



**NORTHWEST NATIVE
ASSET BUILDING COALITION**

taking action & building communities

Rental Readiness Training

NorthWest Native Asset Building
Coalition

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Renting an Apartment

While it doesn't offer any investment potential, renting an apartment is the choice for people in many different life situations:

- * Saving for a down payment for a house.
- * Can't afford to purchase a home.
- * Planning to move in a few years.
- * Not interested in the maintenance and repair of a home.

No matter why you're renting an apartment, you can greatly improve the experience by knowing more about the financial and legal aspects.

Lease Agreement(s)

A lease is a binding contract that lays out the conditions and responsibilities of a rental agreement, both for the owner and the renter. It stipulates:

- * monthly rental price
- * payment due date
- * length of the lease as well as what happens if one of you breaks the lease

Other information contained in the lease is:

- * which of you pays the utilities
- * if pets are allowed
- * any other restrictions and requirements the landlord wants to include.

Lease Agreement(s)

Read your lease agreement very carefully before you sign it. You will be held accountable for knowing everything included in the lease, even if you never read it!

Also, keep a copy of the lease for your records. It may come in handy if you have a question about what you are or are not allowed to do.

Get out your **READING GLASSES!**

Let's review a lease together...

Lease Agreement(s)

When you sign a lease, you are held to the terms specified in that lease except for the following:

- * Any conditions that are unfair or unenforceable.
- * Any terms that force a tenant to pay for repairs that the landlord is responsible for.
- * Any wording that limits the right of the tenant to sue the landlord for an injury that occurs on the premises.
- * Any agreement that requires the tenant to pay the landlord's legal fees.
- * Any terms that waive the tenant's right to be legally evicted through a court process.

Leases are also required to list the name and address of the property owner and his or her agent, if there is one. If this information is not in the lease, it must be given to the tenant at move in.

Lease Agreement(s)

You must give the landlord notice when you intend to end the rental period described in the lease. In return, the landlord must notify you when he or she wants to end the rental agreement or raise the rent.

If you rent monthly, notice must be given at least 30 days before the end of the rental. If you rent weekly, notice must be given at least 7 days in advance.

Co-Signer(s)

If the landlord is not convinced that you will be able to make your payments, he or she may require you to get a cosigner. This is someone who will share financial responsibility for the lease.

If for some reason you are unable to make the payments, the cosigner will then be responsible for making the payments.

Breaking a Lease

You should avoid breaking a lease if at all possible.

Each lease agreement has its own penalties for breaking the terms.

Some only require the payment of a penalty.

Some require you to continue paying rent until the apartment is re-rented.

Check your lease to make sure you can handle the financial ramifications before you break your lease.

Your Rights as a Tenant

Tenant rights are, for the most part, set by state law, so you should check for the specific laws that affect tenants in your state. The following is information on some fairly common tenants rights that may or may not be applicable to Washington State.

Tenants Responsibilities

Before we talk about what the landlord is responsible for, let's take a look at your responsibilities:

- Keep the apartment clean
- Put out garbage in proper containers
- Use electrical and plumbing fixtures properly
- Follow local housing, health and safety rules
- Do not damage the landlord's property or disturb neighbors
- Make sure guests do not destroy the landlord's property or disturb other residents
- Use appliances with care
- Notify the landlord when repairs are needed

Landlord Responsibilities

Renting is a two-way street. Since you are required to keep up your end of the bargain, the landlord has certain responsibilities, as well:

- Obey all health and safety laws and regulations.
- Make all repairs needed to maintain the property in good condition.
- Keep all common areas safe, clean and in good repair.
- Maintain all electrical, plumbing, heating and air conditioning fixtures and applications that the landlord provides or is required to provide.
- Provide and maintain garbage cans and provide for trash removal where there are four or more units in the building.

More Landlord Responsibilities

- Supply running water and enough hot water and heat at all times, unless there are separate heating or hot water units for each dwelling unit and the utility fees for the heating and hot water are paid directly by the tenant to a public utility company.
- Give at least 24 hours notice to a tenant before trying to enter his or her apartment and enter only at reasonable times unless there is an emergency.
- Do not abuse the right to enter.

Prohibited Actions

There are certain actions your landlord is not allowed to take, no matter what the situation.

- * A landlord cannot shut off utilities
- * Take anything that belongs to a tenant
- * Change the locks or otherwise lock a tenant out of his or her apartment to force the tenant to pay rent or leave the apartment
- * A landlord cannot raise the rent or threaten to evict a tenant for taking legal action against the landlord.
- * A landlord is not permitted to abuse the right to enter the apartment, meaning that the landlord is not allowed to harass a tenant with repeated visits.

Security Deposit(s)

- Landlords may require a security deposit that will be used to cover any unpaid rent or damages you cause.
- This money must be refunded within 30 days of the end of the rental agreement.
- The landlord may deduct the cost of any repairs that he or she has to make, other than maintenance from normal wear and tear.

Security Deposit(s)

- Any charges deducted from the security deposit must be listed separately and sent with the remainder of the deposit.
- If you disagree with the deductions or you do not receive the security deposit, you may sue your landlord. Contact an Attorney for assistance.
- A landlord can require any amount for a security deposit. A few states require the landlord pay you interest on your deposit.

Troubleshooting

- If your landlord is not living up to his or her legal responsibilities, or if a government agency determines that the apartment has a health or safety violation, you have several courses of action available to you.
- You can sue the landlord for money damages. You can also force the landlord to make the required repairs. Send a notice to the same address as the rent checks are sent and the landlord is required to make the repairs within 30 days.
- If the landlord fails to make these changes, don't stop paying rent. Here are some options you can take, however, that will stop the landlord from collecting your rent.

Troubleshooting options

- **Option 1:**

Instead of mailing the rent, take the rent check to the clerk of courts. The clerk of courts will hold this money until the repairs are made. You still need to stay current on rent payments.

- **Option 2:**

Ask to the court to legally force the landlord to make the repairs. In addition to ordering the repairs, the court may also decrease the rent for the period the repairs are not made.

- **Option 3:**

Simply end the lease and move out of the apartment. You still must give proper notice.

Eviction

- Hopefully your rental experience will not include an eviction. But if you don't pay your rent, don't live up to your end of the lease agreement or refuse to leave at the end of the lease, your landlord may evict you.
- The landlord must serve you a written eviction notice. After a few days, the landlord can file that eviction notice in court. If the landlord wins his suit for eviction, and you still don't vacate, the landlord can ask a local law enforcement officer to remove you from the apartment.

Renters Insurance

- Renters insurance is a necessity. Your landlord has insurance only on the building. You are responsible for insuring your belongings. Get renters insurance as soon as you move into your apartment. If you are attending college, check to see if your parents' policy will cover you.
- What does it cover? Renters insurance will insure all of your property within your apartment. Some policies will also cover your property when it's outside of your apartment.

Example

- If your bike is stolen when it is parked at your friend's apartment, your renters insurance may reimburse you the cost of your stolen bike. Renters insurance also covers fire or water damage.
- Consider a replacement-cost policy. In the stolen bike example, a replacement-cost policy would foot the bill for you to buy a new bike, similar in quality to the one you lost. Without this, you would receive an amount equal to what your bike is worth minus depreciation, which probably wouldn't be enough to buy a new bike. A replacement-cost policy will increase your premium slightly, but it can be well worth it.

Coverage

- There are limits on reimbursement for expensive items. If you have computer or stereo equipment or costly jewelry, you may want to insure those separately.
- If you have items of great sentimental value, they obviously can't be replaced and you should put them in a safe deposit box.
- Your insurance should also cover personal liability. Most renter's insurance policies will cover all non-auto accidents, including accidents that happen away from your apartment.
- Let's say that before your bike was stolen, you accidentally hit a pedestrian with it and he or she sued you. You are protected against lawsuits because you have renters insurance.
- Although coverage varies, \$300,000 is standard coverage for personal liability.

How much does it cost?

For as much as it covers, renters insurance is relatively inexpensive.

The National Association of Insurance Commissioners estimates that the average rental policy costs only \$169 per year.

Compare that with auto and health insurance and it's a bargain.

Claims made easy

- As soon as you obtain renters insurance, document your belongings. Make a videotape of everything you own or photos of everything you would want replaced.
- If you can't do that, write a detailed list of your things. If you lose your belongings in a fire it will be nearly impossible to remember everything you had. A record of your things will be invaluable in settling claims with the insurance company.
- Keep your tapes, photos or written list somewhere outside of your apartment - at a friend's residence or with a relative. If you have a fire, you don't want these records destroyed as well.

Finding a Roommate and Splitting the Bills

If you can handle living with another person, you can greatly reduce your living expenses by getting a roommate.

Half of the rent of a two-bedroom apartment is usually cheaper than the full rent of a one-bedroom or even studio apartment.

Utilities can also be cut in half and, depending on how well you get along, you can also split groceries.

Choosing a Roommate

- Don't immediately ask your best friend to room with you. Best friends don't always make best roommates. Before agreeing to share a living space with someone, think of what bothers you the most about that person. Now multiply that by 100. If you can deal with that, then you might be able to live with him or her.
- If you don't know anyone you think you can live with, you can look in the classified ads. There are usually ads for "Roommate Wanted." If that doesn't work, place an ad yourself.
- Living with a stranger can be an intimidating thought. But you may not put the same requirements on a stranger as you would a close friend. You can live separate lives and not annoy each other. It's very difficult to do that with someone you are already friends with.

Set Ground Rules

- An important part of building a successful roommate relationship is setting up the ground rules of the apartment.
- What is acceptable to each of you and what is not? Are there things that bother you, times you need the apartment to be quiet or any other issues that need to be addressed?
- Stay flexible.
- Living with a roommate can be challenging. But learning to open up and accept other people is essential to living happily in your current situation

Rental Housing Costs

The rule of thumb is to spend no more than 30 percent of your monthly take-home pay on rent costs.

Fill out this chart to see how much rent you can afford.

My monthly take-home (net) pay is:

\$ _____

Multiply by .30 (30 percent)

x

.30

Amount you can spend on rent:

\$ _____

Expenses you can expect

If you're new to the rental world, you may think your only expense will be the monthly rent bill. However, there are usually other costs involved. If you're not prepared for them, they could come as a big surprise.

Some common expenses are:

- credit report
- damage deposit
- first and last month's rent
- connection fees
- lease costs
- renter's insurance

Credit Report

- Some landlords want to know if your credit is acceptable before renting you a place to live. You might be asked to pay for a credit report, but the costs are usually quite reasonable.
- It could help if you already pulled a credit report of your own. That gives you time to review the items showing and have a chance to correct any errors or omissions that may be reported.
- Order your free credit from:
www.annualcreditreport.com

Damage Deposit

- When you rent an apartment or house, the landlord will require a damage deposit. This money is kept aside for the entire time you rent the property, and it will be returned to you when you move out if there is no damage reported.
- When you move in, it's a good idea to walk through your rental unit with your landlord so you both can note any existing damage. Then, before you move out, schedule another walk-through with your landlord so that both of you can assess the condition of the property and ensure that there's no new damage that you might be responsible for. That way, there should be no surprises about damage discovered once you've left.

Additional costs

First and Last Month's Rent

- To protect themselves from renters who leave before a lease has expired, landlords frequently require up-front money equaling the first and last month's rent.

Connection Fees

- For many services in your new home—such as telephone, electricity, gas, and water—the utility company generally requires a hook-up fee, which must be paid before you can use the service.

Lease Costs

If you sign a lease, you are responsible for paying all the rent for the duration of the lease—say, one year.

Even if you want to move out before the lease expires, you'll have to pay the remaining rent due.

If you're not sure you'll be living in this location for the entire term of the lease, try to negotiate for a month-to-month lease instead. That way, you'll only be responsible for paying one month's rent at a time.

Also, be sure to read the lease carefully before you sign it, and ask the landlord about anything you don't understand.

Ways to Cut Rent Costs

Let's face it. Housing costs a lot of money.

However, there are ways to cut your rent bill.

Here are just a few ideas.

With a little creativity, you can probably come up with several more ways to cut your rent bill.

Find a Roommate

If there's an extra bedroom in your house or apartment, consider a roommate. Sharing the load can really reduce your expenses.

Check your lease or ask your landlord first if you are allowed to have another person live in the unit.

To find a suitable roommate, ask friends and neighbors if they know anyone who's looking for a place to live or place notices on community center bulletin boards and in local newspapers.

Be sure to specify what expenses the roommate will pay, the rules you will enforce (no smoking, no pets, no drugs, etc.), and when the rent is due. Include all of the details in a contract you both sign.

Offer to do Repairs in Exchange for Rent

If you like to do odd jobs, ask your landlord if he or she would reduce the rent if you completed repairs or maintenance work around your place. Get that arrangement details in writing and include in your rental agreement.

Be an On-Site Manager

Some apartment buildings have on-site managers who are responsible for keeping the place running smoothly.

If you aren't working outside the house, ask your landlord if the property needs an on-site superintendent.

In exchange, you might pay lower rent.

In conclusion

Renting is often the first step to independent living. We are here today to help you get that start.

Look for more of these types of classes in the future and if you have any questions – we are here today to assist in any way we can.

Thank you for your time and good luck in the future.