

## Ask The Administrator

**Question:** *A member, for whom I was handling a collection case for unpaid rent, just asked me what could be done to assist her going forward to reduce the likelihood of future non-payment collection cases. She had recently read newspaper articles concerning the actions of some judges in denying creditors judgments on their debts and she felt that the rights of those that didn't pay their debts appeared to be greater than the rights of those who were owed money.*

**Answer:** Of course! Owners are not extending credit. They are providing a tangible service: housing (with heat, hot water, maintenance, etc.). Owners pay the City of New York an ever-increasing tax for Real Estate and Water & Sewer. Home heating oil is above \$4.00 a gallon and insurance companies raise premiums every year! Yet, when an owner asks the tenant to simply pay what is owed, judges are more interested in hearing the tenants' story and finding out what they say they can pay instead of having them pay the true debt they owe.

The most important thing an owner can do to protect themselves is to do their due diligence before entering into a lease with any tenant. Knowing who their prospective tenant is by confirming income, credit history and background are vitally important. In fact, it is essential because they "seemed like nice people," or "so and so recommended them highly" are not acceptable background checks.

You start with an application (available in books or courses) and then:

- Review the completed application, line by line.
- Obtain prospective tenants' income tax and bank statements. Do not accept anything less than original documents and make the copies for your files. With advances in today's technology, any document can be modified with the use of a computer.
- Make copies of Social Security cards and Drivers' Licenses for your records.
- Store all of these important items in a fireproof safe or filing cabinet.

- Personally contact tenant references and verify their employment. Try to contact their current landlord as well.
- Be sure to use the RSA Court & Credit Tenant Screening Service which will take care of completing a background check on the proposed tenant. The Court & Credit Tenant Screening background check includes a report of their credit, criminal background and prior Housing Court cases. Up to \$100 of the cost can be passed along to the tenant. Review the information in each report. The information is invaluable and will assist you in making your decision.

And don't forget to use the internet for any additional information you may be able to discover about the proposed tenant.

If you use a broker, you can have your broker use the RSA service and then view the report. Proceed carefully. It makes no difference as once you sign a lease and give that tenant the keys, the only way to get them out is by Court Order. In New York, rent regulated tenants are basically entitled to live in your building for life.

Once you have compiled all the information and reviewed each document, then contact the RSA to find what is needed by way of a lease and required information pamphlets and other forms and to help you determine the new legal rent. The amount of time you spend on due diligence is quite important. If you don't, be prepared to spend hours in Housing Court. ■



**Answer provided by Howard Stern, Esq., Administrator of the RSA Legal Plan who is solely responsible for its content.**