

Case Study:

Waterton Residential Stabilizes Occupancy, Reduces Bad Debt With LexisNexis®



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– Greg Lozinak
Executive Vice
President and Chief
Operating Officer
Waterton Residential

Overview

Waterton Residential, a Chicago, Ill.-based subsidiary of Waterton Associates LLC, is a proven leader in the multi-family industry. With 15,000 apartment homes located nationwide, the Waterton Residential brand signifies exceptional living experiences, a sense of community and home. Waterton employs approximately 450 associates who are committed to achieving the company’s vision.

The Challenge

In 2007, when Greg Lozinak first joined Waterton Residential as executive vice president and chief operating officer, one of his first priorities was to review the company’s financial performance—specifically, its high level of bad debt.

“Bad debt is often indicative of bringing the wrong people into an apartment community—and a sign that the screening standards are too low,” said Lozinak. “We decided to consider some new alternatives.”

At the time, Waterton’s screening provider used a scoring model to determine resident eligibility. However, Lozinak believed that more information would help the company better quantify the specific risks of each applicant.

“Our initial focus was to better understand the parameters used to screen our applicants,” added Barney Pullam, vice president of business process. “The scoring model we were using previously didn’t tell us enough about what affected the decision outcome. We also were looking to partner with a company that was able to provide our teams a high level of customer service, a company that would really take care of our account.”

The Solution

After comparing other providers—and their screening models—Waterton Residential decided to switch to LexisNexis® Resident Screening, which offered a national criminal search, eviction search and credit check, using a rules-based “decision” model that better aligned with Waterton’s goals.

The decision model would enable Waterton to qualify applicants more stringently and at a higher standard, while also giving the company more flexibility in the decision-making process depending on the specific community. Comprehensive management reports would also document when associates at various communities were overriding decision recommendations.

“In addition to these reasons, we also chose LexisNexis because of the quality of the company, the exemplary customer service and the ability to align with Waterton as a strategic business partner,” Lozinak said. “We felt that LexisNexis Resident Screening had the expertise to help us better our business—and the commitment to be there for us long term.”

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After a smooth transition to LexisNexis in October 2007, Waterton was pleased with the new operational process, as well as the easy-to-use software, which operates within Waterton’s Yardi system.

“We can go straight to the LexisNexis Resident Screening interface, enter the data and get a response within about five minutes,” said Lozinak. “The only time it goes beyond that is when certain red flags pop up because of a past criminal history or evictions. This quick response helps us qualify an applicant on the spot, which prevents them from going down the street to a competitor.”

“LexisNexis Resident Screening is a very user-friendly program,” added Pullam. “Associates can easily access the program and with minimal data entry obtain the screening results.”

“Turnaround time was another compelling benefit,” he added. “We wanted to ensure that we could give an applicant a decision while they were still across the desk from us—so we wanted a solution that could provide answers quickly, before the applicant walks out the door.”

This quick response wasn’t available from every screening provider Waterton considered. One provider quit doing screening checks after 3 p.m. CST, which would have made a significant negative impact on Waterton’s portfolio, considering 46 percent of its applications were processed after 3 p.m. CST or on weekends. Losing just 5 percent of these applications due to slow turnaround time with another provider could equate to a revenue loss of over \$2.4 million.

The Results

The reasons to choose LexisNexis Resident Screening were compelling and, today, Waterton is one very satisfied customer.

Within its first full year of working with LexisNexis Resident Screening, Waterton decreased its bad debt 12 basis points, which resulted in an operating performance improvement of \$136,489—simply due to better screening results. Using a conservative capitalization rate of 7 percent, Waterton estimates that less bad debt and a better credit profile across its resident base could equate to an increase in value of \$1.95 million across the portfolio.

“Thanks to quality data from LexisNexis Resident Screening, we’ve been able to lower our bad debt, stabilize our occupancies across the portfolio, and improve our operating performance,” said Lozinak. “We no longer have to evict as many people, and we’re not letting unqualified people in who are forcing qualified residents out. The information we’re getting from LexisNexis Resident Screening is helping us spend less time collecting the data—and more time analyzing it. They have been a very responsive strategic business partner.”



Pullam definitely agrees.

"I enjoy knowing that I'm receiving timely reports and, more importantly, that LexisNexis account managers are working behind the scenes to identify trends and notify us about those trends," he said. "Having a solid account management team that has the ability to understand our business, investigate our processes and provide recommendations adds significant value to our operations."

"LexisNexis is a large company with a small business mentality," said Pullam. "We get individualized attention and an experienced account team that's just a phone call away. I value having a partner that can help us pull it all together—the credit screening, eviction search and criminal background checks provide a complete package. The icing on the cake is the exceptional customer service."

For more information:

Call 800.590.8535 (U.S)
or 561.999.8624 (international),
email screening@lexisnexis.com or
visit lexisnexis.com/screening

About LexisNexis Risk Solutions

LexisNexis Risk Solutions (www.lexisnexis.com/risk) is a leader in providing essential information that helps customers across all industries and government predict, assess and manage risk. Combining cutting-edge technology, unique data and advanced scoring analytics, we provide products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of Reed Elsevier, a leading publisher and information provider that serves customers in more than 100 countries with more than 30,000 employees worldwide.

Our screening solutions assist employers, non-profits and multi-family housing managers with making quicker and more confident applicant selections based on industry-leading background checks and drug testing.

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