



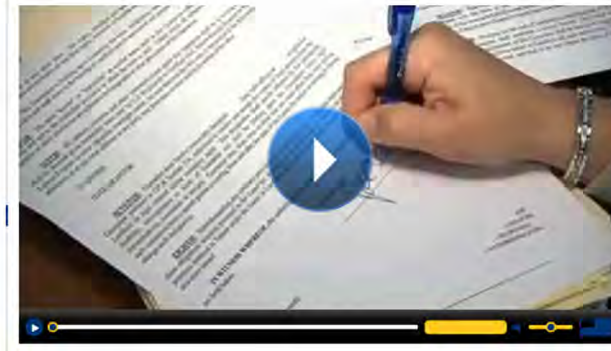
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Guarantors Must Guarantee Financial Support, Responsibility

By: Jill Urban



The high price of New York real estate makes many renters and buyers enlist a guarantor, but the role is a serious responsibility. NY1's Real Estate reporter Jill Urban filed the following report.

It takes a lot of money to live in New York City, as rents and sale prices are quite high and the standards for buildings when it comes to showing financials are even higher. Many people need a backup, or a guarantor.

"Basically what it means to be a guarantor is that you're guaranteeing, you're responsible for the lease payment, or the purchase price and/or maintenance in the case of a purchase," says Douglas Heddings of Charles Rutenberg Realty.

Being a guarantor is not something one should take lightly, even if it is for a family member or a dear friend. Guarantors becomes liable for a lot and they need to understand exactly what they are getting into.

Heddings says potential guarantors should know the full financial picture of the person they are guaranteeing and ask for documentation to back it up. In turn, a landlord or a board will scrutinize the guarantor's financial situation even more than the tenant's.

"They need to expect the most gross invasion of their financial privacy that they have ever experienced," says Heddings. "They need to submit a complete financial statement with assets, liabilities -- specific assets and liabilities -- income and expenses, and then they have to submit all of the supporting documentation."

The guarantor usually needs to show double the income requirements of an applicant.

Attorney Lisa Breier Urban says aside from maintenance or rent, the guarantor could also be responsible for other charges.

"You could also be responsible for any damage to the apartment, eviction costs, costs of re-rental, legal fees," she says.

She also suggests guarantors check their liability insurance to make sure they are protected if someone is injured in the apartment.

There are options for those who want to help someone out without becoming a guarantor. For example, one could put a year's worth of maintenance or rent in escrow or offer to pay the year in advance. This way, one can help financially without becoming responsible should something go wrong.

One could also put a limit on the guarantee, either for a set amount of time or for a certain amount of money.

Whatever people choose, they should be well aware of what is expected of them as guarantors. Chances are they will never be called on for financial support, but unfortunately there is no guarantee.