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3 Tips to Rent an Apartment With Bad Credit

By [Brian O'Connell](#)



It's not just homebuyers who have to deal with credit issues before they can move in to their new digs. Increasingly, [renters](#) have to find ways to pass the credit test, too. Landlords often use credit reports to gauge the risk and reliability of a potential renter.

You can't afford to dismiss a credit problem when apartment-hunting — it's just gotten too competitive out there. According to [MPF Research](#), apartment rentals rose by 215,000 in the U.S. from the first to second quarter of 2010. Apartment vacancies also fell from 8.2% in June 2009 to 6.6% in June 2010.

Another [study from Rent.com](#) says that 81% of apartment managers and landlords have seen a drop in the credit scores of potential rental customers. Another 43% of landlords said they had to reduce their credit standards to fill their units.

"Given the economic climate, many property managers are still experiencing higher vacancy rates, and some might be willing to bend the rules a bit in order to keep their units occupied," says Peggy Abkemeier, president of Rent.com, an online rental listing company in Santa Monica, Calif.

So where do you start with your credit repair strategy? To begin, [know what landlords are expecting](#) in terms of credit scores. Rent.com says that many landlords peg the preferred credit rating to be at least 670 for rental customers.

So step one is to go ahead and check your credit score to see where you stand. Once every year, you can get a free credit report from AnnualCreditReport.com, including a report from each of the three major credit score providers — Experian (StockQuote: [EXPN](#)), Equifax (Stock Quote: [EFX](#)) and Transunion.

If you fall short, you'll need a plan to bypass the credit issue before you're approved for a rental deal. Get going on that front with these tips:

Be upfront. Chances are, in this economy lots of people have seen their credit score erode, or have missed paying a bill once in a while. When you talk to a potential landlord, either have a letter in hand explaining your situation or talk it out face-to-face. You may have to increase your security deposit, but the honest approach should help you get through the front door.

Know what landlords look for. Apartment managers and property owners typically put greater weight on financial "red flags" like a habitual late payment history or bankruptcies. But they often overlook common credit report items like medical bills or bills incurred while unemployed.

Let your landlord deduct your rent from your banking account. A landlord may be more amenable to letting you sign a lease if you agree to have your monthly rent automatically deducted from your bank account. Propose that deal upfront, and have an employment verification letter on hand to back you up. If you have the cash, you can offer to pay three- or even six-months worth of rent upfront. That should virtually guarantee you'll get a lease.

All in all, the more resources you bring to the table — especially in terms of money and honesty — the better the odds that you'll get the apartment you want. Bad credit or not.

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