



Top 5 Mistakes Every First-Time Renter Makes in NYC

- BY ALICIA SCHWARTZ MAR. 3, 2015

Mistake No. 1: Unrealistic expectations

Before you actually start apartment hunting, do your research and understand the market.

It's a pretty simple concept: You get online and get a feel for what is out there, right?

However, I can't tell you how many of my clients were bewildered at the rental costs in New York City and were sure they could find a rent-controlled \$1,500 studio in the West Village they so desperately deserved and desired. Do your homework, people!

Before you start an apartment search with a broker or on your own, know things such as how much the size of an apartment will cost you in x neighborhood as compared to y neighborhood and how much it will cost with certain, desired amenities.

There are hundreds of sites that provide information on rentals – just start searching for the info!

Mistake No. 2: You don't have your paperwork together

Before you start looking, get your paperwork together. If you find the apartment of your dreams, you will lose it if you need to take three days to get all of your documents together. Trust me: I saw it happen all too often and there were tears. Avoid tears.

This is what you need:

- Letter of employment stating length of work and salary (if self-employed, get a letter from an accountant)
- First two pages of last year's tax return
- Two pay stubs
- Two bank deposits
- Copy of your photo ID
- Optional bonus item: Reference letter from previous landlord

Mistake No. 3: You don't think you need a guarantor

Mistake No. 3a. You don't have your guarantor's paperwork together

Most of the experienced New York City renters know you need to make an average of 45 times the rent to qualify for an apartment with a guarantor. This means for a \$2,500 one-bedroom, you need to make \$112,500 a year.

So, heads up: New hires, students, people without U.S. credit, and people who don't make 45 times the rent: YOU WILL NEED A GUARANTOR.

A guarantor – someone who signs an agreement to pay the rent if you cannot pay for some reason — is usually someone related to you. It's probably your parents, but you can also ask someone else to be the cosigner. Could be a rich uncle or aunt, but whoever it is, they are legally on the hook if you do not pay your rent.

Asking a parent or relative to be your guarantor is a painful process. You are trying to be independent and they will complain about the financials they need to reveal and the paperwork they need to complete. If you want to avoid asking your parents or another family member, there is a rental cosign service called Insurent. They will act as your guarantor for a fee (less than a broker) and their requirements are much less strict. Currently, more than 300,000 apartments accept this service.

Mistake No. 4: Not having good credit

This is crucial. You will not be able to rent ANY apartment if you don't have at least a fair credit score. Fair credit is in the range of 620-659. Even if you have a salary that is 45 times the rental price, if you don't have at least a fair credit score, you will probably need a guarantor. If you are working with a broker it's best to warn them in advance so they know which landlords to go to that are less hard on people without perfect credit. Some landlords might look the other way with additional security but obviously you need time to get that together.

Mistake No. 5: Don't have your monies readily available

In peak months (May through September), apartments can be rented within hours. If you don't have your first month's rent and security deposit immediately available in the form of a cashier's check, you could lose the apartment. This happens often and just like not having your paperwork together in time — there will be tears. Again, avoid tears.