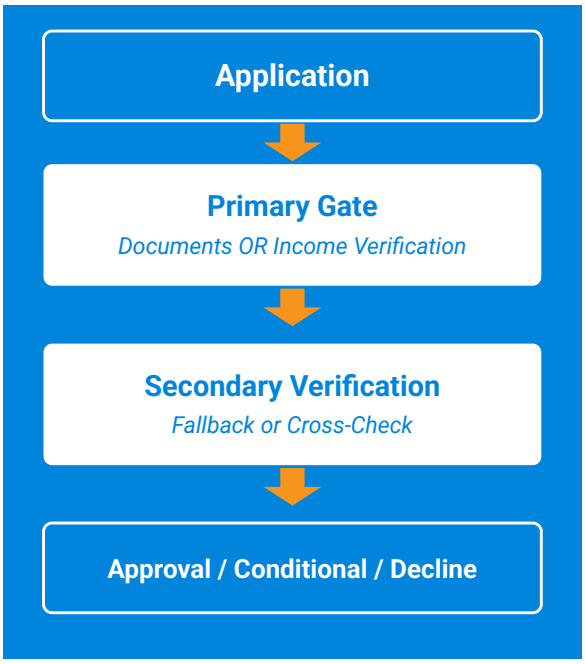


Figure 3: A Simplified Example of a Screening Waterfall

Secondary Verification and Supplementary Checks

Secondary verification should address risks that remain after the primary gate, rather than repeat work already performed. Some checks provide alternative verification paths, such as document-based verification for applicants who cannot or choose not to connect their bank accounts.

Depending on the property and circumstances, additional checks may also be necessary, including employment verification, further income verification where initial evidence is insufficient, or enhanced identity verification. An inability to complete a preferred verification method should not itself be treated as evidence of fraud.

Verification of Rent (VOR) provides an interesting example of a supplementary check. Historically, rental housing operators routinely sought references and rental histories from applicants' previous housing providers. As online leasing became commonplace, the practice became less common in favor of faster, less labor-intensive checks.

VOR can nevertheless be extremely valuable in certain circumstances. An applicant's rental history may reveal delinquency, unpaid balances or eviction proceedings that are not reliably reported, or reported too late to inform a screening decision. Obtaining this information, however, requires additional time and effort.

The value of VOR, like any supplementary check, depends on whether it identifies material risks that earlier checks in the waterfall would otherwise miss. Its place in the process should therefore reflect the incremental information it provides, the financial consequences of the risks identified and the cost and friction of obtaining that information.

Designing for Risk, Conversion and Consistency

In summary, the objective is not to assemble the most comprehensive collection of checks. It is to collect sufficient evidence to make reliable underwriting decisions, minimize unnecessary friction and direct additional scrutiny where it is most likely to improve outcomes. Three principles should guide the design of the waterfall:

- **Prioritize checks that support fair, informed underwriting decisions.** The primary gate should address the most consequential risks efficiently, while supplementary checks resolve uncertainty or identify risks that earlier checks cannot reliably detect.
- **Design fallback paths deliberately.** Applicants who cannot complete a preferred verification method need alternatives, but those alternatives must not create easier routes for bad actors to evade scrutiny.
- **Allow for differences across properties and markets.** While qualification criteria must be applied fairly and consistently to applicants at each property, risk profiles and economic consequences vary substantially across a portfolio. Consistency requires clear policies, not necessarily identical verification paths or requirements everywhere.

The design and execution of processes vary substantially from operator to operator. The conventional approach has been to train property teams to lead the screening process. But other options are becoming more popular, including centralizing the screening function and, in some cases, outsourcing it to third-party suppliers. The context should determine the operator's choice of technology, which is the subject of the next section.



3

THE SCREENING TECHNOLOGY ENVIRONMENT

The evolution of application fraud has produced a diverse market of technologies designed to verify identity, income and supporting documentation. These technologies differ in the evidence they collect, the risks they identify and the expertise required to interpret their results.

Identity verification establishes confidence that applicants are who they claim to be, using combinations of document authentication, personal information and biometric evidence. Financial verification addresses a different question: whether applicants have the capacity to meet their rental obligations.

Neither discipline necessarily provides a complete picture of applicant risk. This section examines the principal technologies, their limitations and the changing market of suppliers that support them.

3.1 FINANCIAL VERIFICATION: DOCUMENTS VS. INCOME

Numerous specialist *fraud-prevention* solutions have emerged to help operators establish whether applicants meet a community's qualification criteria. Their capabilities can be understood in terms of the screening waterfall introduced in Section 2.

There are two broad approaches to the primary gate. One examines applicant-supplied documents, such as bank statements and pay stubs, for evidence of manipulation. The other obtains financial information directly from banks or payroll systems to assess an applicant's income and its stability.

Figure 4 summarizes the differences between these *documents-first and income-first* approaches. The fundamental distinction is the chain of custody of financial information. The income-first approach obtains financial data directly from its source, while the documents-first approach assesses the integrity of *documents* containing financial data. Each approach has advantages and limitations.

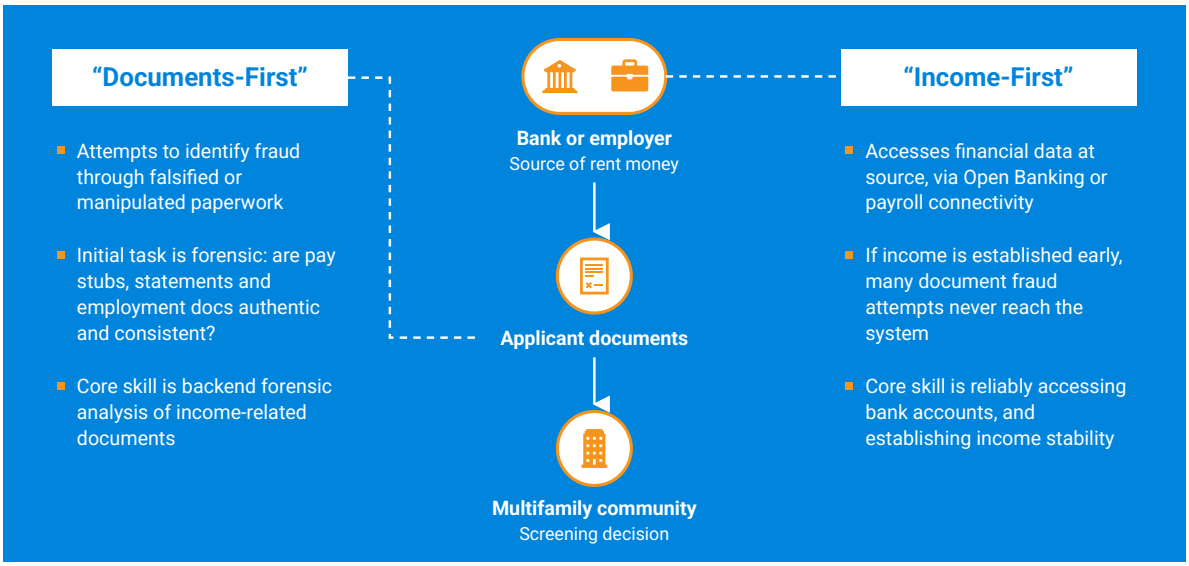


Figure 4: The Chain of Custody for Screening Information

Documents-First: Establishing Authenticity

The core expertise required for this approach is document forensics: examining pay stubs, bank statements and employment records for evidence of manipulation. These technologies analyze file characteristics, metadata, formatting and other inconsistencies that conventional visual inspection often misses. Their capabilities have become more sophisticated as fraudsters have de-

veloped increasingly convincing forgeries, including AI-generated documents.

The documents-first approach has the considerable advantage of accommodating applicants who cannot or choose not to connect their bank or payroll accounts.

However, even an authentic document may not accurately represent an applicant's financial circumstances or ability to pay rent consistently. In so-called *"inception fraud,"* a genuine company can use standard payroll software to generate authentic records of fictitious employment and nonexistent income.

Because the documents themselves are genuine, document forensics alone cannot reliably detect this type of fraud. Providers must supplement their technology with other capabilities, such as building databases of companies associated with fictitious employment or suspicious payroll activity.

Income-First: Establishing Income at Source

Income verification technologies bypass documents by obtaining financial information directly through bank or payroll connections. The approach depends on two areas of expertise: accessing financial data reliably and interpreting it accurately to establish an applicant's ability to pay rent.

The first is connectivity. Specialist providers typically work with multiple financial-data aggregators, using a waterfall of connections to maximize coverage and minimize delays. If one aggregator cannot establish a connection, the next may succeed. This architecture can deliver higher completion rates, faster responses and greater resilience to API outages than reliance on a single connectivity service.

The second is income analysis. Bank accounts contain transfers and deposits that may resemble earnings without representing sustainable income. Applicants also increasingly have multiple jobs, irregular earnings, self-employment income or government benefits. Advanced systems identify and categorize these sources, distinguish income from other deposits and assess its consistency over time. The use of sensitive financial information also requires appropriate privacy and security safeguards.

Together, these capabilities enable specialist providers to assess financial capacity quickly and with relatively little friction. Using bank connectivity as the primary verification method may also deter fraud before it reaches the screening process. Fabricated documents are relatively easy to produce, but establishing a connection to a bank account presents a different obstacle.

Applicants intending to submit fraudulent financial information may therefore abandon the process in favor of properties that accept documents instead. This creates an important distinction between fraud detection and deterrence: while documents-first providers may report high detection rates, an income-first approach may prevent some fraudulent applications from being submitted in the first place.

The principal limitation is that direct connectivity does not work for every applicant. Those who cannot or choose not to connect their accounts, whose financial institutions are unsupported or who encounter technical failures must have alternative verification paths through which they can demonstrate their financial qualifications.

3.2 AN EVOLVING SOLUTIONS MARKET

The growth of specialist screening technologies has created a crowded and increasingly overlap-

ping market of providers. Property management systems (PMSs) and broader leasing platforms incorporate screening into their platforms. Specialist providers have traditionally focused on particular capabilities, such as identity verification, document forensics and income analysis.

Most suppliers assemble their screening capabilities from third-party technologies. Financial connectivity, for example, can be provided through services that securely connect to banks and other financial institutions. These integrations make verification capabilities widely available without requiring every platform to develop its own technology.

> ***The growth of specialist screening technologies has created a crowded and increasingly overlapping market of providers.***

The value of specialist providers, then, lies not simply in access to verification tools, but in the expertise and infrastructure they develop to deploy those tools effectively and address particular screening problems.

Many specialist providers originally focused on either document or income verification. As their products have expanded, however, documents-first providers have added income verification, while income-first companies have introduced document-based alternatives.

Similar feature lists can therefore conceal substantial differences in underlying expertise. Adding bank connectivity does not necessarily give a document-forensics specialist the income-analysis capabilities of an income-first provider. Equally, adding third-party document verification to an income-first platform does not confer the forensic expertise of a document-analysis specialist.

These differences reinforce the importance of designing the screening waterfall before selecting technology. Operators should prioritize the capabilities most relevant to their chosen verification process, rather than the breadth of a provider's feature list.

Changing Models for Delivering Screening

Specialist providers differ not only in their technical capabilities, but also in how much of the screening process they manage. Three broad models have emerged.

At one end are focused verification products that perform specific checks within an existing application process. These may be integrated directly into an operator's technology stack, embedded through white-label partnerships or accessed through a separate applicant workflow. They can improve individual verification tasks without requiring substantial changes to the broader process.

More comprehensive platforms manage multiple stages of screening, including verification, applicant communications, follow-up requirements and decision workflows. Rather than directing applicants to separate verification tools, these solutions can manage the screening journey from initial submission to a completed decision.

A third model is technology-enabled screening services, where providers assume operational responsibility for supporting applicants, managing exceptions and executing the screening process, rather than simply supplying the software.

Each model involves trade-offs. Focused products offer flexibility and can be easier to intro-

duce, but leave operators responsible for coordinating checks, communications and exceptions. Comprehensive platforms can reduce fragmentation and simplify the applicant experience but require greater reliance on the supplier's workflow and decision architecture. Managed services go further by transferring operational responsibilities, but also require clear accountability and oversight.

Two considerations cut across these models. The first is transparency: operators must understand the evidence behind decisions, how exceptions are resolved and which policies they can control. The second is integration with existing applicant communications. As suppliers introduce conversational AI, operators must ensure that screening interactions complement their existing leasing agents rather than create additional handoffs or inconsistent messages.

The choice ultimately depends on how much of the process operators wish to manage themselves, which responsibilities they are prepared to delegate and how the solution fits their existing operating model.

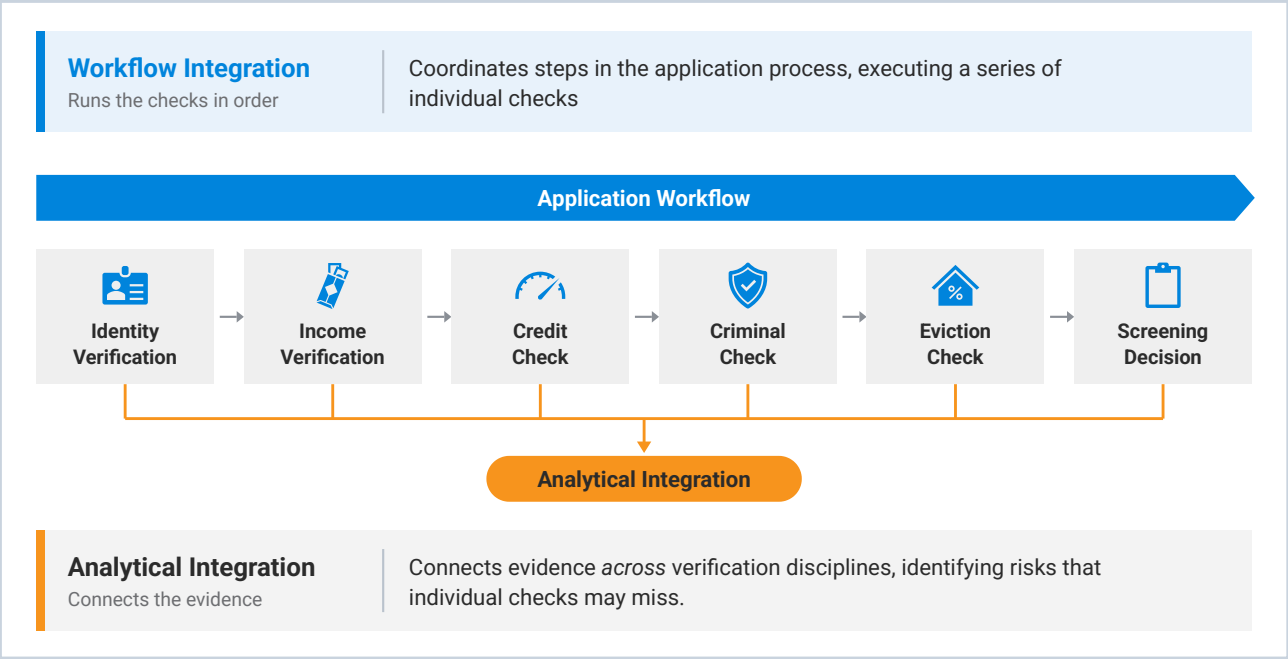


Figure 5: Integration of Screening Checks: Workflow vs. Analytical

Integrating Workflows vs. Integrating Evidence

A further distinction between screening solutions is how effectively they integrate individual verification capabilities. An application process may include identity, income, credit, criminal and eviction checks, each of which performs its assigned task accurately. But the overall application can still be fraudulent because the individual checks do not necessarily establish that the evidence they produce relates to the same legitimate applicant.

Consider the example of identity misrepresentation. An applicant may use a borrowed or manipulated identity to establish genuine bank accounts, financial records or other credentials. They may then submit authentic financial information and identification documents that appear valid individually, but do not establish that the applicant is legitimately associ-

ated with all the information presented.

An identity check may confirm that an identification document is authentic, an income check may verify genuine bank transactions, and background screening may find no disqualifying records associated with the supplied identity. Each check can produce a valid result without detecting the inconsistency between them.

Identifying this type of fraud requires more than coordinating the individual checks. It requires analyzing their results together. Figure 5 illustrates the distinction between two forms of integration.

- **Workflow integration** coordinates the sequence of checks, applicant communications, fallback methods, decision rules and exception handling. It can improve speed, consistency and the applicant experience.
- **Analytical integration** connects evidence across verification disciplines, assessing whether identity, financial and background information are mutually consistent and identifying risks that individual checks may miss.

These capabilities do not necessarily develop together. A comprehensive application platform may offer an effective end-to-end workflow while relying on largely independent verification components. Conversely, a specialist provider may connect evidence across multiple sources without managing the entire application journey.

Neither obtaining all capabilities from one supplier nor assembling a best-of-breed technology stack guarantees analytical integration. What matters is whether the combined solution can identify risks that its individual components would otherwise miss, supported by the expertise to interpret inconsistencies, investigate exceptions and make better decisions.

Implications for Supplier Selection

As screening solutions become more comprehensive and incorporate more third-party technology, differentiation increasingly depends on suppliers' *expertise* rather than their feature lists. That changes how operators should evaluate screening solutions.

Conventional software demonstrations can establish whether a platform supports the required checks and workflows. They reveal less about the provider's ability to connect evidence across verification disciplines, identify emerging risks and support better underwriting decisions. Operators should assess the provider's competency in delivering both forms of integration described in Figure 5. Evaluations should also consider how providers test their solutions for accuracy and fairness, protect applicant information and support the review of decisions.

Ultimately, the economic test is whether the screening process helps operators approve more qualified applicants, avoid more bad debt and reach decisions faster, without unnecessary friction or cost. As the screening waterfall (Figure 3) illustrates, these outcomes depend on how individual checks are sequenced, how their results are interpreted and how exceptions are resolved.

Increasingly, operators are recognizing that these requirements cannot be addressed through technology selection alone. They also raise questions about who should manage the screening process, where specialist expertise should reside and who should be accountable for underwriting decisions. These organizational choices are the subject of the final section.



4

THE CASE FOR SPECIALIST SCREENING

As the 20for20 survey findings quoted in the introduction suggest, operators are increasingly reconsidering how they deliver screening services, even after substantial investment in fraud-prevention technology.

This reflects a growing recognition that effective screening depends on more than the capabilities of individual products. It also requires specialist expertise, clear accountability and control over how underwriting decisions are made, exceptions are managed and processes are adjusted based on financial outcomes.

Two factors are driving this change. The first is the inherent tension between leasing and underwriting. Traditionally, much of the screening process has rested with onsite leasing teams, whose principal responsibility is to fill vacant apartments. But screening often involves incomplete or conflicting evidence, requiring judgments that may run counter to the commercial pressure to maintain occupancy.

> ***"The objective is not simply to move work away from properties, but to establish a more effective, accountable underwriting function.***

The second is the increasing technical complexity of screening. Modern verification technologies can automate much of the process, but selecting, combining and overseeing them requires expertise that is difficult to develop and maintain in individual property teams.

These factors help explain growing interest in separating screening from onsite leasing operations. Operators may concentrate expertise and decision authority in an internal centralized team or delegate screening operations to an external specialist provider. The objective is not simply to move work away from properties, but to establish a more effective, accountable underwriting function.

The value of specialist screening extends beyond the operational efficiencies associated with centralization. It offers operators a way to improve underwriting decisions, manage complex verification requirements and establish greater control over financial risk. Four capabilities are particularly important.

- **Independent and Consistent Decisions.** Specialist screening can apply qualification criteria independently of onsite leasing pressures, with clear authority over exceptions and overrides. Documented decisions support fair housing compliance and auditability, reducing the risks associated with informal exceptions or inconsistent treatment of applicants.
- **Specialist Expertise and Judgment.** When applications produce incomplete or conflicting evidence, specialists can investigate inconsistencies, obtain additional evidence and resolve exceptions. This concentrates expertise where judgment adds the most value, rather than relying on individual onsite teams to resolve unusual or ambiguous applications.
- **Automation and Operational Efficiency.** Specialization creates an opportunity to redesign screening based upon automated verification and clearly defined exceptions. Routine applications can proceed with minimal human involvement, minimizing friction for applicants. Responsible automation also requires human oversight, testing for unintended outcomes and opportunities to review decisions when necessary. Without effective technology and process design, however, centralization may simply move manual tasks elsewhere rather than eliminate them.

- **Portfolio-Level Accountability.** Specialization enables operators to manage screening as a portfolio-level underwriting function rather than a series of individual property decisions. Greater visibility into approval rates, exceptions, applicant friction and subsequent resident performance provides a stronger basis for assessing the balance between occupancy and bad debt, and adjusting qualification criteria based on financial outcomes.

Organizing Screening as a Specialist Function

The options for organizing screening are highly context-specific. Large owner-operators may have the scale and control to establish internal screening teams. Others may find it more practical to outsource the function to a specialist provider.

The choice is particularly complicated in third-party management, which accounts for a growing share of the rental housing industry. Management companies serve multiple owners with different underwriting policy and technology preferences. They must balance the benefits of developing standardized screening policies and specialist capabilities against the need to accommodate individual owner preferences. These competing requirements make it harder to establish the consistency and scale needed to support specialist teams.

Conversely, owners may work with several management companies, creating a different choice: whether to adopt each operator's preferred screening process or require their operating partners to follow the owner's policies, processes and technology preferences.

These competing priorities, together with differences in organizational scale, property characteristics and regulatory requirements, help explain the variety of screening models emerging across the industry.

> ***Owners and operators must retain appropriate oversight of underwriting standards, exceptions and outcomes, even when a third party executes the screening process.***

For owners whose management companies cannot offer centralized screening, the alternatives may be to retain the traditional onsite process or engage an external specialist. The latter offers a way to separate leasing from underwriting without requiring the management company to develop its own specialist capability.

Whichever model an operator chooses, screening policies must accommodate differences between properties and jurisdictions while ensuring consistent, fair treatment of applicants. Owners and operators must retain appropriate oversight of underwriting standards, exceptions and outcomes, even when a third party executes the screening process.

From Fraud Prevention to Underwriting Strategy

These organizational choices reflect a broader change in how operators approach screening. As this paper has argued, the objective is not simply to detect fraudulent applications, but to reduce bad debt while avoiding unnecessary declines, vacancy loss and applicant friction.

The screening waterfall provides a framework for designing that process, while specialist technol-

ogy and expertise support its execution. But neither determines who should make decisions, how exceptions should be resolved or who is accountable for the outcomes. Those are organizational choices that must reflect the operator's business model, risk profile and underwriting objectives.

As the introduction noted, growing concern about application fraud initially led operators to add specialist tools to existing leasing processes. Experience with those technologies is now prompting some to reconsider how screening should work, who should deliver it and how its performance should be measured.

The emerging lesson is that effective screening depends on more than the technology deployed or the organizational model chosen. As technology assumes more responsibility for verification, operators must also maintain human oversight, provide fair alternatives for applicants and ensure that sensitive information is handled responsibly.

What began as a reactive response to application fraud is becoming a broader reconsideration of how operators qualify residents. The opportunity is to establish screening as a specialist underwriting capability that improves economic occupancy and asset performance while delivering fair, consistent and defensible decisions. For qualified applicants, it should also provide a clearer, more reliable path to housing.

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ABOUT RETTC

Real Estate Technology & Transformation Center

The Real Estate Technology & Transformation Center (RETTC), an affiliate organization of the National Multifamily Housing Council (NMHC), brings together real estate companies and technology providers to blaze a path forward for digital transformation in America. The Center serves as the preeminent advocacy, resource and networking platform for real estate and tech leaders as they navigate a long-term and complex technology-enabled transformation. This evolution will impact the renters and communities we serve, help address our nation's long-term housing challenges, improve business operations and enhance our ability to drive innovation across the economy.

ABOUT 20FOR20

20for20 is a consulting firm that helps technology companies reach multifamily customers and operators make better operational and technology decisions. We do this through ongoing dialogue with multifamily leaders and by publishing content that helps move the industry forward, including the 20for20 Annual Survey, whose ninth edition will be published in 2027.

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