

NO CO-SIGNER FOR YOUR RENTAL? NO PROBLEM—CHECK OUT THESE WORK-AROUNDS

by Virginia K. Smith | 10/23/14 - 9:59 AM

If, like so many of us, you don't happen to have a stellar credit report and earn an annual salary that's 40 to 45 times your monthly rent, you may have a tough time qualifying for a New York City apartment. The traditional way around this is to get a guarantor, someone who will co-sign your lease and pay the rent if you don't. But this is often easier said than done.

Guarantors are generally required to have a credit score of at least 700, an annual income of 80 times the monthly rent, and if the landlord is extra cautious, residence in the tri-state area (New York, Connecticut, or New Jersey). Prospective renters or guarantors without a U.S. credit history or proof of a steady income (even with money in the bank) aren't likely to make the cut, meaning that for freelancers and foreigners alike, getting approved through traditional means can feel close to impossible.

But there are ways around it. Here, some time-tested solutions:

Throw money at it. Landlords will often look the other way on your qualifications if you offer extra cash up front, either in the form of extra rent or a larger security deposit. What you'll need varies from landlord to landlord, and our experts have even suggested offering the entire year's worth of rent up front, if you can swing it.

Some landlords prefer a heftier security deposit to having the rent paid months in advance. "Even if you pay six months' worth of rent in advance, at the end of that six months, the landlord isn't left with any security," explains Jeff Schleider, managing director of brokerage Miron Properties. If you go this route, offer a security deposit of three to six months' rent instead of the traditional one month. When it comes time to renew, if you've been a reliable tenant, negotiate with the landlord for a so-called "burndown" on the deposit, getting a month or two back even though you're staying in the apartment.

A couple of major caveats: besides hurting your bank account at the time, handing over a higher security deposit or advance rent means higher stakes if your landlord ends up withholding cash for damages, and far less leverage should you ever need to withhold rent for repairs or other negotiations. Also, landlords of rent-stabilized apartments or new rental buildings that have received government subsidies, such as a 421A tax abatement, often aren't legally allowed to accept extra security or advanced rent, so know your audience before you try this tactic.

Opt for a sublet (or become the new roomie). There are definite pros and cons to living in a place where your name's not on the lease, but one major "pro" is you might not have to go through the qualification gauntlet. There are plenty of places to seek out a sublet set-up, including good 'ol Craigslist, as well as newer sites like Leasebreak. If it's a roommate set-up you're in search of, there are more than enough sites out there that'll help you find a spot.

Hire a guarantor. In New York City, you can pay someone to do almost anything that needs doing—including co-signing your lease. For a fee of 80 percent of a month's rent if you have U.S. credit and 110 percent if you are foreign with no U.S. credit, the **Insurent Lease Guaranty** (full disclosure: they're a BrickUnderground sponsor) can be your guarantor with far less strict income and employment requirements than most landlords. (As the



company's managing director Charles C. Schoenau puts it, "Being a qualified guarantor is the ultimate Catch-22. Even \$20 million in the bank won't necessarily qualify you if you don't have a job.") The service has become so established in recent years that Miron's Schleider tells us, "Almost any landlord these days is comfortable with Insurent."

Shop around for the right landlord. This can be tough in the already-exhausting process of apartment hunting, but especially in the winter months when the market is slower, you'll have a better chance of finding a landlord willing to work with your particular set of circumstances. (For example, they might be interested in a tenant who's willing to do extra work around the building). "There are landlords in the city who don't verify income at all and work off of credit score, others who absolutely require high income levels, and every kind of variation in between," says Schleider. "A good agent will navigate the options for you." (Some even specifically seek out renters with iffy credit.) If you're not working with your own broker, be upfront about your circumstances with other brokers and landlords you contact. As Schleider puts it, "You don't want to fall in love with a place if you can't secure it."