



# Should I line up a guarantor before I start my search for a NYC rental apartment?



BY [EVELYN BATTAGLIA](#) | JUNE 29, 2023 - 12:30PM

## QUESTION

I'm a recent grad without a high-paying salary and have been told I'll need a guarantor to rent anything in New York City. Should I go ahead and line one up before I even start hunting for apartments?

## ANSWER

The easy answer is—you bet. There are so many variables at play when renting an apartment in New York City that generally speaking, anything you can do to strengthen your position is worthwhile.

If you need a guarantor, "it's a good idea to line one up before you start your search, especially if you're looking during the busy summer season," says Adjina Dekidjiev, a broker at [Coldwell Banker Warburg](#).

After all, practically every New Yorker has a story about the one that got away, and having your ducks in a row (aka a financial guarantor) can help avoid much heartache and hamster-wheel spinning.

First, and importantly, you'll know exactly how much you can afford to spend so you don't waste time viewing places that are beyond your means. You might also lose out on a terrific apartment that fits your budget if you are looking in the wrong price range—or worse, fall head over heels for something that's out of your league.

Second, you will be a stronger rental candidate for landlords who accept guarantors and less likely to lose out to someone else because of your income. And having an institutional guarantor's approval tells landlords that your finances passed muster, similar to a mortgage pre-approval when buying.

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*Editor's Note: [Realty Bites](#) tackles your NYC rental questions. Have a query for our experts? Drop us an [email](#). We respect all requests for anonymity.*

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## How to know if you need a guarantor

But before you assume anything, [do the math](#) to determine whether you are able to meet NYC landlords' standard income requirement: They prefer renters who earn annual salaries that are equivalent to 40 times the monthly rent. For a rental asking \$3,000 per month, you (and your roommates, if you have them) need to show a minimum income of \$120,000 per year.

In addition, Mihal Gartenberg, a broker at [Coldwell Banker Warburg](#), says most landlords want to see a minimum one-year work history. You'll also need to have a [solid credit report](#).

"If you don't have that income, you need to have a guarantor lined up and ready with their paperwork to support your application," says Jane Katz, an agent at [Coldwell Banker Warburg](#).

Why not just offer to pre-pay the entire rent or some large portion of it? Landlords can no longer accept these workarounds because of [changes to the rent laws](#). Having a [sizable bank account](#) but no job is not going to get you approved, either. What landlords want to see is a steady income and good credit.

## Who qualifies as a personal guarantor

That's where a guarantor can save the day by agreeing to cover the rent in case you can't. For that, you'll need to recruit a relative (usually parents) or family friend who has a credit score of 700 or above and earns 75 to 85 times the monthly rent (that's about \$240,000 for that \$3,000 apartment).

Gartenberg, however, puts the number closer to 80 to 90 times the monthly rent (or \$270,000). Many landlords will also only accept [personal guarantors](#) that live in the tri-state area (New York, New Jersey, or Connecticut) while some will only take New York State residents.

"Guarantors need to understand they'll be signing a lease and are responsible for paying the rent if the tenants don't," Dekidjiev says.

If meeting all those parameters is not in the cards, you can try and find a [co-signer](#) instead who would only need to meet the usual 40 times income level.

"Another tried-and-true method we use with our rentals that appeal to the 'new to the workforce' crowd is putting the guarantor on the lease with the applicant, making them as legally responsible as the renters," Bader says. "If applicants come to us with a parent as a co-applicant from the start, it gives them a strong advantage."

For comparison, let's say your parents make \$175,000. If they were to sign on as a guarantor, you would need to limit your search to apartments that rent for \$2,000 per month ( $\$175,000 \div 90$ ). But if they were willing to be a co-applicant, you could expand your search to apartments that rent for \$4,375 ( $\$175,000 \div 40$ ).

## When a third-party (aka institutional) guarantor can help

What if getting a personal guarantor is not in the cards? Consider going with an institutional guarantor.

"A third-party guarantor can be a great boost for a borderline applicant that does not have a traditional guarantor, says Jill Bader, head of sales and leasing for [EBMG](#), a boutique NYC property management firm.

One example is [Insurent Lease Guaranty](#) (FYI, a Brick Underground sponsor), which can be your guarantor with less stringent income and employment requirements than landlords.

According to Jeffrey Geller, vice chairman and chief operating officer, [Insurent](#) assists college and professional graduates entering the workforce who don't meet NYC landlords' annual income requirement of 40 times the monthly rent, as well as foreign executives relocating to the U.S. who have no U.S. credit history, self-employed persons, non-employed U.S. and foreign renters with significant cash liquid assets, and international and U.S. students.

The income criteria is a minimum annual income of 27.5 times the monthly rent and decent or no credit *or* cash/marketable securities of a minimum of 50 times the monthly rent and decent or no credit. International and U.S. students are guaranteed with their parent(s) solely being a "responsible party to Insurent" (a signatory on Insurent's agreement) and having a minimum annual income of 50-times the monthly rent *or* the parents having a minimum of 80-times the monthly rent in the bank or stock market, anywhere in the world.

Just beware that "not every landlord is on board to accept third-party guarantors; they have to be signed up for the service," Bader says.

These days, however, more buildings are doing just that, and institutional guarantors have gained widespread acceptance. Geller says [Insurent](#) is accepted in over 9,000 rental buildings representing over 800,000 rental units. (You can [search for a prospective building or landlord](#) on its website.) New properties are added within an hour after the landlord signs up.

Also, know that a third-party guarantor costs a fee—"and that could be hard for a renter without savings to pay on top of a broker's fee," Bader says. (Though more than ever, renters today are finding apartments directly through landlords and [no fee-websites.](#))

Insurent's fee, for instance, is an average of 65 to 85 percent of one month's rent if you have U.S. credit and 90 to 110 percent of one month's rent for non-U.S. persons without U.S. credit.

On the flip side, Bader says third-party services are safer than personal guarantors, especially those that are not local. Meaning having a pre-approval in hand from an institutional guarantor will carry a lot more weight than a letter from dear Aunt Sue.

And being approved by an institutional guarantor gives you a clear idea of what your search parameters should be. Let's say your annual salary is \$75,000. Using Insurent's criteria, you could be approved for up to \$2,725 (based on 27.5 times the monthly rent). So you can set the maximum rent at that amount when searching online or working with a broker.

## How to meet other application requirements

Whichever way you go, you'll want to be prepared.

"Landlords have their own [criteria for what paperwork](#) they want to review during the application process, but it is good to have the majority of the paperwork in hand at the beginning of your search," Gartenberg says. "You will be able to complete your application that much quicker. Plus showing up as an organized prospective renter will give you a leg up, especially in a competitive bid situation."

According to Katz, a landlord will typically require that you (and/or a personal guarantor) provide the following: three consecutive pay stubs; an employer reference letter stating salary, position, and length of employment; two previous years' federal tax returns, and two previous monthly bank statements.

"The key is having all of this ready to go because as soon as you see an apartment you like, you will be competing with many others for it," she says.

She also recommends offering 5-10 percent more than the asking rent to shut down other offers and lock the apartment up—but only if the apartment is in demand, and only if you don't want it to be your version of the one that got away.

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