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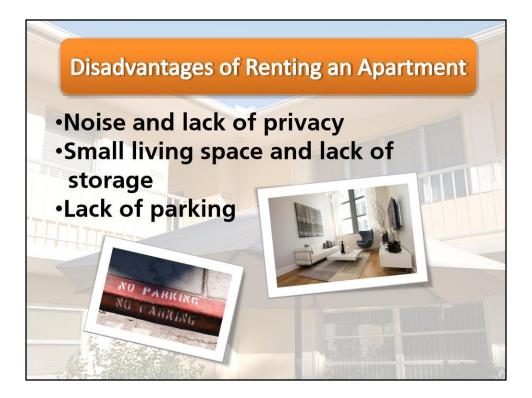
We have discussed the advantages and disadvantages of renting in general. Now, let's look at renting an apartment specifically. The first advantage to renting an apartment is that the living expenses are generally less than if you rent or buy a house. Rent payments are typically less than mortgage payments and utility bills are lower as well because of the smaller living area. If you get an efficiency or studio apartment, you can save even more. This is basically one big room with a bathroom and a kitchen. The living room is also your bedroom. If you decide to get a roommate, your costs can be shared resulting in even lower expenses every month.

The second advantage is that it is easier to move out of an apartment than when you own a home. All you have to do is give the landlord notice that you intend to move, and you are free to go. Some leases also contain clauses that let you break a lease before the end of the lease period under certain conditions, like military deployment or job transfer.

The third advantage is convenience. Many apartment complexes have laundry facilities on site and apartments are usually located near shopping areas, downtown, or business centers. This close proximity allows you the freedom to acquire things or services that you want and need relatively easily and conveniently.

The fourth advantage is minimal responsibilities. As previously mentioned, the landlord is generally responsible for repairs and maintenance to the apartment complex.

The last advantage is social life. In an apartment complex, there are lots of other tenants. It gives you the opportunity to meet other people and make new friends.



There are also disadvantages to apartment living. First, common walls are usually not thick enough to block out noise between units. Neighbors who keep strange hours or have unusual habits, like playing music loudly, can be extremely annoying because you are likely to hear them in your apartment through the walls. Your privacy is difficult to maintain in an apartment. If you can hear your neighbors, they can hear you too! Conversations and other activities may be heard through the walls.

Next, apartments have small amounts of living space and storage. Most apartments are about 500 to 1,000 square feet of living space. This is usually enough if you live alone, but for a family this can cause problems with little to no privacy. Because apartments are small, there is also a lack of storage space. Usually, kitchens have a few small cabinets and there are only a few small closets in an apartment. So, where will you store your bike or other items that you don't use very often?

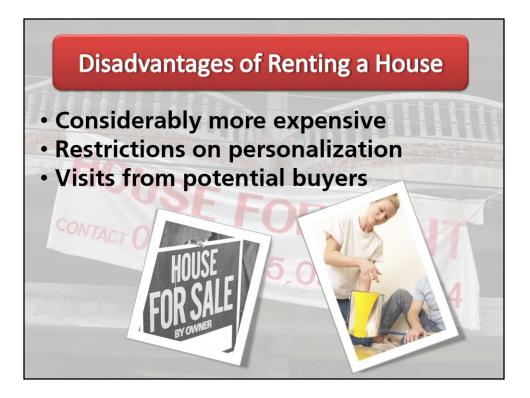
Finally apartment complexes generally have limited parking. You may be assigned a spot or two. If you have guests over, it may be difficult for them to find a parking space. Apartments generally don't have garages either.





Renting a house can give you several advantages over an apartment. First, you will generally have a lot more living space and may have a garage as well. Houses usually have 1,200 or more square feet of living space. The second advantage is that you will have increased privacy over an apartment. There are no shared walls for people to overhear your conversations and activities, and you will not be subjected to the unusual habits or noise of your neighbors through shared walls. If, however, you rent a duplex (two houses with reversed floor plans, that share one wall), you may hear your neighbors through the shared wall, but the wall is typically thicker than an apartment's shared walls. So, the amount of noise will likely be reduced. The third advantage is that you get to live in a neighborhood setting.





There are several disadvantages to renting a house. The first and most important is that renting a house is considerably more expensive than renting an apartment. You are paying for neighborhood living and privacy. In addition, the rent you pay does not give you any tax advantages or ownership. You own nothing at the end of your lease. The second disadvantage was mentioned previously. When renting, there are many restrictions on the amount of personalization that you are permitted to make in your residence. You cannot paint, remodel, or change the house without the owner's permission. You may even be responsible for more of the home and yard maintenance.

Finally, if you are renting a house that the owner wants to sell, you may have to allow potential buyers to visit your home. Your landlord may require a certain level of cleanliness in the home since buyers may visit at any time. Usually you will get advanced notice if buyers are coming, but not always. This can be annoying and inconvenient.





If you have decided to rent your residence, you need to do several things to get ready. First, be prepared. You may want to create a "renter's resume" with your current and previous five addresses and landlord phone numbers, your employer and length of employment, your current salary, other income, and personal references. Include a copy of your most current credit report. You want to look good on paper so you will stand out from other applicants. Many landlords will require you to complete an application and pay an application fee. Your rental application allows the landlord to check important information such as your employment, previous rental experience, and credit rating.

The second thing you need to do to be ready for your move is to research, research, research! Look in the newspaper classified ads, apartment publications, college campus bulletin boards, and online for available units that you may want to investigate. You can usually pick up free apartment listing booklets in businesses such as grocery stores. You can also ask friends and family about openings in their buildings.

Third, consider your budget! Figure out how much you can afford to pay for rent and utilities. Experts recommend that you allow about 25 to 30 percent of your gross monthly income for rent. For example, if you earn \$2,500 a month before taxes and other deductions, you should not spend more than \$625 to \$700 a month on rent. Remember, there is more to living on your own than just the rent payment. You also have to pay for utilities, food, and clothes. We will go into this more later in this presentation.

You can search for a place to live on your own. This is a very time consuming process though, so you may want to find a rental agent to help you with your search. A rental agent is familiar with properties in the area and can easily narrow your search based on your requirements. Depending on the housing market, this service may be paid for by landlords. Otherwise, you may be charged a percentage of the amount of rent when you secure an apartment.

Consider finding a roommate. This will reduce your monthly costs considerably. Be sure that you trust the person to pay his or her part of the expenses every month. Also, consider the personal qualities that you would want in a roommate.

Before moving in, inspect the property carefully. Usually you will go through the residence with the landlord in order to prepare a rental inventory. This inventory will ensure that you will not be held responsible for any damage that is already in the apartment. This will also enable you to ask for the damages to be fixed prior to moving in. Be sure to get a copy of the rental inventory and ask that the problem areas are addressed in the lease, either by you agreeing to live with the damages or the landlord agreeing to fix it by a certain date.

Be sure to examine the rental agreement very carefully before you sign it. You need to read *every* word. If there is anything you don't understand, get it clarified before you sign. If there is anything you don't agree with, don't sign it! Once you sign your name, you will be held to everything in the lease. Be sure to check out things like: the length of the agreement; how much notice is required prior to moving out; how much of a deposit you have to make and when; how much cleaning is required upon leaving; and how, when, and if you will get your deposit back. Remember, some rental agreements require first and last months' rent plus a security deposit. This can be a significant amount of money. Before you sign the agreement, be sure you find out exactly how much you will need!



There are two basic types of rental agreements, leases and month-to-month agreements. You need to know which type you are entering into! A lease is a written agreement that allows you to use the property for a specific amount of time, usually six months to a year. With this type of agreement, the landlord can't raise your rent until the lease expires. If you leave before the lease expires, you have to make the remaining payments on the lease. In other words, if you move out three months early, you will have to make three months of rent payments even though you aren't living there. If, however, the landlord rents the property for those three months, you won't have to pay! If the rent is going to increase at the end of your lease, your landlord has to tell you at least 30 days before the end of the lease, and you have to notify the landlord in writing if you plan to move at the end of the lease, usually 30 days in advance.

The second type of rental agreement is a month-to-month agreement. With a month-to-month agreement, there is no specified time period for your occupancy of the property. You can leave anytime as long as you give the landlord the required notice, usually 30 days. The agreement doesn't bind you for more than one month at a time. The disadvantage with this is that your rent is not set for more than a month. In other words, the landlord can raise your rent or ask you to move out anytime.

Both leases and month-to-month rental agreements include guidelines for a security deposit, return of your deposit, termination of the rental, rent payments, and tenant and landlord responsibilities.

