

Be Ahead of the Competition

BY DAVID J. KNIGHT

In a city where options abound, a tight rental market constrains those relocating to Manhattan. Competition is intense, and financial scrutiny for all applicants is stringent. But the savvy transferee with documentation in hand will have an edge over the countless others vying for the same apartment.

While many companies offer transferring personnel a "home finding visit," many do not. Employing a real estate firm with strong relocation experience will make this due diligence much easier. In either case, transferees need to be prepared not only for the enormous financial commitment that signing a lease in New York City entails, but also for the vast amount of personal documentation required by most landlords. The best advice is to take a personal economic inventory and begin gathering documentation before the apartment search begins.

- Read any company-issued relocation guidelines to see what fees the company pays, which are often based on position and tenure.

- Gather all documentation regarding employment history, income verification and housing allowance verification.

- Prepare this information on company letterhead and have it signed by the Human Resources Department.

- Obtain a letter from your present landlord outlining the details of your tenancy, or make copies of the last two years worth of mortgage payments if you own a home.

- Open a New York City bank account (most landlords require payment in the form of a local bank check, certified check or cash, and are reluctant to accept funds drawn on out-of-state or out-of-country financial institutions).

- If you are relocating from outside the United States, get a letter from your employer regarding the

status of your social security number. In addition, you will need copies of your passport and United States visa.

Typical application processing fees in a rental building can range anywhere from \$50 to \$150, plus an additional \$30 to \$75 for processing a credit application. Once the application is approved, the landlord will request the first month's rent, possibly the last month's rent, and one month's security deposit. It is not uncommon for a landlord to ask for extra rent or security deposit from applicants with no credit or employment history. Landlords may also request extra rent or security deposit for international applicants. Amounts can range from one additional month's security, to an entire year's rent payments in advance.

In addition to the initial cash layout, applicants must furnish detailed historical and financial information, including credit, employment and residential histories. Many landlords require verification that a prospective tenant's guaranteed annual income be equal to 45-50 times the monthly rent. Therefore a tenant seeking an apartment with a monthly rent of \$2,500 will need to show a guaranteed annual income from \$112,500 to \$125,000.

Other sources of income may be taken into account for an apartment rental. Relocating employees should urge their Human Resources Department to provide letters outlining any company-paid housing allowance, guaranteed bonus, or estimated bonus (if a history of past bonuses can be provided). Applicants may also present a list of their liquid assets including savings or investment accounts.

Landlords also require these same financial qualifications for two roommates seeking to sign a lease together. Landlords require each prospective tenant to meet the financial profile individually; demonstrating the ability to carry the monthly rent on their own.

Applicants whose income falls short of that required by the landlord

may opt to use a guarantor or lease co-signer who will accept financial responsibility for the lease in the event of nonpayment. Guarantors will typically be required to reside in the New York area, must own property in the United States, and have verifiable guaranteed annual income of 75 to 100 times the monthly rental. Employers rarely guarantee leases for their employees, however, and if an employer does co-sign, an authorized corporate officer must sign an annual report or notarized corporate resolution.

Finally, most relocating employees will deal with a real estate broker. In Manhattan, the customary fee for a broker's service is 15 percent of one year's gross rental. If a year's lease were signed at a gross monthly rental of \$2,500 per month, the broker's fee would be \$4,500. While the tenant normally pays the brokerage fee, many corporations will either pay the broker's fee directly, or reimburse their employees as part of normal relocation expenses. ■

What Can You Really Afford?

Average costs associated with lease signing and verifiable annual income required by landlords

	\$1,600.Studio	\$2,500.1BR	\$4,200.2BR
Application Fee	\$100.00	\$100.00	\$100.00
Credit Application	\$50.00	\$50.00	\$50.00
First/Last/Security	\$ 4,800.00	\$ 7,500.00	\$12,600.00
Brokerage Fee	\$ 2,880.00	\$ 4,500.00	\$ 7,560.00
Total Cash Outlay	\$ 7,830.00	\$12,150.00	\$20,310.00
Annual Income Needed At 45x Monthly Rent	\$72,000.00	\$112,500.00	\$189,000.00

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