



# CENTURION MANAGEMENT SERVICES

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## Reviewing Prospective Tenant Applications Questions

Recently, a Centurion income property owner that wanted to review each and every detail of multiple prospective tenant applications for his property. Unfortunately, the overly zealous owner review of the applications broke several laws. Because we are the broker/property manager on record for the property, we were contacted by the Nevada Real Estate Division Compliance Department. Fortunately, we were able to rectify the mistakes made very quickly and without formal discipline.

While we have allowed our owners to review applications in the past, it was always a courtesy, not part of our standard property management contract.

After the above incident, we will no longer allow owners to review entire applications. Allowing owners to review entire applications and possibly ask the prospective tenant questions that violate the Fair Housing Act and Nevada Revised Statutes, is no longer permissible.

Tenant applications and subsequent leases are agreements between Centurion and the applicant or tenant. Not between the owner and the applicant or tenant. It is in Centurion's best interest, as well as you the owner, to allow Centurion to do what we do best: screen

applicants and choose the best applicant based on standardized facts. Should you, as the owner, want additional information, we will comply as needed. This will be judged on a case-by-case basis.

By not allowing you to review applications, and accepting that responsibility, we are in all likelihood preventing lawsuits and additional legal action.

Because Centurion has interviewed and reviewed thousands of applications, we know what we can and cannot discuss with prospective tenants. For your information, here is what Centurion must adhere to:

### **Questions That Violate Fair Housing Laws**

Avoid any question that could seem discriminatory toward a certain class of people. This can be interpreted as discrimination under the Federal Fair Housing Law or under your state's Fair Housing Law.

The Federal Fair Housing Act protects seven classes: race, color, religion, sex, national origin, disability, and familial status. In addition, many states have additional protected classes such as marital status and sexual orientation. Here are a few questions or comments you'll want to avoid, even if you're just throwing them out there to make innocent conversation.

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## WE'RE MOVING!

Effective January 1, 2019 Centurion Management Services will have a new address. Our new address is:

**Centurion Management Services  
Lakes Business Park  
8831 West Sahara Ave.  
Las Vegas, NV 89117**



Lakes Business Park is centrally located between Fort Apache and Durango.

We look forward to serving you from our new location. Our email and phone numbers will remain the same.



- You would love the area. A lot of minorities live here.
- Are you white or Hispanic?
- There aren't a lot of temples around here, so I don't know if you'd fit in.
- I don't feel safe renting to a woman on the first floor.
- Where were your parents born?
- What is your first language?
- Are you disabled?
- I don't allow animals, so I can't allow your service dog.
- I don't rent to people with kids.
- Are you pregnant? I don't want a baby disturbing the other tenants.
- Where do your kids go to school?
- Do you go to the church in this neighborhood?

You should also avoid questions about marital status, sexual orientation, source of income, age, or any other possible protected class just to be on the safe side, at least if you're not very sure of the laws in your state. These types of questions can open the door to trouble:

- Are you married?
- Are you divorced?
- Are you gay?
- How old are you?

## Why the Housing Market Is Slumping Despite a Booming Economy

*Home prices are out of reach relative to incomes and mortgage rates. The big question for the economy is how the imbalance adjusts.*

These should be happy times for the housing sector. The economy is booming, with more people working at higher pay, and with the sizable millennial generation reaching prime home buying age.

Instead, the housing market has gone soft, acting as a drag on the overall economy rather than as a force propelling it forward.

Sales of new single-family homes were down 22 percent in September from their recent high in November 2017, and existing home sales in September were down 10 percent.

Home prices have not declined nationally, at least according to the most widely followed indexes. But their rate of increase has declined, and more and more home sellers are finding they must reduce asking prices to find a buyer.

Given how central housing is to the broader economy — it is the biggest driver of both wealth and indebtedness for most families, and its fluctuations have frequently

- (To a man:) I think having your boyfriend visit will make the other tenants uncomfortable.
- You're going to have to pay a higher security deposit because your income is from unemployment benefits and I'm afraid I might have to evict you in the future.

## Arrest Records

- There's a big difference between being arrested and being convicted of a crime. You can ask a prospective tenant if he's ever been convicted, but you cannot ask if he's ever been arrested.
- A conviction is information that can be readily discovered anyway simply by running a background check on the individual. But keep in mind that you can't discriminate against a person because he's been convicted of a crime in many states, including California.
- The crime would have to influence his ability to be a good tenant, such as an illegal drug conviction or a history of violent offenses that could put other tenants at risk.

## Avoid Questions Outside Your Normal Qualifying Standards

- You must have the same qualifying standards for all prospective tenants. Set a list of questions that you'll ask everyone. You can be accused of

discrimination if you don't follow the exact same procedures for everyone.

- For example, while it's perfectly legal to perform credit checks on tenants as long as they give their consent, you can't perform credit checks only on African Americans or Asians. Another example would be if you asked people who were poorly dressed about their eviction history or criminal convictions, but you ignore such questions for people who present a more acceptable appearance.

## It's OK to Ask for References...But Ask Everyone

- Outside of prohibited questions, you're usually safe if you apply the same standards to everyone who submits a rental application. The easiest and least expensive way of doing this is to ask them to name references on the application: employer, past landlord, and one or more personal contacts.
- You're entitled to call each and every reference, and you should do so. Just do it with all applications.

been major factors in past booms and busts — this slump isn't something to be taken lightly for anyone hoping the good times will last.

## So what's going on?

Home prices in a given location are ultimately tethered to the incomes of the people who either live there or want to. But for much of the last six years, that relationship has come undone.

Nationally, personal income per capita has risen 25 percent since the end of 2011, while the S&P/Case-Shiller national home price index is up 48 percent (neither figure is adjusted for inflation).

The gap is even larger in the big coastal cities with high wages and booming job markets, but where legal and other barriers make it hard for builders to add to the supply of homes. In the San Francisco metro area, per capita personal income rose 40 percent from 2011 to 2017, while home prices rose 96 percent. Similar patterns are evident in Los Angeles, Seattle, Boston, New York, Las Vegas, Phoenix and Washington.

In less high-flying markets, there was still a disconnect. In the Minneapolis area, for example, incomes rose 22 percent while home prices rose 46 percent.

Those rising home prices got help from

years of very low mortgage rates, which put more expensive homes within reach for people at a given income level. Activity was also probably boosted by some bounce-back effect after the housing market crash of 2007-09, a result of pent-up demand for homes that were not bought while the market was collapsing.

There's no doubt that demographics are favorable for housing demand. The peak birth year for millennials was 1990; it's a group that is turning 28 this year and thus entering prime years for home buying. As it happens, 28 is exactly the median response in a Bankrate survey that asked adults for the ideal age to buy a home.

But that doesn't matter if prices are out of reach relative to incomes. Moreover, lending standards have remained more rigorous than they were during the last housing boom, so it has been harder for people to stretch to buy a home. The inability of people to buy homes they can't really afford is great news in terms of avoiding another crisis, but not so great for the near-term outlook for housing.

As Economics 101 teaches, price movements are the way that supply and demand match up with each other. But in the housing sector especially, that adjustment can take a while.