



A GUIDE TO REFERENCING


February 2020

goodlord



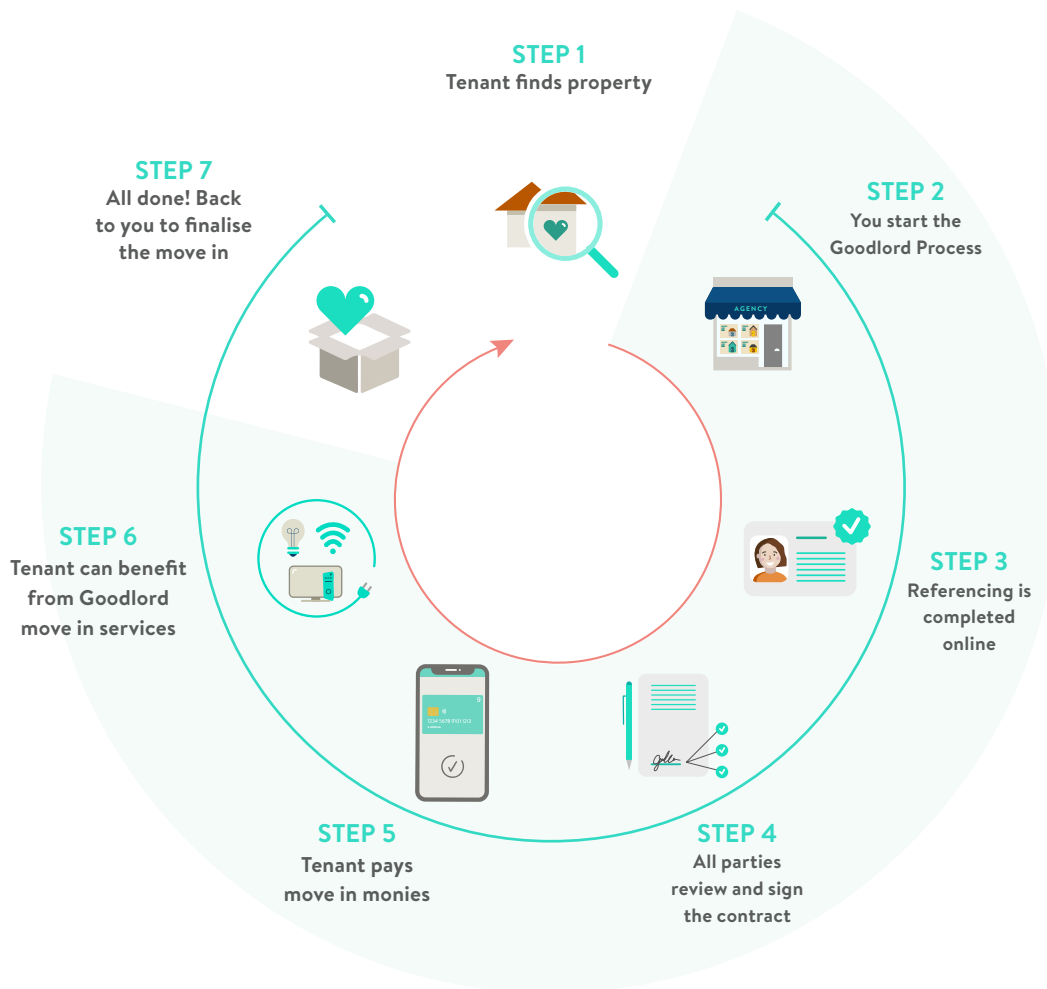
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AN INTRODUCTION TO REFERENCING WITH GOODLORD

Our referencing team are made up of some of the best in the industry, with an efficient process that ensures references are checked quickly and thoroughly. Our team checks your applicants' IDs, credit, residency and income, and provides you with a comprehensive overview so you can make an informed decision. We get started on the referencing as soon as it's submitted to us to give you, your tenants and your guarantors the best possible experience.



DID YOU KNOW YOU CAN PRE-QUALIFY APPLICANTS WITHIN GOODLORD?

Send your tenants a link to a simple form where they can fill out key pieces of information. You can send this to them at any time during the application process so that you can make a decision on which applicants will progress to referencing.

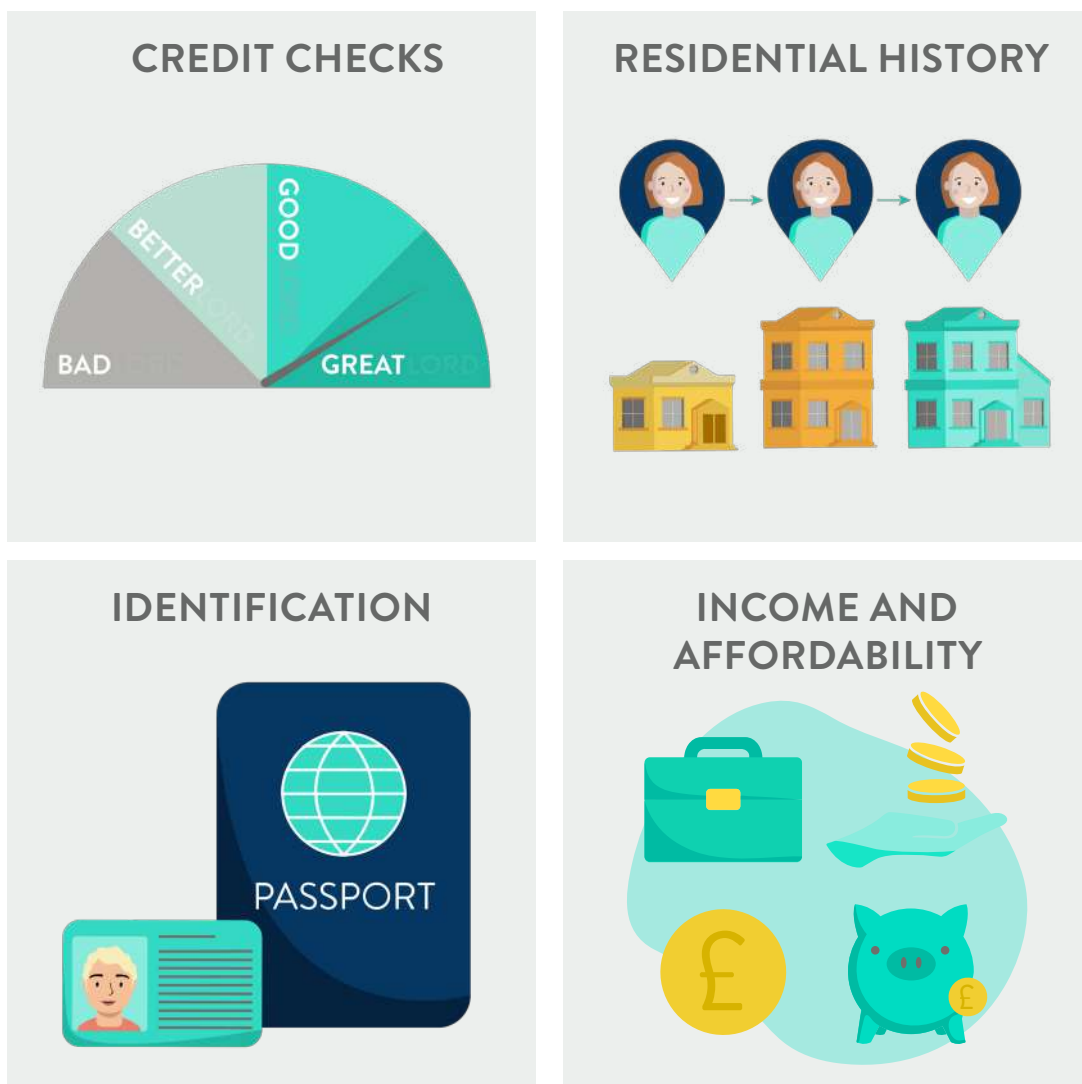
THE PROCESS

Prospective tenants or guarantors provide their information directly to Goodlord through our platform. Once they've uploaded their details online, we'll start verifying their references and keep you informed through live updates in the platform.

ASSESSING APPLICANTS

We assess tenants and guarantors across four areas. At the end of the referencing process, a report will be uploaded to the Goodlord platform with an overall recommendation. The most conservative recommendation throughout any of the sections will be applied to the whole of the report. The possible outcomes are Pass, Conditional Pass or Fail.

Our comprehensive referencing process includes:



THE PROCESS



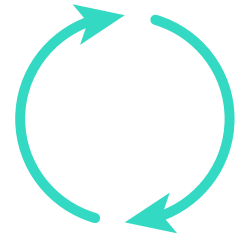
Agent sends email to tenant to begin referencing.

Tenant supplies personal information, residential history, income information and uploads supporting documents.



Goodlord commences referencing process and will reach out directly to tenants if more information is needed.

Ongoing updates available to agent.



Goodlord supplies report to agent based on information gathered and verified.

Guarantor supplies additional information (where relevant).



Goodlord completes referencing on Guarantor and supplies report to agent based on information gathered and verified.

At Goodlord, we have a rigorous chasing process to gather and verify the data needed to complete referencing. We'll do this on your behalf so you don't have to, and will continue to chase for information across the seven day referencing window.

We combine automated chasing and phone calls to referees and applicants, to get your reports back to you as soon as possible.

- As soon as the reference is created, all referees will be sent an email asking them to verify the details supplied by the tenant.
- If we have not heard from the referees after one working day of the reference being created, we will phone them, and continue to follow up daily, in an effort to secure the reference.
- We will always aim to get confirmation from the referees.
- Once we have sufficient documentation, we will finish referencing and quickly get the report back to you.

OPEN BANKING

- We have partnered with a leading business in open banking, Credit Kudos, to get applicants through referencing quickly.
- Applicants connect their online bank accounts so we can see their recurring income and rent payments.
- You can use this feature to get your applicants assessed quickly.



Reliable

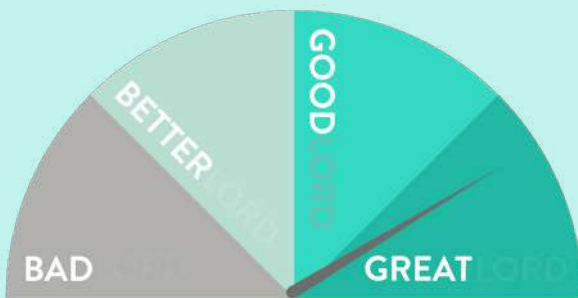


Secure



Fast

●●●● CREDIT



As part of our referencing process, each prospective tenant and guarantor is subject to a series of complex checks to assess their creditworthiness. Our checks, powered by Equifax, a global leader in credit reporting, search for credit repayment history, adverse credit databases, and establish whether the applicant genuinely lived at their declared address(es).

WHAT INFORMATION DO WE GET FROM EQUIFAX?

Our credit check looks for any adverse credit on the applicant's credit file as well as evidence that the applicant lives where they say they do. This evidence can take the form of locating the applicant on the 'open', or 'edited', electoral register or finding credit agreements that they have entered into. Credit agreements include things such as mobile phone contracts, credit cards, loans and mortgages. If we can find either of these, we can be confident that there is no adverse credit we are not aware of.

Of course, it is quite possible to have no credit agreements and to opt out of the open register, so it is not necessarily a cause for concern if no information is found. In these situations, we recommend that you obtain proof of their current address: if the applicant is able to provide this, it is also likely that their credit file is clear.

We use the past three years' address history provided by the applicant to run these searches, and the outcome of this search will impact the recommendation provided.

INCOME AND AFFORDABILITY

We assess an applicant's income in order to check that they are capable of covering the costs of the rent for the duration of the tenancy. We apply the same assessments to guarantors so that we are able to confidently say that they can pay in the event that the tenant defaults on payments. We use a measure called an affordability ratio to make this calculation. The affordability ratio differs between tenants and guarantors.



WHAT IS AN AFFORDABILITY RATIO (AR)?

An affordability ratio (AR) is a comparison of an applicant's income to the prospective rental amount.

Under Goodlord's criteria, a tenant must have an AR of at least 2.5, whilst a guarantor must have an AR of at least 3.0 to pass.

This means that for a tenant to pass, their annual income must be at least 2.5 times greater than the annual rent.

Example:

John earns £25,000 p.a.

The maximum annual rent he can afford is $£25,000 \div 2.5 = £10,000$ per year

The maximum monthly rent he can afford is $£10,000 \div 12 = £833.33$ per month

WHAT INCOME SOURCES DO WE ACCEPT TO CALCULATE AN APPLICANTS' AFFORDABILITY RATIO?

- Employed
 - Permanent
 - Fixed Term
 - Temporary
- Self-Employed (excluding international self-employment)
- Rental income
- Benefits income
 - Excluding housing benefits for tenants
 - Only including Enhanced Employment Support Allowance (EESA), Personal Independence Payment (PIP) or Disability Living Allowance (DLA) for guarantors
- Students with award funding
- International employment
- Pension payments
- Savings

WE ARE UNABLE TO INCLUDE:

- Non-instant access Individual Savings Accounts (ISAs)
- Loans
- Divorce settlements
- Insurance payouts
- Bonds, stocks and shares
- Investment portfolios
- Last will and testament
- Prenuptial payouts
- Familial support income
- Pension pots

RESIDENTIAL



We ask prospective tenants for their current residential status when completing the referencing form. They can select that they are:

- o Currently renting (as tenant or lodger or license)
- o Homeowner
- o Living with friends and family
- o Living in short term accommodation (such as a hotel or AirBnB)
- o Living in employer provided accommodation
- o Homeless
- o Living in student halls of accommodation

- We ask prospective guarantors for their current address only. We'll use this address to verify if they are UK residents. We do not accept non-UK residents as guarantors.
- We only reference those who are currently on an AST and therefore renting a property. We will not verify any other types of residential status.
- We will ask prospective tenants to provide a landlord or lettings agent as a referee to verify their current rental property.
- We will ask their referee to confirm the following:
 - o Tenancy start date
 - o Tenancy end date and/or notice period
 - o If they have ever been late with rental payments
 - o If there are any planned deductions to the property due to minor or major damage (defined below)

WHAT IS THE DIFFERENCE BETWEEN MINOR AND MAJOR PROPERTY DAMAGE?

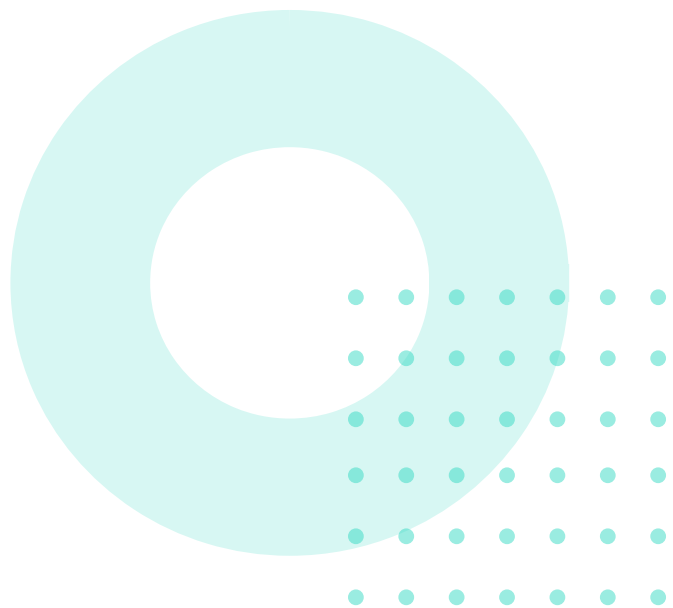
The extent of property damage can fall into two categories defined below.

MINOR

- o A deduction will be made to the tenant's deposit due to minor damage that they caused. This is applicable to issues, often accidental, which can be easily or quickly repaired (e.g. visible spillages on carpet or walls, torn fabrics, etc.) but excludes natural wear and tear.
- o Minor property damage will not affect the recommendation of the reference.

MAJOR

- o A deduction will be made to the tenant's deposit due to MAJOR damage they caused. This is applicable to issues requiring extensive and costly repairs (e.g. structural damage or any destruction which could have been avoided).
- o Major property damage will result in a Fail.



Tenant: Sophie Turner

£775.00 monthly rent for 12 months

Reference: #1212121

Landlord: Maisie Williams

PASS

Browse our clear new [online help resources](#) | You may also [request changes to this reference](#)

INCOME PASS

ABOUT INCOME

Employer:	Academy of Queens	Prospective tenant noted they are employed and a reference was provided by Brienne of Tarth, Knight of the North. Referee confirmed employment will be (starting on 12/08/2019) in a permanent contract with an annual income of £20,000.00. Given the total verified income of £20,000.00, the applicant meets our affordability requirement.
Title:	Queen of the North	
Employment Status:	Full Time	
Monthly Rent Share:	£387.50 (50% of total rent)	
Max. Rent Affordable:	£666.67 (86% of total rent) £297.17 below rent share	

CREDITWORTHINESS PASS

ABOUT CREDIT

Goodlord Trust Score:	227 (Low)	No adverse credit reported nor found.
Open Credit Accounts Found:	2	
Found on Electoral Roll:	Yes	
Declared Adverse Credit:	No	
Confirmed Adverse Credit:	CCJ: No	
Insolvency:	No	

Is your rent protected?

[FIND OUT MORE ABOUT GOODLORD'S RENT PROTECTION AND LEGAL COVER.](#)

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Conclusions in this document are based on information obtained. Note applicant's circumstances are subject to change. Please be aware that any upfront payments of rent may affect your ability to make a successful Rent Protection claim.

••• SUMMARY

WHAT DO WE NEED TO SEE FROM A PROSPECTIVE TENANT FOR THEM TO PASS?



ID

- Prospective tenants renting in England must supply ID that satisfies a Right to Rent check.
- Prospective tenants renting in Wales must supply valid Government issued ID, in the name of their application.
- All other prospective tenants must supply a birth certificate, driving licence or passport, in the name of their application.
- Proof of name change must be supplied where necessary.



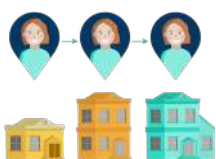
CREDIT

- Goodlord must be able to locate the prospective tenant at their address.
- They must have no adverse credit or, if they do, it must be less than £1,000 and it must be satisfied.



INCOME

- The prospective tenant must have income that meets the affordability ratio of 2.5 or more.



RESIDENCY

- If the prospective tenant is currently renting, we must be able to verify when their tenancy is due to end, whether they have caused any damage to the property and whether their rental payments were made on time.
- If they are not currently renting they will pass.

WHAT DO WE NEED TO SEE FROM A PROSPECTIVE GUARANTOR TO PASS?



ID

- The prospective guarantor must supply a birth certificate, driving licence or passport in the name of their application.
- Proof of name change must be supplied where necessary.



CREDIT

- Goodlord must be able to locate the prospective tenant at their address.
- They must have no adverse credit.



INCOME

- The prospective guarantor must have income that meets the affordability ratio of 3.0 or more.
- We can only assess income from PIP and E(E)SA. We will not include any other benefits.



RESIDENTIAL

- They must be residents in the UK.

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