

# Renting a Residence

## 21.1 *Housing Choices*

## 21.2 *The Renting Process*

### Consider **THIS**

Anisa was finishing her sophomore year in college, and at age 20, she was ready to make new housing choices. During her first two years, she had lived in university housing, as was required by the university.

“We have lots of important decisions to make,” she told her roommate. “We could stay right here in the dorm, but that may not be our best bet. Living off-campus has advantages, but there are also some variables that we haven’t been concerned about while living here. For example, we’ll have to pay separate utility bills, and we’ll need transportation to get to class. Parking is limited on campus too. To afford to rent a house, we’d have to take in another roommate. But this is also pretty exciting, and I’m looking forward to the change.”

# Housing Choices

## GOALS

- List and describe several rental housing alternatives.
- Discuss potential living arrangements.
- Explain how to plan a successful move into a rental property.

## TERMS

- dormitory, p. 469
- co-op, p. 470
- studio apartment, p. 471
- townhouse, p. 471
- duplex, p. 471
- condo, p. 471
- security deposit, p. 473
- furnished rental, p. 473
- unfurnished rental, p. 473
- rent-to-own option, p. 473
- bundling, p. 476

## HOUSING ALTERNATIVES

You will soon have many important choices to make. One is where to live. You may choose to get a job, live at home with your parents, and move out later. You may decide to commute to college or live on campus. Or, you may choose to work and move away from your parents' home. Of all these options, it is usually less expensive to commute to school or work from your parents' home than to live on your own.

## ON-CAMPUS HOUSING

Many college students prefer to live on campus. Advantages of *on-campus housing* include closeness to classes and campus activities, access to campus resources such as the library and health center, and a feeling of being part of campus life. If you choose to live on campus, you will have several choices: dormitories, sorority or fraternity housing, housing cooperatives, or married student housing.

### Dormitories

A **dormitory** is an on-campus building that contains many small rooms that are rented out to students. The rooms usually come furnished with beds, dressers, and study tables. Some will have their own bathrooms, and some may require that units share a bathroom.



© Digital Vision/Getty Images

When you first leave home, what are some housing alternatives open to you at a college campus?

You might have a roommate, or for an extra charge, you might be able to have your own private room. Most dormitories have centrally located lounges for watching television and group activities. Most have shared kitchen and laundry areas as well. Meals at the college cafeteria may also be included with the cost of the room (room and board). Although individual rooms are small, with limited space for living and studying, the cost per school term may be less than most other housing alternatives.

### **Sororities and Fraternities**

Many colleges have sororities and fraternities that provide on-campus housing. A *sorority* is a social organization of female students who share a residence, while a *fraternity* is a similar organization for male students. Sorority and fraternity houses are usually elegant, mansion-type buildings that can comfortably house 20 or more people. To live in one of these buildings, you have to become a member of the sorority or fraternity in a process called *pledging*. Typically, sororities and fraternities seek new members with goals, abilities, and ideals similar to those of the organization. For example, some require a certain grade point average. Others look for an interest in community service. The cost is usually higher for these facilities; however, you are living with people with similar values and goals to your own.

### **Housing Cooperatives**

Housing cooperatives, known as co-ops, are also available on many large campuses. When you live in a **co-op**, you get a room similar to one in a dormitory at lower cost but with added responsibilities. In addition to keeping your room clean and usable, you share in cooking, cleaning, and maintaining the building. In exchange, your monthly cost is less because you help provide services for yourself and the group.

### **Married Student Housing**

Some students will be married when they choose to go to a four-year college or university. Many large campuses have housing for married couples only. In these apartment-style facilities, you will find amenities for families.

## **■ OFF-CAMPUS HOUSING**

Some colleges and universities (known as *residential campuses*) will not allow freshmen or students under the legal age to live off campus. Other colleges and universities (known as *commuter campuses*) do not provide on-campus housing options. When you live off campus, you have several choices, including apartments, duplexes, condominiums, and houses.

### **Apartments**

If you don't attend college, or if you choose to live off campus, then your first residence away from your parents will likely be an apartment. An *apartment* is a separate living facility that exists among many other similar units. An *apartment complex* is a large building or group of buildings that contain many units, often as many as a hundred or more.

## COMMUNICATION *Connection*



Would you consider renting an apartment after you finish high school? If so, what kind of apartment building or complex would you find desirable? What features would you want the apartment to have? What amenities would you want available within the apartment complex? Would your ideal apartment be

feasible based on your budget after high school?

Keeping your budget in mind, write a one-page report describing the features you desire in an apartment. Explain the advantages and disadvantages of this living arrangement. Would you live by yourself or with a roommate? Describe your plans in detail, assuming you will present them to your parents.

At this stage of your life, your resources will probably be tight. *Rent* is the monthly charge you will pay to live in an apartment. The amount of rent you will pay is based on the size and quality of the apartment and facilities provided, as well as the distance to downtown jobs, college campuses, and shopping centers. You can find apartments in your chosen area in brochures, newspaper ads, and apartment guides (printed booklets and online).

A **studio apartment**, also known as an *efficiency apartment*, has one large room that serves as the kitchen, living room, and bedroom. Studios have less living space than other apartments, but they are less expensive. Larger apartments with separate living, dining, and sleeping areas are available in a variety of floor plans. A **townhouse** is a living space that has two or more levels. Typically, living and dining space is on the ground level and bedrooms are upstairs.

Apartment facilities may include a laundry room, storage area, swimming pool, tennis courts, and clubhouse. In addition, all or part of the utilities (heat, electric, and garbage service) may be included in the rent. In some cases, you may have a washer and dryer in your apartment.

Apartment living provides independence and flexibility but also requires responsibility and good judgment. Most apartment buildings have rules that make close living more enjoyable for all.

### **Duplexes and Multiplexes**

A **duplex** is a building with two separate living units. Usually both living areas are the same with separate entrances. Duplexes usually offer more space than apartments and more privacy, with only one close neighbor. They may include a garage or carport, private laundry facilities, and other privileges and responsibilities similar to a house.

A *multiplex* is a building or group of buildings, such as a four-plex (two sets of duplexes) or four units that are together. An eight-plex contains eight units that are connected. There are many different types of combinations. For example, a *quad* is a housing choice that has four bedrooms connected to a single kitchen that is shared by the occupants.

### **Condominiums**

A *condominium* or **condo** is an individually owned unit in an apartment-style complex with shared ownership of common areas. If you are renting a condominium, you will have the same responsibilities for upkeep as the owner. Some condo owners rent them, and then upon retirement, the condo becomes their residence.

## Houses

Rental houses offer many attractive features. However, they are usually more expensive to rent. You are paying for neighborhood living, often garage space and more living area, privacy, and the other comforts of home ownership. But you are also likely to find many of the same restrictions as with other rentals, such as no pets allowed. Because rented houses are investment properties that people buy and sell, the property may be shown to prospective new owners while you are living there. You may be asked to move if a new owner is purchasing it for private use rather than as a rental. Also, because you are living in a neighborhood, you have more responsibilities, such as maintaining the lawn and garden areas.

## LIVING ARRANGEMENTS

To share expenses, you may wish to have a roommate. Choosing a roommate can be difficult. Just because you like someone doesn't mean that you can successfully live together. Your living habits may be very different. Be sure you are compatible with your potential roommate before you move in together. Discuss possible areas of disagreement that may cause trouble if not settled in advance. Some questions that each of you should answer include the following:

- Do you smoke or drink? How do you feel about others who do?
- Do you like a clean living area at all times, or are you easygoing and casual about your environment?
- Do you have steady employment or another source of income to ensure that you can pay your share of expenses?
- What are some of your goals? Do you want to continue your education, work full time, or travel?
- What are your leisure activities? What activities will you share with (or impose on) your roommate?
- What type of transportation do you have? Will you share transportation? If so, what are the costs and how will you divide them?

You might also consider having more than one roommate. The more personalities involved, however, the more difficult it becomes to have problem-free relationships. Matching similar personality types will increase the chances for a successful living arrangement.

It is a good idea to get to know each person before moving in together. The more you know about each potential roommate, the better you will be able to get along and work out problems. Roommates need not be completely alike to get along. But they do need to be aware of, and be able to accept, each other's personality traits, habits, and differences.

## WHERE TO LIVE

The decision of where to live will depend largely on finances. For college students who choose on-campus housing, many of the decisions will be predetermined. Renting in the community involves more planning. You must determine how much rent you can comfortably pay. Then you can begin shopping for the housing option that best meets your needs. There are some additional considerations to think about as you decide where to live.

1. *Deposits and fees.* A **security deposit** is a refundable amount paid in advance to protect the owner against damage or nonpayment. If you take care of the property and pay your rent on time, you should get the security deposit back when you move. Utility companies (such as the power company) may require you to make a security deposit when you first open an account. *Fees* are nonrefundable charges, usually for a service provided. For example, the cable company may charge a one-time installation fee.
2. *Length of time you plan to live in the residence.* If you sign a lease for six months, you have made a commitment to remain for that length of time. You may face penalties if you wish to move sooner. Usually, the shorter your commitment, the higher the monthly rent.
3. *Distance from work or school.* Your proximity to work and school and access to public transportation are important considerations, especially if you do not own or have to share a vehicle.
4. *Distance from services.* You will need access to laundry facilities, shopping areas, gas stations, and other frequently used services. Your means of transportation can make a difference as to how close you need to live to these services.
5. *Repairs and maintenance.* As a renter, you may have responsibilities to maintain the property in minor ways, such as replacing light bulbs, mowing lawns, and repairing damages (such as broken screens) that you have caused.



What factors might influence your decision of where to live?

Most financial experts advise allotting 25 to 35 percent of your total budget for housing. At first, you may need a roommate to share costs. Later, you may be able financially to carry the burden of living alone.

## WHAT TO TAKE

Rental housing can come furnished or unfurnished. A **furnished rental** means that the basics are provided—bed, dresser, sofa, chairs, lamps, dining table and chairs, and essential appliances. An **unfurnished rental** may or may not include basic kitchen appliances such as a stove and refrigerator. Usually the fewer the items furnished, the lower the rent. If you have enough furnishings or can acquire the essentials for an unfurnished residence, you can save a considerable amount in rent.

You can buy or rent furnishings. Compare purchase and rental payments carefully before you make a decision. For example, with a **rent-to-own option**, you rent furniture with an option to buy. At the end of the rental period (usually six months or longer), you have the option to buy the furniture at a reduced price. However, rent-to-own options can be more expensive than making payments on furniture you purchase outright with an installment plan. Renting furniture and appliances may be a good idea, however, for those who will be moving long distances in the near future and don't want to take the furniture.

Basic household and personal items necessary for setting up housekeeping include the following:

- Towels, wash cloths, sheets, and cleaning cloths
- Cleaning supplies (mops, brooms, buckets, vacuum cleaner, detergent, and cleansers)
- Personal items (shampoo, cosmetics, soap, and other personal hygiene items)
- Clothing, shoes, and other apparel
- Dishes, silverware, pots, and pans
- Lamps, clothes hangers, clocks, radio, television, and decorations

You may also need to provide rugs, drapes, shower curtains, and mirrors. You or your roommates may have some of these items, or you may decide to buy them. Make a list of things to be purchased jointly. If you buy some things jointly and one of you decides to move, you must then divide the purchases. Before moving in, it's a good idea to agree on who will get what joint items when you move out. To avoid arguments later, keep written records.

## PLANNING YOUR MOVE

Begin planning your move several months in advance. Others who have experienced a similar move can help you with advice and contributions of household items. Here are some ways to prepare:

1. *Have savings.* Set aside savings to cover the security deposit, first and last months' rent, fees, and initial expenses. If you have a pet, you may have to pay an additional security deposit or fee.
2. *Have income.* Have a reliable source of income to pay rent, utility bills, and shared expenses. Expect that your landlord will run a credit report to verify your ability to pay the rent. You will have to fill out an application that requires personal and financial information.
3. *Have supplies.* Gather what you need to live independently, such as clothing, towels, sheets, pillows, small appliances, and dishes to minimize the items you need to buy when you move.
4. *Think ahead.* Plan the move with your career goals in mind. If your goal is to finish college, then your living plan should help you achieve this goal. For example, if you are planning to go to college in September and live on campus, it would probably not be wise to move out on your own for the three summer months. The expenses would be too high, and you would be better off saving your money to help meet college expenses.
5. *Make reservations.* Make arrangements for transporting furnishings. Professional movers can be expensive and must be reserved in advance. If you instead enlist friends to help you move, you may need to rent a truck that you reserve in advance. Also, plan to provide refreshments or a meal for your friends if the move will take several hours.

A good way to organize your preparations is to make a household needs inventory, such as the one shown in Figure 21.1. Decide with your roommates what you will need and check off each item as you fulfill the need. As you can see, it may take several months to get ready for the move.

**FIGURE 21.1** Household Needs Plan

What Is Needed	Date Needed	Cost	Date Completed
1. Dishes/towels	October 1	\$100	_____
2. First and last months' rent	October 1	\$1,400	_____
3. Security deposit	October 1	\$100	_____
4. Moving-in fees	October 1	\$250	_____
5. Car (share of expenses)	September 1	\$150	_____
6. Job (part-time)	August 1		_____
7. Household budget	September 1		_____
8. Plan with roommates	June 1		_____
9. Plan with parents	May 1		_____

## GROUP FINANCIAL DECISIONS

All roommates are responsible for meeting the obligations to which they agree. For example, each person must pay his or her share of the rent, so that the total rent is paid on time. You will probably share utilities equally, as well as garbage service, cable TV, Internet, phone, and group activity expenses. Long-distance phone calls and cell phone charges should be paid for individually. But expenses such as gasoline or groceries might be divided according to percentage of use. Laundry services usually are an individual expense.

*Group budgeting* allows for the careful allocation of expenses, so that each person pays his or her share. The budget should be prepared and put into writing following a good discussion. It's important for each person to understand and agree to his or her responsibilities. Figure 21.2 is an example of a group budget.

**FIGURE 21.2** Group Budget

Expense	Monthly Cost	Robert's Share	Carlos's Share	Ken's Share
Rent	\$900	\$300	\$300	\$300
Utilities (average)	150	50	50	50
Cable TV and Internet access	45	15	15	15
Gasoline/insurance /repairs	120	40	40	40
Groceries	600	200	200	200
Household supplies	90	30	30	30
TOTALS	\$1,905	\$635	\$635	\$635



## VIEW *Points*



*The division of responsibilities and financial obligations can leave roommates at odds. Some roommates believe that, since they are now living away from home and enjoying their freedom, they can do anything they want. Some roommates may feel they are being taken advantage of. For example, some people are neat and clean and keep things tidy. It is unsettling for them to see food, clothing, and personal property scattered around. Others are not at all concerned about these things—their*

*definition of clean and presentable may be very different. Some people may be very precise about paying obligations, while others wait until the last minute and are often late or short on money.*

### **THINK CRITICALLY**

*How would you describe your living habits? How would you feel about having a roommate who has very different living habits? How can roommates avoid these kinds of misunderstandings?*

To pay group expenses, each person could have a separate account for individual expenses, and the group could have a joint account to pay shared expenses. Each person could make a deposit into the joint account by a certain date each month. Then roommates could take turns writing checks to pay for rent, utilities, and other expenses incurred throughout the month.

## ■ MOVING COSTS

*Moving costs* include the time and money spent in packing, loading, transporting, unloading, and unpacking. Professional movers charge according to the amount you have to move, the distance traveled, and whether or not they do the packing. You can save money by doing your own packing.

You can save even more by renting a truck or trailer and using your own labor for loading, driving, and unloading. If you are just moving across town, the rental will likely be cheaper if you can return the vehicle to the place where you rented it. However, for a longer move, you can rent a truck or trailer one way and return it to the rental agency's branch in the new city. One-way rental fees are usually a flat rate plus mileage, gasoline, and security deposit.

## ■ INSTALLATION CHARGES

When you move into a new residence, you will pay some installation charges, such as for telephone, Internet, and cable TV services. You may be able to save money if you can bundle these services. **Bundling** is combining services into one package. For example, one company can provide telephone (local and long distance), Internet service, and cable TV for a price that is lower than what you would pay if you used three different companies. You may also find special offers and other types of discount plans.

You must also arrange to turn on the electricity and other utilities. Many utility companies charge new customers a refundable security deposit. Other companies, such as the telephone company, may charge a one-time nonrefundable fee. If you have a landline, monthly rates vary according to services. If you have a cell phone, your plan should include enough minutes to call home as desired, or you may want a plan that allows unlimited calls to family members. Some cell phone plans include Internet access and other special features at a cost.



Property managers take care of real estate for its owners. Some property managers reside on site at the apartment building or housing complex. These managers maintain office hours during which they show rental units to prospective tenants, take applications, assist residents, and arrange for maintenance, repairs, and general upkeep of the premises.

Some property managers are responsible for multiple properties, from houses and duplexes to commercial buildings. Well-managed property is a source of income, growing real estate values, and tax advantages for owners. Property managers are hired when the owners do not have the time or expertise for the day-to-day logistics of real estate rentals.

Property managers also handle the financial operations, ensuring that rent is collected and maintenance bills are paid on time. Managers of large complexes may be supervisors of other office staff and of maintenance personnel. They also must be experts in landlord/tenant laws and make sure that the laws are followed.

## Employment Outlook

- A faster than average rate of employment growth is expected.

## Job Titles

- Asset manager
- Resident manager
- Real estate manager
- Property manager
- Off-site manager

## Needed Skills

- A bachelor's degree in business is often preferred.
- Licensure is required for public housing subsidized by the federal government.
- Real estate knowledge and skills are desirable.
- Excellent communication and people skills are helpful.

## What's it like to work in... Property Management

Kelly works for a property management company that specializes in residential real estate. Kelly is responsible for 11 houses and 6 duplexes. She takes calls from renters reporting problems and repair needs. She reviews and signs contracts with plumbers, electricians, and other contractors who provide the repairs and maintenance. She also prepares quarterly reports to owners, itemizing rents collected and expenses incurred. For any expense that is out of the ordinary, she must contact the owner for prior approval, as per their agreement.

Kelly works a normal 40-hour work week, except under unusual circumstances, such as severe weather. She must make sure that her tenants are safe and that any damages are promptly addressed.

## What About You?

Would you like managing property for others, collecting rent, and overseeing maintenance? Would you consider a career in property management?

# Assessment

## KEY TERMS REVIEW

Match the terms with the definitions. Some terms may not be used.

- |  |  |
|--|--|
| <p>___ 1. A refundable amount a renter pays in advance to protect the owner against damage or nonpayment</p> <p>___ 2. A room similar to one in a dormitory at a lower cost but with added responsibilities</p> <p>___ 3. A building with two separate living units</p> <p>___ 4. An apartment with one large room that serves as the kitchen, living room, and bedroom</p> <p>___ 5. Combining services into one package</p> <p>___ 6. A living space that has two or more levels</p> <p>___ 7. An on-campus building that contains many small rooms that are rented to students</p> <p>___ 8. A rental unit in which basic furnishings—bed, dresser, sofa, chairs, lamps, and so on—are provided</p> | <p>a. bundling</p> <p>b. condo</p> <p>c. co-op</p> <p>d. dormitory</p> <p>e. duplex</p> <p>f. furnished rental</p> <p>g. rent-to-own option</p> <p>h. security deposit</p> <p>i. studio apartment</p> <p>j. townhouse</p> <p>k. unfurnished rental</p> |
|--|--|

## CHECK YOUR UNDERSTANDING

9. Discuss some considerations to think about as you decide where to live.
10. What questions should you and your potential roommate ask each other before deciding to live together?

## APPLY YOUR KNOWLEDGE

11. Your chosen university requires you to live on campus. Which type of on-campus housing will you choose? Why? After two years, you are able to move off campus. Which type of housing will you choose then? Why?

## THINK CRITICALLY

12. Duplexes, condos, and houses are located in residential neighborhoods. As a resident, your obligations are different than if you lived in an apartment complex. Explain how they are different.
13. Why is it important to know a person well and have an agreement, both in terms of financial obligations and in terms of sharing responsibilities, before you become roommates? Give three reasons.
14. Give examples of why you need to have considerable savings when planning to move out on your own.

# The Renting Process

## GOALS

- List the advantages and disadvantages of renting a place to live.
- Describe the elements of the rental application, rental inventory, and lease forms.
- Discuss landlord and tenant responsibilities.

## TERMS

- renting, p. 479
- landlord, p. 479
- tenant, p. 479
- lease, p. 480
- lessor, p. 480
- lessee, p. 480
- rental agreement, p. 482
- rental inventory, p. 482
- eviction, p. 485

## RENTING A PLACE TO LIVE

Living in an apartment, duplex, or other housing has many good points. Often it is your first experience after leaving your parents' home. It is an exciting experience to be on your own for the first time.

Most people begin their independent lives as renters. **Renting** is the process of using another person's property for a fee. A **landlord** is the owner, or owner's representative, of rental property. A person who rents property is called a **tenant** or renter. Because renting offers many advantages, it is a popular choice, especially among young people just getting started on their own.

## ADVANTAGES OF RENTING

Renting has several advantages over other forms of living choices.

1. *Mobility.* Many people prefer to rent because of the ease and speed with which they can move when a good job opportunity comes along elsewhere. If you are unsure about whether or not you will stay in the same location for a long period, then renting a residence is a wise choice.
2. *Convenience.* Many landlords provide a number of conveniences for their tenants. For example, rental properties often have laundry and recreational facilities. Also, rental units are often located near major shopping areas, downtown, or business centers.
3. *Minimum Responsibilities.* Renting usually relieves you of many of the responsibilities of home ownership, such as costly repairs and maintenance of the grounds.



© Photodisc/Getty Images

What are some advantages of renting?

4. *Social Life.* Apartments offer the opportunity to meet others and socialize informally, especially where recreational facilities are provided.
5. *Lower Cost.* Apartment rent is usually lower than the cost of buying a house. Sharing expenses with roommates lowers individual costs even more.

## ■ DISADVANTAGES OF RENTING

Renting can have drawbacks as well.

1. *Noise.* Residents usually share common walls with neighbors above, below, or beside them. Consequently, music, conversations, and other activities of neighbors can be overheard. Strange hours or unusual habits of neighbors can be very irritating.
2. *Lack of Privacy.* Because conversations and other activities can be overheard through common walls, tenants often feel a lack of privacy. Problems associated with shared facilities—laundry and recreation, for example—can also be annoying.
3. *Small Living Space.* The typical apartment is smaller than most other housing choices. Five hundred to 800 square feet of living space is typical for a studio or one- or two-bedroom apartment. Condos and houses typically have more living space.
4. *Lack of Storage Space.* The small size of many apartments also means little cabinet and closet space. A few rental complexes offer additional storage space for rarely used items, but they may charge an extra fee for its use.
5. *Scarcity of Parking.* Many rental properties do not provide garages or off-street parking, especially in city centers. In complexes that provide parking lots, visitor parking is often very limited. Parking spaces may also cost extra, especially when they are covered or reserved.

## RENTAL CONTRACTS

Whenever you rent a place to live, you will have to fill out a *rental application*. The purpose of the application is to allow the landlord to verify your income, previous rental experience, credit rating, and so on. The landlord does this to assure that you are a good risk—that you will likely pay your rent and be a good tenant. The landlord may refuse to rent you property because of your past rental history, employment record, or credit rating. Rental may not be denied, however, solely on the basis of race, religion, national origin, sex, or marital status. Some states have passed laws to prohibit denial of rental to tenants with small children. Figure 21.3 shows information asked on a typical rental application.

## ■ LEASES AND MONTH-TO-MONTH AGREEMENTS

Basically there are two types of rental contracts: leases and rental agreements. A **lease** is a written agreement that allows a tenant to use property for a set period of time at a set rent payment. The landlord is called the **lessor**, or person responsible for the property. The tenant is called the **lessee**, or person who will take possession of the property.

**RENTAL APPLICATION**

Date \_\_\_\_\_

**Section 1. Personal Information**

*Applicant:*

Name \_\_\_\_\_

Current Address \_\_\_\_\_

Phone \_\_\_\_\_

Landlord \_\_\_\_\_

Landlord's Phone \_\_\_\_\_

Previous Address \_\_\_\_\_

Previous Landlord \_\_\_\_\_

Landlord's Phone \_\_\_\_\_

*Co-Applicant:*

Name \_\_\_\_\_

Current Address \_\_\_\_\_

Phone \_\_\_\_\_

Landlord \_\_\_\_\_

Landlord's Phone \_\_\_\_\_

Previous Address \_\_\_\_\_

Previous Landlord \_\_\_\_\_

Landlord's Phone \_\_\_\_\_

**Section 2. Employment**

Employer \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Monthly take-home pay \$ \_\_\_\_\_

Years employed at this job \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Monthly take-home pay \$ \_\_\_\_\_

Years employed at this job \_\_\_\_\_

**Section 3. Credit**

Bank \_\_\_\_\_

\_\_\_ Checking \_\_\_ Savings/Investment

Companies through which you have credit cards or charge accounts:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bank \_\_\_\_\_

\_\_\_ Checking \_\_\_ Savings/Investment

Companies through which you have credit cards or charge accounts:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Section 4. Personal References**

Name \_\_\_\_\_

Phone \_\_\_\_\_

Relationship to applicant \_\_\_\_\_

Name \_\_\_\_\_

Phone \_\_\_\_\_

Relationship to applicant \_\_\_\_\_

I hereby swear that the above information is true and complete. I understand that incomplete or inaccurate information on this application may result in denial and/or eviction.

*Applicant Signature:*

\_\_\_\_\_ Date: \_\_\_\_\_

*Co-Applicant Signature:*

\_\_\_\_\_ Date: \_\_\_\_\_

You may sign a lease for six months, a year, or longer. During this time, rent remains constant. If you decide to move before the lease expires, you are still responsible for the remaining rent. Before the lease expires, the landlord will inform you of any rent increases. If you do not wish to stay beyond the lease period, you can notify the landlord as specified in the lease. Often leases require 30-days' written notice of rent increases and tenant departures. Figure 21.4 is an example of a lease agreement.

A **rental agreement** is a written agreement that allows you to leave anytime as long as you give the required notice. These are often called *month-to-month agreements*. The agreement does not bind you to pay rent for a period of time longer than a month, as a lease does. However, renting by the month also does not establish the rent amount for more than one month. The landlord can raise the rent anytime or ask you to leave anytime.

Still, the ease of moving in and out is an advantage of renting month to month. If your plans are very uncertain and you need maximum flexibility, then month-to-month rental may be a good option for you.

Both a lease and a rental agreement will include provisions for security deposits and their return, termination of rental, rent payments, tenant and landlord responsibilities, and various other matters. If you do not understand any part of the agreement, ask the landlord to explain. If the answer is not satisfactory, get a legal interpretation or refuse to sign the agreement and go elsewhere. Both a lease and a month-to-month rental agreement are legally binding when signed.

## ■ RENTAL INVENTORY

If you live in a rental property, you are expected to leave it as you found it. Normal wear and tear is expected and accepted. However, anything broken or misplaced is not acceptable. Therefore, to assure that you are not accused of such acts as breaking, damaging, or taking furnishings, prepare an inventory of the premises at the time you move in.

The **rental inventory** is a detailed list of current property conditions. Noted are such things as broken windows, missing window screens, holes in walls, torn or stained carpeting, plumbing problems, and so on. You and your landlord should tour the property together to take the inventory, so that you both agree on its contents. Then you or the landlord should make a copy for each of you. When you move out, you and your landlord should once again take an inventory. The comparison between this inventory and the initial one will often determine whether or not you get your security deposit back.

If your landlord does not do or require a rental inventory, you as tenant should do one anyway. Take pictures of any conditions that exist. Prepare the inventory and provide a copy to the landlord, even if the landlord does not ask for it. Figure 21.5 on page 484 shows an inventory and condition report that can be used in a variety of rental situations.



© Photodisc/Getty Images

Why is it important to complete a rental inventory before you move in to a rental property?

## RESIDENTIAL LEASE AGREEMENT AND SECURITY DEPOSIT RECEIPT

THIS INDENTURE, made this 29th day of October, 20--, between  
Brendan Martin, hereinafter designated the Lessor  
or Landlord, and Teresa Thomas, hereinafter designated the Lessee,

WITNESSETH: That the said Lessor/Landlord does by these presents lease and demise the residence  
situated at 614 Dundas Street in Cincinnati City,  
Hamilton County, Ohio State,

of which the real estate is described as follows:

614 Dundas Street, Cincinnati, Ohio,

upon the following terms and conditions:

1. **Term:** The premises are leased for a term of one (1) years, commencing the 1st day of November, 20--, and terminating the 31st day of October, 20--.

2. **Rent:** The Lessee shall pay rent in the amount of \$ \$600.00 per month for the above premises on the 1st day of each month in advance to Landlord.

3. **Utilities:** Lessee shall pay for service and utilities supplied to the premises, except None which will be furnished by Landlord.

4. **Sublet:** The Lessee agrees not to sublet said premises nor assign this agreement nor any part thereof without the prior written consent of Landlord.

5. **Inspection of Premises:** Lessee agrees that he has made inspection of the premises and accepts the condition of the premises in its present state, and that there are no repairs, changes, or modifications to said premises to be made by the Landlord other than as listed herein.

6. **Lessee Agrees:**

- (1) To keep said premises in a clean and sanitary condition;
- (2) To properly dispose of rubbish, garbage, and waste in a clean and sanitary manner at reasonable and regular intervals and to assume all costs of extermination and fumigation for infestation caused by Lessee;
- (3) To properly use and operate all electrical, gas, heating, plumbing facilities, fixtures and appliances;
- (4) To not intentionally or negligently destroy, deface, damage, impair, or remove any part of the premises, their appurtenances, facilities, equipment, furniture, furnishings, and appliances, nor to permit any member of his family, invitee, licensee or other person acting under his control to do so;
- (5) Not to permit a nuisance or common waste.

7. **Maintenance of Premises:** Lessee agrees to mow and water the grass and lawn, and keep the grass, lawn, flowers, and shrubbery thereon in good order and condition, and to keep the sidewalk surrounding said premises free and clear of all obstructions; to replace in a neat and workmanlike manner all glass and doors broken during occupancy thereof; to use due precaution against freezing of water or waste pipes and stoppage of same in and about said premises and that in case water or waste pipes are frozen or become clogged by reason of neglect of Lessee, the Lessee shall repair the same at his own expense as well as all damage caused thereby.

8. **Alterations:** Lessee agrees not to make alterations or do or cause to be done any painting or wallpapering to said premises without the prior written consent of Landlord.

9. **Use of Premises:** Lessee shall not use said premises for any purpose other than that of a residence and shall not use said premises or any part thereof for any illegal purpose. Lessee agrees to conform to municipal, county and state codes, statutes, ordinances, and regulations concerning the use and occupation of said premises.

10. **Pets and Animals:** Lessee shall not maintain any pets or animals upon the premises without the prior written consent of Landlord.

11. **Access:** Landlord shall have the right to place and maintain "for rent" signs in a conspicuous place on said premises for thirty days prior to the vacation of said premises. Landlord reserves the right of access to the premises for the purpose of:

- (a) Inspection;
- (b) Repairs, alterations or improvements;
- (c) To supply services; or
- (d) To exhibit or display the premises to prospective or actual purchasers, mortgagees, tenants, workmen, or contractors. Access shall be at reasonable times except in case of emergency or abandonment.

12. **Surrender of Premises:** In the event of default in payment of any installment of rent or at the expiration of said term of this lease, Lessee will quit and surrender the said premises to Landlord.

13. **Security Deposit:** The Lessee has deposited the sum of \$ 600.00, receipt of which is hereby acknowledged, which sum shall be deposited by Landlord in a trust account with Citizens bank; savings and loan association, or licensed escrow, Cincinnati branch, whose address is 201 Main Street, Cincinnati, Ohio

All or a portion of such deposit may be retained by Landlord and a refund of any portion of such deposit is conditioned as follows:

- (1) Lessee shall fully perform obligations hereunder and those pursuant to Chapter 207, Laws of 1973, 1st Ex Session or as may be subsequently amended.
- (2) Lessee shall occupy said premises for one (1) months or longer from date hereof.
- (3) Lessee shall clean and restore said residence and return the same to Landlord in its initial condition, except for reasonable wear and tear, upon the termination of this tenancy and vacation of apartment.
- (4) Lessee shall have remedied or repaired any damage to apartment premises;
- (5) Lessee shall surrender to Landlord the keys to premises;

Any refund from security deposit, as by itemized statement shown to be due to Lessee, shall be returned to Lessee within fourteen (14) days after termination of this tenancy and vacation of the premises.

IN WITNESS WHEREOF, the Lessee has hereunto set his hand and seal the day and year first above written.

/s/ <u>Brendan Martin</u> LANDLORD <u>610 Dundas Street</u> <u>Cincinnati, Ohio</u> ADDRESS	/s/ <u>Teresa Thomas</u> LESSEE
---	------------------------------------

(Acknowledgment)



# LANDLORD AND TENANT RESPONSIBILITIES

Most states have passed landlord/tenant laws. Both landlords and tenants should understand their legal rights and obligations.

**FIGURE 21.5** Rental Inventory

## INVENTORY AND CONDITION REPORT

Use this report to record the contents and condition of your unit when you move in and before moving out. If you mark anything as being either dirty or damaged, describe it fully on an additional sheet. Use the blank before each item to indicate how many there are. Ask the landlord to sign your copy.

	Dirty		Damaged			Dirty		Damaged			
	Yes*	No	Yes*	No		Yes*	No	Yes*	No		
<b>Living Room</b>											
___ Couch .....	1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Oven racks .....	43	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Chair .....	2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Broiler pan .....	44	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ End table .....	3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Working refrigerator .....	45	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Easy chair .....	4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Ice trays .....	46	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Floor lamp .....	5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Working sink .....	47	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Table lamp .....	6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Working garbage disposal ..	48	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Coffee table .....	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Counter tops .....	49	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Light fixture .....	8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Range hood w/working fan ..	50	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Rug or carpet .....	9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Working dishwasher .....	51	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Floor .....	10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Hot and cold running water ..	52	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Walls .....	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Drawers .....	53	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
___ Ceiling .....	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	___ Dinette table .....	54	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Dinette chairs .....	55	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Light fixture .....	56	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Floor .....	57	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Walls .....	58	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Ceiling .....	59	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Bedroom</b>											
___ Bed frame(s) .....	13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Headboard(s) .....	14	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mattress .....	15	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mattress cover .....	16	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Bed springs .....	17	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Dresser .....	18	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Nightstand .....	19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Drapes or curtains .....	20	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mirror .....	21	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Light fixture .....	22	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Rug or carpet .....	23	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Floor .....	24	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Walls .....	25	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Ceiling .....	26	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
<b>Bedroom</b>											
___ Bed frame(s) .....	27	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Headboard(s) .....	28	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mattress .....	29	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mattress cover .....	30	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Bed springs .....	31	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Dresser .....	32	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Nightstand .....	33	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Drapes or curtains .....	34	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Mirror .....	35	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Light fixture .....	36	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Rug or carpet .....	37	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Floor .....	38	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Walls .....	39	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Ceiling .....	40	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
<b>Kitchen</b>											
___ Working stove .....	41	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
___ Working oven .....	42	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
						___ Towel racks .....	60	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Tissue holder .....	61	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Mirror .....	62	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Medicine cabinet .....	63	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Counter top .....	64	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Working sink .....	65	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Working tub .....	66	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Working shower .....	67	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Working toilet .....	68	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Toilet seat .....	69	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Shower curtain .....	70	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Cabinet .....	71	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Light fixture .....	72	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Hot and cold running water ..	73	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Floor .....	74	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Walls .....	75	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Ceiling .....	76	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						<b>Miscellaneous</b>					
						___ Door key .....	77	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Windows .....	78	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Window screens .....	79	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Mailbox .....	80	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Mailbox key .....	81	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Thermostat .....	82	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ Other .....	83	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						___ .....	84	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						Do all the windows work? _____					
						Does the heat work properly? _____					
						_____ Tenant _____ Landlord					
						_____ Witness _____ Date					
						Date _____ *Describe fully on an additional sheet.					

## ■ LANDLORD OBLIGATIONS

Housing laws in most states require that landlords provide a dwelling that is habitable (livable) at all times. A dwelling is considered habitable if:

- The exterior (including roof, walls, doors, and windows) is weatherproof and waterproof.
- Floors, walls, ceilings, stairs, and railings are in good repair.
- Elevators, halls, and stairwells meet fire and safety regulations. Smoke detectors are required in each unit in most states. (Tenants are responsible for testing the alarms, replacing batteries, and reporting any defects.)
- Adequate locks are provided for all outside doors, working latches are provided for all windows, and exits meet fire and safety regulations.
- Plumbing facilities comply with local and state sanitation laws and are in good working condition.
- Water supply provided is safe and adequate.
- Lighting, wiring, heating, air conditioning, and appliances are in good condition and comply with local and state building and safety codes.
- Buildings and grounds are clean and sanitary; garbage receptacles are adequate. (Tenants may be responsible for garbage removal charges.)

## ■ TENANT OBLIGATIONS

Tenant obligations usually are stated specifically in the lease or month-to-month agreement. Even when not stated, tenants are responsible to:

- Read, understand, and abide by the terms of the rental contract.
- Pay the rent on or before the due date. (Failure to make a rent payment as stated in the rental contract may result in late fees, termination of the contract, or eviction.) **Eviction** is the legal process of removing a tenant from rental property. It is often reported to credit bureaus, reflecting poorly on one's creditworthiness and making it difficult for a person to rent property again in the future.
- Give at least 30-days' notice of intent to move. This notice will prevent the loss of the security deposit and allow the landlord time to find another renter before you leave.
- Keep the premises in good, clean condition to prevent unnecessary wear and tear or damage to the unit.
- Use a rental unit only for the purpose for which it is intended. For example, if you've rented the property as your residence, you cannot use it for a retail business or manufacturing facility.
- Allow the landlord access to the living unit to make repairs or improvements.
- Obey the rules specified in the rental contract for the residents of the rental community, covering such things as quiet hours, use of recreational facilities, use of laundry facilities, and parking regulations.

### NETBookmark

Tenants and landlords both have certain rights and responsibilities, but many tenants are not aware of their legal rights. Access [www.cengage.com/school/pfinance/mypf](http://www.cengage.com/school/pfinance/mypf) and click on the link for Chapter 21. Read the "Tips for Tenants" article. Under what circumstances can a tenant withhold rent? What procedure should a tenant use to request repairs to the living area? Why should a tenant purchase renter's insurance?

[www.cengage.com/school/pfinance/mypf](http://www.cengage.com/school/pfinance/mypf)

# ISSUES IN YOUR **WORLD**

---

## **READ THE LEASE BEFORE YOU SIGN**

Many owners of rental property would rather lease space to you than rent it to you on a month-to-month basis. A lease gives both the lessor (the landlord) and the lessee (the tenant) the security of knowing the property is committed for a fixed period of time. But the lease can be a trap if you don't understand its provisions before you sign.

For example, many lessors offer "specials" to those who sign leases for a year or more. These specials may include reduced monthly rent, reduced deposits and fees, and other concessions. But in most cases, if you need to terminate the lease before the agreed-upon time, there can be enormous consequences.

In a typical "special" lease offer, the lessor states that regular monthly rent is \$800 per month. If the lessee signs a one-year lease, the rent is reduced to \$750 and the move-in fee is also reduced from \$500 to \$300. The savings are significant. But the lease also states that if the lessee terminates the agreement prior to one year, he or she must repay the entire rent reduction and the balance of the reduced fee.

Suppose you are the lessee and you must move out early, say at the beginning of the eighth month. You would have to pay back seven months' worth of reduced rent ( $\$50 \times 7$ ) plus the additional \$200 move-in fee, for a total of \$550. In addition, you are still obligated to pay the remaining five months' rent (at the higher rate) unless the lessor can find another tenant to take your place. This type of "deal" can be very, very expensive.

Before you sign the lease, be sure to read it carefully and understand your commitments. You may be able to negotiate better terms at the beginning, before you sign the lease.

## **THINK CRITICALLY**

---

1. Check your newspaper or online listings for rental housing in your area. Do you see any lease specials? Describe them.
2. Do you know someone who is leasing property? Ask to see the person's lease agreement. What potentially expensive provisions does it contain?

# Assessment

## KEY TERMS REVIEW

Match the terms with the definitions. Some terms may not be used.

- |   |   |
|---|---|
| <p>___ 1. <i>The landlord, or person who is responsible for the property</i></p> <p>___ 2. <i>A person who rents property</i></p> <p>___ 3. <i>The process of using another person's property for a fee</i></p> <p>___ 4. <i>The legal process of removing a tenant from rental property</i></p> <p>___ 5. <i>The owner, or owner's representative, of rental property</i></p> <p>___ 6. <i>The tenant, or person who will take possession of the property</i></p> <p>___ 7. <i>A detailed list of current property conditions</i></p> <p>___ 8. <i>A written agreement that allows a tenant to use property for a set period of time at a set rent payment</i></p> | <p>a. <i>eviction</i></p> <p>b. <i>landlord</i></p> <p>c. <i>lease</i></p> <p>d. <i>lessee</i></p> <p>e. <i>lessor</i></p> <p>f. <i>rental agreement</i></p> <p>g. <i>rental inventory</i></p> <p>h. <i>renting</i></p> <p>i. <i>tenant</i></p> |
|---|---|

## CHECK YOUR UNDERSTANDING

9. *How is a lease different from a rental agreement?*
10. *Explain the purpose of a rental inventory prepared when you first move into rental property and when you move out.*

## APPLY YOUR KNOWLEDGE

11. *Explain the advantages and disadvantages of renting. Do you believe the advantages outweigh the disadvantages? Why or why not?*

## THINK CRITICALLY

12. *The rental application asks many private and personal questions, and a potential landlord is likely to run your credit report. What does a credit report tell a landlord about a prospective tenant? Why is it necessary?*
13. *A lease gives you (the tenant) more protection than a month-to-month rental agreement. Why? How can a lease also be to the tenant's detriment?*
14. *Some landlords keep renters' deposits without proper justification. What can you do to help protect yourself from this practice?*

# Chapter Assessment

## SUMMARY

### 21.1

- *On-campus housing options include dormitories, fraternity or sorority houses, housing cooperatives, and married student housing.*
- *Duplexes, condominiums, and houses usually offer more space than studio, regular, or townhouse apartments but are also generally more expensive and require tenants to be responsible for some maintenance.*
- *To live together successfully, roommates must have compatible living habits and work out responsibilities in advance.*
- *When deciding where to live, consider required security deposits and fees, length of time you plan to live there, distance from work or school, distance from services, and required maintenance responsibilities.*
- *Prepare to move by accumulating needed items, saving to cover initial expenses, and making truck reservations in advance. You will need to accumulate less for a furnished rental than for an unfurnished rental.*
- *When you move in, you will have to pay fees to have utilities installed or turned on. The bundling of some services may save you money.*

### 21.2

- *Advantages of renting include mobility, convenience, minimal maintenance responsibilities, social opportunities, and lower costs.*
- *Disadvantages of renting include noise from close neighbors, lack of privacy, small living space, lack of storage space, and scarcity of parking.*
- *Landlords use the rental application to determine if you are a good risk as a tenant.*
- *If you lease, you (the lessee) agree to rent the space for a set period of time at a set rent payment. During this time, the landlord (the lessor) cannot raise the rent, but there are penalties if you leave early.*
- *If you enter a rental agreement, you can leave at anytime with proper notice, but the landlord can also raise the rent or ask you to leave at anytime.*
- *To protect yourself from being held responsible for pre-existing problems, complete a rental inventory when you move in.*
- *Landlords are responsible for providing a safe and habitable place for tenants to live.*
- *Tenant responsibilities include paying rent on time, obeying the rules, and taking reasonable care of the property. Failure to meet obligations could result in eviction.*

## APPLY WHAT YOU KNOW

---

1. List two advantages of on-campus housing and two disadvantages. Explain why living with parents and commuting to college is often the best alternative.
2. Compare and contrast apartment living to living in a duplex, condo, or house. What are the pros and cons of both types of renting?
3. Ask two people separately to answer the questions in the “Living Arrangements” section on page 472. Based on the answers, would the three of you make a compatible living group? List the problems you would have to work out to live together successfully. Then get together and role play a discussion in which you work out these problems. Record your agreements in writing.
4. What possessions have you accumulated that you would need in order to set up housekeeping in an apartment?
5. What basics would you have to acquire to live independently? Which of these would you have to buy and which could you borrow to save money? Would you consider having a roommate with whom to share ownership of these items? Why or why not?
6. Make a list of things you should do before moving out on your own.
7. To move your possessions from your present home to a new residence, what types of transportation are available to you? What is the best and least expensive option for you?

## MAKE ACADEMIC CONNECTIONS

---

8. **Research** Conduct research of the rental housing market in your area. Compare today’s prices to those of ten years earlier. Write a report explaining how rentals have changed: How many new rental properties are in the area? Have rental properties been sold as condominiums? Are there more or fewer houses for rent?
9. **Economics** Do research to find out if the housing market is a leading, lagging, or coincidental indicator of the state of the economy. For example, what do rental prices and availability say about the housing market and the current state of the economy? Write a report to explain your findings.
10. **Communication** Write a roommate-wanted ad. Then write a paper explaining what you are looking for in a roommate. Include requirements you would impose and the habits of a roommate you would reject.
11. **International Studies** Do Internet research to find out about renting in other countries. Choose a country that interests you and find the types of rental properties that are available, their features, and their prices. How do they compare to most rentals in the United States? Convert foreign currency into U.S. dollars for comparison purposes.

# SOLVE **PROBLEMS** AND

## EXPLORE **ISSUES**

12. Prepare a table or chart comparing the rental prices and availability of similar-sized apartments, duplexes, condominiums, and houses in your area. Also, note how many are presently available in each category, the high and low prices, and the average rental prices.
13. Your friend has decided to move from his apartment to a condo that is available for rent. The condo is in a large building; most of the owners are retired or mid-life professionals without children. Explain how a condo is different from an apartment and how expectations will change.
14. Select a large city in another state in which you might like to live. Search the Internet for apartments to rent in that city. Select a moderately priced apartment and print out or write down the description of it. Be sure to note the rent. Then find a similar apartment in a smaller town. What is the rent for this apartment? What can you conclude about the cost of living between these two locations based on apartment rents?
15. Renee and Brittany are best friends. They have a lot in common, but they also have very different lifestyles. Renee's room at home is neat and organized; Brittany's room is messy and cluttered. Renee balances her checkbook to the penny every month; Brittany pays cash for everything. Explain to Renee and Brittany what they should do now before becoming roommates so that their experience will be successful.
16. Using the community resources in your area, find out the installation fees and security deposits required for the following services: (a) telephone, (b) electricity, (c) cable or satellite TV, and (d) water. Are any of these fees and deposits refundable? If so, under what conditions?
17. You will be moving out of your parents' home and will need your own cell phone. Find out what it would cost you to buy a cell phone and a service plan (most companies require a contract) that would allow you (a) text messaging; (b) 500–1000 minutes per month, including day minutes, night minutes, and anytime minutes; (c) Internet access; and (d) a hands-free device to use while driving.

### EXTEND YOUR LEARNING

18. **Legal Issues** Landlord/tenant laws require that landlords provide a written explanation for any deposits that are withheld from renters when they move out. Deposits cannot be withheld without proof of damages and repairs that were made. Many tenants believe they have been charged for damage they did not cause. How can they prevent this from happening? If landlords keep deposits but do not provide explanations within a reasonable time period (usually 30 days), what legal recourse do tenants have?

For related activities and links, go to [www.cengage.com/school/financelmypf](http://www.cengage.com/school/financelmypf)