

lesson four

living on your own

moving-in costs can include:

- Rent for first month
- Rent for last month
- Cleaning deposit
- Security deposit
- Utilities deposit
- Telephone deposit

moving costs can include:

- Renting a truck
- Hiring movers

when preparing your budget, keep in mind:

- Your personal and financial goals
- Your income
- Your lifestyle
- Your fixed expenses
- Your flexible expenses
- Moving costs
- Moving-in costs
- The cost of setting up house

rule of thumb:

- You should spend no more than 40% of your net income on rent or mortgage payments.

spontaneity

Choosing the first option that comes to mind; giving little or no consideration to the consequences of the choice.

compliance

Going along with family, school, work, or peer expectations.

procrastination

Postponing thought and action until options are limited.

agonizing

Accumulating so much information that analyzing the options becomes overwhelming.

intention

Choosing an option that will be both intellectually and emotionally satisfying.

1. Parties/Premises:

This Lease is made this 27th of August, 2000, by and between Alice Chan (herein referred to as "Landlord") and Tim Baker (herein referred to as "Tenant"). Landlord hereby leases to Tenant certain real property situated in the City of San Francisco, State of California, commonly known as 123 Main Street and described as Two Bedroom Apartment (hereinafter called the "Premises").

2. Term:

The term of this Lease shall be for one year commencing on September 1, 2000, and ending on September 1, 2001.

3. Rent:

Tenant shall pay to Landlord as rent for the Premises the sum of \$850.00 dollars per month, on the first day of each month. Rent shall be payable without notice or demand at the address as the Landlord may designate to Tenant in writing.

4. Utilities:

Tenant shall make all arrangements and pay for all gas, heat, light, power, telephone, and other utility services supplied to the Premises and for all connection charges.

5. Hold Harmless:

Tenant shall hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises.

a lease agreement (continued)

6. Default:

If Tenant shall default and breach any covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may re-enter the Premises and remove any property and any and all persons therefrom.

7. Holding Over:

If Tenant, with the Landlord's consent, remains in possession of the Premises after expiration of this Lease, such possession shall be a tenancy from month-to-month at a rental in the amount of the last month's rent. Tenant must notify Landlord in writing at least thirty days prior to evacuating the Premises. All other provisions remain the same.

8. Waivers:

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof.

Landlord by:
Alice Chan

signature

Tenant by:
Tim Baker

signature

rights and responsibilities of a tenant

tenant's rights:

- Withholding rent if the landlord doesn't make repairs in a reasonable amount of time.
- Safe and sanitary premises.
- No changes in terms and conditions for the length of the lease.

tenant's responsibilities:

- Paying rent on time.
- Using the rental for the purpose stated in the lease.
- Taking reasonable care of the property.
- Notifying the landlord if any major repairs are needed.
- Giving notice if leaving at the end of the lease.
- Giving notice if leaving before lease is up and paying rent for balance of lease if landlord can't find new tenants.
- Paying for any damage to the walls, floors, and furniture.
- Not making alterations that the landlord must fix later.
- Giving landlord a new set of keys if you change the locks.
- Paying all of rent if roommates move out and you stay.

landlord's rights:

- Charging extra if rent is late (amount specified in lease agreement).
- Keeping part or all of the security deposit if you leave before the lease is up (as specified in the lease).
- Charging rent through the length of the lease even if you aren't living on the premises.
- Keeping all or part of security deposit if you damage walls, floors, or fixtures, or if you make alterations that have to be fixed after you move out.
- Keeping all or part of the cleaning deposit if you don't leave the premises clean when you move out.

landlord's responsibilities:

- Making repairs in a reasonable amount of time.
- Keeping premises safe and sanitary.
- Entering premises only at agreed-upon time to make repairs (unless there is an emergency), or to show the apartment to potential renters if you are moving out.
- Paying interest on deposit money.
- Collecting rent.
- Maintaining exterior grounds of building.



Facts About Renters Insurance

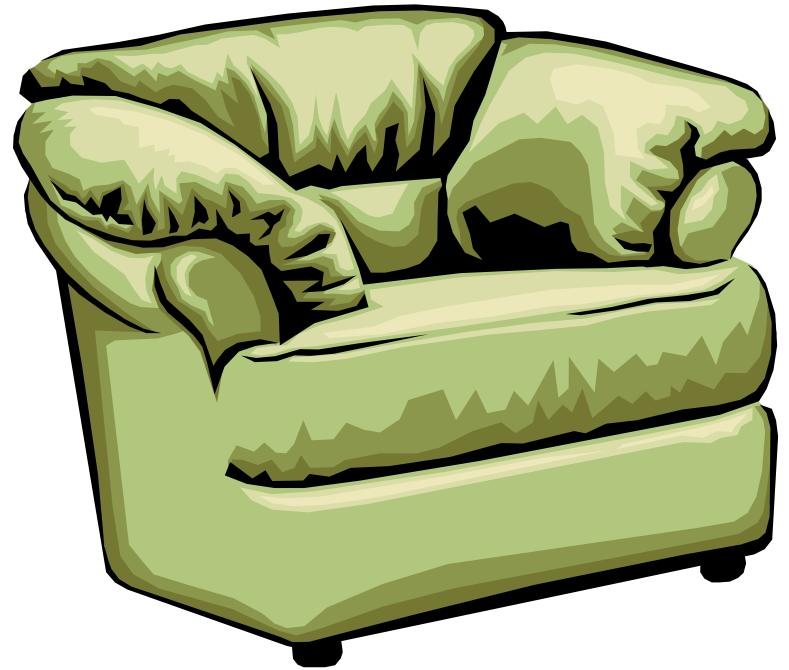
Presented By:

Missouri Department of Insurance
Insurance Education Initiative



Renters Insurance

- Renters insurance is designed to protect you from a total loss of your property. Remember that the best way to learn about your policy is to read it completely.





If you're headed out on your own...

- If you had to go out today and replace all the clothes in your closet, how much would it cost? Do you have that kind of cash?
- Your landlord's property policy does not cover your TV, your bed, your clothes, your CD collection.

If you're headed to the military...

- The military probably won't replace that new \$5,000 camera you put in your footlocker, although, they may have alternative compensation.
- If you have personal items in "On Base Housing", you need to check with your superior officers to see how your stuff is covered.
- You may want to search for an insurance agent in the area. Many companies and agents give special rates to military personnel.





If you're headed to college...

- If you're living in a dorm, check your parent's policy. Most homeowner's policies will cover items away from the home, up to a certain dollar amount. If you are in doubt after checking the policy, talk to your parent's insurance agent and ask details about their policy. You may not need a renter's policy....
- BUT, if you move off campus and into your own apartment you will not be covered by your parent's homeowners policy.
- **GO GET RENTERS INSURANCE...**

This is what your policy covers:

- **Personal Items** - your stuff at home is covered in case of fire or theft. Estimate and itemize the dollar value of the things you own, once a year. Put that information in a safe place away from your home, like at your parent's house or in a safety deposit box in a bank.



This is what your policy covers:

- **Unintentional Damage** - If your candle starts a fire or your roommate is a bad cook and starts a grease fire and the apartment complex burns down, there's a good chance the owner will come after you to pay for the building. It sure would be hard to pay for a new apartment building.

- **Liability** - Pays for personal damage or injuries to others.

- Baseball goes through neighbors window
- Dog bites (check your policy for exclusions)



This is what your policy covers:

- **Medical Payments** – So you're having a party at your new duplex and someone slips and falls on your deck. Most insurance will cover for the medical expenses to your visitors.

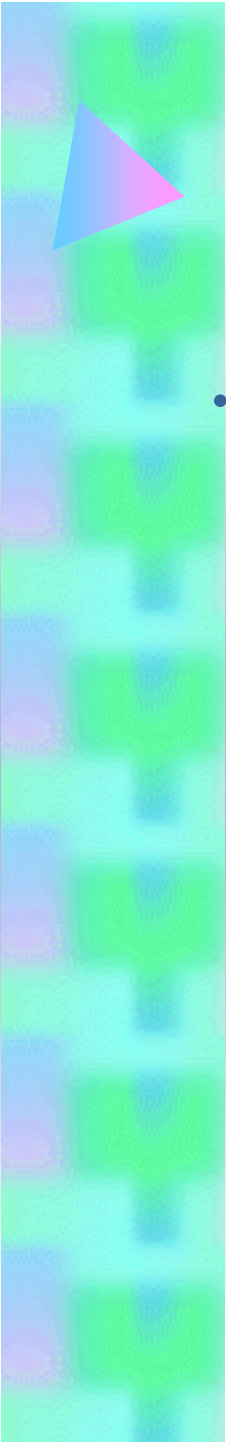
- Visitor slips on the ice
- Check the limits on your policy.





This is what your policy covers:

- **Additional Living Expense** - If you had a fire and your apartment is getting fixed, renters insurance will pay for you to stay in a different place.
 - Motel
 - Another apartment
 - (check your policy for available limits)



You can get additional coverage for a specific piece of property...

- Renters policies may limit coverage or exclude coverage on certain types of valuables. If you have something of particular value, for example, over \$500, you will want to make sure that the company covers it. If not, look into getting a separate endorsement for that valuable item.
 - Car Stereo Equipment
 - Engagement Ring
 - Antiques
 - Baseball Card Collection
 - Coin Collection
 - Computer



What you should know...

- **Proof of Loss** - When you make a claim you must be able to prove you had a loss. You have to produce some kind of proof of ownership. This is why Mom says - **"Keep your receipts"!!!**
- **Deductible** - A Deductible is a clause in your insurance policy that states you will pay a specific amount of a claim before the company pays. The higher your deductible, the lower your premium.



What you should know...

- **Actual Cash Value (ACV) Policy** - is the current value of your TV if you sold it in the newspaper today.
 - TV purchased in 1995 = \$350
 - TV value today (ACV) = \$50
- **Replacement Cost (RC) Policy** - is the amount that it would cost you to go out and buy that same TV in the store today.
 - TV purchased in 1995 = \$350
 - TV replaced today (RC) = \$575

(Replacement Cost typically costs more than Actual Cash Value)



Listen UP! Here's the facts...

- **Small Claims Can Hurt -**

- Stolen property = \$350
 - Renters Insurance deductible = \$250
 - Insurance Company pays claim = \$100
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- The severity of a claim does not matter to some insurance companies, simply the number of claims.
 - Most insurance companies will look at your claims record for the previous 5 years.
 - Many companies will not insure those who have had 2-3 claims in 3 years, no matter the amount of these claims.



Listen UP! Here's the facts...

Discounts with Auto Insurance

Most companies have discounts on car insurance if you have a renters policy with them. Sometimes the savings is large enough that it covers the price of the renter's insurance.



Points to Remember...

- Replacement Cost Policy vs Actual Cash Value Policy
- Deductible
- Auto - Home discounts
- Contact the Missouri Department of Insurance for a free Renters Insurance Cost Comparison Guide.
- Get three quotes and get covered, you really need it.

