



How to Rent an Apartment With No Credit History

• BY ALICIA SCHWARTZ MAR. 26, 2015

When I was a broker I worked with a ton of students who were in school or were just about to graduate. The bottom line is the landlord wants to know how you as a student will be able to afford the apartment. Do you have a large bank account that can supply 12 months of rent? (Unlikely dream scenario for all parties.) Do you have someone that will be paying the rent for you? (Another fun dream scenario.) And the most likely scenario is: you are using loans and a summer job to get by. Right?

Solution 1:

If you default the landlord wants to know how you will come up with the rent. The 99% solution ends up being a rental guarantor. You will need someone in your family (or kind friend) to cosign your rental apartment agreement and be legally on the hook if you default on your rent for any reason. This ends up being tough for a few reasons:

- You are still attached financially to a family member, negating your newfound independence.
- The family member or amazingly generous friend who will cosign for you has to give up all of their financial records and will inevitably freak out.

If you are fortunate enough to have a family member or friend vouch for you in a legally binding contract, you will then have to deal with the awkwardness that comes with it, which is getting their employment letter (or accountant letter), first two pages of their tax returns and bank statements. I had many, many parents get upset about producing this information, but they all ended up signing on the dotted line anyway... because they love you. Or, maybe they just want to make sure you don't return home.

Solution 2:

I have personally worked with a rental cosigning company called **Insurent** and they will cosign your lease or your guarantor for a lot less information provided. There is a fee, which is a lot less than a broker's fee, but the stress is removed of that family member being legally bound to pay for your rent if you default because Insurent will. If you just graduated and are a new hire and have an employment letter, then you won't even need a guarantor. You can work directly with Insurent as they don't need you to have a lengthy work experience — just proof that you have employment that will cover the rent times 27.5 instead of the typical 45 times requirement. For example, on a \$2,000 apartment, you only have to make \$55,000 as opposed to \$90,000.

Solution 3:

Your parents or family put enough money into your bank account so you can show your landlord how you would pay for rent. This way you don't have to include them as a rental cosigner. NOTE: Not every landlord will go for this and the likelihood of a family member giving you a year's worth of rent upfront is a tough sell.

Again, the bottom line is the landlord wants to know how you will pay for your rent and if you don't have a job or a huge amount in a bank account somewhere you will need a rental guarantor!