

Road to Renting Tales

1. When Eric was in his 20s, he started receiving invitations to apply for credit cards. He thought this was a great way to support his 20-something lifestyle so he applied for many of the cards. Before long, he found himself thousands of dollars in debt with rising interest rates on his credit card balances. Creditors were calling him relentlessly and he had to make some serious decisions to become financially healthy. He realized that he had used the credit cards in good faith, so if he didn't repay the "loans," he was essentially stealing the money. After some serious soul-searching, he made the decision to move back in with his parents so that he could get his credit cards paid off as quickly as possible. For an entire year, he worked as much as he could and paid off all the credit cards. During that year, he also learned how to budget his money and he came up with his own secret formula for successful budgeting which he uses even now, many years later.

2. Eric was married several years ago and he realized that he and his wife, Brenda, had to create a budget that worked for them. After Eric explained his secret formula for successful budgeting, Brenda readily agreed to follow the procedures that had worked for him. Now, they save all of their receipts whenever they buy anything. The receipts go in a special envelope taped to the door of Eric's man-cave. Every few days, Eric goes through the envelope and writes the expenses on their *Income and Spending Plan*. In addition to the budgeted expenses of the family, Eric and Brenda each have their own discretionary money to purchase whatever they want. Eric's plan also provides for savings and emergencies. Last year, the family took a trip to Arches National Park and the Grand Canyon and they had a great time. They would have never been able to do this without a specific vacation goal in their monthly budget.

3. Brenda has a sister named Anita who is a teacher. She is about 30 years old and not married. Anita has always been financially responsible and is always looking for great deals to save money. When she began to get credit card offers in the mail, she realized that if she transferred her balance from one card to the other, she wouldn't have to pay interest for six months to a year. She began to open and close credit card accounts to get the lowest interest rate. She always made her payments on time because she didn't want to get bad credit. After awhile, Anita began to get special offers from banks, offering her money if she opened an account. Whenever a good account deal came her way, she opened a new account at the bank. In order to do this, she closed out one account in order to open a new one. After a couple of years of moving her money around and saving up from her monthly pay check, Anita decided to buy a house. She found a cute little house in her favorite neighborhood. She went to her "bank-of-the-month" to get a loan but discovered that she had a low credit score. Little did she know that moving her money around from credit card to credit card and from bank to bank had cost her a high credit score even though she had been responsible in paying her bills and saving money.

4. Eric is the assistant director of a community center. He works with a leadership team that organizes activities at the center and takes care of the finances. One day it was discovered that one of the members of the leadership team was taking equipment from the center, pawning it at the local pawn shop and then retrieving it before it was needed for a monthly activity. With every \$100 that she received for the equipment, she had to pay back a total of \$125. Eventually, she was not able to pay to get the equipment back before it was needed at the center and her

pawning was discovered. When she explained her actions to others on the leadership team, she said that it was so easy to take things into the pawn shop and she thought for sure that she'd have the money to get them back out again. The people at the pawn shop were very friendly and understanding of her financial dilemma and she has no regrets about using them to help her out. Now she is sitting in jail waiting for trial because she doesn't have enough money for bail.

5. Anita, Brenda's sister, finally managed to get a loan for a house and she decided to buy some new furniture. She went to the grand opening of a new furniture store that had 40%-60% off the regular price of all its furniture. She had the money to purchase all of the furniture outright but when she was told that she could get a no-interest loan for 2 years, she thought that if she got this loan, she could keep her money in the bank and she would get interest from that money rather than spending it on new furniture. Just as she was about to sign the loan papers, she decided to read everything on the loan application. After all, she remembered what she had done with her multiple credit cards and bank loans. Here is what she read.

The daily default periodic rate used to figure the finance charge for the regular subaccount will be a variable rate, subject to quarterly changes, and based on the prime rate. The minimum daily default periodic rate that can apply is 0.07643% (ANNUAL PERCENTAGE RATE 27.90%). There is no maximum daily default periodic rate that can apply.

Anita discovered that if she was even a day late with the payment on her no-interest loan, she would have to pay this high interest on the loan amount. Although she paid her bills on time, she knew it was possible that an emergency in her life could cause her to make a late payment. In addition, she discovered that...

We can change or add to any terms of your account at any time. We do not guarantee that the fees and the Annual Percentage Rates (APRs) on this account are guaranteed for any particular length of time. For example, APRs may be changed to higher rates; if you have fixed APRs, they may be changed to variable APRs; variable APRs may be changed to fixed APRs.

Anita decided to pay cash for her furniture and not bother with the "no-interest" loan.

6. Matt and his girlfriend, Amanda, lived together in an apartment. When they broke up, Matt moved in with his next door neighbor, Jack. One day Matt was fixing dinner and talking on the phone to his brother Eric. He wasn't paying attention to the food cooking on the stove and a grease fire started shooting flames up the wall behind the stove. The smoke alarm didn't go off so by the time Matt noticed the fire and put it out, the stove was completely ruined and the back wall was a black mess. Jack contacted the landlord so that he could get a hold of the insurance company to fix the damage. The next day, the landlord called and told Jack that his insurance company wouldn't cover the fire damage because Jack hadn't replaced the batteries in the smoke detector and Matt wasn't on the lease. They would have to pay to replace the stove and fix the wall. Matt didn't know what to do so he contacted his brother, Eric, for a loan to help pay for the repairs. Then Jack kicked him out for causing such problems. Matt was homeless and in debt.

7. Amanda didn't like living so close to Matt so when her lease was up, she decided to move out. She cleaned the place and restored everything to its original condition. Two weeks after moving out, the landlord said that he was not returning her deposit and she owed him 80 dollars because he had to replace the locks on the doors. Amanda needed that deposit money and didn't understand why she was being charged to replace the locks. She called her friend Brenda who told her to call the Northwest Fair Housing Alliance to get some advice.

8. Matt wanted to move into the apartment Amanda left. Even though he knew the landlord, he was told that he needed to pay a \$40 fee for a screening report. He convinced the landlord to let him use www.myscreeningreport.com so that both he and the landlord could see what was on his report. While waiting a day or two for the report, he took a careful look at the lease. He wrote down questions to ask the landlord. For example, he saw that a late fee of \$20 would be charged to him if he was more than 5 days late with the rent. Matt wanted to know if that was \$20 a day or just \$20. Also, Matt noticed that he would have to pay \$15.00 a day for guests who stayed more than 4 days. He knew that his father was coming to visit for 2 weeks next summer so he wanted to ask about exceptions to that rule. Matt had several more questions and felt confident that he could negotiate some of the items on the lease.

9. A few days after Matt was approved to move in, he and his landlord went through the apartment with the condition report. Matt took pictures of everything so that he couldn't be charged for damages already there. When he came to the bathroom, he noticed that the floor was rotting because of a water leak around the toilet. He asked the landlord to fix it before he moved in. At first, the landlord said that he wouldn't fix the floor and the leaking toilet but Matt politely pointed out that by law the apartment needed to comply with the city code. He also said that he wouldn't move into the apartment if it had this problem. The landlord agreed to fix the problem and Matt agreed to sign the lease and move in the next week, after the repairs had been made. Matt felt that he had taken responsibility for his own living situation and that he had a good relationship with the landlord. He hoped that his life was finally turning around.

10. After Matt moved into his new apartment, he got back together with Amanda. They were in love and decided to get married. They asked Eric and Brenda if they could hold the wedding reception in their back yard because it was so big and nice. Eric and Brenda agreed and helped them organize a wedding reception for about 150 people. They realized that people would need to use their bathroom, which was on the 2d floor of their old house, so they put up signs and arrows directing them up the stairs to the bathroom. During the reception, Betty, who was 60 years old, decided to go to the bathroom. Instead of following the signs, she opened the door to the basement and fell down the stairs. While waiting for the ambulance, she told Eric and Brenda that she saw the signs and didn't know why she didn't follow them. She felt embarrassed by the accident and hoped that she hadn't spoiled the wedding reception. A few weeks later, Eric and Brenda were informed that Betty was suing them. She couldn't work for 5 months because of her injuries and she needed the money. Fortunately, Eric and Brenda had liability insurance with their renter's policy so their insurance company took care of everything.

11. One day, Eric and Matt decided to go mountain biking on their favorite trail just outside of town. Matt raced ahead of Eric and was speeding down a hill when he collided with a woman coming up the hill. They both went tumbling over the side of the trail and down to the bottom. Both of them had injuries, though not serious ones. Soon after, Matt received word that the woman was suing him for her injuries. Matt discovered that his renter's liability insurance would take care of it. He was surprised but very glad he had gotten the insurance after he got married.

12. Eric and Brenda invited Matt and Amanda, as well as Brenda's sister Anita to spend Christmas day with them. They all showed up in time to open presents. Anita received a nice stereo system while Matt and Amanda got a Wii. Anita went home and set up her stereo in her living room and spent the evening listening to music. The next morning on her way to work, she put the box from the stereo in the recycling bin by the curb. When she came home from work, she discovered that someone had broken into her house through the back door and taken her new stereo as well as some other things. She later realized that putting the empty stereo box by the curb was an advertisement to thieves that she had something nice to steal. She immediately called her insurance agent.

13. One day Brenda went over to Anita's house to help her put pictures on the walls and arrange her collection of Hummel figurines in the glass cabinet. As they were hammering nails in the walls, Brenda reminisced about when she had moved to town many years before. For many years her walls were bare and she didn't even have much furniture. She really had problems making her house a home. She finally figured out that she was waiting to move again since she had moved many times since finishing college and she didn't want to collect a lot of things. Also, she thought that she needed to wait until she got married before she could make her house a home. When she finally decided that she needed to create a stable environment for herself, she bought a piano and other furniture as well as paintings for the walls. Her best friend even helped by buying her some Thomas Kinkade prints. Finally, Brenda felt comfortable in her home. Then she met Eric.