



A Private Company as Guarantor? Introducing “Insurent” via the NY Times

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It sounds like a strange idea at first: prospective tenants without a sufficient credit history can now hire a private company to guarantee their rent. For a flat fee, a new insurance company called “Insurent” will guarantee your rent to a landlord for up to one year. For people newly arrived in New York or those without a parent to act as guarantor, this idea is a lot less strange. The concept of the guarantor is uniquely New York and as rents rise, the time-worn formula that landlords use to calculate whether you can afford the rent (40x the monthly rent) has gotten more difficult for new hires and recent graduates to afford. For a \$2000 a month apartment a tenant is expected to earn \$80,000 a year and the guarantor formula (80x the monthly rent) requires guarantors to earn \$160,000 to help a son or daughter rent that same apartment.

The guarantor requirement can present near-insurmountable difficulty for people being transferred to New York from overseas, as most have no US credit history and thus no credit score, and some are also without a social security number. In this situation, the amount of money required up front to move into an apartment can quickly sky-rocket into the tens of thousands: one year’s rent up front, 6 months extra security, one year’s rent up front plus 4 months security, etc. Sometimes employers act as guarantors and still others solve this problem by just providing their own corporate housing.

Read the full article over at the Real Estate section of the NY Times to see how this new concept is being implemented in the NYC rental market.