

Real Estate Legal Update

Insight and commentary on investment property, corporate real estate issues and property development

(US) Guarantor Services can help you land the dream New York City apartment

By Rose Plager-Unger on 19 October 2016 Posted in [Real Estate \(U.S.\)](#)

Finding an apartment in New York City is a journey in stress management. You've done your internet research. You've climbed a thousand steps. Now, you've found the place of your dreams. Is it too good to be true?

It might. Why? Because the financial standing to qualify for that apartment is an entirely different matter.

Landlords in New York City typically demand that prospective tenants have an annual income of up to at least 40 times one month's rent and a credit score of at least 700. In a market where increases in rent outpace increases in income, it is often difficult for prospective tenants to meet these high thresholds.

To help prospective tenants overcome qualification difficulties, companies like **Insurent** and TheGuarantors offer rental payment insurance on behalf of tenants that provides landlords with a guarantee that the landlord will be made whole in rental payments if the tenant defaults under the lease. Companies like **Insurent** and TheGuarantors have capitalized on strict landlord requirements by offering tenants less stringent financial standards than typical New York City landlords. TheGuarantors, for example, insures tenants with incomes as little as 27 times one month's rent and who have credit scores as low as 630. The company also considers liquid assets and income earned outside of the country, a benefit for international tenants. The premiums for TheGuarantors' policies range from 5 to 7% of the annual rent, depending on how risky the tenant profile.

Companies like **Insurent** and TheGuarantors fill an important niche by helping prospective tenants who would otherwise never qualify for many quality apartments while reducing landlord exposure to default risk and vacancies. Developers of new construction are also provided protection in high cost markets where the prospective applicant pool of qualified renters may be smaller, allowing for a larger number of applicants to qualify as tenants.

In markets with rising rents, Landlords now have a new guarantor option. It will be interesting to see if similar services make their way into the world of corporate real estate.