

CHAPTER 13

HOUSING

A Place to Call Home

WHAT'S AHEAD

13.1 Your Housing Options

13.2 How to Rent an Apartment

13.3 How to Buy a Home

13.4 How to Furnish Your Home

LESSON 13.1

Your Housing Options

GOALS

- ▶ Discuss your housing alternatives.
- ▶ Describe agreements you should make with a roommate before renting an apartment together.

KEY TERMS

- **dormitory**
- **efficiency apartment**
- **duplex**
- **condominium**
- **mobile home**
- **lease**

Types of Housing

- ▶ Your parents' home
- ▶ Dormitories
- ▶ Apartments
- ▶ Houses
- ▶ Condos
- ▶ Mobile homes

Buy or Rent?

- **Advantages of renting**
 - Lower cost
 - Less responsibility
 - Mobility
- **Advantages of buying**
 - Ownership
 - Value
 - Your own space
 - Fewer restrictions
 - Tax-deductible interest and property tax
- **Disadvantages of renting**
 - No ownership
 - More restrictions
 - Shared space
- **Disadvantages of buying**
 - Down payment
 - High cost
 - Property taxes and insurance
 - Restricted mobility
 - More responsibility

Shared Housing Costs

- ▶ Agree on rules of behavior
- ▶ Divide responsibilities
- ▶ Make a written agreement

CHECKPOINT 13.1

- What kinds of housing alternatives may you choose among after you graduate from high school?
- Why is it important to discuss house rules with a prospective roommate before living together and to put your agreement in writing?

CHECKPOINT 13.1 ANSWERS

- What kinds of housing alternatives may you choose among after you graduate from high school?
- Live with parents or guardians.
 - Rent an apartment, duplex, or house.
 - Buy a condominium, mobile home, or house.
 - If attending college, you will probably live in a dormitory.

CHECKPOINT 13.1 ANSWERS

- Why is it important to discuss house rules with a prospective roommate before living together and to put your agreement in writing?
 - Agreeing on house rules with prospective roommates minimizes conflicts.
 - Putting agreements in writing reduces financial and legal difficulties caused if one roommate abuses the rules or leaves without paying his or her share of the costs.

LESSON 13.2

How to Rent an Apartment

GOALS

- ▶ Describe how to find available apartments, narrow the list, and make your selection.
- ▶ Discuss lease terms and how to prepare for your move.

KEY TERMS

- tenant
- landlord
- security deposit

How to Find Apartments

Budget trade-offs

- Convenience
- Neighborhood
- Environment
- Age
- Size and condition
- Facilities
- Pets

Where to find leads

- Family and friends
- Newspaper ads
- Internet
- Real estate agencies
- Apartment managers

How to Evaluate an Apartment

- ▶ Ask the manager
- ▶ Inspect the property
- ▶ Talk to potential neighbors

Ask the Manager

- ▶ What is the monthly rent?
- ▶ Does the rent include heat, electricity, gas, and water?
- ▶ How long is the term of the lease?
- ▶ At the end of the lease, must I sign a new lease, or can I rent month-to-month?
- ▶ What facilities do you provide? Laundry? Parking?
- ▶ What rules or restrictions do you have?
- ▶ Can I have pets? If so, is there an extra charge?
- ▶ What type of security do you provide?

Apartment Evaluation Checklist

- ▶ Outside the building and grounds
- ▶ Inside the apartment
- ▶ Common areas inside the building

The Lease and Moving In

- ▶ **Lease terms: Rights and responsibilities**
 - ▶ Lease terms
 - ▶ Condition report
- ▶ **Getting ready to move**
 - ▶ Packing
 - ▶ Mail
 - ▶ Utilities

CHECKPOINT 13.2

- Where could you find information about apartments available to rent?
- What terms should you expect to find in a lease and why should you read the lease carefully before signing?

CHECKPOINT 13.2 ANSWERS

- Where could you find information about apartments available to rent?
- Ask relatives or friends.
 - Look at newspaper ads.
 - Search the Internet.
 - Make inquiries at real estate agencies.

CHECKPOINT 13.2 ANSWERS

- What terms should you expect to find in a lease and why should you read the lease carefully before signing?
 - Amount of rent and security deposit
 - Rights and responsibilities of both the tenant and the landlord
 - Other terms listed on page 443 in the text
 - Because you can be held liable for everything in it, read the lease carefully.

LESSON 13.3

How to Buy a Home

GOALS

- ▶ Discuss the costs of home ownership and different types of mortgages.
- ▶ Describe the home-buying process.

KEY TERMS

- mortgage
- escrow account
- principal
- down payment
- closing cost
- point
- fixed-rate mortgage
- adjustable rate mortgage (ARM)
- FHA mortgage
- VA mortgage
- graduated-payment mortgage
- interest-only mortgage
- appreciate
- home equity loan
- offer
- earnest money

Costs of Home Ownership

- ▶ Property taxes
- ▶ Mortgage payment
 - ▶ Principal
 - ▶ Down payment
- ▶ Closing costs
- ▶ Points
- ▶ Homeowner's insurance
- ▶ Mortgage insurance

Types of Mortgages

- ▶ Fixed-rate mortgages
- ▶ Adjustable-rate mortgages
- ▶ Insured mortgages
- ▶ Other mortgages
 - ▶ VA mortgage
 - ▶ Graduated-payment mortgage
 - ▶ Interest-only mortgage

The Home-Buying Process

- ▶ Know what you can afford
- ▶ Know what you want
- ▶ Work with a real estate agent
- ▶ Tips for evaluating houses
- ▶ How to make an offer
- ▶ How to complete the deal

CHECKPOINT 13.3

- What costs should you expect to pay as part of buying a home?
- What steps should you complete to purchase a home?

CHECKPOINT 13.3 ANSWERS

- What costs should you expect to pay as part of buying a home?
- Points
 - Closing costs
 - Homeowner's and mortgage insurance
 - Property taxes

CHECKPOINT 13.3 ANSWERS

- What steps should you complete to purchase a home?
- Determine the amount you can afford to pay.
 - Decide on and prioritize the features you want in a home.
 - Seek the help of a real estate agent.
 - Evaluate homes that interest you.
 - Negotiate the purchase.

LESSON 13.4

How to Furnish Your Home

GOALS

- ▶ Explain how to make a plan to furnish your home affordably.
- ▶ Describe how to select furniture and appliances for your home.

KEY TERM

- energy star product

Plan Your Place

- ▶ **Prioritize you wish list**
 - ▶ Things you want immediately
 - ▶ Things you want soon
 - ▶ Things you would like to have eventually
- ▶ **What can you borrow?**
- ▶ **What can you buy used?**
- ▶ **How can you buy new affordably?**

Furniture and Appliances

- ▶ **Materials**
- ▶ **Construction**
- ▶ **Appliances**
 - ▶ *Consumer Reports*
 - ▶ **Energy labels**
 - ▶ **Options**
 - ▶ **Warranties**
 - ▶ **Bargains**

CHECKPOINT 13.4

- What are some ways that you can reduce the cost of furnishing your home?
- What should you do before you choose furniture or appliances to buy?

CHECKPOINT 13.4 ANSWERS

- What are some ways that you can reduce the cost of furnishing your home?
- Try to borrow needed items.
 - Look for good used items.
 - Seek affordable alternatives, such as sale or discount merchandise.

CHECKPOINT 13.4 ANSWERS

- What should you do before you choose furniture or appliances to buy?
 - Evaluate the materials and construction of furniture you might purchase.
 - Review reports on the quality of appliances and consider their energy efficiency.