

# How to Rent in New York City

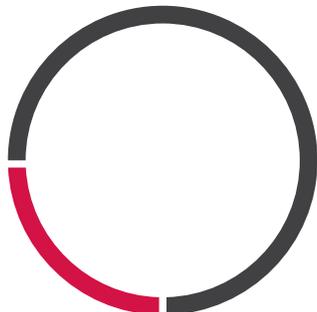
## Our Knowledge

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66%

of homes in New York City are rentals.

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30%

of your gross annual income, traditionally, should be allocated for rent.

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## FOR RENTERS

Stribling's focus remains the same whether you are buying a home or renting one: Our priority is to exceed your expectations. Our agents work with you to understand your needs, screen properties, and match you to the perfect layout, location and building.

## THE STRIBLING DIFFERENCE

One of the most important decisions you can make is whether to buy or rent an apartment. There are times when it makes more sense to rent. When that's the case, a licensed real estate broker can help sort through the lifestyle and financial considerations involved and help you make the right choice for your needs.

An experienced Stribling real estate broker knows the market and understands the rental process. We can negotiate on your behalf and guide you through the complexity and range of considerations you will face in today's rental marketplace.

## FACTORS TO CONSIDER IN YOUR DECISION TO RENT VERSUS BUY

### *Frequent Job Relocation*

If the nature of your job means that you relocate often, or you are likely to relocate sometime within the next few years, renting may be the ideal solution for you.

### *Home Maintenance and Repairs*

If you don't have time for ongoing maintenance and repairs, renting is a better option, as the landlord or management company is responsible for upkeep on the property.

### *When Renting Costs Less*

One of the most obvious cases for renting instead of buying a home is when renting simply costs less. Renting can also give you time to get to know an area and become comfortable there before choosing to buy.

## WHY USE A BROKER TO RENT?

In an ever-changing real estate market like New York, a seasoned broker can help you navigate the ins and outs of renting. Stribling agents assist their rental clients with exclusive listings, daily showings, hands-on management, and in-depth knowledge of contracts and leases.



Every Stribling real estate agent is licensed by the State of New York and is a member of the Real Estate Board of New York, which institutes strict ethical business practices designed to protect renters. In the New York City rental market, your Stribling agent is your representative. He or she is working for you and will guide you through such considerations as:

01. Neighborhood and apartment selection
02. Understanding types of leases, including rent-stabilization laws
03. Documentation and financial preparation
04. Negotiation
05. Lease signing

*“I always have my clients’ best interests at heart.”*

— *Stribling Agent*

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## HOW MUCH RENT CAN I AFFORD?

As a rule of thumb in New York City, you can expect to spend approximately 30% of your gross annual income on rent. If you earn \$80,000 per year, plan to spend \$24,000 on rent.

## WHAT DO LANDLORDS COMMONLY REQUIRE?

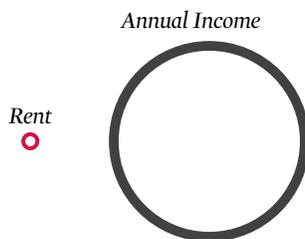
The basic requirements are that your gross annual income be 40 to 50 times the amount of the monthly rent, and that you have a good credit rating (see credit report section below).

### *What paperwork will I need?*

- 01. Application form:* The first step in the process, once you have identified an apartment, is to fill out an application form. Most management companies have their own forms that need to be used. If you are renting in a co-op or condo, you may find that you have to complete two applications: one for the individual owner and one for the board package.
- 02. Letter of employment:* This must be on official company letterhead. The letter must state your position, length of employment or start date, and your annual income. The letter must be signed by a person who may be contacted to verify the information provided. In some instances, this information can be obtained via telephone call only instead of written confirmation. Please note that a signed job offer and acceptance letter is usually not sufficient.
- 03. Pay stubs:* Copies of your three most recent pay stubs.
- 04. Tax return:* Some management companies require a copy of your most recent federal tax return. A tax return is always required when an applicant is self-employed or if there are multiple sources of income.
- 05. Landlord letter of reference:* A letter from your most recent landlord is always helpful and is typically required. If you are unable to get a letter, have the name, address and phone numbers of your previous landlord ready.
- 06. Bank statements:* The three most recent statements from your checking account, savings account, or any financial institution will usually suffice.
- 07. Bank account numbers:* These are often required on application forms. Have them ready just in case you need them.

## Our Knowledge

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Landlords generally require that your gross annual income be 40 to 50 times the amount of your monthly rent.

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**08. References:** If you have an accountant or attorney, you might be asked to submit their contact information as a reference. Think of other people who could be references in case you need them and have their contact information handy. Not all landlords will require actual letters of reference.

**09. Identification:** Most landlords require a copy of a photo ID at lease signing.

## CREDIT REPORTS

As a rule, credit reports are run on every applicant and guarantor. The fees for credit reporting/application processing range from \$50-\$250, depending on the company or service used. As with the application form, you may find that when renting a condo or co-op the landlord will require a credit report to be done in addition to the one done by the managing agent. Unfortunately, credit reports obtained on your own will not be accepted.

The information contained in your credit report will be weighed very heavily in the approval process. So what is considered inadequate? A few old late payments are usually okay. A high revolving balance is not good. Past due payments that are still outstanding are bad. Delinquencies and collections are very bad. If you suspect that your credit is not good, be sure to advise your agent. This will allow your agent to properly prepare you and the landlord for the process.

Different landlords have different ways of dealing with credit issues. Some will allow you to increase the security deposit or to use a guarantor. Others may reject the application entirely. Your Stribling agent will guide you in a way that will save you time, money and a lot of frustration.

## WHAT IS A GUARANTOR?

A guarantor is someone who is willing to guarantee your lease. The guarantor is responsible for all terms of a lease in its entirety; the guarantee cannot be limited to the interest of a single applicant in a share situation.

## DO I NEED A GUARANTOR?

If you do not meet the landlord's financial or credit requirements, a guarantor may be your solution. Students or individuals with no income or credit history, or anyone who does not meet the standard income requirements, will usually need a guarantor. When bad credit is

the issue, whether or not a guarantor is allowed will depend on how bad the credit report is, and on how strict the management company or landlord may be. Sometimes a combination of guarantor and extra security is needed. If you think you might need a guarantor, advise your agent immediately so that together you can prepare most efficiently.

### WHO CAN BE A GUARANTOR?

A guarantor does not have to be a relative. Many landlords in New York require a guarantor to live in the Tri-State area: New York, New Jersey or Connecticut. Prepare your potential guarantor by speaking with them and advising them of what they will be asked for. You might have to act quickly, and their cooperation may be critical for your approval. A guarantor needs to fill out an application form and provide the required documents.

The requirements are usually good credit and double the income requirements of an applicant. If an applicant is required to show an annual income of 40-50 times the monthly rent, a guarantor is required to show an annual income of 80-100 times the monthly rent. The documents required are similar, although usually all that is needed are proof of income (usually by providing tax returns) and a credit report. Guarantors also have to sign the lease.

### WHAT FEES AND COMMISSIONS CAN I EXPECT?

Upon execution of the lease and prior to the landlord's signing, you will be expected to pay the following fees with bank or certified checks. Your Stribling broker will securely hold the landlord and commission fees until leases are fully executed and board approval is received, if necessary. These fees are typically as follows:

01. Payment to landlord of first month's rent and security deposit
02. Application fees, including any credit check fees
03. Building fees, which usually include move-in fees and deposits
04. Broker commission (subject to the terms of the listing agreement with the landlord)

### WHAT TO EXPECT FROM COOPERATIVES/CONDOMINIUMS OR MULTI-FAMILY PROPERTIES

There are a variety of different property types available to renters in New York City. On the following page, we give you an idea of what each type of property will entail in its application process and requirements.

### *Cooperatives*

With the landlord being a shareholder in the corporation rather than a traditional property owner, the process for renting a co-op is more complicated than with other types of ownership.

In addition to meeting the landlord's requirements, applicants must meet the building's requirements as set forth in the lease application package, which typically includes an application form and requests for the following: a copy of the signed lease, financial statements, references and additional fees for the various review processes.

Co-ops usually limit the term of a lease to just one to two years. In addition to requiring a complete board package (which is the same for rental or sale), a co-op's board will usually ask to interview the candidate(s) after review of the board package.

Following the interview, approval will be given through the managing agent. It can take a minimum of thirty days to complete the review process, so if you are in a hurry, a co-op may not be the best choice for you.

### *Condominiums*

Renting in a condo is a simpler process than in a co-op. Assuming that an applicant meets all the requirements, a condo cannot refuse permission for a rental unless it agrees to rent the premises at the same price and on the same terms from the owner. There is a board package that needs to be completed, which can be as thorough as that of a co-op; however, there is typically no board interview. Similar to co-op rentals, there are additional fees for board review, and the application package can be as lengthy as if you were purchasing.

### *Rental Buildings/Sponsor Apartments*

This is the easiest type of property to rent. The application is simple and there is no board package or board interview. Turnaround is quick, as you're dealing with only one owner. The fees are also typically less than in co-ops or condos, with the entire approval process taking an average of just three business days. Approximately 66% of the housing stock in New York City falls in this category, so there are a wide range of price points and building types to choose from.