Someday you will be on your own with a full-time job and ready to live independently from your parents. Choosing an apartment is an exciting step in your life, but you must not let your emotions cloud your decision-making. Choosing the right apartment is an important financial decision. Some expenses, like rent, are obvious and others you may not anticipate or expect. And if you are just starting out in a job, you may not have much money saved to help you get established in your new home.

Here are some things to consider:

- **Salary:** How much money do you bring home every month? How much of that can you allocate for paying rent?
- **Start-up costs:** What will you need to buy initially for your apartment? How much additional money is required for a deposit? For renters insurance?
- **Ongoing costs:** Will you have enough left each month after paying the rent to cover utilities? Groceries? Transportation?

Choosing an Apartment

Just as you are a unique individual, there are many different types of apartments. Some are flats, all on one floor. Others, called townhouses, have an upstairs and a downstairs. They may have one, two or three bedrooms, a garage, a carport, or simply a parking lot. Some will allow pets; many will not. Many apartments have swimming pools or workout centers for the people living there to enjoy. Some apartments even come furnished and ready to occupy.
You will need to find the one that best suits your wants and needs. But the most important consideration is financial. You may find the perfect apartment, but it does not matter if you cannot afford to live there.

Where to Look for an Apartment

As you begin to search for an apartment, start with the classifieds section of your local newspaper. Look for the heading “Apartments for Rent.” This is one good source of information. In many cases, if the city is large enough, the listings will be organized geographically.

The yellow pages of the phonebook will also have many listings under “Apartments.” Most likely, both the phonebook and the newspaper will have an online classifieds section available as well. In fact, the Internet has many good Web sites such as www.Rent.com, www.ApartmentGuide.com, or www.Craigslist.org, which have free listings of apartments for rent.

If you are moving to a new city that is unfamiliar, you may be able to get some assistance from a local realtor. Your new employer might be willing to offer some suggestions as well. And many cities have free publications at their libraries, grocery stores, or drugstores that have listings for apartments.

Location, Location, Location

How do you choose a location for your apartment that is right for you? There are many factors to consider. Is the apartment in a safe part of town? Will you as a single person feel comfortable and secure coming home alone in the evening? Is the location convenient to your job? Ideally, you should try to keep your drive to work fairly short. This will save you time and money. You will need to buy less gas and you will have less wear and tear on your car. If you can find an apartment close to other amenities such as shopping areas, that will be to your advantage.

Perhaps you do not own a car. Then it is crucial to have reliable public transportation within walking distance. You will need to figure out the cost of such transportation in order to know if this apartment is the best choice for you. In the computer exercise you will have to choose between a more expensive apartment within walking distance to your job and a less expensive one that requires you to pay for the bus. To select the right apartment you need to list as many expenses as you can for each choice and total them to make a fair comparison.

How Much Should an Apartment Cost?

The cost of an apartment will vary based on its size and the amenities it offers, such as garage space, a swimming pool, furnishings, etc. Some apartments will be more expensive because the rent includes the cost of all or some utilities such as electricity, phone, or heat. Apartments in more upscale areas of the city, as well as newer apartments, will also be more expensive. As you begin looking for the apartment that is right for you, you will need to know about how much you will be comfortable spending each month for rent. A good rule is not to spend more than 30% of your monthly earnings on your base rent, that is, excluding any utilities you are responsible for.
Utilities and Unexpected Costs

As you begin to read through the ads for apartments and talk to the rental agents, be sure that you are considering all the expenses that you will have to pay, not just the monthly rent. Find out which utilities are covered in your rent, and which you will be billed for directly. In the computer exercise associated with this chapter, you must remember to pay both your rent and your electric bill.

For example, Apartment A might rent for $430 per month, which includes all utilities. Apartment B rents for $385 per month but you have to pay your own gas and electric bills. You will have to ask what a typical gas and electric bills run for a similar apartment before you can decide which is the more economical place to live. If the gas and electric bills combined cost more than $45, you should rent Apartment A.

Usually when you first rent an apartment, you are required to put down a deposit. Sometimes called a security deposit, this is a sum of money that the landlord holds until you move out of the apartment. If at the time you leave there is any damage to the apartment that needs to be repaired, the deposit money will be used to take care of the repairs. If you are careful to leave the apartment in good shape, you should receive your deposit back. The deposit can be as much as a one month’s rent, so you need to be sure you have enough money in the beginning to cover this.

Finally, do not forget about the things you will need to live in your apartment—furniture, dishes, cleaning supplies, and other household items. Shopping for your first apartment can be fun…but it can be expensive, too!

Signing a Lease

When you finally decide on the apartment that is best for you, both you and your landlord will sign a document called a lease. This legally binding document describes the terms that you both have agreed upon, and by signing it you are promising to fulfill your side of the agreement. The length of time you wish to rent the apartment, called the term, will be stated in the lease. Usually when you sign a lease you are promising to stay for a period of one year. The lease also tells the amount of rent you must pay each month, when it is due, and how much notice you must give the landlord if you decide to leave.

Here is a portion of a standard lease. Notice that the rent is listed as $500 and is due on the 15th of each month. There is an additional security deposit of $300 also required.

1. TERMS: TENANT agrees to pay in advance $500 per month on the 15th day of each month. This agreement shall commence on May 1, 2004 and continue until April 30, 2005, as a leasehold. If TENANT should move from the premises prior to the expiration of this time period, he or she shall be liable for all rent due until such time that the Residence is occupied by an OWNER-approved paying TENANT and/or expiration of said time period, whichever is sooner.

2. PAYMENTS: Rent and/or other charges are to be paid at such place or method designated by the OWNER as follows: by mail or in
person at the rental office. All payments are to be made by check or money order and cash shall be acceptable. OWNER acknowledges receipt of the First Month’s rent of $500, and a Security Deposit of $300, for a total payment of $800. All payments are to be made payable to Greenwood Gables Apartments.

Your lease will state which utilities you are responsible for paying, whether or not you are permitted to have pets, and exactly who is allowed to live in the apartment. If you decide to have a roommate, the roommate’s name must be on the lease as well as your own.

If you break your lease by leaving in the middle of the term, there is also a penalty which is stated in the lease. In the lease example just shown, the tenant must continue to pay rent until the year is up or the landlord finds another person to rent the apartment. So think carefully about your decision before signing anything.

If you are unsure that you will keep a particular job or stay in an area for at least a year, it might be wise to look for an apartment that rents by the month. These are less common and are usually owned by individuals instead of a large rental company.

Renters Insurance

Have you ever thought about what would happen if there were a fire in your apartment and you had to replace all your furniture, linens, and other household items? Renters insurance is a good thing to have and in some cases is required by your landlord. There are two basic areas of coverage:

- Liability – this pays for any damage you might do to the building. For instance, you accidentally set a hot pan on the kitchen counter, leaving a large burn mark, requiring the countertop to be replaced. Liability also protects you if someone visiting you trips over something left on your floor, breaks an arm, and tries to sue you.

- Contents – this covers your belongings and will pay to replace them or repair them in case they are stolen or damaged by fire or a leaky pipe.

The cost of renters insurance will vary depending on where you live and the value you place on your belongings or contents. Although you might be tempted to save the money and not purchase this insurance, ask yourself this: “Am I willing to take the chance that I won’t need it? Can I afford to pay for new items if I have to?” You will probably find that the answer to both questions is “NO!” Most insurance companies offer policies for tenants. Call at least three different companies to get the best rate for your policy. You will find insurance companies listed in the yellow pages of your phone book.

Tenants’ Rights

No one can refuse to rent you an apartment based on your age, sex, race, national origin, religion, physical disability, or other discriminatory reasons—this is against Federal Law.
You have the right to live in a safe apartment. This means you can and should insist that faulty wiring, chipping or flaking paint, holes in floors or ceilings, and mouse populations be dealt with immediately!

You also have the right to privacy. Even though the landlord owns the building you are living in, he or she cannot come into your apartment without your permission unless it is a dire emergency such as a fire. Also, if your landlord has to send a repair person into your unit to do some work, you must be told ahead of time.

The landlord cannot raise your rent during the term of the lease without your consent. Once you have moved out, the landlord must return your deposit to you within a certain period of time. If part of your deposit is used to make repairs because of damage caused by you, the landlord must tell you exactly how the money was spent.

Summary

Choosing an apartment and paying your rent each month is one of the biggest financial responsibilities you will face as a young adult. There are several factors that come into play in deciding which apartment is best for you. Although you might love to have a cat or dog, and an extra bedroom for storing all your stuff, the bottom line is to choose what will function well for you that is also affordable. Read the lease carefully so you understand your rights and obligations as a renter. And don’t forget to count the extra costs such as renters insurance, utilities not covered in your rent, and a deposit. Finally, shop for and purchase an insurance policy to protect you and your belongings in case of an unexpected disaster.

Key Terms

**Landlord**
The company or individual that owns an apartment.

**Lease**
A legal document signed by both the tenant and the landlord that contains the terms of the agreement, such as the names of the tenant(s), the rent amount, and the responsibilities of the landlord and the tenant.

**Location**
The location of your apartment is an important safety consideration and also determines your ease of getting to work, buying groceries, etc.

**Notice**
An amount of time required in advance if either the landlord or the tenant wishes to discontinue the rental agreement. This courtesy allows both parties time to make other arrangements.

**Rent**
The payment, usually monthly, that the tenant pays to the landlord.

**Security Deposit**
A sum of money usually equal to one month’s rent, held by the landlord to cover any damage to the apartment caused by a tenant.

**Tenant**
The person renting the apartment.

**Term**
The length of a rental agreement, usually a period of one year.

**Unit**
One individual apartment. A large apartment building may contain 20 or more units.

**Utilities**
Items and services needed to make a house or apartment functional such as hot water, electricity, natural gas, phone service, and cable service.