

I'VE GOT MONEY IN THE BANK, BUT NO STEADY INCOME. CAN I STILL RENT AN APARTMENT?

by Virginia K. Smith | 9/02/14 - 11:59 AM

We often receive emails from readers asking for help in navigating their own real estate crises. In Realty Bites, we try to get them answers.

The Problem:

Something to file under "problems we wish we had": a reader who's starting college in New York this fall is flush with cash; by sophomore year he wants to move out of the dorms and rent his own place, but he won't have an income.



"I have been saving up money and also inherited a trust from a family member that I am planning to cash out," he explains. "By the time I want to move I should have about \$100,000 to \$150,000 saved up in my bank account." But given that he'll be a student—and therefore not raking in a regular paycheck, let alone the standard 40 times the monthly rent that landlords usually require—he's worried that he won't even make it past the application stage.

"Since I'll have enough money to pay my rent for a few years," he writes, "will I have trouble finding an apartment with no income but an ample amount of savings?"

The Solution:

Your application for a rental won't quite be a standard one, but you're starting out in a pretty good position. In the real estate world, cash is king.

"While different landlords will treat this case in different ways, you have a few likely options for how to handle this," Urban Compass agent Adam McLean tells us. First, you could throw money at the problem, either by paying the entire year's worth of rent up front, *or* paying a much larger security deposit than usual—say, six months' worth of rent instead of the standard one month.

You could also find a guarantor, generally a parent or family member, who makes 75 to 80 times the monthly rent, lives in the tri-state area, and can co-sign the lease with you. If you don't have anyone to act as a guarantor, "you should look into **Insurent**, which essentially insures the lease for the landlord," says Elan Kels, a landlord with EK Jordan Properties LLC and a member of Landlords NY, a resource network for professional landlords and property managers in New York. "A lot of the more established landlords are aware of this and feel comfortable with it as an option."

Another potential fix? "Find a small-time landlord that cares more about things like how they feel about you personally," says another Landlords NY member. "Someone who might prize the savings more than a larger management company. This is totally doable outside of Manhattan, in areas like Brooklyn or Queens."

Long story short: you might have to shop around a bit more than usual, but if you use your cash creatively, you shouldn't have any trouble landing an apartment.

One thing to keep in mind though? With that kind of money in the bank, interest rates at a relative low point, and New York home prices only getting crazier by the day, it might serve you better to use that cash for a down payment (and mortgage payments) instead of expensive rent on a place you'll probably move out of in a few years. "Don't be impulsive with your money, and consider all your alternatives," our second landlord advises. "Think about where

you're going to be five years from now." If the answer is still "living in New York in my own apartment," it may be time to think about buying.