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FINANCIAL 101 FOR YOUR FIRST APARTMENT

AGENDA

- ✖ Choosing the right apartment
- ✖ Renting an apartment
- ✖ Understanding leases
- ✖ Choosing roommates
- ✖ Dealing with roommate issues
- ✖ Top 10 ways to be a good roommate
- ✖ Saving on furnishings
- ✖ Negotiating inability to pay rent
- ✖ Saving on rent

CHOOSING THE RIGHT APARTMENT

WHAT ARE YOU LOOKING FOR?

- ✖ You will be spending a significant amount of time in your apartment, so it is important to look for qualities that are important to you.
 - + Make a list of important qualities and bring it with you when you meet with the realtor/have it with you while searching Craig's List, the newspaper, etc.
 - + Rank what's important to you because it may not be possible to find a place with everything you're looking for

WHERE TO SEARCH?

- ✖ Start with the ResLife's Off-Campus Housing Office
- ✖ Check local newspapers and Craig's List postings
- ✖ Call local realtors; try looking for those that have experience housing BC students
- ✖ Ask friends and family who have rented in the area if they know of a good realtor, landlord, apartment

AVOID PAYING FEES!!!

- ✖ If you use a realtor's services, look for listings where the landlord offers to cover part or all of the realtor's fee
- ✖ Always negotiate- fees are often negotiable and not set in stone, especially if the property has been on the market for some time

RENTING AN APARTMENT

GET THE MONEY UP FRONT

- ✖ Make sure you have all of the money you need to rent the apartment BEFORE you start looking
 - + Most landlords require first month's rent, last month's rent, and a security deposit

KNOW YOUR RIGHTS

- ✖ Knowing your rights and responsibilities as a tenant will help protect you throughout the tenure of your lease
 - + Know what you are responsible for and what your landlord is responsible by law, and look out for clauses in your lease that may adjust these obligations
- ✖ <http://www.mass.gov/Eoca/docs/TenantsRights.pdf>

SIGN ON THE DOTTED LINE

- ✖ Make sure EVERYONE who will be living in the apartment/house signs the lease.
- ✖ By signing the lease, all of the tenants will be equally responsible for the terms and no one will be left with the blame for someone else's actions

UNDERSTAND THE PAYMENT PLAN

- ✖ Check with your landlord to see if he/she will accept a rent check from each person each month for their portion of the rent or if he/she prefers one check for the total amount
- ✖ If your landlord prefers one check, talk with your roommates and decide who will send this check each month, when the others should get their checks to the designated person, etc.

PAY ON TIME!

- ✖ Late rent payments get reported on your credit score
 - + As a college student, having your first apartment may be your first opportunity to establish good credit, so PAY ON TIME!
- ✖ If one of your roommates pays rent late consistently, this will also reflect on you as rent is considered on the whole, meaning when you sign a lease you take responsibility, along with the other tenants, to pay the full amount on time each month.
 - + If a roommate falls behind, help them to set up a meeting with the landlord right away to discuss payment options, solutions, etc.

SET FINANCIAL GROUND RULES

- ✘ Decide before moving in who will put their name on each utility bill, such as gas, electric, cable, and internet.
- ✘ Decide if you will have communal food or if everyone will buy their own
- ✘ Decide how household necessities (toilet paper, cleaners, etc.) will be purchased; will you take turns, collect money for necessities and send one person to the store, etc.
- ✘ Decide how to handle a situation where one or more roommates is late with their rent payment

TAKE CARE OF YOUR SPACE

- ✘ Landlords are not required to determine who was responsible for damage to a rental unit, so every roommate can lose their security deposit if one person causes damage and every roommate can be billed to pay for damages
- ✘ You may want to talk to your roommates about determining how damages will be paid for if they are incurred

THE RENTAL APPLICATION

- ✖ Rental applications will ask for basic information, such as name, address, phone number.
- ✖ Rental applications will also ask for credit and financial information necessary for your landlord to find the best tenant possible, such as salary/income, past and current employment, and social security number (to run a credit check)
 - + If you do not have a credit history or have bad credit, you may be asked to provide information on a co-signer, such as a parent or guardian

UNDERSTANDING LEASES

LEASE AGREEMENTS

- ✖ A lease is a legal agreement between you and the person (or company) from whom you rent.
- ✖ Leases obligate you and your landlord to particular commitments.
- ✖ You must pay the rent on the apartment/house for the entire length of time stated on the lease (typically one year) whether you live there or not
 - + So be sure you can meet the terms of your rental agreement!

LEASE TYPES

✗ Short-Term:

- + Will normally state a fixed monthly rental rate for the entire duration of the lease. (You are obligated to pay the entire amount).

✗ Month-to-Month:

- + Rental price is subject to change at any time (as long as the landlord provides you the appropriate notice as defined in your lease). You agree to rent for a month at a time; no long-term obligation.

✗ Subleasing:

- + You are renting a property under an original lease that someone else holds. You normally work out the arrangements with the original tenant, although the landlord will often run a credit check on you before agreeing. Ask for written consent from the landlord allowing you to live in the apartment or house for the duration of your agreement with the original leaseholder.
 - ✗ PRO: You may be able to negotiate a better deal!

CHOOSING ROOMMATES

WHAT TO CONSIDER WHEN SELECTING ROOMMATES

- ✗ You may wish to consider a roommate if any of the following apply to you:
 - + Your apartment is too expensive for you alone. You can split the rent and utilities to make the apartment affordable.
 - + You prefer the company rather than living alone. Not everyone is cut out for solitude. If you value the social benefits of living with others, a roommate may be the right choice.
 - + You have a proven track record with someone. Having a stranger for a roommate involves a lot of uncertainty. If you can share an apartment with someone you know, you'll have a history to base your decision on. Friends who've spent time together often have a sense of whether they'd make good roommates.

DEALING WITH ROOMMATE ISSUES

BUILDING A GOOD “ROOMMATE RELATIONSHIP”

- ✘ Making a roommate relationship work for everyone requires planning, commitment, involvement and hard work. There are many advantages of having roommates—companionship, friendship, and the opportunity to share expenses and responsibilities, etc. But there can be a downside, too, if you find out too late that your roommate never pays his or her bills or is reckless with the property. You may find out you're not really compatible or that you have different values.
- ✘ It makes sense to sit down with everyone involved and discuss some ground rules for how you want to live together before jumping into a roommate situation—simple rules with clear definitions.
- ✘ Put it in writing and having all the roommates sign the form. This may sound a bit stuffy and formal, but it can help you avoid future problems if your agreement is written down and not just verbal. If you find yourself disagreeing with a roommate, you won't have to rely solely on memory-you can go back and read your written agreement.

ROOMMATE GROUND RULES

- ✖ **Set money ground rules.** (www.buxfer.com or www.billmonk.com, allow you to form groups of friends or roommates and track who owes what for dinner tabs, utility bills, and other shared expenses).
- ✖ **Study time.** (noise level, time of day, etc.)
- ✖ **Food sharing.** Will you share food or each buy food separately? Will you divide refrigerator space? How about cupboard space? Are there staples you will buy together? Or will everything be bought separately?
- ✖ **Sharing personal items.** What items can be shared or borrowed and what items are off limits? Do you want to be asked for permission before an item is borrowed? Or is it OK for someone to just grab an item to use? Are there staples you will buy together, such as laundry soap and toilet paper?
- ✖ **Household chores.** Who is responsible for cleaning the areas that you share and how often?
- ✖ **Smoking and drinking.** Are you OK with smokers in the house? If you and your roommates are over 21 years of age, how do you feel about drinking alcohol in the apartment? What will you do if a guest drinks too much?

ROOMMATE GROUND RULES (CONT.)

- ✧ **Quiet time.** Bedtimes? What time is too late for visitors? When is it too late to receive phone calls? How loud do you want your music playing?
- ✧ **Guests.** How do you feel about overnight guests? How do you feel about a boyfriend's or girlfriend's long-term visit? At what point does a "guest" become an additional roommate?
- ✧ **Party time.** How often are you planning to have parties? Who will clean up?
- ✧ **Privacy.** What are your needs for privacy?
- ✧ **Security.** Should anyone besides the roommates have keys? Where will you keep extra keys? Does everybody agree to lock doors and windows when you are away from home? How about when you're at home?
- ✧ **Pets.** Does your lease allow pets? Do you want a pet? Are you allergic to any pets? How many pets are you willing to have in the apartment?
- ✧ **Moving out.** Will all roommates be there at the end of the lease? Who will clean the place at move-out time?

TOP 10 WAYS TO BE A GOOD ROOMMATE

1. PAY YOUR BILLS ON TIME

- ✖ Establish yourself as an accountable and trustworthy person, so that the expectation is there for your other roommates to do the same.

2. RESPECT PRIVACY

- ✖ Never read personal mail, email, or other documents.
- ✖ Never “snoop” in dresser drawers or closets.

3. OBSERVE ESTABLISHED QUIET HOURS

- ✖ Be responsive to requests for quiet when your roommates are trying to sleep or study.

4. BE (REASONABLY) CLEAN

- ✖ Keep your mess confined to your area and clean up after yourself in the rest of the house.

5. SHARE

- ✕ The phone, TV, stereo, cooking chores, other responsibilities.

6. BE CONSIDERATE

- ✕ Especially when having guests—you are responsible for their behavior.

7. BE RESPONSIBLE ABOUT SECURITY

- ✖ Lock the doors and windows; never lose your key.

8. RESPECT THEIR STUFF

- ✕ Ask before borrowing and take care of things that are lent to you.

9. CONVEY MESSAGES PROMPTLY

- ✕ Write them down and put them in a pre-determined location.

10. REPLACE ITEMS WHEN NEEDED

- ✖ If you use the last of something, replace it. At the very least, tell you roommates that you're "out" of something (milk, toilet paper, etc.).

SAVING ON FURNISHINGS

HOW TO GET STUFF CHEAP

- ✖ **Ask friends:** Tell family, friends, classmates, and coworkers that you're looking for furniture. People will often direct you to someone they know who's trying to sell or give away furnishings.
- ✖ **Buy used:** Instead of buying new furniture, you can save considerably by buying used items from thrift and consignment stores. You may be able to find excellent values through garage sales and flea markets. And don't forget to search newspaper classifieds and Internet community sites.
- ✖ **Reconsider top-of-the-line items:** If you're planning to make an expensive purchase, think carefully first. Do you really need the flat screen TV? More than likely, a less-expensive version will suit your needs just fine for now.
- ✖ **Use consumer ratings:** Consumer organizations often provide ratings on commonly used consumer items. These ratings can help you distinguish which items provide the best value for your money. Sometimes, more expensive items contain features that you may never use. Before making a large purchase, research to see how other consumers rate the item's value.
- ✖ **Avoiding rent-to-own stores**—ends up costing you much more.

NEGOTIATING INABILITY TO PAY RENT

WHAT IF I HAVE AN EMERGENCY AND CAN'T PAY?

- ✖ If you share rent with roommates, let them know as soon as possible that you will be paying your rent late.
- ✖ Next, you need to call your landlord immediately. Explain the situation and try to make at least a partial payment by the due date.
- ✖ Then, give the landlord a definite plan for paying the rest.
- ✖ If your lease says there is a penalty for late payments, expect to pay it. If you're really short on money, ask the landlord if you can do some chores (yard work, exterior painting, odd jobs) to pay for part of the rent. Keep communicating with your landlord and be honest and realistic about your situation. Keeping the lines of communication open will go a long way towards fostering a willingness from your landlord to work with you on this problem.

SAVING ON RENT

RENT IS NOT NECESSARILY FIXED

- ✖ **Add another roommate.** If you're living off campus and you have extra space, consider adding another roommate to help share the costs.
- ✖ **Negotiate rent increases.** If you've been a good tenant, paying your rent on time, and taking care of the property, ask for a break when rent increases occur. Many property owners will consider dropping an increase in exchange for knowing they have a good tenant who will be back next year.
- ✖ **Turn down the heat.** You can save on the heating bill by lowering the thermostat to 55 to 60 degrees at night and whenever you're gone during the day. If you have a roommate, talk about what temperature you can both live with while at home-wearing an extra layer in winter will help lower the heating bill.

QUESTIONS?

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