



**MODULE 12:**

# **Making Housing Decisions**

**INSTRUCTOR GUIDE**



**MONEY SMART for Adults**

SEPTEMBER 2018



The Federal Deposit Insurance Corporation is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this Instructor Guide. For more information about our family of Money Smart products, visit **[www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart)**.

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# Background Information for Instructors

Welcome to the FDIC's Money Smart for Adults!

This is the Instructor Guide for **Module 12: Making Housing Decisions**. This module consists of three tools:

- **This Instructor Guide**
- **The Participant Guide**—for participants to use during training and refer to after training
- **The PowerPoint slides**—for you to use during the training

The curriculum also includes a *Guide to Presenting Money Smart for Adults*. This resource offers practical tips for marketing your training, setting up your training space, supporting participants with disabilities, and delivering the training. It also offers learning pathways to help you choose modules and perhaps sections within modules to include in the training. If you don't already have the *Guide to Presenting Money Smart for Adults*, download it at [www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart).

## Training Preparation Checklist

Use this checklist to prepare for training.

- ☐ **Review the Instructor Guide, Participant Guide, and PowerPoint slides** to learn how they work together.
- ☐ **Familiarize yourself with the topics.** The Instructor Guide includes scripting to help you explain core content. You can read the scripting as-is to participants. Or, you can present the information in your own style.
- ☐ **Review the *Try It* and *Apply It* activities in the Participant Guide.** Every module includes both types of activities. Many are designed to be included during the training session. Others are flagged with a Note to Instructor that gives you the option of reviewing, starting, or completing them during the training, or encouraging participants to complete them after training.

Activities make the training more engaging and help participants retain the material. It's generally better to cut content rather than activities if you are short on time.

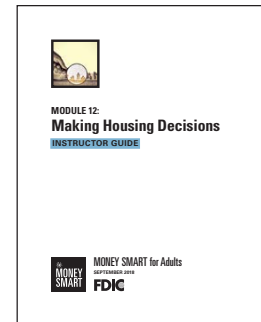
- ☐ **Review the *Guide to Presenting Money Smart for Adults*** for tools and information that can help you plan and deliver training. This resource includes information on making your training accessible and welcoming to all participants, including participants with disabilities.
- ☐ **Select the materials that you plan to use.** Ideally, do so by considering the needs or goals of the participants. The *Module at a Glance Table* near the front of each Instructor Guide can help you decide whether to cover modules in their entirety or only certain sections of the modules.
- ☐ **Plan to make your training culturally appropriate.** This means communicating respectfully, and also presenting the material in a way that is relevant to the lives of participants.
  - For example, when you discuss ways to cut expenses, participants may not relate to cutting out a daily coffee purchase if they don't normally buy coffee every day. Use examples participants can relate to, which may be different from examples from your own experience.
- ☐ **Consider having each of your training sessions include:**
  - **An overview:** Welcome participants and explain the training purpose and objectives. Provide a quick orientation to materials.
  - **An introductory activity:** Energize participants with a fun activity to introduce them to one another and get them ready to learn. This can be an effective way to start training, especially if it is the first time the group has been together. See the *Guide to Presenting Money Smart for Adults* for optional introductory activity ideas.
  - **Pre- and post-training surveys:** Administer the pre-training survey before training starts and the post-training survey at the end of training. Using the surveys can help you evaluate training effectiveness and tailor your training approach for future sessions.
- ☐ **Give each participant a Participant Guide.** Consider making it available electronically if you cannot provide paper copies. Also, some participants may need it electronically as a reasonable accommodation. If you deliver only part of a module, you might want to provide only those sections of the Participant Guide. Hide the slides you won't be using. The *Guide to Presenting Money Smart for Adults* has more information on hiding slides.

## Materials You May Need

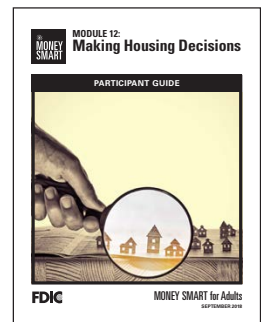
- ☐ This Instructor Guide
- ☐ Copies of the Participant Guide
- ☐ The PowerPoint slides, and either:
  - Computer, projector, and screen for projecting the slides, or
  - Printed or electronic copies of the slides for participants
- ☐ Flip chart(s) and/or whiteboard(s)
- ☐ Markers for writing on flip chart(s) and/or whiteboard(s)
- ☐ Large self-adhesive notes (5" x 8"), card stock, or paper for making signs
- ☐ Tape that can be easily removed from the wall, such as painter's tape
- ☐ Pens or pencils for participants

### Optional Materials:

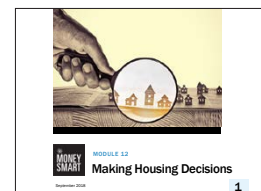
- ☐ Parking Lot for questions—Create one by writing "Parking Lot" on the top of a flip chart or whiteboard
- ☐ Supplies for the Optional Introductory Activity—Choose an activity from the *Guide to Presenting Money Smart for Adults* or use your own



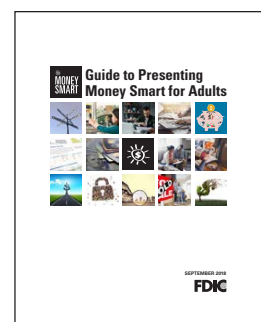
### Instructor Guide



### Participant Guide












### PowerPoint slides



### Guide to Presenting Money Smart for Adults

## Understanding the Icons

This Instructor Guide uses several icons to help you quickly navigate the training.

 <b>Do</b>	Actions you take as the instructor
 <b>Say</b>	Information you share verbally with participants
 <b>Ask</b>	Questions you pose to participants
 <b>Share Key Takeaway</b>	When you convey the primary message of a section
 <b>Lead Discussion</b>	When you facilitate discussions
 <b>Lead Activity</b>	When you facilitate activities
 <b>Present Information</b>	When you present information
 <b>Take Action and Closing</b>	When you help participants plan action steps to apply what they learned
 <b>Scenario</b>	When you use a short story to start a discussion or activity about a financial topic

## Module Purpose

This module helps participants explore options when making housing decisions.

This module also:

- Explores what safe and secure housing can mean
- Explains how to estimate what is affordable for housing costs
- Discusses renting versus buying
- Explores rental agreements, renters insurance, and rights and responsibilities in renting

The term “home” is used throughout this module to convey the place a person lives. The term “housing” is used to convey a range of options for a place to call home. Examples include a rented room in a house shared with others, the home of a parent or friend, an apartment, a manufactured home, a condominium, or a single-family house.

Participants who are considering buying a home may want to attend a training session on the home buying process in *Module 13: Buying a Home*.

## Module at a Glance Table

You can cover all or only part of this module.

We estimate you need **2 hours and 5 minutes** to cover the entire module, not including breaks or an optional introductory activity. You can use this table to select sections based on the time you have available and the needs of participants.

The *Guide to Presenting Money Smart for Adults* includes additional information on selecting sections for specific audiences.

Section	Key Takeaway	Purpose / Objectives	Time
Module Opening	N/A	<ul style="list-style-type: none"> <li>■ Welcome participants</li> <li>■ Administer the pre-training survey</li> <li>■ Lead an Optional Introductory Activity (extra 5 to 20 minutes)</li> </ul>	10 minutes

*Continued on next page*



**Module at a Glance Table *continued***

Section	Key Takeaway	Purpose / Objectives	Time
Section 1: What Are My Options?	There are different types of housing. To help prioritize your options, start by defining what safe and secure housing means to you.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Identify what they need and want in housing</li> <li>■ List key factors to consider when deciding to rent, buy, or find another option</li> <li>■ Identify housing options and make choices</li> </ul>	55 minutes
Section 2: What Can I Afford?	An affordable payment for housing is one you can reliably make each month.	Participants will be able to: <ul style="list-style-type: none"> <li>■ List costs associated with housing options</li> <li>■ Estimate how much they can afford to pay for housing</li> </ul>	20 minutes
Section 3: What's Next if I Decide to Rent?	Ways to protect yourself as a renter include reading your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities.	Participants will be able to: <ul style="list-style-type: none"> <li>■ Read and understand a rental agreement</li> <li>■ Explain the purpose of renter's insurance</li> <li>■ Identify their rights and responsibilities as renters</li> </ul>	30 minutes
Module Closing	N/A	<ul style="list-style-type: none"> <li>■ Review the key takeaways</li> <li>■ Help participants think about how they will apply what they learned</li> <li>■ Administer the post-training survey</li> </ul>	10 minutes

# Module Opening

## Welcome Participants as They Arrive

Time Estimate for This Section: 10 minutes

### SHOW SLIDE 1



#### DO

As participants arrive for the training, use this time to:

- Welcome them and introduce yourself
- Ask them to sign in for the training if you are using a sign-in sheet
- Ensure any requested reasonable accommodations are in place and make any necessary adjustments



### LEAD ACTIVITY

## Pre-Training Survey

See page 43 in the Participant Guide.

**Note to Instructor:** Before training starts, you can ask participants to complete the pre-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the post-training survey.

The answer key is at the end of this Instructor Guide, but don’t share the answers now.

You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.

**SHOW SLIDE 2****SAY**

- Thank you for coming to this Money Smart Training called **“Making Housing Decisions.”**
- Please complete the pre-training survey on page 43 of your Participant Guide to give me an idea of what you may already know about this topic.
  - It should take less than five minutes to complete.

**Pre-Training Survey**  
See page 43 in your Participant Guide

**Pre-Training Survey**  
Your instructor may ask you to complete this pre-training survey before the training begins.

Please answer these questions:

1. Real estate professionals helping you find a home decide what safe and secure housing means for you.	True	False
2. An affordable payment for housing is a payment you can make most months.	True	False
3. As a renter, you have no rights.	True	False
4. Renters' insurance helps you financially recover from losses to your personal possessions due to theft, burglary, fire, and other events.	True	False

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**DO**

- Collect the completed surveys if you plan to review them or compare them to post-training surveys.

**PRESENT INFORMATION****Parking Lot and Participant Guide****SAY**

- I've created a Parking Lot to capture questions, concerns, ideas, and resources. You and I can add items anytime during the training, and I'll address them during breaks or at the end of training.
- You have a Participant Guide to use during and after this session. It's yours to keep, so you can take notes and write in it.

**LEAD ACTIVITY****Optional Introductory Activity**

**Adds an additional 5 to 20 minutes,** depending on the activity you select and the number of participants

**DO**

- Lead participants through an introductory activity.
- Time permitting, you may also want to show a short video related to the subject of this module or start with an “energizer” of your choice.

**Note to Instructor:**

If time permits, start the training with a fun activity from the *Guide to Presenting Money Smart for Adults* or use your own.

This is a great way to get participants energized and ready to learn!



## Section 1: What Are My Options?

**Training Time Estimate for This Section:** 55 minutes

### Objectives

Participants will be able to:

- Identify what they need and want in housing
- List key factors to consider when deciding to rent, buy, or find another option
- Identify housing options and make choices



PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

See page 3 in the Participant Guide.

### SHOW SLIDE 3



SAY

- We will discuss how to figure out what you need and want in a place to call home and also talk about options for housing.

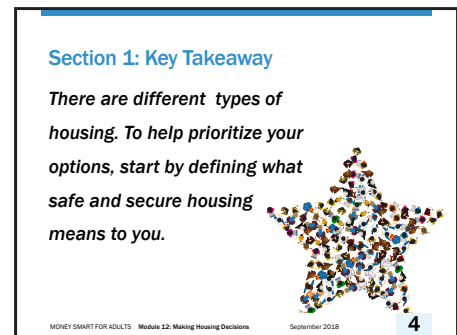


### SHOW SLIDE 4



SAY

- The key takeaway from this section is:  
**There are different types of housing. To help prioritize your options, start by defining what safe and secure housing means to you.**



PRESENT INFORMATION (1 MINUTE)

## Making Housing Decisions—What Do You Need and Want?

See page 3 in the Participant Guide.



SAY

- Let's talk first about safety and security. Then, we will consider what else you need and want when making housing decisions.
- Safe and secure may mean different things to different people. For example, some people may define safe and secure as a home that is in a neighborhood with street lights and low crime. Others may define it as a home that is accessible to meet their needs.



LEAD ACTIVITY (4 MINUTES) – EXERCISE

## ***Try It: What is Safe and Secure to You?***

See page 3 in the Participant Guide.

**Note to Instructor:** Time permitting, you may want to turn this into a small group activity. Give each group a piece of paper and markers. Instruct participants to work in small groups to create a poster depicting safe and secure housing. Challenge them to use only pictures and symbols—no words or numbers. Hang all group posters around the room. As a large group, identify what the posters have in common as well as what the images represent.

For example, a picture of someone sleeping in a bed could represent peace of mind because their housing situation is safe and secure. You may also want to examine ideas unique to only one group. You can write attributes of safe and secure housing on a flip chart or whiteboard as they are identified in the posters.

This fun and engaging variation of *Try It: What is Safe and Secure to You?* will add about 10 minutes to the time for this activity.

### SHOW SLIDE 5



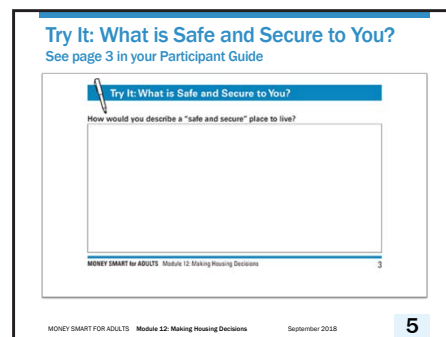
#### **SAY**

- Turn to *Try It: What is Safe and Secure to You?* on page 3 in your Participant Guide.
- How would you describe a “safe and secure” place to live?
- Take two minutes to write down or think about your answer to that question. You can draw pictures too if you’d like.



#### **DO**

- After two minutes, ask for a few volunteers to share their answers.
- Write participant responses on a flip chart or whiteboard.





PRESENT INFORMATION (5 MINUTES)

## ***Apply It: Making Housing Decisions—What Do I Need and Want?***

See page 4 in the Participant Guide.

### **SHOW SLIDE 6**



#### **SAY**

- There are other needs and wants besides safety and security to think about.
- Turn to *Apply It: Making Housing Decisions—What Do I Need and Want?* on page 4 in your Participant Guide.
- Take three minutes to start going through the checklist and indicate if something is a Need, a Want, or Not Important for you. If you are not sure, check “Unsure.” This gives you an idea of how to use this table. You can complete it after the training. It’s okay if you don’t finish right now.

**Apply It: Making Housing Decisions—What Do I Need and Want?**  
See page 4 in your Participant Guide

**Apply It: Making Housing Decisions—What Do I Need and Want?**  
Read the checklist. Add home features that are important to you and are not listed, using the “Other” rows. Then, check whether the item is a “Need” or a “Want” for you. There are no right or wrong answers. If something is not important to you, check “Not Important.” If you are not sure right now, check “Unsure.”

Neighborhood	Need	Want	Not Important	Unsure
<input type="checkbox"/> Safe neighborhood—low crime, well lit				
<input type="checkbox"/> Affordable cost of living				
<input type="checkbox"/> Diversity in neighborhood in terms of cultures, ethnicities, ages, etc.				
<input type="checkbox"/> Strong disability community and disability-related services				

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#### **DO**

- Time permitting, ask for volunteers to share some of the things that are Needs, Wants, or Not Important for them.

### **Apply It: Making Housing Decisions—What Do I Need and Want?**

Read the checklist. Add home features that are important to you and are not listed, using the “Other” rows. Then, check whether the item is a “Need” or a “Want” for you. There are no right or wrong answers. If something is not important to you, check “Not Important.” If you are not sure right now, check “Unsure.”

Neighborhood	Need	Want	Not Important	Unsure
<input type="checkbox"/> Safe neighborhood—low crime, well lit				
<input type="checkbox"/> Affordable cost of living				
<input type="checkbox"/> Diversity in neighborhood in terms of cultures, ethnicities, ages, etc.				
<input type="checkbox"/> Strong disability community and disability-related services				

### Apply It: Making Housing Decisions—What Do I Need and Want? *continued*

Neighborhood <i>continued</i>	Need	Want	Not Important	Unsure
<input type="checkbox"/> Good schools				
<input type="checkbox"/> Sidewalks				
<input type="checkbox"/> Distance to work, childcare, other needed services, friends, family, other supportive people, stores, parks and other places important to you				
<input type="checkbox"/> Close to health care providers and hospital				
<input type="checkbox"/> Access to public transportation				
<input type="checkbox"/> Accessibility features for people with disabilities				
<input type="checkbox"/> Access to parking				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				

Space	Need	Want	Not Important	Unsure
<input type="checkbox"/> My own bedroom (not shared with anyone)				
<input type="checkbox"/> My own bathroom (not shared with anyone)				
<input type="checkbox"/> My own kitchen (not shared with anyone)				
<input type="checkbox"/> Certain number of bathrooms: ____ (add #)				
<input type="checkbox"/> Certain number of bedrooms: ____ (add #)				



**Apply It: Making Housing Decisions—What Do I Need and Want? *continued***

<b>Space <i>continued</i></b>	<b>Need</b>	<b>Want</b>	<b>Not Important</b>	<b>Unsure</b>
<input type="checkbox"/> Location and size of bedrooms and bathrooms—are they accessible and large enough to accommodate mobility devices?				
<input type="checkbox"/> Living room				
<input type="checkbox"/> Dining room				
<input type="checkbox"/> Family room/Recreation room				
<input type="checkbox"/> Workspace				
<input type="checkbox"/> Ramps				
<input type="checkbox"/> Wide hallways				
<input type="checkbox"/> Yard				
<input type="checkbox"/> Garage				
<input type="checkbox"/> Secure doors and windows				
<input type="checkbox"/> More than one exit to the outside				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				

<b>Additional Features</b>	<b>Need</b>	<b>Want</b>	<b>Not Important</b>	<b>Unsure</b>
<input type="checkbox"/> Affordable utilities				
<input type="checkbox"/> Furnished				
<input type="checkbox"/> Includes major appliances				

Additional Features <i>continued</i>	Need	Want	Not Important	Unsure
<input type="checkbox"/> Accessible countertops and storage areas				
<input type="checkbox"/> Grab railings				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				
<input type="checkbox"/> Other (specify):				



LEAD ACTIVITY (16 MINUTES) – DEBATE

## Renting or Buying

See page 7 in the Participant Guide.

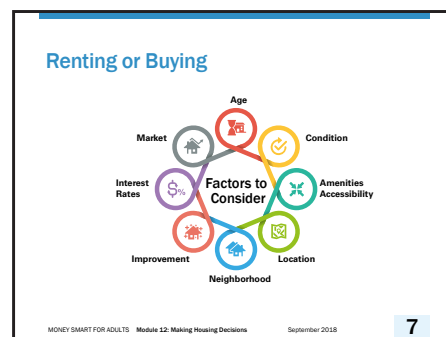
**Note to Instructor:** This activity is a debate. Each group is trying to present more convincing information for its side of the issue. Debates help participants consider different viewpoints about a particular issue, such as renting a place to live versus buying a place to live.

### SHOW SLIDE 7



#### DO

- Divide the group into two teams.
- Ask one team to come up with a list of reasons why renting is better than buying, and ask the other team to come up with a list of reasons why buying is better than renting.



**Note to Instructor:** If there are more than 16 participants, you may want to consider having two groups for each side of the debate. In that case, you would have one group present first with the second group arguing the same side by adding to the first group's presentation.

**SAY**

- We're going to have a debate about renting vs. buying.
  - Renting and buying are not the only options to consider when you're thinking about a place to call home.
  - You might also be able to consider living with friends or relatives rent-free or sticking with your current housing choice for right now, whatever that is.
  - For purposes of this activity, though, we are only going to talk about renting and buying.
- Select a note taker to write down the results of your brainstorm. You can use the flip chart or whiteboard to summarize your key points.
- Select a spokesperson for your team who will make your case to the full group.
- You may be coming up with reasons for a statement you don't believe in. Maybe you're on the team in favor of renting and personally you are in favor of buying. Or vice-versa. This commonly happens in debates. Part of the challenge is looking at something from a different point of view.
- You will have six minutes to brainstorm your ideas for your topic in the debate. You can take notes on page 7 in your Participant Guide or use other paper.

**DO**

- After six minutes, give each team's spokesperson three minutes to present their key points.
- Time permitting, share reasons for renting and reasons for buying that were not offered during the debate, from the following lists.

**Reasons for Renting**

- Repairs and maintenance are usually the responsibilities of the property owner.
  - You might not have to spend time making repairs or tending to the yard.
- The rental may already have accessibility accommodations you may need, such as lower countertops and wider hallways.

**Note to Instructor:** There is more information on reasonable modifications and reasonable accommodations in Section 3.

- You may have access to amenities like workout facilities and a pool.

- You might not have to deal with some utility payments—they may be rolled into the rent—making money management easier.
- You might not have to buy furniture if the rental is furnished.
- You might not have to buy appliances if provided with the rental.
- You can move to another place more easily, although there may be some penalties if you do not stay for the full term of the lease.
- Even if your credit is not great, you can probably still find somewhere to rent. A mortgage may be harder to get.
- The initial costs of the first month's rent and security deposit may be far less than a down payment and closing costs associated with homeownership.
- You do not have some of the costs associated with owning a home including:
  - Property taxes.
  - Homeowner's insurance (usually more costly than renters insurance).
  - Other types of insurance (depending on your community), such as flood or earthquake insurance, that can be more expensive for homeowners than renters.
  - Fees to pay for maintenance of the common areas and the exterior of the buildings and grounds. A homeowner may have to belong to a homeowner's association, property owner's association, or condominium association.
- Your rental payments might be lower than what your mortgage payments would be. They could also be higher.
- You may qualify for rental assistance programs or affordable dwelling units.

### Reasons for Buying

- You may build equity (but it's not guaranteed). Equity is the market value of your home minus the amount of money you owe on it.
  - If you build equity, you can borrow against it.
  - Homes generally increase in value over time, but not always.
- You might pay less federal and/or state income tax.
- You may achieve your goal of owning your own home.
- You may be more invested in your community, which can help make it a better place.
- Some might say you have achieved "the American dream."
- You can pass your home on to family members.

- If you own your home, you may have more direct control of the modifications to your home to make it accessible.
- Your mortgage payment might be lower than a rental payment. It could also be higher.
- If you have a fixed interest rate on your home mortgage, your monthly payments remain the same (although property taxes may increase). If you rent, your rent may increase every time your rental term expires or you might be unable to renew your lease or rental agreement. Or if you are renting month-to-month, your landlord could ask you to move.
- If you enjoy decorating or landscaping, you may not be able to do these things in a rental but you can probably do them if you buy a home.
- You may qualify for first-time homebuyers assistance programs.



LEAD ACTIVITY (10 MINUTES) – EXERCISE

## ***Try It: Identifying Important Factors in Housing Decisions***

See page 7 in the Participant Guide.

### **SHOW SLIDE 8**



**SAY**

- Turn to *Try It: Identifying Important Factors in Housing Decisions* on page 7 in your Participant Guide.
- Based on what you learned from the debate and your other thoughts, let's identify some factors that are important to housing decisions.
- Take five minutes to complete this exercise in small groups. For each situation, identify the details that may be relevant to the decisions about housing.
- Keep in mind that we are not trying to decide if each person should rent, buy, or pursue another housing option. We don't have enough detail to draw those conclusions and those decisions are also very individual. Rather, we're identifying details from each situation that may be factors in making that decision.

Situation	Factors that May Affect Housing Decisions
<p>Trisha plans to attend nursing school soon. She wants to stay in her community and work at the local hospital.</p> <p>She lives with her parents in the home where she grew up. Her grandfather, who lives down the road, is moving into an assisted living facility and offered to sell Trisha her home for a good price.</p> <p>Trisha has just enough money saved, combined with some help from her parents, to make a down payment and cover closing costs.</p>	

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**DO**

- After five minutes, ask the groups to share factors they thought should affect the housing decisions.
- Add to responses using the Answer Key.

## ***Try It: Identifying Important Factors in Housing Decisions – Answer Key***

Situation	Factors that May Affect Housing Decisions
<p>Trisha plans to attend nursing school soon. She wants to stay in her community and work at the local hospital.</p> <p>She lives with her parents in the home where she grew up. Her grandmother, who lives down the road, is moving into an assisted living facility and offered to sell Trisha her home for a good price.</p> <p>Trisha has just enough money saved, combined with some help from her parents, to make a down payment and cover closing costs.</p>	<p><i>Using all of her savings for the down payment and closing costs does not leave Trisha any savings for emergencies and the costs of owning a home.</i></p> <p><i>Purchasing the home may affect whether Trisha can afford to go to nursing school and, if she goes, how she pays for it.</i></p>
<p>Sidney's job requires him to move to a new city every two or three years.</p> <p>He recently moved to a new city and loves it. He uses a wheelchair and especially likes the accessibility of the public transportation system. This is a place that Sidney could see himself living for the long term.</p> <p>Sidney has enough savings and income to purchase a home in this city, comparable to what he is currently renting.</p>	<p><i>Sidney has enough savings and income to purchase a home.</i></p> <p><i>Sidney should consider how settling in the new city for the long term will affect his employment and income. This is particularly important if Sidney expects that his current job will require him to move within two or three years.</i></p>
<p>Mangala, Sangay, and their two children came to the United States several years ago. Mangala and Sangay are both employed and their children are in grade school.</p> <p>They have worked with staff at a HUD-approved housing agency to explore the possibility of buying a home. Based on an analysis of what they can afford, there are several homes in their price range.</p> <p>But the idea of purchasing a home makes them nervous, especially after a friend who lives in the same town lost his home to foreclosure.</p>	<p><i>The nervousness that Mangala and Sangay feel about buying a home is a valid factor to include in their decision making.</i></p> <p><i>Mangala and Sangay may want to make sure that their other financial goals are still possible if they buy a home.</i></p>



LEAD ACTIVITY (8 MINUTES) – EXERCISE

## ***Apply It: Important Factors I Want to Consider in Renting and Buying***

See page 9 in the Participant Guide.

### SHOW SLIDE 9



**SAY**

- There are some key factors to consider when deciding if you should rent or buy a place to call home. Renting and buying are not the only options to consider. You may also be able to consider living with friends or relatives rent-free or remaining with your current housing choice for right now.
- Turn to *Apply It: Renting versus Buying—Key Factors I Want to Consider* on page 9 in your Participant Guide.
- Based on what you learned from the debate and your other thoughts, list the reasons to rent and the reasons to buy that are most important to you.



**DO**

- Give participants five minutes to complete the exercise in their Participant Guide.
- Time permitting, give participants an opportunity to share some of their answers.



PRESENT INFORMATION (1 MINUTE)

## ***Apply It: Should I Rent or Buy?***

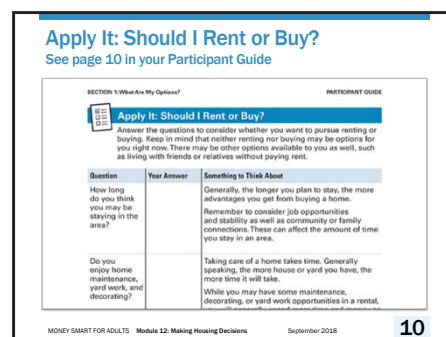
See page 10 in the Participant Guide.

### SHOW SLIDE 10



**SAY**

- Turn to *Apply It: Should I Rent or Buy?* on page 10 in your Participant Guide.





- You can complete this worksheet after today's training to help you determine what could be the best choice for you right now.

**Note to Instructor:** Time permitting, consider reviewing this activity with participants during training, using a copy from a Participant Guide. If possible, give them time now to start completing it. This can be very empowering. Consider asking participants to share what they are learning from it and provide time for questions.



PRESENT INFORMATION (8 MINUTES)

## ***Apply It: My Housing Options***

See page 14 in the Participant Guide.

### SHOW SLIDE 11



**SAY**

- Turn to *Apply It: My Housing Options* on page 14 in your Participant Guide.
- This list outlines some options for housing. As we talk about these options, you can follow along in your Participant Guide.
- We'll look first at options for renting and then at options for buying. Check those you think might be options for you now.

**Apply It: My Housing Options**  
See page 14 in your Participant Guide

SECTION 1: What Are My Options? PARTICIPANT GUIDE

**Apply It: My Housing Options**  
The following list explains different housing options. Check those you think might be options for you now.

Keep in mind that neither renting nor buying may be options for you right now. There may be other options available to you, such as living with family or friends without paying rent.  
If you have decided to rent, explore options for renting in this chart.

Renting	What Is It?	Watch Out For!	Key Criteria
<b>Renting Options</b> A room in an apartment or home <input type="checkbox"/> Check if this could work for you	<ul style="list-style-type: none"> <li>• A room that is yours to use, generally a bedroom.</li> <li>• You rent one room. Use of the kitchen, living room, or other common areas may be included.</li> </ul>	<ul style="list-style-type: none"> <li>• Ask if there is a lease.</li> <li>• If yes, ensure the lease allows for subletting. Ask to see the lease agreement or call the landlord and ask.</li> </ul>	<ul style="list-style-type: none"> <li>• May check credit.</li> <li>• May verify income source.</li> </ul>

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### SHOW SLIDE 12



**SAY**

- Let's look at some options for renting.
- The *Apply It* includes items to watch out for in each of these options and also some key criteria to think about for each option. We won't be going over all of that right now. I encourage you to review that information after today's training.
- **You can rent a room in an apartment or home.**
  - This is a room that's yours to use, generally a bedroom.
  - You rent one room. Use of the kitchen, living room, or other common areas may be included. You may get your own bathroom or may have to share a bathroom.

**Options for Renting May Include**

- Room in an apartment or home
- Apartment
- House
- Privately owned, subsidized housing
- Public housing

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- This generally means living with other people.
- **You can rent an apartment.**
  - This is a room or group of rooms owned by someone else.
  - You can rent a unit in a small building, a condominium from a private owner, or a unit in a large complex.
  - If you share the apartment with others, it may be more affordable for you.
- **You can rent a house.**
  - This is a house owned by someone else.
  - This would also include a duplex—a house divided into two units each with its own entrance.
- **You may be eligible to rent privately owned, subsidized housing.**
  - These are apartments offered at reduced rents to people with low income.
  - Government programs can help landlords offer reduced rents.
  - They may also be called “Affordable Dwelling Units” or “Workforce Dwelling Units” or something similar.
- **You may be eligible to rent a place in public housing.**
  - Public housing is decent and safe housing for people with low income, senior citizens, and people with disabilities.
  - Public housing may be a single-family house, an apartment, or an apartment complex that includes other supportive services.

**ASK**

- Can you think of any other options for **renting**?

**SHOW SLIDE 13****SAY**

- Now let’s go over a few options for **buying a home**. This part starts on page 17 in your Participant Guide.
- Again, just like in the renting part, this part includes items to watch out for in each of these buying options and also some key criteria to think about. We won’t be going over all of that right now.
- **You can buy a single family home, modular home, or townhouse.**
  - A single family home is a standalone home on a piece of property you own.

**Options for Buying May Include**

- Single family house, modular home, or townhouse
- Condominium
- Cooperative (Co-op)
- Manufactured or mobile home

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- Modular homes are a type of single family home. They are built in factories and then assembled onsite. They must follow local building codes.
- Townhouses are homes built side-by-side with other homes. Sometimes they're called row houses. You may share one or two walls with other townhouses. These are most common in urban neighborhoods.
- **You can buy a condominium.**
  - A condominium or condo is part of a larger property.
  - You own a unit within the larger property.
  - The condominium association owns the building and grounds.
  - You are a member of the condominium association.
- **You can buy a unit in a cooperative (co-op).**
  - This is different than a condo.
  - You lease a unit, and you are a shareholder in the corporation that owns the entire property.
  - Not all communities have co-ops.
- **You can buy a manufactured or mobile home.**
  - This is a home generally built in a factory and taken to a property to be set up.
  - It may be on a metal frame, foundation, or tied-down.
  - Manufactured homes made before 1976 are called mobile homes.

**ASK**

- Can you think of any other options for **buying**?



PRESENT INFORMATION (1 MINUTE)

**Section Closing**

See page 18 in the Participant Guide.

**SHOW SLIDE 14****SAY**

- Remember the key takeaway from this section: **There are different types of housing. To help prioritize your options, start by defining what safe and secure housing means to you.**

**Section 1: Remember the Key Takeaway**

*There are different types of housing. To help prioritize your options, start by defining what safe and secure housing means to you.*



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## Section 2: What Can I Afford?

**Training Time Estimate for This Section:** 20 minutes

### Objectives

Participants will be able to:

- List costs associated with housing options
- Estimate how much they can afford to pay for housing



PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

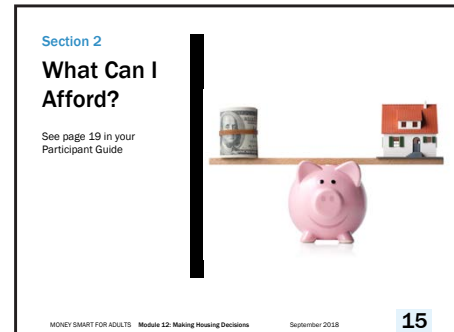
See page 19 in the Participant Guide.

### SHOW SLIDE 15



SAY

- We will discuss ways to estimate what you may be able to afford for housing.

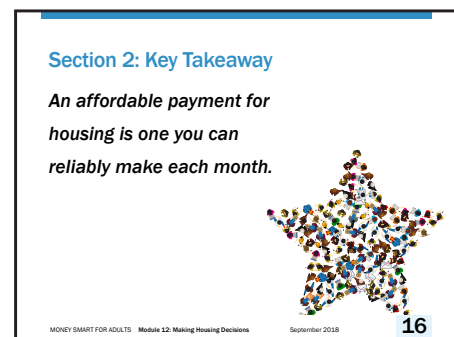


### SHOW SLIDE 16



SAY

- The key takeaway from this section is:  
**An affordable payment for housing is one you can reliably make each month.**



LEAD DISCUSSION (1 MINUTE)

## Housing Costs: What Is Affordable?

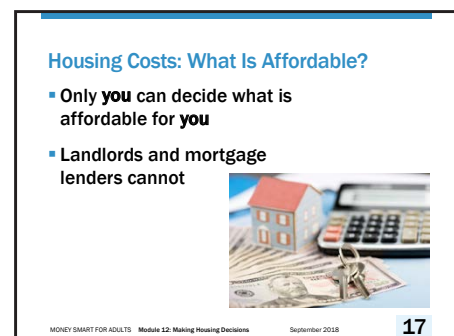
See page 19 in the Participant Guide.

### SHOW SLIDE 17



SAY

- **Only you can decide what is affordable for you.**
- Remember that landlords and mortgage lenders cannot tell you what is affordable for you.





## LEAD ACTIVITY (16 MINUTES) – SCENARIO

***Try It: Estimating Affordability***

See page 20 in the Participant Guide.

**SHOW SLIDE 18****DO**

- Ask participants to turn to *Try It: Estimating Affordability* on page 20 in their Participant Guide.
- Read the scenario to participants or ask for a volunteer to do so.

**Try It: Estimating Affordability**  
See page 20 in your Participant Guide

**Try It: Estimating Affordability**  
Read the scenario and then answer the question.

**Scenario: Pat and Sam Estimate What They Can Afford**  
Pat and Sam have dreamed of buying a home. They have been saving for a home for four years and have set aside \$10,000. They also have a little money set aside for emergencies. Together they make \$48,000 a year in annual gross income. Their net income (after taxes and deductions) is \$42,000.

They heard that a quick way to estimate what could be affordable is to take their combined annual gross income and multiply it by three.

They also heard about another quick way to estimate affordable monthly housing costs. These costs should be no more than 30% of their monthly gross income.

They know these are starting points for thinking about affordability and not necessarily what lenders will use to figure out how much they can borrow.

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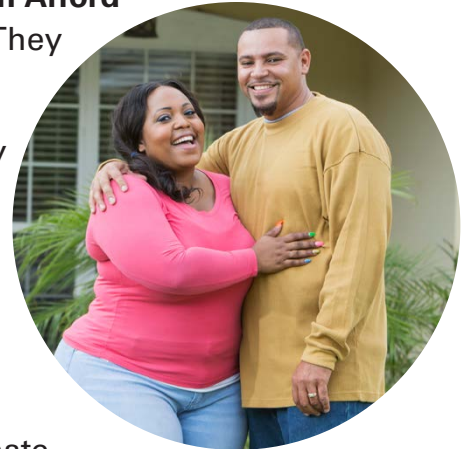
**SCENARIO: Pat and Sam Estimate What They Can Afford**

Pat and Sam have dreamed of buying a home. They have been saving for a home for four years and have set aside \$10,000. They also have a little money set aside for emergencies. Together they make \$48,000 a year in annual gross income. Their net income (after taxes and deductions) is \$42,000.

They heard that a quick way to estimate what could be affordable is to take their combined annual gross income and multiply it by three.

They also heard about another quick way to estimate affordable monthly housing costs. These costs should be no more than 30% of their monthly gross income.

They know these are starting points for thinking about affordability and not necessarily what lenders will use to figure out how much they can borrow.

**SHOW SLIDE 19****SAY**

- Let's start by helping Pat and Sam estimate how much they can afford for housing costs using the two methods they heard about.
- Method 1 takes annual gross income and multiplies it by three to estimate the highest home purchase price you can afford.

**Method 1**

Annual Gross Income  $\times 3 =$  Estimate of highest home purchase price

Gross income = income before taxes and other deductions are taken out

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- Your annual gross income is what you make each year before any taxes or other deductions are taken out of your pay.
- Take a moment to answer the question in your Participant Guide about using Method 1 for Pat and Sam.
  - If you have a phone with a calculator, feel free to use it or share with others near you.

**DO**

- Give participants one minute to answer the question in their Participant Guide.

**SHOW SLIDE 20****SAY**

- Pat and Sam multiplied their annual gross income of \$48,000 by 3 to get \$144,000.
- Using this first method, Pat and Sam should look for a house that has a purchase price up to \$144,000.
- This method may help if you're going to look at houses to buy. However, this method doesn't help if you are trying to estimate a potentially affordable monthly payment, perhaps for renting.
- It also doesn't help you if there are no houses on the market at or below that price.

**Method 1: Answer for Pat and Sam**

Take their annual gross income:  
\$48,000 per year

Then multiply by 3:  
\$48,000 x 3

**Answer = \$144,000**

- May be helpful when looking for houses to buy
- Not helpful to estimate affordable monthly payment

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**SHOW SLIDE 21****SAY**

- Method 2 multiplies monthly gross income by 0.30 to estimate the most you should pay in monthly housing costs.
  - Monthly housing costs include your rent or mortgage payments, plus required insurance, utilities, maintenance, and repairs.
  - This is based on the traditional rule that monthly housing costs should be no more than 30% of your monthly gross income.
- Take a moment to answer the question in your Participant Guide about using Method 2 for Pat and Sam.

**Method 2**

Monthly Gross Income  $\times 0.30 =$  Estimate of Monthly Housing Costs

- Monthly housing costs include items such as rent or mortgage payments, insurance, utilities, maintenance, repairs
- May not be realistic or helpful

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**DO**

- Give participants one minute to answer the question in their Participant Guide.

**SHOW SLIDE 22****SAY**

- Method 2 uses monthly gross income. The scenario only lists their annual gross income, so a little math is involved.
- Pat and Sam divided their annual gross income of \$48,000 by 12 months to get their monthly gross income of \$4,000.
- Then they multiplied \$4,000 by point-three-zero to get \$1,200.
- Using this second method, the estimate for Pat and Sam's total monthly housing costs is \$1,200 or less.
- Depending on the housing market, this estimate may not be realistic or helpful.

**Method 2: Answer for Pat and Sam**

Take their annual gross income:  
\$48,000 per year

Then divide by 12 months in a year:  
 $\$48,000 \div 12 = \$4,000$

Then multiply by 0.30:  
 $\$4,000 \times 0.30$

**Answer: \$1,200 per month**

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**SHOW SLIDE 23****SAY**

- There's a third method too.
- This method isn't as quick, but may be more realistic. You can look at your monthly income and expenses to estimate an affordable housing payment.
- You add up your income, subtract your non-housing expenses, and see what's left over to cover all housing costs.
- Let's try it first for Pat and Sam. Turn to *What Can Pat and Sam Afford Based on Their Spending and Saving Plan?* on page 22 in your Participant Guide. Their spending and saving plan has three sections:
  - Net Income
  - Non-Housing Expenses
  - Comparison: What's Left for Housing Costs?
- Most of the spending and saving plan has been completed for you, but the last section *Comparison: What's Left for Housing Costs?* is blank. Note that even though Pat and Sam do not pay all of these expenses monthly, the figures are shown as monthly amounts.
- In pairs, take four minutes to review *Pat and Sam's Spending and Saving Plan* and then fill in the last part, *Comparison: What's Left for Housing Costs?*

**Method 3**

$\frac{\text{Total}}{\text{Net Income}}$	$-$	$\frac{\text{Total}}{\text{Non-Housing Expenses}}$	$=$	$\frac{\text{What's Left for Housing Costs}}$
--	-----	--	-----	---

- What's left for housing?
- Use a spending and saving plan

MONEY SMART FOR ADULTS Module 12: Making Housing Decisions September 2018 **23**



**DO**

- After four minutes, invite a few participants to share their answer. Then share that the correct answer is **\$1,140**.
- Review the calculations using the Answer Key below and the slides.

## ***What Can Pat and Sam Afford Based on Their Spending and Saving Plan? – Answer Key***

**Note to Instructor:** The tables shown on the slides have been abbreviated to only show rows that are necessary to calculating the correct answer.

**SHOW SLIDE 24****SAY**

- You can see at the end of the Net Income section that Pat and Sam's total net income is \$3,500, which was already filled in.

Item	Monthly Amount
Net (Take-Home) Pay Job 1	\$3,500 (\$42,000 ÷ 12)
<b>Their Total Net Income</b>	<b>\$3,500</b>

Remember:  
Divide Annual amount by 12 (months) to get Monthly amount

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**Net Income**

Item	Monthly Amount
Net (Take-Home) Pay Job 1	\$3,500 (\$42,000 ÷ 12)
Net (Take-Home) Pay Job 2	
Net (Take-Home) Pay Job 3	
Net Self-Employment Income	
Public Benefit 1:	
Public Benefit 2:	
Public Benefit 3:	
Public Benefit 4:	
Interest	
Dividends	
Child Support	
Alimony	
Gifts	
Other:	
Other:	
Other:	
<b>Their Total Net Income</b>	<b>\$3,500</b>



**SHOW SLIDE 25****SAY**

- You can see at the end of the Non-Housing Expenses section that Pat and Sam's Total Non-Housing Expenses are \$2,360, which was already filled in.

Pat and Sam's Total Non-Housing Expenses	
Item	Monthly Amount
Their Total Non-Housing Expenses	\$2,360

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**Non-Housing Expenses**

Item	Monthly Amount
<b>Their Saving</b>	
Saving Toward: An Emergency Fund	\$50
Saving Toward:	
Saving Toward:	
<b>Their Sharing</b>	
Sharing with Family and Friends	
Charitable Contributions	\$100
Other:	
Other:	
<b>Their Spending</b>	
Telephone (Cell and Land-Line)	\$200
Internet	\$60
Cable / Satellite	
Car/Truck Payment	\$300
Car/Truck Insurance	\$70
Car/Truck Maintenance and Repair	
Car/Truck Fuel	\$170
Public Transportation	
Health Insurance (portion not covered by employer or taken out of gross pay)	\$120
Other Healthcare Expenses	\$100
Student Loan Payments	\$250
Credit Card Debt Payments	\$300
Other Debt Payments	

**Non-Housing Expenses** (continued)

Item	Monthly Amount
Personal Care Attendant	
Eldercare	\$240
Childcare / Child Support Payments	
Groceries and Household Supplies	\$300
Eating Out or Take-Out	\$50
Service Animal Expenses	
Pet Care	\$50
Personal Expenses	
Entertainment	
Other:	
Other:	
Other:	
<b>Their Total Non-Housing Expenses</b> (add up rows above)	<b>\$2,360</b>

**SHOW SLIDE 26****SAY**

- You can see in the table that you take their total monthly net income of \$3,500 and subtract their total non-housing expenses of \$2,360 to get what's left for housing costs — \$1,140. That's the answer we're looking for. Pat and Sam have \$1,140 left each month to spend on housing costs.

**Pat and Sam's Comparison:**  
**What's Left for Housing Costs?**

Item	Monthly Amount
Their Total Net Income	\$3,500
Their Total Non-Housing Expenses	\$2,360
<b>What's Left for Housing Costs?</b>	<b>\$1,140</b>

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**26****Comparison: What's Left for Housing Costs**

Item	Monthly Amount
<b>Their Total Net Income</b> (From Last Row of the Net Income Section in the Monthly Amount Column)	\$3,500
<b>Their Total Non-Housing Expenses</b> (From Last Row of the Non-Housing Expenses Section in the Monthly Amount Column)	\$2,360
<b>What's Left for Housing Costs?</b> (Their Total Net Income – Their Total Non-Housing Expenses)	<b>\$1,140</b>

**ASK**

- What are the advantages of the spending and saving plan method, compared with the other two methods?
  - To review, Method 1 takes annual gross income and multiplies it by three to estimate the highest home purchase price you can afford. For Pat and Sam, that was \$144,000.
  - Method 2 multiplies monthly gross income by 0.30 to estimate the most you should pay in monthly housing costs. For Pat and Sam, that was \$1,200 per month.
  - Method 3 is the spending and saving plan method we just used. It looks at monthly income and non-housing expenses to estimate an affordable housing payment. For Pat and Sam, that was \$1,140 per month.

**DO**

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed by participants:
  - The spending and saving plan method is more detailed.
  - It takes into account your unique situation. The other two methods apply general rules to everyone and do not reflect specific situations or housing markets.

**PRESENT INFORMATION (1 MINUTE)*****Apply It: Estimating What I Can Afford***

See page 25 in the Participant Guide.

**SHOW SLIDE 27****SAY**

- Turn to *Apply It: Estimating What I Can Afford* on page 25 in your Participant Guide.
- You can complete this exercise after today's training to figure out what may be affordable for you.
- By starting with your spending and saving plan rather than a general rule of thumb about what is affordable, you are determining what is specifically affordable for you given your other expenses and priorities.

**Apply It: Estimating What I Can Afford**  
See page 25 in your Participant Guide

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SECTION 2: Affordability – How Do I Decide What I Can Pay for Housing? PARTICIPANT GUIDE

**Apply It: Estimating What I Can Afford**

You can use this Spending and Saving Plan (often called a “budget”) to estimate what you can afford. Use information from your pay stubs and other financial statements, as well as records of bills and expenses.

The Spending and Saving Plan has three sections:

- My Net Income
- My Non-Housing Expenses
- Comparison: What’s Left for Housing Costs?

You may receive income and pay expenses by week, quarter, month, or year. For this method, convert your income and expenses to monthly amounts before putting them in the Spending and Saving Plan.

This table can help you convert your income and expenses to monthly amounts.

<small>Frequently</small>	<small>Do this first</small>
<small>How often you receive the income or pay the expense</small>	<small>Then enter into your Spending and Saving Plan</small>
<small>Annual (once per year)</small>	<small>Divide by 12</small>

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- If the amount of money you have left for housing costs is not enough, look carefully at your spending and saving plan. Look for ways to increase your income, decrease your expenses, or both.

**Note to Instructor:** Time permitting, consider reviewing this activity with participants during training. If possible, give them time now to start completing it. This can be very empowering. Consider asking participants to share what they are learning from it and provide time for questions. If you decide to do this, you will need a copy of the *Apply It* from a Participant Guide. A copy is not included in this Instructor Guide.



PRESENT INFORMATION (1 MINUTE)

## Section Closing

See page 29 in the Participant Guide.

### SHOW SLIDE 28




SAY

- Remember the key takeaway from this section: **An affordable payment for housing is one you can reliably make each month.**

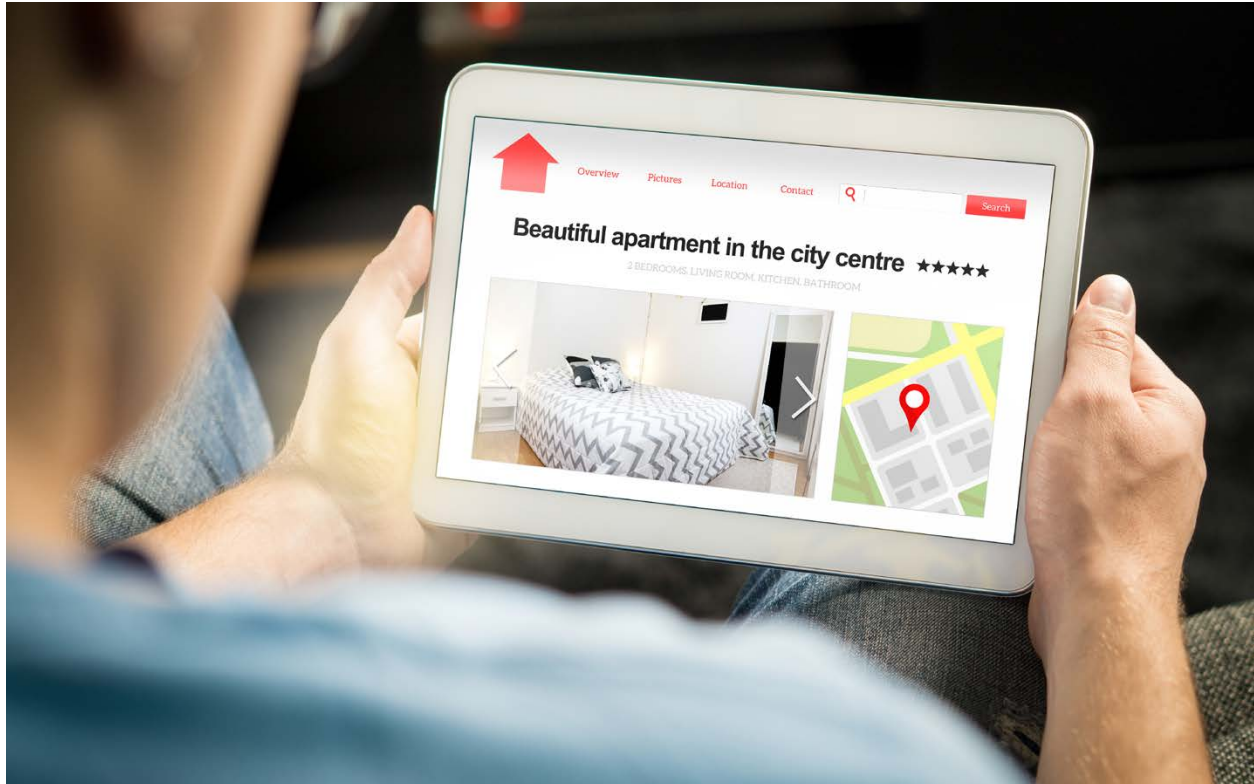
Section 2: Remember the Key Takeaway

*An affordable payment for housing is one you can reliably make each month.*



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## Section 3: What's Next If I Decide to Rent?

Training Time Estimate for This Section: 30 minutes

### Objectives

Participants will be able to:

- Read and understand a rental agreement
- Explain the purpose of renter's insurance
- Identify their rights and responsibilities as renters



PRESENT INFORMATION (1 MINUTE)

## Introduction to Section and Key Takeaway

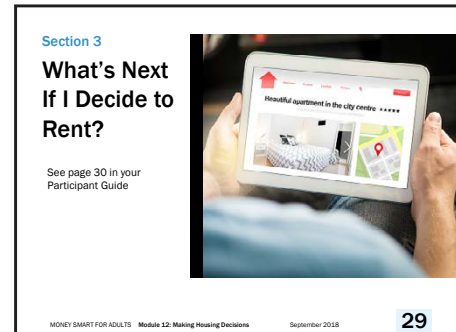
See page 30 in the Participant Guide.

### SHOW SLIDE 29



SAY

- We will discuss steps to renting, reading and understanding your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities as a renter.

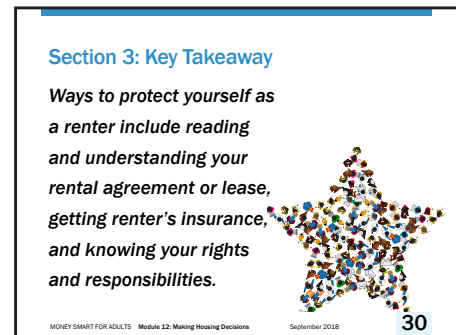


### SHOW SLIDE 30



SAY

- The key takeaway from this section is: **Ways to protect yourself as a renter include reading and understanding your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities.**



PRESENT INFORMATION (10 MINUTES)

## Steps to Renting

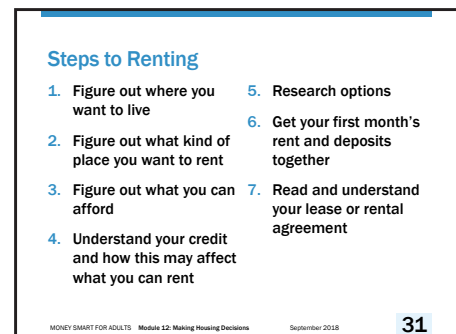
See page 30 in the Participant Guide.

### SHOW SLIDE 31



SAY

- There are steps you can take to ensure you are renting a place that is right for you.
- If you would like to follow along and take notes, turn to *Steps to Renting* on page 30 in your Participant Guide.



- The next few slides will cover each of these steps in more detail. The seven steps are:
  1. Figure out where you want to live
  2. Figure out what kind of place you want to rent
  3. Figure out what you can afford
  4. Understand your credit and how this may affect what you can rent
  5. Research options
  6. Get your first month's rent and deposits together
  7. Read and understand your lease or rental agreement

**SHOW SLIDE 32****SAY**

- **Step 1: Figure out where you want to live**
  - Find the neighborhoods that offer the most advantages to you. You may want to consider:
    - » Safety and security
    - » Public transportation
    - » Distance to work, childcare, medical services, other needed services, and supportive people
    - » Quality of schools
    - » Access to parks or playgrounds
    - » Accessibility features for people with disabilities
    - » Anything else that is important to you

**Step 1: Figure Out Where You Want to Live**

- Safety and security
- Public transportation
- Distance to work, childcare, medical services, other needed services and supportive people
- Quality of schools
- Access to parks or playgrounds
- Accessibility features for people with disabilities
- Anything else that is important to you

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**SHOW SLIDE 33****SAY**

- **Step 2: Figure out what kind of place you want to rent**
  - You can use *Apply It: My Housing Options* on page 14 in your Participant Guide.
- Think about whether you want to rent a room, rent an apartment, rent or buy a house, buy a condo or coop, explore public housing options, or something else.

**Step 2: Figure Out What Kind of Place You Want to Rent**

Use *Apply It: My Housing Options* from Section 1, page 14, in your Participant Guide

**Apply It: My Housing Options**

The following list explains different housing options. Check those you think might be options for you now.

Keep in mind that neither renting nor buying may be options for you right now. There may be other options available to you, such as living with family or friends without paying rent.

If you have decided to rent, explore options for renting in this chart.

Renting	What Is It?	Watch Out For!	Key Criteria
<b>Renting Options</b>			
A room in an apartment or home	• A room that is yours to use, generally a bedroom.	• Ask if there is a lease.	• May check credit.
□ Check if this could work for you	• You rent one room. Use of the kitchen, living room, or other common areas may be included.	• If yes, ensure the lease allows for subleasing. Ask to see the lease agreement or call the landlord and ask.	• May verify income source.

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## SHOW SLIDE 34



## SAY

- **Step 3: Figure out what you can afford**
  - You can use *Apply It: Estimating What I Can Afford* on page 25 in your Participant Guide.
- Think about what you can afford. What is your income and how much of that income do you need to use for non-housing expenses? What's left for housing costs?

**Step 3: Figure Out What You Can Afford**  
Use *Apply It: Estimating What I Can Afford* from Section 2, page 25, in your Participant Guide

**Apply It: Estimating What I Can Afford**

You can use this Spending and Saving Plan (often called a "budget") to estimate what you can afford. Use information from your pay stub and other financial statements, as well as records of bills and expenses.

The Spending and Saving Plan has three sections:

- My Net Income
- My Non-Housing Expenses
- Comparison: What's Left for Housing Costs?

You may receive income and pay expenses by week, quarter, month, or year. For this method, convert your income and expenses to monthly amounts before putting them in the Spending and Saving Plan.

This table can help you convert your income and expenses to monthly amounts.

Frequency	Do this first
How often you receive the income or pay the expense	This entry into your Spending and Saving Plan
Annual (once per year)	Divide by 12

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## SHOW SLIDE 35



## SAY

- **Step 4: Understand your credit and how this may affect what you can rent.**
  - Landlords will likely look at your credit scores and credit reports.
    - » They want to see if you have paid your bills on time because that can predict if you are likely to pay rent on time.
  - Because there are many different credit scores, it's more important to get and review your credit reports before you try to rent an apartment. Why?
    - » Credit scores are based on information in your credit reports.
    - » You want to make sure there is no inaccurate information being reported.
    - » You are entitled to one free credit report from each of the nationwide credit reporting agencies every 12 months. To order your free credit reports, go to **AnnualCreditReport.com** or call toll-free 1-877-322-8228. Ordering your own credit reports does not affect your credit scores.

**Step 4: Understand Your Credit and How This May Affect What You Can Rent**

- Landlords will likely look at your credit reports and your credit reports
- Get and review your credit reports at [www.annualcreditreport.com](http://www.annualcreditreport.com) or call toll-free 1-877-322-8228

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**Note to Instructor:** If participants want more information on credit reports and scores, consider incorporating portions of *Module 6: Credit Reports and Scores* into your training.



**SHOW SLIDE 36****SAY**

- If you have low credit scores or credit reports with negative information, be prepared to:
  - Spend more time looking for a rental.
  - Have fewer choices of rentals. This could mean living in a less desirable rental.
  - Pay a larger deposit than other potential renters are asked to pay.
  - Get a letter of guarantee or someone to co-sign on the rental agreement or lease.
  - Find roommates who will pay part of the rent.
  - Reconsider your decision to rent right now, and work on improving your credit.

**Low Credit Scores or Credit Reports with Negative Information**

- **Be prepared to:**
  - Spend more time looking for an apartment
  - Have fewer choices of apartments
  - Pay a larger deposit
  - Get a letter of guarantee or someone to cosign
  - Find roommates to live with you
  - Reconsider your decision to rent

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**SHOW SLIDE 37****SAY**

- **Step 5: Research Options**
  - You may want to do this yourself.
    - » Search the Internet. There are online sites where you can find rentals.
    - » You can also use mobile apps or look in a local newspaper.
  - Or, you may be able to get help from a real estate agent.
    - » Costs for using one vary from location to location.
    - » Sometimes you pay the real estate agent directly. Sometimes, the landlord pays the real estate agent and you pay nothing.
    - » Ask the real estate agent about pricing and shop around.
  - You can also ask a local social services agency, housing counseling agency, or housing department about any other local resources that may help you find available rentals.

**Step 5: Research Options**

- **Do this yourself**
  - Search the Internet
  - Look at rentals in a newspaper
- **Use a real estate agent**
- **Explore any other local resources to help you find rentals**

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**SHOW SLIDE 38****SAY**

■ **Step 6: Get your first month's rent and deposits together**

- You generally have to pay the first month's rent before you move in.
- You may also need to pay a security deposit before you move in.
  - » How much you may have to pay will vary. It could be based on one month's rent or two months' rent or something else.
  - » You should get the security deposit back after you move out if you met the terms of the lease (for example, you didn't cause any damages, the unit is clean and you don't owe unpaid rent).
  - » Not all rentals require a security deposit.
- State and local law covers:
  - » How a landlord must handle your security deposit.
  - » How quickly a landlord must return your security deposit to you after you move out if it is not used to pay for damages you caused.
- Some rentals may also require you to pay an amount equal to the last month's rent before you move in.
- You may also have to pay other fees upfront, such as an amenities fee or an application fee.
- You may need to prove you've purchased a renter's insurance policy before moving in. We'll talk more about renter's insurance soon.

**Step 6: Get Your First Month's Rent and Deposits Together**

■ You may have to:

- Pay the first month's rent before you move in
- Pay a security deposit before you move in
  - ✓ Amount will vary
  - ✓ Returned after you move out if you met the terms of the lease
- Pay other fees upfront
- Prove you purchased renter's insurance

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**Note to Instructor:** Discuss state or local rules pertaining to security deposits if known. Also, discuss any local resources that may be available to assist people with rental issues, which may include assistance paying for the security deposit. If you don't know of any, consider contacting your community's 411 number or asking a HUD-approved housing counseling agency for a referral.

**SHOW SLIDE 39****SAY**

- **Step 7: Read and understand your lease or rental agreement**
  - The lease or rental agreement is the agreement between you and the landlord or property owner.
  - This is very important and may sound obvious, but many people skip this step.

**Step 7: Read and Understand Your Lease or Rental Agreement**

- Agreement between you and the landlord or property owner
- Very important

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**LEAD ACTIVITY (10 MINUTES) – SCAVENGER HUNT**
***Try It: Reading a Rental Agreement***

See page 32 in the Participant Guide.

**SHOW SLIDE 40****SAY**

- Turn to *Try It: Reading a Rental Agreement* on page 32 in your Participant Guide.
- Take five minutes to complete a scavenger hunt in small groups by finding pieces of information in the example rental agreement. The example rental agreement begins after the list of questions.

**Try It: Reading a Rental Agreement**  
 See page 32 in your Participant Guide

**Try It: Reading a Rental Agreement**  
 Use the example rental agreement on page 32 to answer these questions.

1. Who are the parties to the lease?
2. Where is the property?
3. What parts of the property does Paulo have access to?
4. How much is his rent? When is it due?

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**40****DO**

- After five minutes, use the Answer Key to share answers with participants.
- Time permitting, involve participants by asking them what answers they came up with before sharing the correct answers.

**Note to Instructor:** If you want to review the example rental agreement as you go over the Answer Key, you will need a copy from a Participant Guide. A copy is not included in this Instructor Guide.

## ***Try It: Reading a Rental Agreement – Answer Key***

### **1. Who are the parties to the lease?**

Shawnice L. Johnson, the Landlord

Paulo Ramirez, the Tenant

### **2. Where is the property?**

3536 First Street, New City, AZ, 12345

### **3. What parts of the property does Paulo have access to?**

Driveway, garage, front porch, back yard, first floor of the home, all of the appliances found within it, including the dishwasher, refrigerator, stovetop, oven, microwave oven, washer, and dryer.

### **4. How much is his rent? When is it due?**

\$1,000 per month due on the first day of the month.

### **5. When is his rent late? If he pays rent late, how much will this cost him?**

On the 2<sup>nd</sup> day of the month. \$10 if the rent is late 1 – 4 days, \$20 if late 5 – 10 days. If the rent payment is late over 10 days, the Tenant will be charged \$100.

### **6. How long is the lease?**

One year. From August 1 to July 31.

### **7. What is the process for getting repairs done?**

Call the landlord and report the issue.

If an emergency, contact repair services provided by the Landlord.

### **8. Are there any rules concerning guests?**

No.



PRESENT INFORMATION (1 MINUTE)

## ***Apply It: My Lease or Rental Agreement Checklist***

See page 35 in the Participant Guide.

**SHOW SLIDE 41**



**DO**

- Ask participants to turn to *Apply It: My Lease or Rental Agreement Checklist* on page 35 in their Participant Guide.

**Apply It: My Lease or Rental Agreement Checklist**

See page 35 in your Participant Guide

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SECTION 3: The Decisions to Rent – How? What? PARTICIPANT GUIDE

**Apply It: My Lease or Rental Agreement Checklist**

You can use this checklist to review your lease or rental agreement before you sign it. Make sure you can find and understand each of these items. They may not be listed with the same titles. If you do not understand your lease or rental agreement, ask questions and make sure you get help before you sign it.

**Rental Agreement or Lease**

Check off box when you have reviewed and understood.

☐ **Names of the parties to the agreement**  
This will be the property owner or landlord, you, and anyone else responsible for the rent such as roommates.  
 If roommates are not listed, they will not be held responsible for the rental under your lease. They may have their own lease agreements with the landlord.

☐ **Location and description of the rental**  
This is the address of the rental. The description should also name features included such as parking, access to a garage, use of a fitness facility, use of storage units, and so on.

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**SAY**

- It's very important that you read a lease or rental agreement before you sign it.
- If you will be looking for a place to rent, you can use this checklist to help guide you through the lease or rental agreement.

**Note to Instructor:** Time permitting, you can review this *Apply It* checklist with participants using a copy from a Participant Guide. The parts on reasonable modifications and reasonable accommodations are covered later in this module.



PRESENT INFORMATION (4 MINUTES)

## Renter's Insurance

See page 38 in the Participant Guide.


### SHOW SLIDE 42

**SAY**

- Another way to protect yourself as a renter is to buy renter's insurance.
- If something bad happens, like a fire or theft, could you afford to replace your personal property?
- If a visitor were injured at your residence, could you afford to pay the expenses resulting from the injury?
- This is where renter's insurance comes in.

### Renter's Insurance

- Could you afford to replace your personal property?
- If a visitor were injured at your residence, could you afford to pay the expenses resulting from the injury?



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### SHOW SLIDE 43

**SAY**

- Renter's insurance helps you financially recover from losses to your personal possessions due to a hazard or disaster specifically listed in your insurance policy.
  - The hazards and disasters that the insurance will cover are known as "named perils." This could include, for example, burglary, fire or smoke, vandalism, theft, explosion, windstorm or hail, lightning, and water damage (not including floods).

### Purpose of Renter's Insurance

- Financial recovery from losses
  - Hazards and disasters are "named perils"
  - Actual costs or replacement costs
  - Limited or no coverage for some items
- Financial protection from claims of injury
- May be required to purchase it
  - Widely available
  - Costs vary -- Shop around

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- Renter's insurance does not cover the physical building. The property owner is responsible for that.
- Renter's insurance can also protect you if someone who doesn't live in your rented home claims to have been injured while they were visiting you.
- Renter's insurance can cover the actual costs of the items lost or damaged or the replacement costs of these items, depending on the policy you select.
  - Keep records of your personal property and the estimated value of the things you own. This documentation will help you file an insurance claim if items are lost or damaged.
    - » Consider taking a video or photos of your home and valuables.
    - » See guidance and tools on creating an inventory of your property from the National Association of Insurance Commissioners. Visit **[www.insureuonline.org](http://www.insureuonline.org)** and search for "inventory."
  - You may want to buy additional insurance to cover perils not named in a standard policy, such as floods and earthquakes and sewage backup, for example.
  - Some items may not be covered or have limited coverage like computer equipment. You may want to buy additional insurance for these items.
- Renter's insurance may also cover additional living expenses if you are unable to live in your rented home because of a named peril covered by your policy, depending on the coverage you select.
- Some landlords will require that their tenants purchase renter's insurance even if they do not want to purchase it. Some landlords may also require you to prove you purchased renter's insurance before you can move in. The landlord may suggest a particular insurance company, but you generally are free to purchase the insurance from any company. Renter's insurance can be valuable even if you're not required to have it.
- It's widely available from a broad range of insurance companies. Costs vary from company to company and are based on your particular circumstances and the choices you make for the amount and types of coverage you wish to purchase.
- Shop around to get the best deal.



LEAD DISCUSSION (3 MINUTES)

## Your Rights as a Renter

See page 38 in the Participant Guide.

### SHOW SLIDE 44



SAY

- The Fair Housing Act is the federal law that protects you from discrimination when you are renting, buying, or securing financing for housing.
- The Fair Housing Act prohibits housing-related discrimination based on:
  - Race
  - Color
  - National origin
  - Religion
  - Sex
  - Disability
  - Presence of children, which is sometimes called familial status
- You have the right to housing that meets health and safety codes. For example, the roof shouldn't leak, the plumbing should work, and there should not be exposed wires.

#### Your Rights as a Renter

- The Fair Housing Act prohibits housing-related discrimination based on:
  - Race
  - Color
  - National origin
  - Religion
  - Sex
  - Disability
  - Presence of children
- Housing must meet health and safety codes

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### SHOW SLIDE 45



SAY

- A resident with a disability is permitted by federal law to make and pay for **reasonable modifications** to the interior of an apartment and to common/public areas of the building.
  - A reasonable modification is a structural modification made to allow people with disabilities the full enjoyment of the housing and related facilities.
  - Examples include widening a doorway, lowering kitchen cabinets, or replacing flooring to facilitate wheelchair use.

#### Reasonable Modifications

- Resident with a disability can make and pay for reasonable modifications
- Structural modification to allow full enjoyment of the housing and related facilities
- Examples:
  - Widening a doorway
  - Lowering kitchen cabinets
  - Replacing flooring

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**SHOW SLIDE 46****SAY**

- Housing providers are required by federal law to make **reasonable accommodations** for people with disabilities.
  - A reasonable accommodation is a change in rules, policies, practices, or services so that a person with a disability will have an equal opportunity to use and enjoy a dwelling unit or common space.
  - An example is providing a reserved parking space near a building's entrance for a tenant with a mobility impairment, even though all parking is unreserved.
- **All rights come with responsibilities—things that you must do, too.**
  - For example, you have the right to electricity in your apartment. If, however, you are responsible for paying the electric bill and you do not pay it, the electricity could be shut off.
  - If something goes wrong, you have the right to have repairs made in a timely fashion. It is your responsibility to inform the landlord. And, rental agreements usually specify the method you must use to inform the landlord. If you don't use the proper method, the repairs may not be made.
  - You also have the responsibility to keep the housing clean, perform any everyday maintenance that may be outlined in the rental agreement, and pay your rent on time.
- Most states and cities have laws and ordinances that provide you with additional rights related to housing.
- Take time to review your lease to understand what is expected of you.
- You can learn more about your rights and responsibilities by contacting your community's housing department or authority and asking about tenant educational resources.

**Reasonable Accommodations**

- Housing provider makes reasonable accommodations
- Change in rules, policies, practices, or services so a person with a disability will have an equal opportunity to use and enjoy a dwelling unit or common space
- Example:
  - Reserved parking near entrance

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**Note to Instructor:** You may want to review local sources of rental assistance.



**SHOW SLIDE 47****SAY**

- If you think your rights have been or are being violated, get help.
- Visit the U.S. Department of Housing and Urban Development's website for more information on your rights at **www.hud.gov**.
  - Navigate to the section for Renters (under Audiences) for links to general and state-specific information.
- You can also consult your local public housing authority, a HUD-approved housing counseling agency, or a legal services organization for more information.

**Get Help**

- If you think your rights have been or are being violated, get help:
  - Department of Housing and Urban Development website at [www.hud.gov](http://www.hud.gov)
  - Local housing authority
  - HUD-approved housing counseling agency
  - Legal aid
  - An attorney

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PRESENT INFORMATION (1 MINUTE)

**Section Closing**

See page 39 in the Participant Guide.

**SHOW SLIDE 48****SAY**

- Remember the key takeaway from this section: **Ways to protect yourself as a renter include reading and understanding your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities.**

**Section 3: Remember the Key Takeaway**

*Ways to protect yourself as a renter include reading and understanding your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities.*



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# Module Closing

**Training Time Estimate:** 10 minutes



LEAD ACTIVITY (5 MINUTES)

## Remember the Key Takeaways

See page 40 in the Participant Guide.

**Note to Instructor:** Only mention key takeaways for sections you included in the training.



### SAY

- Remember the key takeaways. These are also listed on page 40 in your Participant Guide. Let me know if you have questions about any of them.

Section	Key Takeaway
1: What Are My Options?	There are different types of housing. To help prioritize your options, start by defining what safe and secure housing means to you.
2: What Can I Afford?	An affordable payment for housing is one you can reliably make each month.
3: What's Next if I Decide to Rent?	Ways to protect yourself as a renter include reading and understanding your rental agreement or lease, getting renter's insurance, and knowing your rights and responsibilities.



## Take Action

See page 40 in the Participant Guide.

### SHOW SLIDE 49



### SAY

- You are more likely to take action if you commit to taking action now.
- Consider writing down what you intend to do because of what was covered during this training session.

**Take Action**  
See page 40 in your Participant Guide

- What will I do?
- How will I do it?
- Will I share my plans with anyone? If so, who?

Visit [fdic.gov/education](https://fdic.gov/education) to learn more

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- Take a few minutes now to answer the questions under *Take Action* on page 40 in your Participant Guide:
  - What will I do?
  - How will I do it?
  - Will I share my plans with anyone? If so, who?

### DO

- Time permitting, ask participants if they want to share what they are going to do or how they are going to do it.
- Remind participants about the activities in their Participant Guide they can complete after today's training.
- Refer participants to *Where to Get More Information or Help* on page 41 in their Participant Guide for a list of online resources.
- If this is the end of your training, thank participants for attending and administer the post-training survey.



LEAD ACTIVITY (5 MINUTES)

## Post-Training Survey

See page 45 in the Participant Guide.

**Note to Instructor:** After training ends, you can ask participants to complete the post-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the pre-training survey.

The answer key is at the end of this Instructor Guide.

You may decide to compare post-training surveys to pre-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.

**SHOW SLIDE 50****SAY**

- Thank you for attending this Money Smart Training called **“Making Housing Decisions.”**
- Before you leave, please take a few minutes to complete the Post-Training Survey on page 45 in your Participant Guide.
- I can look at the surveys to tell if I helped you add to your knowledge and to make changes and improvements to future trainings.
  - It should take less than five minutes to complete.
  - Let me know if you have any questions.

**DO**

- Collect the completed surveys if you plan to review them or compare them to pre-training surveys.
- Review the answers to the knowledge questions using the Answer Key on the next page.

**Post-Training Survey**  
See page 45 in your Participant Guide

**THANK YOU**

**Post-Training Survey**  
Your instructor may ask you to complete this post-training survey after the training ends.

Please answer these questions:

1. Real estate professionals helping you find a home decide what safe and secure housing means for you.	True	False
2. An affordable payment for housing is a payment you can make most months.	True	False
3. As a renter, you have no rights.	True	False
4. Renter's insurance helps you financially recover from losses to your personal possessions due to theft, burglary, fire, and other events.	True	False

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## Answer Key for Both the Pre- and Post-Training Surveys

1. Real estate professionals helping you find a home decide what safe and secure housing means for you.  
The answer is **false**.
2. An affordable payment for housing is a payment you can make most months.  
The answer is **false**.
3. As a renter, you have no rights.  
The answer is **false**.
4. Renter's insurance helps you financially recover from losses to your personal possessions due to theft, burglary, fire, and other events.  
The answer is **true**.
5. How can you protect yourself when renting? Choose all that apply.  
The answer is **a, b and c**.
  - a. **Get renters insurance**
  - b. **Read and understand your lease**
  - c. **Know your rights as a renter**
  - d. Never rent – only buy a home
6. How can you estimate what you can afford to pay for housing? Choose all that apply.  
The answer is **a**.
  - a. **Develop a spending and saving plan and see what you can afford for housing**
  - b. Pay whatever is asked
  - c. Ask your landlord or lender what is an affordable housing payment for you
  - d. Understanding what is an affordable payment for housing is not an important step when making housing decisions
  - e. None of the above

*Continued on next page*

**Note to Instructor:** There are no “right” or “wrong” answers to the remaining questions, which appear in the post-training survey and not in the pre-training survey.

### About the Training

Check the box that best describes your agreement or disagreement with each of these statements.

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
7. I would recommend this training to others.				
8. I plan to apply what was discussed in this training to my life.				
9. The instructor used engaging training activities that kept me interested.				
10. The instructor was knowledgeable and well prepared.				
11. The Participant Guide is clear and helpful.				

## Money Smart for Adults Modules

Thank you for presenting this module. Consider providing training on other Money Smart for Adults modules, as shown below. Visit [www.FDIC.gov/moneysmart](http://www.FDIC.gov/moneysmart).

Module Number	Module Name	Module Focus
1	<b>Your Money Values and Influences</b>	Internal values and goals, external influences, and their relationships to financial decisions
2	<b>You Can Bank On It</b>	Financial products, services, and providers
3	<b>Your Income and Expenses</b>	How to track income and expenses
4	<b>Your Spending and Saving Plan</b>	How to develop a spending and saving plan, and how to prioritize spending when money is short
5	<b>Your Savings</b>	Saving money for expenses, goals, and emergencies
6	<b>Credit Reports and Scores</b>	Credit reports and scores, building productive credit histories, and repairing and improving credit
7	<b>Borrowing Basics</b>	Options for borrowing money and the costs
8	<b>Managing Debt</b>	Different kinds of debt and ways to manage it
9	<b>Using Credit Cards</b>	How credit cards work and how to manage them
10	<b>Building Your Financial Future</b>	Ways to build assets, including buying a car and getting training and education
11	<b>Protecting Your Identity and Other Assets</b>	Ways to recognize, respond to, and reduce the risks of identity theft, along with strategies for protecting other assets
12	<b>Making Housing Decisions</b>	Different types of safe and affordable housing, including specific information on renting
13	<b>Buying a Home</b>	The home buying process, including mortgages
14	<b>Disasters—Financial Preparation and Recovery</b>	How to financially prepare for, and recover from, disasters

Visit the FDIC's website at **[www.fdic.gov/education](http://www.fdic.gov/education)** for more information and resources on banking-related issues. For example, FDIC Consumer News provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

**You can also call the FDIC for information and assistance at  
877-ASK-FDIC (877-275-3342).**



**MONEY SMART for Adults**  
**INSTRUCTOR GUIDE**  
**Module 12: Making Housing Decisions**

September 2018  
**[www.fdic.gov/education](http://www.fdic.gov/education)**