Lesson 10.1: Moving Into My Own Place

Lesson Author

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Standards and Benchmarks

See page 5.

Lesson Description

In this lesson, students learn what it takes to move into their own place. Students first watch a video about the many decisions that go into renting their first place. They then complete activities that require them to consider factors or criteria to use when choosing an apartment, reflect on the costs of moving in, and evaluate lease agreements. To obtain answer keys for the handouts and assessment in this lesson, create an account on FederalReserveEducation.org.

Concepts

Decision Making
Lease
Rent

Objectives

Students will be able to:

- identify factors or criteria for choosing an apartment.
- identify expenses related to moving into an apartment.
- read and interpret various clauses in lease agreements.

Compelling Question

How do you evaluate apartments, costs, and lease agreements before moving into your own place?

Time Required

60 minutes

Materials

- Moving Into My Own Place 10.1 Slides, one copy for the teacher
- Handout 10.1.1: Apartment Decision-Making Gride, one copy for each teacher

- Handout 10.1.2: Sample Lease Agreement, one copy for each student and one copy for the teacher
- Handout 10.1.3: Lease Agreement Questions, one copy for each student
- Answer Key 10.1, one copy for teacher
- Video: "Renting Your First Place": https://bit.ly/rentingfirstplace
- Optional: "Renting Your First Place" video and assignment questions: https://www.federalreserveeducation.org/teaching-resources/personal-finance/spending-budgeting/renting-your-first-place

Procedure

1. Ask the students what are some factors that they would consider when choosing an apartment. (*Answers will vary, but students may mention cost, location, size, pet policy, etc.*)

2. Tell students that they will watch a video on many of the decisions that go into renting your first place.

3. Play the video "Renting Your First Place" at https://bit.ly/rentingfirstplace.

4. After playing the video, discuss the following:

    a. What are some decisions you have to make when renting your first place? (*Answers will vary but may include: how much to spend? Where to rent? How do you furnish the apartment?, etc.*)
    b. Why is it important to consider your income and costs when renting an apartment? (*In order to not spend too much and to stick to your budget*)
    c. What are some other expenses other than rent that you need to consider when renting your first apartment? (*Utilities, Internet, Renter's Insurance, Home furnishings, etc.*)
    d. What is a lease agreement? (*A lease is a contract that a landlord and tenant, or renter, agree to regarding a rental property.*)

    Note to teacher: This video and discussion questions are also available to put into your LMS on FRE.org. The assignment can be found here: https://www.federalreserveeducation.org/teaching-resources/personal-finance/spending-budgeting/renting-your-first-place

5. Ask students to imagine they are in college and are looking for their first apartment that they would share with a roommate.

6. Explain to students that they will be using some of the factors they talked about in the beginning of the lesson and learned about in the video to decide on an apartment.

7. Distribute one copy of Handout 10.1.1: Apartment Decision-Making Grid to each student.

8. Display Slide 2: Apartment Options to students. Instruct students to complete Handout 10.1.1 with the apartments presented in the slide and on Handout 10.1.1.

9. Ask for volunteers to share their criteria and choices. Emphasize that individuals have different criteria, rationales, and choices.

10. Explain to the students that living on your own involves many costs and decisions beyond where to live. There are moving-in costs to consider and other decisions associated with the move, as well as making sure you understand your lease agreement.

11. Display Slide 3: The Costs of Moving. Explain the costs displayed on Slide 3.

12. Explain to the students that when they are preparing to move into their own place, they have to consider their budget.

13. Display Slide 4: Preparing a Budget.

14. Remind the students the importance of budgeting for housing. Generally, they should try to spend no more than 25 to 35 percent of their net income on housing.

15. Explain to the students that when renting an apartment, they are usually required to sign a lease. Remind students that a lease is a contractual agreement between the owner of the apartment and the person renting the apartment that states the terms for renting a property.

16. Distribute one copy of Handout 10.1.2: Sample Lease Agreement to each student.

17. Explain the different sections of the sample lease provided. Make sure the students realize that it is a legal document and if they sign their name to the document, they are then bound by the details of the agreement.

18. Distribute one copy of Handout 10.1.3: Lease Agreement Questions to each student. Divide students into groups of three or four students. Instruct groups to complete the handout.

19. Review the answers to Handout 10.1.3 with students by using the separate answer key.

20. Ask students if there is anything they would change about the lease agreement. (*Answers will vary, but may include, having more pets, having a roommate, cheaper rent, etc.*)

Closure

21. Review the important points of the lesson by asking students:

    a. What are some important criteria or factors to consider when choosing an apartment? (*Location, building exterior, building interior, apartment layout and facilities, and the financial aspects are all important criteria or factors to consider.*)
    b. What are some common moving-in costs? (*Rent for the first month, rent for the last month, security deposit, cleaning deposit, and utilities deposit*)
    c. What are some important things to identify in a lease agreement? (*Rent, time of rental, late fees, security deposit, right of entry, utilities, early termination, pet policy, etc.*)

Assessment

22. Your friend Ruby recently completed high school. She works full-time and takes courses in the evening and on weekends at a local community college. Since she is earning a good income, Ruby wants to get an apartment. What advice would you give to Ruby as she begins her apartment search? Mention at least three criteria or factors Ruby should consider in her apartment search. (*See Answer Key 10.1 for suggested answer and grading rubric*.)

Standards and Benchmarks

National Standards for Personal Financial Education

Standard 2: Spending

A budget is a plan for allocating a person's spendable income to necessary and desired goods and services. When there is sufficient money in their budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes critical evaluation of price, quality, product information, and method of payment. Individual spending decisions may be influenced by financial constraints, personal preferences, unique needs, peers, and advertising.

Benchmarks: Grade 12

3. When purchasing a good that is expected to be used for a long time, consumers consider the product's durability, maintenance costs, and various product features.

6. Housing decisions depend on individual preferences, circumstances, and costs, and can impact personal satisfaction and financial well-being.

Handout 10.1.1: Apartment Decision-Making Grid (Page 1 of 2)

Apartment Options

- ❑ **Apartment A**: Rents for $1800 a month, is a first-floor, two-bedroom apartment, newly constructed, 15 min walk from campus, small with little closet space, washer and dryer room located on the floor above you, no pool or workout room, in a sixteen-unit complex in a quiet residential neighborhood, available in 30 days.

- ❑ **Apartment B:** Rents for $2000 a month, is a third-floor, two-bedroom apartment, four years old, close to campus, small kitchen containing a washer and dryer, corner fireplace in combination living room and dining room, two small walk-in closets, small deck, pool and tennis courts close by, in a sixty-unit apartment complex near a heavily-used highway, close to stores, available in 15 days.

- ❑ **Apartment C:** Rents for $2500 per month, is a second-floor, two-bedroom apartment, large kitchen and living area, 10 minute walk to campus, adequate closet space, no fireplace, covered deck, pool and tennis courts nearby, workout room, organized social activities, gas grills, lavishly landscaped, two years old, in a 200-unit apartment complex near stores, Laundromat is in nearby building, available in 45 days.

Handout 10.1.1: Apartment Decision-Making Grid (Page 2 of 2)

Step 1: State the **P**roblem: Which apartment should I choose?
STEP 2: List **A**lternatives: Apartment A, Apartment B, or Apartment C
STEP 3: Identify **C**riteria: Choose four criteria that are the most important to you to evaluate each apartment. Write them in the criteria boxes.
STEP 4: **E**valuate the Alternatives: Use the following scale for scoring each alternative: 1 = lowest (or worst), 2 = middle, and 3 = highest (or best). Add the rankings together to determine the total score**.**
STEP 5: Make a **D**ecision: Based on your evaluation, which apartment would you choose? Explain why. Use the space on the back of this page to answer this question.

Criteria → / Alternatives ↓	**#1**	**#2**	**#3**	**#4**	**Total**
Apartment A					
Apartment B					
Apartment C					

Handout 10.1.2: Sample Lease Agreement (Page 1 of 3)

Lease Agreement

This Agreement is between Alice Smith of 123 Second Street in the City of Newark, State of Delaware hereinafter known as the "Landlord" AND Tim Chan, hereinafter known as the "Tenant(s)" agree to the following:

OFFER TO RENT: The Landlord hereby rents to the Tenant(s), subject to the following terms and conditions of this Agreement, a Two-Bedroom Apartment with the following mailing address 123 Second Street in the City of Newark, State of Delaware consisting of 1 Bathroom(s) and 2 Bedroom(s) hereinafter known as the "Premises".

PURPOSE: The Tenant(s) may only use the Premises as a residential dwelling. It may not be used for storage, the manufacturing of any type of food or product, a professional service(s), or for any commercial use unless otherwise stated in this Agreement.

LEASE TERM: This Agreement shall begin on the 1st day of May 2026 and end on the 30th day of April 2027 hereinafter known as the "Lease Term".

RENT: The Tenant(s) shall pay the Landlord in equal monthly installments of $2000 hereinafter known as the "Rent". The Rent will be due on the 1st of every month and paid to the landlord via the online payment portal.

LATE FEE: If Rent is not paid on the Due Date, there shall be a penalty of $500. Rent is considered late when it has not been paid 5 days after it is due.

SECURITY DEPOSIT: A Security Deposit in the amount of $2000 shall be required by the Tenant(s) at the execution of this Agreement to the Landlord for the faithful performance of all the terms and conditions of this Agreement. The Security Deposit is to be returned to the Tenant(s) within 60 days after the end of the Lease Term less any damage charges and without interest.

RIGHT OF ENTRY: The Landlord shall have the right to enter the Premises during normal working hours by providing at least twenty-four (24) hours notice in order for inspection, to make necessary repairs, alterations or improvements, to supply services as agreed or for any reasonable purpose. The Landlord may exhibit the Premises to prospective purchasers, mortgagees, or lessees upon reasonable notice.

UTILITIES: The Landlord shall provide the following utilities and services to the Tenant(s):
__Hot water______________________________
Any other utilities or services not mentioned will be the responsibility of the Tenant(s).

MAINTENANCE, REPAIRS, OR ALTERATIONS: The Tenant(s) shall, at their own expense and at all times, maintain premises in a clean and sanitary manner, and shall surrender the same at termination hereof, in as good condition as received, normal wear and tear excepted. The Tenant(s) may not make any alterations to the leased premises without the consent in writing of the Landlord. The Landlord shall be responsible for repairs to the interior and exterior of the building.

Handout 10.1.2: Sample Lease Agreement (Page 2 of 3)

EARLY TERMINATION: The Tenant(s) shall have the right to terminate this Agreement at anytime by providing at least 30 days' written notice to the Landlord along with an early termination fee of $2000 (US Dollars). During the notice period for termination the Tenant(s) will remain responsible for the payment of rent.

PETS: The Tenant(s) Shall have the right to 1 pet(s) on the Premises consisting of dogs, cats that are not to weigh over 50 pounds. For the right to have pet(s) on the Premises the Landlord shall charge a fee of $500 (US Dollars) that is non-refundable. The Tenant(s) is responsible for all damage that any pet causes, regardless of ownership of said pet and agrees to restore the property to its original condition at their expense.

GUESTS: There shall be no other persons living on the Premises other than the Tenant(s). Guests of the Tenant(s) are allowed for periods not lasting for more than 72 hours unless otherwise approved by the Landlord in writing.

COMPLIANCE WITH LAW: The Tenant(s) agrees that during the term of the Agreement, to promptly comply with any present and future laws, ordinances, orders, rules, regulations, and requirements of the Federal, State, County, City, and Municipal government or any of their departments, bureaus, boards, commissions and officials thereof with respect to the premises, or the use or occupancy thereof, whether said compliance shall be ordered or directed to or against the Tenant(s), the Landlord, or both.

DEFAULT: If the Tenant(s) fails to pay rent when due and the default continues for the time-period specified in the written notice thereafter, the Landlord may, at their option, declare the entire balance (compiling all months applicable to this Agreement) of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to the Landlord at law or in equity and may immediately terminate this Agreement.

WAIVER: A Waiver by the Landlord for a breach of any covenant or duty by the Tenant(s), under this Agreement is not a waiver for a breach of any other covenant or duty by the Tenant(s), or of any subsequent breach of the same covenant or duty. No provision of this Agreement shall be considered waived unless such a waiver shall be expressed in writing as a formal amendment to this Agreement and executed by the Tenant(s) and Landlord.

WATERBEDS: The Tenant(s) shall not have the right to use a waterbed on the Premises.

INDEMNIFICATION: The Landlord shall not be liable for any damage or injury to the Tenant(s), or any other person, or to any property, occurring on the Premises, or any part thereof, or in common areas thereof, and the Tenant(s) agrees to hold the Landlord harmless from any claims or damages unless caused solely by the Landlord's negligence. It is recommended that renter's insurance be purchased at the Tenant(s)'s expense.

GOVERNING LAW: This Agreement is to be governed under the laws located in the State of Delaware.

Handout 10.1.2: Sample Lease Agreement (Page 3 of 3)

ADDITIONAL TERMS AND CONDITIONS: ___No barbeques shall be kept or allowed in or about the premises.

ENTIRE AGREEMENT: This Agreement contains all the terms agreed to by the parties relating to its subject matter including any attachments or addendums. This Agreement replaces all previous discussions, understandings, and oral agreements. The Landlord and Tenant(s) agree to the terms and conditions and shall be bound until the end of the Lease Term.

Landlord's Signature ______________________________
Print Name: _______________________________________
Date: _____________

Tenant's Signature ________________________________
Print Name: _______________________________________
Date: _____________

Handout 10.1.3: Lease Agreement Questions

<u>Directions:</u> Use Handout 10.1.3: Sample Lease Agreement to answer the following questions.

1.) Which utilities, if any, does the landlord pay?

2.) If the tenant were to fall down a wet flight of stairs and break their leg while in the apartment building, could the tenant hold the landlord legally responsible for their medical bills?

3.) Except in an emergency, how much notice must the landlord give the tenant before entering their apartment?

4.) What must the tenant do if they want to alter the apartment in any way?

5.) What is the cost to the tenant if they have to break the lease?

6.) What is the pet policy in the lease?

7.) How much is monthly rent, and how is rent paid to the landlord? If you pay rent late, what is the late fee?

8.) If the tenant does not pay rent, what recourse does the landlord have?