

Renting to Roommates: Insights and Tips

A few statistics:

30%

of the average American's monthly income is spent on rent.

Affordability

is still the main reason for sharing a household.

As of 2017

about **32%** of American adults lived in a shared household.

In 2018

almost 1% of married tenants lived with roommates in the U.S.

In 2020

some Americans moved in with roommates due to pandemic-related financial hardships.

Based on the TenantCloud findings, **61%** of landlords prefer that co-tenants pay their rent jointly.

When renting to roommates, it is important to take the following three steps:

🕒 Step 1. Prepare a detailed rental agreement

When renting to two or more roommates, it is essential that everyone named on the lease provides his or her signature, agreeing to all terms.

🕒 Step 2. Collect a security deposit

When renting to multiple tenants under one lease, it is best not to allow renters to split the security deposit. Make sure to collect the full deposit upfront and allow the roommates to work out payment among themselves.

🕒 Step 3. Run a background and credit check.

As it is with all prospective tenants, it is crucial to run a thorough credit check on all of the potential roommates. Having access to tenants' employment and credit history allows you to assess whether new tenants are able to afford the rent.

When considering moving in with a roommate, look out for 4 red flags:

- 🕒 Too many past residences
- 🕒 Low credit score
- 🕒 Prior evictions
- 🕒 Unsteady or spotty income