



Renting

Print Course

Print Handouts

COURSE DESCRIPTION

Renting is a 60- to 75-minute course suitable for all potential renters. It is designed to increase the knowledge and comfort level of first-time renters, and to serve as a refresher for repeat renters.

LEARNING OBJECTIVES

Terminal: Upon completion of this course, learners should be able to research rental options, determine affordability and locate an appropriate rental property.

Enabling:

- During the *Renting Q&A* activity, learners will develop and correctly answer questions to review content material about housing options, choosing a location and conducting a search.
- Using the *What Can You Afford?* handout, learners will correctly calculate an appropriate amount that can be dedicated each month to housing expenses.

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COURSE PREPARATION

Handouts:

- *Financial Planning Worksheet*
- *Move-in Checklist*
- *Rental Search Worksheet*
- *Renting: What Can You Afford?*

Materials (vary depending on activities chosen):

- Chart paper or whiteboard
- Markers, pens, pencils, paper
- Notecards or index cards
- Local base housing office information

- Current BAH rates
- Military pay chart information, available from www.dfas.mil
- Local apartment guides or classified section of a local newspaper
- *Renting* PowerPoint slides
- *The Rental Jackpot Review Game* (optional)

SUMMARY OF LEARNER ACTIVITIES

- *Renting Q&A*: Group activity in which learners develop review questions for the class to answer.
- *Renting: What Can You Afford?*: Learners complete a worksheet to determine what rental price they can afford.
- *The Rental Jackpot (optional)*: An optional PowerPoint game that can be used for presentation of course content or in lieu of lecture or as a review.

CONTENT OUTLINE

1. Welcome and Introduction (5 minutes)
 - a. Agenda
2. Weighing Your Options (15 minutes)
 - a. Rent or Buy
 - b. Visiting Your Housing Office
 - c. Rental Options
 - d. Checking Out Locations
 - e. Conducting the Search
 - f. International Renting
 - g. Learner Activity: *Renting Q&A*
3. What Can You Afford? (20 minutes)
 - a. Basic Allowance for Housing
 - b. Needs Versus Wants
 - c. Money Matters
 - d. Learner Activity: *Renting: What Can You Afford?*
4. Roommates: What You Need to Know (5 minutes)

5. Getting Down to Business (10 minutes)
 - a. The Application Process
 - b. Negotiating the Deal
 - c. Renters Insurance
6. Summary (5-20 minutes)
 - a. Optional Learner Activity: *Renting Jackpot*

CONTENT MATERIAL

WELCOME AND INTRODUCTION

Moving is an exciting part of military life. Each duty assignment promises new experiences, adventures and friends. The first order of business is usually to find a place to call home. Renting a house or an apartment can be a good solution for military families and single service members, as it can offer the flexibility that home ownership does not always provide.

AGENDA

The purpose of this course is to provide prospective military renters the information needed so that they will be confident in their rental decisions and be better able to negotiate the potential financial pitfalls they may encounter during the rental process. Specifically, this course will cover:

- weighing your housing options.
- determining what you can afford.
- understanding the pros and cons of living with roommates.
- obtaining a lease.
- protecting yourself and your property.

WEIGHING YOUR OPTIONS

There are many decisions that go into choosing a new home. Do not rush into a decision without first weighing your options on location, type, cost and renting versus buying. These are important decisions to ensure that you make wise housing choices.

RENT OR BUY

Your first decision in choosing a new home for you and your family is whether you will rent or buy. Both renting and buying have advantages and disadvantages.



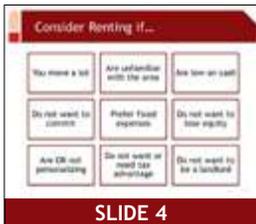
SLIDE 1



SLIDE 2



SLIDE 3



Renting may be a better choice if ...

- **You move a lot.** Unless you live in one place at least a few years, you may lose money when selling your home. If you cannot sell, you may become a landlord by having to rent your home.
- **You are unfamiliar with the area.** Before taking the plunge and buying a home, you may want to identify a neighborhood and rent there first to determine its ultimate long-term desirability.
- **You are low on cash to cover the down payment and initial costs involved in purchasing a home.** Renting for a while to save for a down payment and closing costs makes sense in this case.
- **You do not care to commit the time, effort and expense of maintaining a home.** The costs of maintaining a home greatly exceed those of renting.
- **You prefer more fixed expenses.** There are a lot of variable, unplanned expenses when you own a home.
- **You do not want to lose any equity.** However, you will not gain any equity either.
- **You do not mind not being able to personalize your home.** Often with renting you take the dwelling as-is, and the landlord may not be willing to let you paint or change anything.
- **You do not need or want the tax advantages that come with owning a home.**
- **You do not want to be a landlord.** If you buy a home and have to move, you may be unable to sell it for a profit or unable to sell it at all (depending on the home, location, market, etc.). As a result, many military homeowners become landlords. If you do not want to be a landlord, renting may be a better option for you.



Buying may be better if ...

- **You want your equity to grow.** If you are moving to an area enjoying high appreciation in the value of residential property, your equity can grow and offset the costs of selling should you be transferred.
- **You can afford to buy a home that will allow you to itemize deductions on your tax return.** It must be expensive enough that the interest paid and real estate taxes nearly equal or exceed the standard deduction.
- **You are ready for stability and a sense of community.** Buying a home automatically commits you to a region and a neighborhood. You become interested

in the zoning ordinances, the tax rates, the city's/county's plans for expansion and growth, and the appearance of your neighbor's property.

- You do not mind the possibility of becoming a landlord.
- You have money for the larger initial investment involved in buying a home.
- You like to remodel and personalize your home.

VISITING YOUR HOUSING OFFICE

Trainer's note: Have handouts and information from the base housing office available for learners. Be prepared to provide phone numbers, locations and hours of operation, etc. As an option, you may choose to have a representative from the housing office come in as a guest speaker to provide information on their services.



Once you have decided to rent your next home, the base housing office should be your first stop for information. Services can include in-depth briefings on renting in your chosen community, rental listings, scheduling appointments to view rentals, transportation to view prospective rentals (in some locations), lease review, complaint mediation, discrimination complaint processing, inspecting rentals for adequacy, Basic Allowance for Housing (BAH) rates, school information, maps, security deposit waiver information (utilities) and Rental Partnership Program (RPP). Housing offices also maintain current computerized listings of rental housing available.

Renting involves more than just choosing the right apartment or house at the right price. It is important to be fully aware of every decision that needs to be made and every possible cost. Consulting with the housing office will also ensure that you do not inadvertently select a landlord who does not comply with DoD policies on fair housing.

Rental Partnership Program

The purpose of the Rental Partnership Program (RPP) is to provide service members with affordable, off-base rental opportunities. The program, formed from a contract between the landlords and the U.S. Navy, is open to active-duty service members who have at least six months of active-duty service remaining before they leave the military or rotate to another area. Service members must provide documentation to prove that they meet these requirements as well as have authorization to live off base. Rent is paid by allotment only, and security deposits and application fees may apply. Check with your local housing office for specific details in your area.



RENTAL OPTIONS

The next factor to consider is what type of rental you would like to live in. Choices include:

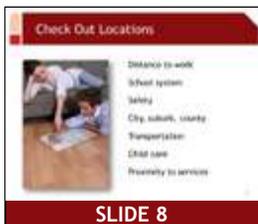
- **Type:** Single-family home, duplex, townhome, condominium, apartment complex?
- **Size:** How many stories? How many square feet?
- **Bedrooms:** How many? Do you have a lot of furniture and need a large bedroom? If you will have a roommate, will you need two master suites (bedroom with attached bathroom)?
- **Bathrooms:** How many?
- **Windows:** How many, how much light?
- **Closet space and storage needs.**
- **Utilities:** Are any included in rent? If so, which? If you pay for utilities, what is the average monthly bill?
- **Appliances:** Washer, dryer, refrigerator, microwave?
- **Yard:** Do you want one? Will you be responsible for maintenance?
- **Parking:** Garage? Carport? Assigned? On the street? None?
- **Furnished:** Fully, partially or unfurnished?

CHECKING OUT LOCATIONS

Where do you want to live? Some of the factors affecting location include:

- Distance to work.
- School system (if school-age children).
- Safety of the area.
- City, suburb or country.
- Availability of mass transit.
- Proximity to child care.
- Proximity to services (e.g., base facilities, shopping, libraries, police, fire station).

Make a list of priorities when it comes to location, again differentiating between what you absolutely need to have and what would be nice to have if available and in your budget.





CONDUCTING THE SEARCH

Trainer's note: Provide learners with a *Rental Search Worksheet* handout. You may wish to make extra copies available so that learners can have a master from which they can make copies for each property they view.

Use all of your available resources to help you find the right place. For every unit you look at, fill out a *Rental Search Worksheet* to help you remember the details. If you have anything printed about the unit, attach it to the worksheet, as well as any pictures of the property. Search resources include:

- **Internet:** Internet searches greatly increase the ability to find a rental property to fit your budget. Larger cities might have websites just for real estate in that location alone, and there are national websites that list rentals from all over. Often pictures are posted, as well as contact information for owners and/or property managers.
- **Personal contacts:** Telling friends, family and work colleagues that you are looking for a place to live will increase your chances of finding the right place, because you can trust them to be honest and they may know of forthcoming vacancies that have yet to be advertised.
- **Local newspapers/magazines:** Find out when your local newspaper publishes new real estate listings (typically weekends) and be sure to check the listings regularly. If you do not subscribe, check the newspapers kept at your local library. Make sure to check out the base newspaper as well.
- **Housing office:** The base housing office often has rental listings and may even have some rental programs to benefit the military member.
- **Bulletin boards:** Check out the bulletin boards on the base, by the convenience store, at the Navy Exchange or anywhere else people post rental properties.
- **Real estate agencies:** Many real estate agencies also deal in property management, meaning they rent homes as well. Check in the Yellow Pages or do an Internet search for property management agencies in your area. These agents often work for the landlord and there is no charge to the renter, except for the occasional application fee.
- **Rental agent:** Some people are professional rental agents and are hired by tenants to help them find desirable properties. There is usually a fee for this type of service, but if you are renting in an area where the rental market is tight (not a lot of available rentals), you may want to hire someone to help you with your hunt.

- **Apartment complexes:** Most apartment complexes have their own rental office. When you visit the management office, you should be provided with pricing, floor plans and availability. Check with your base housing office for listings of complexes or for published apartment books.

INTERNATIONAL RENTING

Trainer's note: This section is primarily for learners at CONUS sites who are heading overseas. It provides only a minimal amount of information on the topic. Learners should be directed to an Overseas Transfer Workshop for additional information.



International renting is different and more complicated than renting in the United States. While there are private enterprises that can help you locate housing, the finder's fee may be substantial. If you are a service member, you must consult the housing office on the installation before renting. Only approved property may be rented. The office keeps a list of approved and off-limits housing.

One of the biggest surprises to many Americans is discovering just what is included in an international house or apartment rental. In fact, you may be renting little more than four walls. Kitchen cabinets and appliances may be among the special needs you are expected to supply. In addition, international houses and apartments often have no built-in closets, so you will be expected to provide your own storage areas. Some items considered routine in the United States, such as window screens, heating and air conditioning systems, and even telephone service may not always be available.

Other differences in international renting:

- Landlords are accustomed to long-term renters, so they are likely to require a generous advance notice of departure – 90 days is customary.
- In some Asian countries, landlords expect to receive “key money,” a non-refundable payment equal to two months' rent.
- In some countries, renters must maintain rented houses and apartments much more meticulously than in the United States.

Changing Currency Rates

Remember that foreign currency values fluctuate daily. Over a period of months or years, the change in value can be substantial. Before you negotiate your rent, research the prevailing currency rates to determine whether they are comparatively high or low to the dollar. While the value of your dollars will change during

your residency, the rent should remain set at the foreign currency rate specified in your lease. In only a few months, a rent that seemed quite reasonable when the dollar was especially strong can become prohibitive. Be sure to attend the Smooth Move OCONUS workshop at the Fleet and Family Support Center for more specific information on moving overseas.



LEARNER ACTIVITY: *Renting Q&A*

Time: 10 minutes

Materials: Index cards, writing materials

Procedure: Divide the class into groups and pass out index cards to each group. Tell the class that their challenge is to create two review questions to test their classmates' knowledge. (They can create additional questions, if time allows.) Instruct them to write down the review questions and the answers on the index card(s). When they are done, ask each group to read their question. Provide additional information, clarification and reinforcement of concepts as needed.

WHAT CAN YOU AFFORD?

BASIC ALLOWANCE FOR HOUSING

Basic Allowance for Housing (BAH) is paid to uniformed service members to provide housing compensation based on pay grade, ZIP code and dependency status. It is payable when government quarters are not provided and when temporarily living in barracks (i.e., during basic training, schools or unaccompanied overseas assignment). BAH is based on the median housing cost in a particular area. If you are unable to find adequate housing within your allowance, you will have to make up the difference. Note that for BAH, housing costs include rent and utilities.

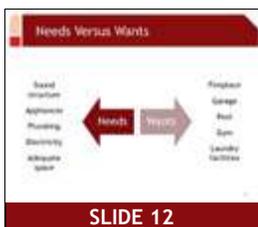
NEEDS VS. WANTS

As you begin to consider your new rental, keep in mind what you absolutely need to have (i.e., a roof that does not leak, the appropriate number of bedrooms, plumbing and electricity that works, etc.) and what you just want to have (i.e., a workbench in the garage, a fireplace, a gas stove, granite countertops, etc.).

Often in renting, those “wants” are referred to as “amenities.” Amenities are things like a pool, a gym and laundry facilities. You may want to have a pool but find that renting a home with a pool is out of your budget or too much to care for. However, townhome or apartment communities often have pools that are available to residents. You may want to have access to a gym, which is often an



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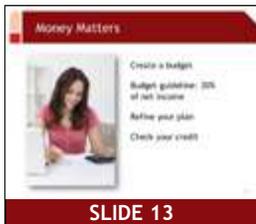


SLIDE 12

amenity in apartment complexes, but you may be willing to pass on that because you have access to a base gym. Another good example of an amenity is laundry facilities. You can always go to a self-service laundry, either in town or on the base. However, it is nice to have laundry facilities in an apartment complex and even nicer if an apartment or other rental property comes with a washer and dryer. Carefully consider what the absolute needs are, and what the wants are, and write them all down to help you make a decision on what to rent.

MONEY MATTERS

Trainer's note: Give each learner a copy of the *Financial Planning Worksheet*. Explain the various elements of the worksheet. Invite learners to a *Developing Your Spending Plan* course for additional information on building their spending plan.



If you do not already keep track of your income and expenses with some type of a written budget, now is the time to develop one. Plan to attend the FFSC's *Developing Your Spending Plan* course, or sit down with your Command Financial Specialist (CFS), who is trained to help you develop your budget. Use the *Financial Planning Worksheet* to organize your income and expenses and ensure you have a realistic picture of where your money goes and how much you have available for rent and other housing expenses.

Guidelines for rental amount: Looking at rentals that are beyond a comfortable price limit will only result in frustration and wasted energy. For guidance, the industry standard for how much you should spend on housing (rent and utilities, including renters insurance) is about 30 percent of your net income (pays and allowances minus taxes). You can use the amount of your BAH as a guide for total housing expenses, because anything over BAH comes out of your pocket. Make an honest assessment of your cash flow. There may be other things you would like to do besides putting most of your budget into rental payments.

Refine your plan: After you develop a realistic budget, return to your list of needs and wants and cross off all of the amenities you can live without. Go back through your budget and look for ways to reduce living expenses and indebtedness. Remember that even though you are renting, there are still large out-of-pocket expenses at the beginning for rent and utility deposits, communications (phone, cable TV, Internet or satellite TV) and possibly bills for water and sewer and garbage collection. As you consider specific properties to rent, you will be able to develop a more detailed spending plan.

The influence of your credit history: Most potential landlords will ask for your permission to look at your credit report. Before you complete a rental application, it is recommended that you obtain a copy of your credit report and review it to ensure you know what your potential landlord will be seeing. You can get a free credit report once a year from www.annualcreditreport.com. Understandably, landlords want to make sure the people they rent to have clean financial histories. The better your credit report, the more likely you will pay the rent on time. Their judgment may be based on the application you fill out, which will list income, expenses and assets, as well as a credit report and possibly a personal interview.



LEARNER ACTIVITY: *What Can You Afford?*

Time: 10 minutes



Materials: *Renting: What Can You Afford?* handouts, calculators, military pay charts, BAH rates, housing advertisements and/or apartment guides.

Procedure: Distribute the *Renting: What Can You Afford?* handouts to learners. Explain that they will be calculating a realistic and reasonable amount to spend each month on rental costs. Distribute resource materials and go over the instructions on the handout. Although learners should each complete a handout, allow learners to discuss options with one another. After several minutes, ask for volunteers to share their findings. Were they able to find an appropriate housing option in the calculated price range? Answer any questions and provide any information to clarify how to apply this information as they search for their new home.

Note: Although learners may be moving to other regions, unless they know what their rental costs will be at the new location, instruct them to use local information to practice determining what they can afford. If they do not have a Leave and Earnings Statement (LES) with them, encourage them to verify the information on the handout when they have access to their LES.

ROOMMATES: WHAT YOU NEED TO KNOW

Trainer's note: Before covering this material, ask whether anyone will be having a roommate. If no one in the class will be sharing rent, then briefly cover or omit this section.



FACTORS TO CONSIDER

You may decide to have one or more roommates for social or financial reasons, or both. Some of the issues that potential roommates need to discuss before signing a lease include:

- **Possessions:** Who has what, who can use what and where will things go?
- **Borrowing:** As a general rule, do not borrow from your roommate, but if you have to, be sure to ask first.
- **Neatness:** What level of neatness can each of you tolerate?
- **Noise:** Will there be a quiet time? Will there be a stereo blasting or TV on at all times?
- **Bathrooms:** Will you share or do you need your own?
- **Guests:** What will the rules be for guests, especially those that might spend the night?
- **Food:** Who buys it? Who shares it? Will there be a grocery list? Will you have a common food fund?
- **Pets:** Any pets? Any allergies?
- **Smoking:** Yes, no, inside, outside?
- **Extended absences:** Will any roommates be gone for an extended period? Will the absences be at the same time? Can the rental unit be unoccupied for that period?

If you will be signing a lease with a co-tenant (roommate), you will share equal responsibility for rent payments. You also should determine how all other joint bills (e.g., security deposits, electricity, etc.) will be paid.

VACATING THE PREMISES

There are legal issues associated with roommates, especially when one tenant decides to move out. Protect everyone by getting everything in writing. Legal experts recommend roommates agree that a vacating co-tenant:

- Will pay a stated amount of rent and utilities. If you rent under a written rental agreement, this will normally be rent and utilities for 30 days from the date the departing tenant gave written notice (or left without notice), unless a new roommate comes in earlier and covers these costs. If you rent under a lease, the amount owed will depend on when a new co-tenant, acceptable to the landlord, is ready to take over. If, despite your best efforts, you cannot find an



acceptable replacement, the departing tenant will be liable for the rent for the balance of the lease.

- Will pay for any damage the co-tenant caused to the rental unit.
- Will pay for rent and damage no later than a stated date.
- Has moved out for good and gives up any claim to be a tenant.

GETTING DOWN TO BUSINESS

THE APPLICATION PROCESS

Once you have found a rental property you would like to live in, you will need to apply to become a tenant by signing a rental agreement or a lease. Often the first step is a rental application. When completing a rental application, it is important to provide all of the required information. Bring a detailed list of the last five years of landlords and employers, including company names, a contact person, address, phone number and dates you have rented or been employed. If you have ever had an unlawful detainer (eviction) or criminal history, be honest and explain how you addressed the issue. Have a copy of your LES and credit report available.

Application Fee

An application fee is used to cover the cost of a tenant screening report. Many landlords require prospective tenants to pay a fee with the application. It is important to remember that this is a business for the landlord and they want to protect their investment. This is why a landlord screens applicants before allowing them to move into their property.

Security Deposit

Most rentals require payment of a security deposit. The security deposit can be anywhere from \$500 up to two months' rent. There are laws regarding the use and refunding of security deposits, so make sure your lease or rental agreement clearly states what they are, including allowable deductions.

NEGOTIATING THE DEAL

Although there is not as much to negotiate when renting as there is in buying, it is still a good idea to ask a prospective landlord whether renter incentives and flexible leasing arrangements are available. Apartment complexes that offer covered and uncovered parking may include a reserved, covered parking spot as an incentive. In cities with large military communities, some landlords offer



rental discounts to service members. Some landlords offer an incentive for a longer-term lease. Other negotiable items may include appliances, pets, yard work, cleaning services and furnishings.

Improvements

Tenants can ask that improvements be made to a rental house or apartment. Tenants have the right to live in a habitable rental unit and should not give up those rights. Repairs might include painting, installation of new carpet or appliances or repairs to the structure. Remember that while there may be an opportunity to negotiate, both the renter and property owner must benefit from any agreement made, and all agreements should be in writing.

Inspect the Property

Give your unit a thorough inspection before you move in. It is best to inspect the premises before you move in or sign the lease. It will be easier to spot problems while the place is empty. Do not neglect to check out things that might not be readily apparent, such as water pressure and sink drainage in the kitchen and bathrooms, the operation of appliances, the appearance of floors and walls, and the condition of the carpet.



Move-in/Move-out Checklists

Trainer's note: Give each learner a copy of the *Move-in Checklist* and explain the various elements of the form. Encourage learners to be thorough in their inspection. Have the phone numbers and hours of operation for the local Legal Service Office.

During the exhausting process of moving into a new apartment or rented home, the last thing on your mind is moving-out day. However, since your landlord is probably holding a sizable chunk of your money in the form of a security deposit, it is risky not to prepare for the end of your tenancy right from the beginning. Before you start unpacking dishes and hanging prints on the walls, inspect the property and take a few simple steps to avoid future misunderstandings, disagreements and disputes over damages that could affect your security deposit.

Make a detailed inventory of what you find in your rental. The best way to do this is with a good checklist. The more you record about the unit when you move in, the better position you will be in when moving out to show that certain problems existed before you moved into the unit. In some states, landlords are required to give new tenants a written statement on the condition of the unit at move-in

time, including a comprehensive list of existing damage. In other states, many landlords provide a checklist to new tenants, but some do not. Check with your local housing office to see what forms are required by law in your state/area.

Ideally, you and your landlord should fill out the checklist together to prevent any disputes or disagreements. Otherwise, it is smart to bring along a roommate or a friend so that there is at least one other witness to the condition of the unit at move-in time. If you spot problems, describe specifically what is wrong. Rather than simply noting “damage to carpet,” for example, state “cigarette burns, frayed edges in carpet next to bedroom window.” The more detailed you are, the clearer it is that you are not responsible for those damages. You and your landlord should both sign the checklist after completing it. Make a copy so that each of you has one.

At the end of your tenancy, you will make another inspection of the same items, noting their condition at move-out time. If items that were OK at move-in are damaged, your landlord may hold you responsible for repairing them. By doing a thorough inspection when you move in, you will be protected from being billed for any pre-existing damages.

Take Pictures or Videos

Besides completing a checklist, you may also want to document the condition of your unit with photos or video. Send printed or digital copies to your landlord along with any check-in paperwork. Make sure the time and date the images were produced can be proven. Once you have done this, the landlord will not be able to claim that the photos were taken later than they actually were.

Repeat this process when moving out.

Review the Lease

Make sure you carefully review all of the conditions of tenancy written in the lease before you sign. If there is any doubt about what you are signing, take the lease to your local Legal Service Office for review. It is recommended that you include a military clause in your rental or lease agreement. A military clause is intended to define the circumstances by which you can be released from the obligations of your lease before its normal expiration. Although the Servicemembers Civil Relief Act (SCRA) includes certain protections for service members who receive transfer orders, a military clause will outline the conditions and circumstances under which you can terminate your lease.

Get Everything in Writing

Whatever you negotiate, make sure it is in writing. Any time you have to write to your landlord, keep a copy and ask your landlord to respond in writing. It is critical that you keep a paper trail of everything between you and your landlord in case there is a future dispute.

RENTERS INSURANCE

Renters insurance is the type of coverage most overlooked by consumers. If you do not have renters insurance, you have no coverage if you lose your possessions in a burglary, storm or fire. You would not be covered if you were held liable for injury to someone else or for damage to their property.

Do not assume your landlord's insurance will protect your possessions. Landlords usually carry insurance only on the building itself. The same applies to military housing. The federal government provides only minimal, limited coverage to your personal possessions if they are damaged or stolen from your quarters. Your possessions are your responsibility. It is surprising that most renters do not have renters insurance, especially considering the cost. The average renters policy costs about \$200 to \$300 per year, or about \$17 to \$25 per month. Between the affordability and the fact that landlords do not cover your personal property, every renter should look into this type of insurance.

Coverage for Personal Property

The first part of a renters insurance policy is coverage for personal property, which protects your belongings in case they are stolen (from your home or vehicle) or damaged by certain perils named in the policy; for example, water pipes in your apartment burst, causing damage to personal rugs and furniture. Without renters insurance, you would have to cover all expenses on your own. When you buy a renters policy, you choose either actual cash value or replacement cost coverage.

Actual cash value coverage: Pays to replace your possessions minus depreciation. For example, if your television is stolen, your insurance company would settle the claim by taking the current cost of the television, then decreasing your payment on the claim according to the age of the television.

Replacement cost coverage: Pays you what you actually would spend to replace the television at today's prices with no depreciation. To claim replacement cost, you must actually replace the item. Replacement cost policies will always cost slightly more than actual cash value policies because insurance claims filed on



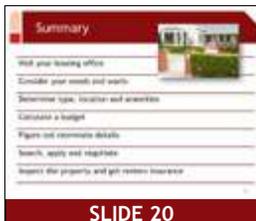
replacement cost policies usually cost the company more than those filed on actual cash value policies.

Liability coverage: The second part of a renters insurance policy is personal liability coverage. This pays for claims resulting from injuries or damage to other individuals or property for which you are held legally responsible.

Take inventory: Once you have your property insured, take an inventory and keep a copy of the list somewhere safe. Photos or videos of each room and its contents will help you to settle a claim in the event of a loss. Do not wait until a fire or other incident to find out whether you have enough coverage. Take an inventory to help you decide how much insurance you need.

To reduce premium costs:

- Shop around for the best rates. Be sure the company is financially sound and reliable.
- Increase the deductible. Make sure you can afford whatever amount you choose.
- Ask about non-smoker's discounts.
- Install fire and burglary detection systems.
- Use the same insurance company for renters, auto and life insurance.



SUMMARY

Trainer's note: Review and summarize major topic points or, if time allows, use *The Renting Jackpot* as an optional review activity.

You can find the perfect rental property that meets your needs and wants by following the steps outlined in this course. Remember these tips:

- Visit your base housing office to take advantage of all of the services they offer.
- Once you decide to rent, list your needs and your wants.
- Decide what type of place you want to rent, the location and any amenities you prefer.
- Calculate your budget.
- Work out details with roommates before you rent.

- Search for a rental that fits your budget and your needs by using all available resources.
- Apply for the rental and negotiate the deal.
- Fully inspect the property before moving in.
- Get renters insurance.

SOURCES OF HELP

Now that you know what steps to take in finding the rental that is right for you, remember to use all of the available resources. Here is a list of resources that you might find useful:

- Fleet and Family Support Center (FFSC) (for classes or to speak with a financial counselor)
- Command Financial Specialist (CFS) (for financial information, education and counseling)
- Local base housing office (for local listings, education and information)
- Legal Service Office (to review unsigned applications or to answer legal questions)



OPTIONAL LEARNER ACTIVITY: *The Rental Jackpot*

Trainer's note: See the "PowerPoint Game Directions" in the curriculum introduction for information on how to conduct this review activity.

Question Bank for *The Rental Review Game*

Categories: Renting vs. Buying, Potpourri, I'm Searching, Sign Right Here ..., Stuff Happens!

RENTING VS. BUYING

- 100 Q: Which is the better option if you move frequently?
A: Renting
- 200 Q: Which is the better option if you are low on cash?
A: Renting

- 300 Q: Which option will allow you to build equity?
A: Buying
- 400 Q: Which option is better if you want to become a landlord?
A: Buying
- 500 Q: Which option is better if you prefer more fixed expenses?
A: Renting

POTPOURRI

- 100 Q: What is the guideline for the amount of net income that should go to housing costs?
A: 30 percent
- 200 Q: Give an example of a housing “need”?
A: Answers could include: walls, rooms, plumbing, electricity, etc.
- 300 Q: The things you “want” in a rental are often described by rental communities as _____.
A: Amenities
- 400 Q: You should get a copy of this when you build your budget and apply for an apartment.
A: Credit report (You should check this annually!)
- 500 Q: Service members authorized to live off base are entitled to this allowance.
A: BAH

I'M SEARCHING

- 100 Q: What should be your first stop when you are looking for current listings, BAH rates and education and information on housing?
A: Base housing office
- 200 Q: Which professionals are rental professionals?
A: Property management rental agents

300 (double jackpot)

Q: Name the person at the command who can help you develop your spending plan and determine what is affordable.

A: Command Financial Specialist (CFS)

400 Q: True or false: Rental terms are non-negotiable.

A: False. You may be able to negotiate amenities and rental costs.

500 Q: What are the factors that will help you determine the best place to rent?

A: Type of rental, location and cost

SIGN RIGHT HERE ...

100 Q: True or false: You should get everything you negotiate with a potential landlord in writing.

A: True

200 Q: What is the often-required refundable amount that the landlord holds in case of unscheduled vacancy, excessive damage, etc.?

A: Security deposit

300 Q: What is something you should do at move-in to ensure the condition of the rental?

A: Conduct a thorough move-in inspection

400 Q: Where can you go to have a legal professional check important documents before you sign them?

A: Legal Services Office

500 Q: What are three things you should have when you fill out a rental application?

A: Employment history, landlord history, credit report, LES, application fee (allow any three of these answers)

STUFF HAPPENS!

- 100 Q: What should you have to protect your personal belongings in your rental property?
- A: Renters insurance
- 200 Q: Name two parts of a standard renters insurance policy.
- A: Personal property coverage and liability coverage
- 300 Q: What is the average annual cost of renters insurance?
- A: \$200 to \$300 per year
- 400 Q: What should you do so that you can make an accurate and thorough claim should a loss occur?
- A: Take an inventory, including pictures and/or video
- 500 Q: What are two ways to reduce insurance premiums?
- A: Shop around, increase the deductible, install fire and burglary detection, use the same company for renters, auto and life insurance

Final Jackpot

- Q: Where can you obtain a free credit report from each of the three credit reporting agencies once a year?
- A: www.annualcreditreport.com

Financial Planning Worksheet

Date _____ Rate _____

Name _____ Age _____

Pay Grade _____ Yrs. in Svc. _____ Date Reported/PRD (Transfer) _____

Marital Status _____ Spouse's Name _____ Age _____

Spouse's Place of Employment _____

Number of Children and Ages _____

Home Address _____

Work Telephone _____ Home Telephone _____

Command & Referred By (Self, CMD, NMCRS, FFSC, etc.) _____

Amount of SGLI Elected _____ Amount of FSGLI Elected _____

TSP Monthly Contribution _____ MGIB Monthly Contribution _____

STATEMENT OF NET WORTH

ASSETS

Cash on hand \$ _____

Checking Accounts \$ _____

Savings Accounts \$ _____

Certificates of Deposit \$ _____

Cash Value of Life Insurance \$ _____

U.S. Savings Bonds \$ _____

Mutual Funds/Money Market \$ _____

Stocks/Bonds \$ _____

College Funds \$ _____

401(k)/403(b)/TSP \$ _____

Other (IRAs, etc.) \$ _____

Real Estate (Market Value)

Home \$ _____

Rental Property \$ _____

Other (vacation home/trailer/time share) \$ _____

Personal Property

Vehicles/Motorcycles/Boats \$ _____

Furniture \$ _____

Jewelry \$ _____

Other (collectibles, etc.) \$ _____

Counseling Provided By: _____

Counselor Phone #: _____

Appointment Date: _____ Time: _____

Place: _____

LIABILITIES

Signature Loans \$ _____

Auto Loans or Leases \$ _____

Consolidation Loans \$ _____

Student Loans \$ _____

NEX/AAFES (Star Card) \$ _____

Department Store Credit Cards \$ _____

Other Credit Cards \$ _____

NMCRS (loan) \$ _____

Other (friends, relatives, etc.) \$ _____

Advance/overpayments \$ _____

Mortgages-Balances Due

Home \$ _____

Rental Property \$ _____

Other (vacation home/trailer/time share) \$ _____

TOTAL ASSETS \$ _____

TOTAL LIABILITIES \$ _____

NET WORTH
(Assets - Liabilities) \$ _____

MONTHLY INCOME

ENTITLEMENTS	ACTUAL	PROJECTED	REMARKS
* Base Pay			
Basic Allowance for Housing (BAH I or II)			
Overseas Housing Allowance (OHA)			
Basic Allowance for Subsistence (BAS)			
Family Separation Allowance (FSA)			
* Flight Pay/Diving Pay/Flight Deck Pay			
* Submarine Pay			
* Other Hazardous Duty Pay			
* Sea Pay			
Taxable COLA			
Other (tax exempt/allowance eg. COLA/FSSA)			
TOTAL MILITARY COMPENSATION (A)			
* Taxable pay ()			Excludes pretax ded for TSP/MGIB
DEDUCTIONS	ACTUAL	PROJECTED	REMARKS
ALLOTMENT			For/ends?
Family SGLI (for spouses)			
Servicemembers' Group Life Insurance (SGLI)			
Uniform Services TSP			
MGIB			
FITW Filing Status Actual			Proj. Status:
FICA (Social Security)			Base Pay Only, Excludes MGIB
FICA (Medicare)			Base Pay Only, Excludes MGIB
State Income Tax			State Claimed:
AFRH (Armed Forces Retirement Home)			
TRICARE Dental Plan (TDP)			
Advance Payments			Ends:
Overpayments			Ends:
TOTAL DEDUCTIONS (B)	\$	\$	
CALCULATE NET INCOME	ACTUAL	PROJECTED	REMARKS
Service Member's Take Home Pay (A-B)	\$	\$	Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)			
Spouse's Earnings (less taxes)			
ALLOTMENT			
Family SGLI (For Spouses)			
Servicemembers' Group Life Insurance (SGLI)			
Uniform Services TSP			
MGIB			
TRICARE Dental Plan (TDP)			
Advance Payments			
Overpayments			
Child Support/Alimony (received/income)			
Other Income (e.g. SSI, rental income)			
TOTAL MONTHLY NET INCOME	\$	\$	

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.

MONTHLY SAVINGS AND LIVING EXPENSES

Note: Actual or Projected figures can be carried forward to spending plan.

SAVINGS		ACTUAL	PROJECTED	REMARKS
SAVINGS	Emergency Fund (1-3 months)			Monthly Contribution Amount
Goal: 10% of Net Income	Reserve Fund			
Actual	Goal-Getter Fund			
Projected	Investments/IRAs/TSP/etc.			
\$				
TOTAL SAVINGS AND INVESTMENTS (10%)		\$	\$	
LIVING EXPENSES		ACTUAL	PROJECTED	REMARKS
HOUSING	Furnishings			
	Maintenance/Repairs			
	Mortgage/Rent			
	Taxes/Fees			
FOOD	Dining Out			
	Groceries			
	Lunches			Include school and work lunches
	Vending Machines			
	Meal Deductions			
UTILITIES	Cable/Satellite/Internet TV/Gaming subscriptions			
	Cellular/Phone Cards			
	Electricity			
	Internet Service			
	Natural Gas/Propane			
	Telephone			Local=\$ _____ Long Distance=\$ _____
	Water/Garbage/Sewage			
CHILD CARE	Allowances			
	Daycare			
	Support			Include other dependent care
AUTOMOBILE	Gasoline			
	Maintenance/Repairs			
	Other			
CLOTHING	Laundry/Dry Cleaning			
	Purchases (\$50 monthly per person)			
INSURANCE	Automobile			
	Health/Life			
	Homeowners/Renters			
	SGLI/FSGLI			Both service member/Family SGLI
	TRICARE Dental			
HEALTHCARE	Dental			
	Eye Care			
	Hospital/Physician			
	Prescriptions			
EDUCATION	Books			
	Fees (Other/Room & Board)			
	Tuition			
	MGIB			Montgomery GI Bill (MGIB)
CONTRIBUTIONS	Charities (CFC/NMCRS)			
	Club Dues/Association Fees			
	Religious			
LEISURE	Athletic Events/Sporting Goods			Include spectator sports
	Books/Magazines			
	Computer Products (software/hardware)			
	Movie/Music/Game Rentals or Downloads			
	DVDs & CDs			
	Entertainment			
	Lessons			Dance, music, self-defense, tutor
	Toys & Games			
	Travel/Lodging			
PERSONAL	Beauty Shop/Nails			
	Barber Shop			
	Cigarettes/Other Tobacco			
	Vending Machines			
	Liquor/Beer/Wine			ABC, package store, etc.
	Other (toiletries, supplements, etc.)			
GIFTS	Holidays			
	Birthdays/Anniversaries			
PET CARE	Food/Supplies			
	Veterinarian/Service (boarding/grooming)			
MISCELLANEOUS	ATM Fees/Stamps/etc.			
	Other			Recommend \$50-\$150 buffer
TOTAL MONTHLY LIVING EXPENSES (70%)		\$	\$	

INDEBTEDNESS 20%

CREDITOR	PURPOSE	MONTHLY PAYMENT	BALANCE	PROJECTED PAYMENT	REMARKS <small>(Mos Behind, Pd by Allotment, etc.)</small>	APR %
1. US Govt.	Advance Pay				Automatic Deduction	
2. US Govt.	Overpayments				Automatic Deduction	
3.						
4.						
5.						
6.						
7.						
8.						
8.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
TOTAL						

SUMMARY

	ACTUAL	PROJECTED
NET INCOME (Bottom of Page 2)		
SAVINGS AND INVESTMENTS (Page 3)	-	
LIVING EXPENSES (Page 3)	-	
AMOUNT LEFT TO PAY DEBTS	=	
TOTAL MONTHLY DEBT PMTS (Page 4)	-	
SURPLUS OR DEFICIT	=	
DEBT-TO-INCOME RATIO	=	

(Total Monthly Debt Payments ÷ Net Income x 100 = Debt-to-Income Ratio)

ACTION PLAN

INCREASE INCOME

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

DECREASE LIVING EXPENSES

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

DECREASE INDEBTEDNESS

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

REFERRALS/RECOMMENDED TRAINING

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

SETTING YOUR GOALS (Short and Long Term)

	GOAL	COST	DATE WANTED	= MONTHLY SAVINGS TO REACH GOAL
1.				
2.				
3.				
4.				
5.				
6.				

DAILY EXPENSES

Keep track of your daily expenses for two weeks

Keep a record of how you spend your money for the next two weeks. The secret is to record it when you spend it. Using a "stickie" note in your wallet or purse will help you track your expenditures. When you go for your money, make a note on your "stickie" (write the amount and the item). At the end of the day, transfer the recorded amounts to this record. Be sure to include bills paid, along with sodas, lunches, etc.

Remember, this is for tracking your take home pay. Do not include allotments.

TAKE-HOME PAY FOR TWO WEEKS

Dates

DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Take-Home Pay:	\$ _____
						Amount Spent:	\$ _____
						Balance:	\$ _____ (+ or -)

DAILY EXPENSES

Keep track of your daily expenses for two weeks

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TAKE-HOME PAY FOR TWO WEEKS

Dates

DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Take-Home Pay: \$ _____ Amount Spent: \$ _____ Balance: \$ _____ (+ or -)	

Move-In Checklist

	Clean and in good repair?		Repairs Needed		Clean and in good repair?		Repairs Needed
	YES	NO			YES	NO	
KITCHEN				BEDROOM 1			
Doors				Doors			
Walls				Walls			
Floor				Floor/carpet			
Stove				Electric fixtures			
Refrigerator				Closet/shelves			
Countertops				Furniture			
Sink				Windows			
Electric fixtures							
Windows				BEDROOM 2			
Cabinets				Doors			
Furniture				Walls			
Other				Floor/carpet			
				Electric fixtures			
BATHROOM				Closet/shelves			
Doors				Furniture			
Walls				Windows			
Floor							
Toilet				BEDROOM 3			
Basin				Doors			
Tub/shower				Walls			
Electric fixtures				Floor/carpet			
Windows				Electric fixtures			
Medicine cabinet				Closet/shelves			
				Furniture			
LIVING ROOM				Windows			
Doors							
Walls				BEDROOM 4			
Ceiling				Doors			
Floor/carpet				Walls			
Electric fixtures				Floor/carpet			
Closet/shelves				Electric fixtures			
Furniture				Closet/shelves			
Windows				Furniture			
				Windows			
DINING ROOM							
Doors				BEDROOM5			
Walls				Doors			
Floor/carpet				Walls			
Electric fixtures				Floor/carpet			
Closet/shelves				Electric fixtures			
Windows				Closet/shelves			
Furniture				Furniture			
				Windows			
MISC.							
Screens							
Blinds				Tenant's signature: _____		Date: _____	
Porch				Landlord's signature: _____		Date: _____	
Stairs							
Smoke detector							

Rental Search Worksheet

	Rental A	Rental B	Rental C	Rental D
Terms and Conditions				
Date available				
Rent amount				
Rent due				
Deposit				
Pet rules/deposit				
Late payment charges				
Length of lease				
Penalty for breaking lease				
Physical changes allowed				
Subletting				
Utilities included				
Water/sewer				
Heat				
Garbage/recycling				
Other				
Dwelling				
Square footage				
Bedrooms				
Living/family room				
Bathrooms				
Dining area				
Kitchen				
Air conditioning				
Fireplace				
Furnace type				
Number of outlets				
Bedroom privacy				
Blinds/curtains				
Cable TV connection				
Number of phone jacks				
High-speed Internet				
Carpet				
Hardwood floors				
Closet space				
Storage				

	Rental A	Rental B	Rental C	Rental D
Furniture				
Light fixtures				
Natural light				
Paint/wall condition				
Patio/balcony				
Pets allowed				
Upstairs/downstairs				
View				
Water pressure				
Age of appliances				
Counter space/drawers				
Dishwasher				
Garbage disposal				
Gas/electric				
Microwave				
Community				
Parking				
Noise level				
Appearance				
Lighting				
Laundry facilities				
Garbage disposal				
Bike racks				
Elevators/stairs				
Safety				
Fire extinguishers				
Locks on all doors				
Outside lighting				
Smoke detectors				
Emergency exits				
Window locks				
Gated entrance				
Screens				
Neighborhood				
Public transportation				
Highway access				
Distance to school/work				
Age of community				
Shopping				
Bank				
Post office				

Renting: What Can You Afford?

Using the materials provided, determine what you can afford to spend monthly on rental costs.

1. Calculate your current net income. If you do not have your LES, you can estimate your net income or you can look it up on military pay charts.

Total Pay and Allowances – Taxes = Net Income. _____

2. Calculate 30 percent of your net income. Net income x .30 = _____

3. What is the current BAH rate for where you will be renting? _____

4. Using ads or apartment guides, choose a house or apartment that suits your housing needs.

What is the monthly rental cost? _____

Remember the guidelines discussed in class:

- Your rental amount should not exceed 30 percent of your net income.
- BAH is a good guide for total housing expenses, because anything over BAH comes out of your pocket.
- Make an honest assessment of your cash flow. There may be other things you would like to do rather than put most of your budget into rental payments.



Based on these guidelines and the calculations above, what can you afford to spend each month on rent?