

R101-RENTING IN BLOOMINGTON

A GUIDE TO RENTING AN APARTMENT OR HOME

INTRODUCTION

The *R101-Renting in Bloomington* guide is a workbook that will help you better understand all of the steps involved in renting an apartment.

Topics covered in this guide include:

- ◆ Goal Setting and Personal Action Plans
- ◆ Managing, budgeting, and saving money
- ◆ Credit: How to get and use it wisely.
- ◆ Finding an apartment that's best for you and your needs
- ◆ Rental application process
- ◆ Rental lease
- ◆ Cost of moving into your apartment
- ◆ Problem solving skills for apartment dwellers
- ◆ Being a good neighbor

When appropriate, the workbook will provide practice sessions, so that you can practice and review what you've learned. If you are at all confused by the process of renting, this guide will answer many of your questions and give you more confidence to lease an apartment.

Keep in mind that the City of Bloomington's Housing and Neighborhood Development Department (HAND) also offers individual counseling services free of charge. **For more information talk with HAND housing counselor Marilyn Patterson 812-349-3577 or pattersm@bloomington.in.gov**

Thanks for your interest in the City of Bloomington's R101-Renting in Bloomington. We hope that our classes and this guide book will help successfully lease an apartment in the near future.

Prospective renters who complete this workshop will be better able to:

- Develop a household budget and savings plan
- Identify what they want and need in an apartment/house.
- Determine what they can afford to spend on an apartment/house.
- Shop for an apartment/house that meets their needs.
- Be familiar with apartment leases and applications.
- Understand cost associated with moving into a rental unit.
- Understand tenant responsibilities for upkeep
- Understand landlord responsibilities for maintenance
- Develop skills to problem solve with landlords
- Appreciate the importance of being a good neighbor

Advantages of Rental Living

1. **Less Responsibility:** One big advantage of rental living is that the landlord is responsible for maintenance of the unit. If the furnace or air conditioner goes out you do not have to pay to have it fixed. As a renter you do not have to have a savings account for maintaining your unit. Generally the landlord takes care of the lawn care and snow removal alleviating the renter from these burdens.
2. **Lower Monthly Expenses:** Although monthly payments for a rental can be as high as buying, there are many other expenses that the renter does not have to pay. Beside maintenance the renter does not have to pay property taxes. Also, renters insurance is much less expensive than homeowner insurance.
3. **Higher Mobility:** Renters generally are able to move more easily than homeowners. Renters with a high likelihood of moving can enter into short leases or rent on a month-to-month basis. Many people who are interested in being able to move around within their community or have the option to easily change geographic areas find renting lends itself to this type of mobile freedom.
4. **Renting a Home:** People who want more freedom in terms of not sharing walls floors or ceilings with a neighbor can rent a home. While renting a home sometimes has more responsibility than renting an apartment it does allow maximum freedom. Renting a home combines many of the advantages of owning with many of the freedoms of renting. As always, understand and have in writing what responsibilities are yours as a renter and what the responsibilities are those of the landlord when you rent.

PERSONAL HOUSING ACTION PLAN

In order to reach its housing goal(s), each household should develop a **Personal Housing Action Plan**. This is a plan that states what the housing goal is and then states how that goal will be achieved. Use the space to develop your Personal Housing Action Plan.

PERSONAL HOUSING ACTION PLAN

Goal: _____

Steps to Achieve Goal:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.



MONEY MANAGEMENT SYSTEMS

MONEY MANAGEMENT SYSTEMS

THE IMPORTANCE OF HAVING A MONEY MANAGEMENT SYSTEM

A **money management system** is the way that a household takes care of its monthly living expenses. Basically, it is the way that people pay their bills. It is important for all households to have a money management system so that all bills are paid on time.

HOW MONEY MANAGEMENT SYSTEMS ARE CHOSEN

There are several factors that determine how a household chooses its money management system. Those factors include:

- **Cost.** This includes the amount that it will cost the household to use the system it chooses.
- **Trust/lack of trust of traditional institutions.** This includes an assessment of the household's member(s) trust and/or lack of trust of traditional institutions such as banks, credit unions, etc.
- **Convenience/Accessibility.** This includes how easy it is for the household to access and use the system it chooses.
- **Safety.** This includes an assessment of the risks which are associated with the different types of money management systems.

USING CASH AS A MONEY MANAGEMENT SYSTEM



Some households choose cash as their money management system. They choose this because they believe it is best for them when they consider the four previously mentioned factors. They perceive that the costs associated with using cash are relatively low. They value the convenience of having their money with them at all times. They may have a general mistrust of traditional banking institutions. They perceive that the risks of using cash are relatively low.

There are both advantages and disadvantages of using cash as a money management system.

Advantages

1. Cash is convenient.

Cash can easily be used for small and large purchases. Most places accept cash as a form of payment of debts. There is usually no need to exchange the cash for another form of payment.

2. Money is always with the owner.

For households who use cash as a money management system, their money is always with them. Even with emergency matters, the household can take care of the emergency without having to wait to go a bank or other institution to gain access to its money.

3. Owner always knows the amount on hand.

The owner can always learn the amount on hand by simply counting the money. This eliminates the task of record keeping to track the amount in a checking or savings account.

Disadvantages

1. There are some expenses that cannot be paid with cash.

There are a few businesses that do not accept cash. This refusal to accept cash is usually because of safety concerns. For example, some landlords will not accept cash. When this happens, the cash user must incur the expense of purchasing an alternate form of payment, such as a money order or cashier's check. The cost of the alternate forms of payment varies, depending on where they are purchased. Also, it is never a good idea to send cash through the mail to pay an expense. Doing so is a huge risk that should never be taken.

Additionally, households who use cash as a money management system usually incur expenses associated with cashing payroll checks and other checks written to them. Check cashing fees can be very expensive.

2. Cash will not be replaced by insurance in the event of loss, robbery, or a natural disaster.

For the cash user, keeping cash in the home can present problems surrounding loss, robbery, or a natural disaster. Homeowner's insurance usually does not replace any cash that was lost, stolen or destroyed during a natural disaster. The owner is responsible for losses of cash due to these misfortunes.

3. Some cash users find it hard to track spending and are more tempted to spend frivolously and impulsively.

For some people, spending cash makes it difficult to track spending since there may not be an incentive to write down every cent that is spent. Additionally, some people are more prone to frivolous and impulse spending since they always have cash with them. It becomes "too easy" to buy and some people end up buying things they never would have purchased had they not had cash with them.



USING A CHECKING ACCOUNT AS A MONEY MANAGEMENT SYSTEM

Some households choose a checking account as their money management system. They choose this because they believe it is best for them when they consider all factors discussed. They perceive that the costs associated with using a checking account are relatively low. They have a general trust of traditional banking institutions. They value the convenience of being able to write a check. They perceive that the safety risks of using a checking account are relatively low.

Advantages

1. A checking account is convenient.

Checks can easily be used for small and large purchases. Most places accept checks as a form of payment of debts and other expenses. Checks can also easily be used to pay expenses by mail.

2. A checking account can provide proof of payment.

Your canceled check is proof of payment like a receipt.

3. A checking account can be a tool to help establish credit.

A well-maintained account can help you establish and obtain credit.

4. A checking account is a good way to track expenses.

If a checking account is used properly, the owner always has a record of where his money is going. This might help curb frivolous spending.

5. Checking accounts are safe.

Checking accounts are a safe way to exchange money for goods and services without having to carry cash.

6. A checking account can be a stepping stone to a long-term financial relationship with the bank.

A checking account with a bank can lead to other banking services such as loans.

Disadvantages

1. Maintaining a checking account takes time.

You have to manage a checking account by balancing your check register and monthly bank statements and by keeping enough money in your account to cover your checks.

2. Using a checking account is not free.

Some banks charge a monthly fee for the services that they provide with a checking account. However, most banks are now offering free checking as a marketing tool. Make sure that you understand what charges you will pay for with your checking account. For example, the account may be free but you may be charged for the checks.

Additionally, there are other costs associated with using a checking account. These include charges for the account being overdrawn, charges for excessive ATM usage, charges for stopping payment on a check, etc.

3. Some businesses will not accept a check as a form of payment.

There are some businesses that will not accept a check as a form of payment. In this situation, the household who uses a checking account as a money management system must go to its banking institution and get cash to make the payment.

UNDERSTANDING THE BASICS OF USING A CHECKING ACCOUNT

A **checking account** is a way to keep your money in a safe place until you want to pay for something. You can open a checking account by going to the bank or credit union, filling out papers, and depositing your money. Be sure to have a bank officer explain the different types of checking accounts to you. If possible, ask for brochures on the different features of different types of accounts. Once you have opened an account, you then receive checks and a check register. When you write a check, you tell the bank to take money out of your account and send it to the person whose name is on the check.

ACTIVITY 1. Filling Out A Check and A Check Register. (Sample checks and check registers are included on the next pages.)

Step 1. Let's pretend that each of us has a **checking account** and that we have \$500 in it. Write \$500 in the "**balance forward**" box on the **check register**. Your **check register** is a record book in which you keep a record of the checks you write. As you write checks and subtract them from the balance, this record will tell you how much you have left in the bank.

Step 2. Think about a bill that you would really like to pay. Let's practicing writing a check for that bill. You may use pencil for this practice exercise, but **real checks should always be written in ink.**

Write today's date on the date line.

Write the name of the person or company to whom you are writing the check on the "**Pay To The Order Of**" line of the check.

Write the dollar amount in numbers in the space next to the dollar sign on the right side.

On the line beneath the "Pay to the Order Of" line, write out the amount of the check in "long-form."

Always sign your name on the signature line.

Step 3. Now that you have written your check, you need to fill in your check register.

Subtract the amount of the check from your balance and write in the new balance.

CHECK

	CHECK NO. _____	
	_____ 20_____	71-587/749
PAY TO THE ORDER OF _____ \$ _____		
DOLLARS		
ANY TOWN BANK		
MEMO _____ _____		
074905972	251 372 8 4311	

REGISTER

Number	Date	Description of Transaction	Payment/Debt (-)	Deposit/Credit (+)	Balance

CHECK

	CHECK NO. _____
	_____ 20_____ 71-587749
PAY TO THE ORDER OF _____ \$ _____	
DOLLARS	
ANY TOWN BANK	
MEMO _____ _____	
074905972	251 372 8 4311

REGISTER

Number	Date	Description of Transaction	Payment/Debt (-)	Deposit/Credit (+)	Balance

CHECK

	CHECK NO. _____
	_____ 20 _____ 71-587/749
PAY TO THE ORDER OF _____ \$ _____	
DOLLARS	
ANY TOWN BANK	
MEMO _____ _____	
074905972	251 372 8 4311

REGISTER

Number	Date	Description of Transaction	Payment/Debt (-)	Deposit/Credit (+)	Balance

CHECK

	CHECK NO. _____	
	_____ 20 _____	71-587/749
PAY TO THE ORDER OF _____ \$ _____		
DOLLARS		
ANY TOWN BANK		
MEMO _____ _____		
074905972	251 372 8 4311	

REGISTER

Number	Date	Description of Transaction	Payment/Debt (-)	Deposit/Credit (+)	Balance

Activity 2.

Endorsing A Check. (Sample checks are included on the next pages.)

When you exchange a personal check---one made out to you---for money, you must **endorse** it. This means signing the check on the back in the space provided. **Endorsing** the check says, under penalty of law, that you ARE the person to whom the check was written.

There are three ways you can endorse a check.

Step 1

Blank endorsement, or simply signing your name, makes the check as good as cash. After you've signed it anyone who has the check can sign his/her name and exchange it for cash.

Endorse the **blank endorsement** check.

Step 2

Special Endorsement is signing your check over to someone else. **Example:** Jack Lee has a check that was written to him in the amount of \$10. He owes Janet Stanley \$10. To pay Janet he endorses his check: *Jack Lee--Pay to the order of Janet Stanley*. The money from the check then belongs to Janet Stanley.

Endorse the **special endorsement** check.

Step 3

Restrictive endorsement is signing your check and indicating a specific purpose. **Example:** *Jack Lee---For deposit only to account #03241534*. When you endorse your check this way, no one else can cash your check. This is a good way to endorse a check if someone else is taking it to the bank for you or if you are mailing it to the bank.

Endorse the **restrictive endorsement** check.

<p>ENDORSE HERE: Your signature</p> <hr/> <hr/> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>	<p>ENDORSE HERE: Pay to the order of:</p> <hr/> <p>John Smith</p> <hr/> <p>Your signature</p> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>	<p>ENDORSE HERE: For deposit only:</p> <hr/> <p>Your signature</p> <hr/> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>

A. Example
Blank
Endorsement

B. Example
Special
Endorsement

C. Example
Restrictive
Endorsement

<p>ENDORSE HERE: Your signature</p> <hr/> <hr/> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>	<p>ENDORSE HERE: Pay to the order of:</p> <hr/> <p>John Smith</p> <hr/> <p>Your signature</p> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>	<p>ENDORSE HERE: For deposit only:</p> <hr/> <p>Your signature</p> <hr/> <hr/> <hr/> <p>DO NOT SIGN/WRITE/STAMP BELOW THIS LINE "FOR BANK USAGE ONLY</p>

A. Example
Blank
Endorsement

B. Example
Special
Endorsement

C. Example
Restrictive
Endorsement

ACTIVITY 3.

Filling Out A Deposit Slip. (Sample deposit slips are included on the next page.)

When you deposit a check into your checking account, you must fill out a deposit slip and give it to the bank with your check. Deposit slips are located in the back of your checkbook, or you can ask for one at the bank. When depositing a check, you can make a:

- **straight deposit**---deposit all of the money into your account, or a
- **split deposit**---deposit some of the money into your account and get some cash.

Filling Out A Deposit Slip

- Step 1** Write today's date on the date line.
- Step 2** Write in the amount of cash (currency) you are depositing.
- Step 3** List the amount of each check you are depositing. If you have more than one check, list each one separately. If you have more checks than you have room on the front side of the deposit slip, list them separately on the reverse side.
- Step 4** If you listed checks on the reverse side, add up the total amounts of those checks and write that number in the space marked "Total from Other Side."
- Step 5** Write in the amount of the subtotal by adding the currency and total amount of checks deposited.
- Step 6** Write in the amount of cash you wish to receive if you are making a split deposit.
- Step 7** Write in the net deposit in the very last set of squares on the deposit slip.
- Step 8** Sign the deposit slip if you are making a split deposit.

ACTIVITY 4. Reading a Bank Statement. (A sample bank statement is included on the next page.)

A statement is a summary of the activity in your account during the previous month. Always compare your record (check register) with the bank's record.

Let's look at a bank statement. Statements from different banks may not look alike, but they give the same information and look similar to the one shown in this section.

Line 1 - Your bank's name. "Account Statement" on the right top identifies this document.

Line 2 - Your account number.

Line 3 - Your name and address.

Line 4 - The last day included in this statement and the phone number of the customer service department of the bank.

Line 5 - **Beginning balance** is the amount of money you had in your account at the beginning of the time period the statement covers. **Deposit/Interests** are the total amount of money added to your account during this period.

Withdrawals/Charges - the total amount of money taken out of your account during this period. It includes checks you have written and fees charged by the bank. **New Balance** is the amount of money you have in your account at the time the statement was written.

Line 6 - Next there is a list of the checks that have been paid from your account. This list includes the check number, amount, and date it was written.

Line 7 - Debits, or subtractions from your account, other than checks are listed. These might include a:

- an ATM withdrawal.
- a loan payment -if you have a loan from the bank and have arranged that its monthly payment will automatically be taken from your account each month.
- automatic monthly payments withdrawn to pay prearranged charges and fees to pay companies with an automatic deduction of their charges each month.
- your monthly service charge--the amount you pay the bank for taking care of your money transactions.

Line 8 - Credits, or a list of additions to your account giving the type of addition such as “deposit,” the amount and the date the deposit was made.

Line 9 - When there is a transfer of money from your checking account to another account, specific information is given about it. (In this example, the \$20.00 transfer to savings account #073-10-987-654 was recorded on you savings account on 09/13 giving you a balance of \$385.00.)

Bank Statement

1	Yourbank USA	Account Statement		
2	Account Number 123-45-678	Account Code 96E		
3	Minnie Mouse 100 Goofy Way Metter, GA 30439			
4	Statement Date 01/01/2006	Customer Service 987-6543		
5	Beginning Balance 145.52	Deposit/Interest 140.83	Withdrawals/Charges 209.22	New Balance 77.13
6	<hr/>			
	Checks	Amount	Date	
	8442	9.88	12/03	
	8448	24.50	12/03	
	8449	15.00	12/07	
	8450	5.00	12/15	
	8451	13.75	12/22	
	8452	28.63	12/27	
	<hr/>			
	Other Debits			
7	Transfer to Savings	20.00	12/20	
	ATM Withdrawal	40.00	12/21	
	Loan Payment	47.56	12/30	
	Service Charge	4.90	12/31	
	<hr/>			
	Credits			
8	Deposit	66.95	12/08	
	Deposit	63.88	12/22	
	Deposit	10.00	09/29	
9	Automatic Savings Account 073-10-987654	Automatic Transfer Monthly 20.00	Balance 385.00	As of 12/13

ACTIVITY 5

Balancing A Checkbook/Reconciling a Bank Statement

Always compare your record (your check register) with the bank's record to verify the following:

- **entries**---Make sure you entered every deposit, withdrawal, and check.
- **amounts of money**---Make sure you wrote the correct amount.
- **math**---Make sure the addition and subtraction is right.
- **adjustments that need to be made in your register**---Deduct service charge or other bank fees from your check register.

Step 1

Compare your check register to the statement.

Compare each deposit and withdrawal on your monthly statement to those in your check register. For each deposit or withdrawal that matches, make a check mark next to the item in your register.

Step 2

Update your check register to match the statement.

Enter into your register any items which appear on your monthly statement but were not listed in your register. Oftentimes these entries will include ATM transactions, bank service charges or fees, and automatic deposits and withdrawals. Be sure to place a check mark next to these items in your register. Calculate a new running balance.

Step 3

Adjust the ending balance on your statement by noting withdrawals or deposits that have been made since the statement was issued.

Use the form provided on the back of your bank statement to do the following calculations.

1. **Write the *new balance or ending balance*** which appears on the front of your statement.
2. **Add to this amount** any deposits you have made which do not appear on your statement for this cycle. (Hint: Look for deposits which do not have a check mark beside them in you register.)
3. **Subtract from this amount** any checks you have written or other withdrawals you have made which *do*

not appear on your statement for this cycle. (**Hint:** Look for check or other withdrawals which do not have a check mark beside them in your register.)

This new total should be the same as the current balance shown in your check register.

What to do if your checkbook doesn't balance

- Review your previous month's statement to make sure all differences were corrected.
- Check the addition and subtraction in your register for the month's transactions.
- Check to make sure that your register shows all withdrawals that have appeared on the statement, including checks, ATM withdrawals, bank charges or fees, and automatic deductions.
- Check to make sure that your register shows all deposits that appear on your statement, including interest, if any, and automatic deposits.
- Check to make sure that you have checked only those items in your register which appear on the statement.
- Check your register to make sure that you have made all the correct entries and that there are no transposed numbers, such as 58 instead of 85.
- If you still can't solve the problem, call your customer service representative for help.



BAD CHECKS

The most important thing to remember about checking accounts is that you must **NEVER** write a check for more money than you have in your account. What is a bad check? A **bad check** is a check someone writes knowing there will not be enough money in his/her account to pay for it or knowing he does not actually have an account.

What is the **punishment** for writing a bad check? State law decides the punishment for a bad check. Each state legislature sets its own laws and those laws change when the legislature votes to change them.

Whether or not you write a bad check intentionally, you probably will have to pay the bank a special fee. The banks call this fee a service charge on insufficient funds (NSF). This fee can range from \$20 to 5% of the amount of the check.

In addition to the fee the bank charges when you write a check and do not have enough money to pay it, the business or person to whom you wrote the check usually charges you a fee as well.

Using a checking account is a responsibility. Failing to keep up with a checking account can be expensive. It also can be embarrassing and can influence your long-term credit and your legal record.



USING ATMs AND DEBIT CARDS: BEWARE!!!

ATM (automated teller machine) cards are really great when you need a little extra cash. But, you should be careful. Most ATMs have a minimum \$10 withdrawal amount--you must withdraw at least that amount. Additionally, if you use another bank's machines, you could be charged a fee for doing so.

No matter how much you withdraw and no matter which bank's machine you use, you **must record** the withdrawal in your check register, along with any other fees you are charged. If you will be charged a fee for using another bank's machine, the machine will tell you the amount of the fee.

Debit cards are similar to ATM cards and are used at a point of sale terminal (cash register) to make purchases. You must also record each use of a debit card in your check register.

If you are not careful, ATM and debit cards easily send you into the RED!

Also, if your ATM or debit card is lost or stolen, you must notify your bank immediately. Notifying your bank immediately can reduce your liability for unauthorized uses. Usually, if you notify your bank within two (2) days, your liability is \$50. If you notify your bank after two (2) days, but before sixty (60) days have passed, your liability is \$500. If you notify your bank after sixty (60) days, you could lose everything! Some banks will charge a small fee to replace either card.

BENEFITS OF A CHECKING ACCOUNT

Convenience !

HELP ESTABLISH CREDIT!

Safety!

PROOF OF PAYMENT!

USE OF ATM!

CHECKING ACCOUNTS vs. MONEY ORDERS

Some banks charge a service charge for the use of a checking account, most of the time these charges are less than you would pay for the cost of purchasing money orders or cashier checks. Most banks that charge a fee charge ranging from \$3 - \$10 as service charges for checking accounts. Free checking is offered by most banks so make sure that you sign-up for the account that is best for you.

The following figures show how much you can expect to pay for money orders and cashier's checks.

Money orders

Kroger	\$.99 each (value not to exceed \$500.00)
Circle K	\$.99 each (value not to exceed \$500.00)
US Post Office	\$.90 each (value not to exceed \$500.00)
	\$1.25 each (value not to exceed \$1,000.00)
Monroe Bank	\$2.50 each (value not to exceed \$1,000.00) Account Required
IU Credit Union	\$1.00 each (value not to exceed \$1,000.00) Account Required
Chase **	\$5.00 each (value not to exceed \$1,000.00) Account Required

Cashier's Checks

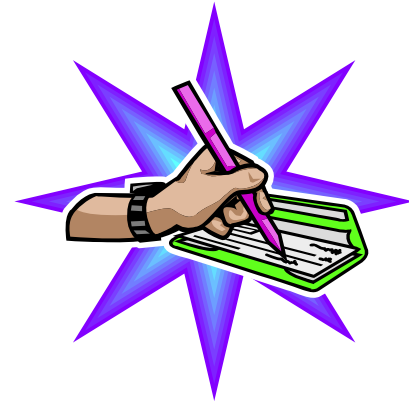
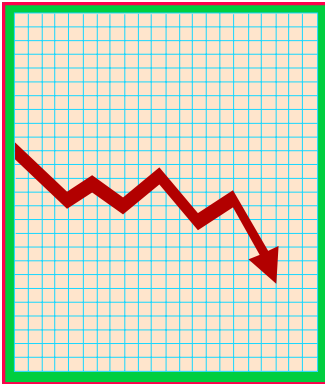
IU Credit Union	\$1.00 each. Account Required
Monroe Bank	\$3.50 each. Account Required
Chase **	\$7.00 each Account Required

** Formerly Bank One

BUDGETING



WHAT IS A BUDGET?



A ***budget*** is simply a plan for spending and saving money. A good budget is a simple and flexible written guide showing how much money comes into your household and how the money should be allocated in order to meet expenses and savings goals.

A budget will put you in control of your money. It will help you create a “picture” of how your money should be spent and then give you a way to keep track of that spending.

A budget can help you:

- Prevent impulse spending.
- Save money for a home, car, retirement, or other long-term financial goals.
- Earmark money for expenses that are billed infrequently, such as automobile or health insurance.
- Save money for unpredictable expenses, such as a medical emergency or car repair.
- Identify items that are costing too much.

Budgeting is not a new term. Lots of people and businesses use budgets to see how much money they take in, how much money goes out, and exactly where that money goes.

HOW TO DEVELOP A BUDGET

Your budget should be developed so that you can achieve your financial goals. Everyone who has access to the family finances should be involved in setting your financial goals.

To develop a budget for your household, use the following steps described below.

Budgeting Step 1

Setting Your Financial Goals

Each family member who has access to the family finances should be involved in setting the household's financial goals. When setting goals,

- Be realistic.
- Establish time frames.
- Devise a plan.
- Be flexible; goals can change.

To set your household's financial goals,

- **First**, determine when you need to reach your goal(s). This should be a realistic timeframe by which you hope to reach the goal(s) you have set.
- **Second**, determine how much money you need to reach your goal(s).
- **Third**, determine if you have any money saved now to put toward your goal(s).

SETTING YOUR FINANCIAL GOALS

Use the following form to help you set your goals.

Short-term goals (within one year)	By when	Cost	Current Savings	Savings Needed	# of pay periods	Amount per pay period
1)						
2)						
3)						
4)						
Long-term goals (one year or more)						
1)						
2)						
3)						
4)						

Example: Short-term

In one year, save \$1000 for a down payment on a car.

Example: Long-term

In ten years, save \$15,000 to help my child with college.

Budgeting Step 2

Estimating Your Income.

Consider the money which your household receives or expects to receive on a regular basis. Be sure to subtract taxes to determine the amount that you will “take home.” **NOTE:** If taxes are already deducted from your paycheck, use the net amount.

Include these sources of income:

- Salary from a job.
- Commissions or bonus money which you are guaranteed to receive.
- Other regular sources of income, such as alimony, child support, or funds from a government agency.

Budgeting Step 3

Tracking Your Expenses.

The best way to track where your money is going is ***to write down every cent you spend***. You can study your own spending habits by doing this. Do this for thirty (30) days. Write down every cent you spend, whether it is by cash, check or credit card. Track expenses for every member of the family who is old enough to deal with money.

“Beware of little expenses; a small leak will sink a great ship.”
Benjamin Franklin

Use the *Daily Tracking Sheets* on the next pages.

Date	Housing	Electric	Gas	Water/ Sewer	Phone	Cable	Food	Vehicle Expenses	Life & Health Insurance	Medical	Child Care & Support	Clothing	Misc

Date	Housing	Electric	Gas	Water/ Sewer	Phone	Cable	Food	Vehicle Costs	Life & Health Insurance	Medical	Child Care & Support	Clothing	Misc
------	---------	----------	-----	-----------------	-------	-------	------	------------------	-------------------------------	---------	----------------------------	----------	------

Budgeting Step 4

Identifying Your Expense Types.

Your expenses may be fixed, flexible, or discretionary. The type of expense is determined by how much control you have over the amount that you spend. These expenses may be due each month or they may be periodic---due on a regular basis other than monthly. If they are periodic expenses, you will need to estimate how much you will spend on that item each year; then you can divide by 12 in order to determine the amount set aside each month.

Fixed expenses

These are expenses that you have on a regular basis and over which you have little or no control. They include:

- Rent
- Gas, oil, or electricity*
- Water and sewer*
- Car payments
- Car insurance
- Health insurance
- Life and disability insurance
- Other loan payments

Flexible Expense

These are costs which you have on a regular basis, but unlike fixed expenses, you have more control over how much you spend. These items may include:

- Groceries
- Telephone
- Savings fund
- Retirement contributions
- Gasoline and oil
- Educational expense
- Day care and baby-sitting
- Car maintenance and repair
- Home maintenance and repair
- Medical expenses, such as doctors, dentists, and prescriptions
- Credit card payments

**These expenses may vary from month to month, but tend to stay constant from year-to-year. In developing your budget, you will want to determine an average annual amount and divide it by 12.*

Discretionary expenses

These are expenses for which you determine how much you will spend each month, such as:

- Personal expenses, such as money for lunches, haircuts, and pocket money
- Clothing, including new purchases, laundry, and dry-cleaning.
- Entertainment, including movies, cable television, sports tickets, baby-sitters, and subscriptions
- Dining out
- Gifts, church contributions, and other charitable donations

PRIORITIZING YOUR WANTS

Arrange your “wants” list in order of priority with the top “want” as your first priority. Then decide how much of each you can really afford each month.

Order of priority	Wants: “Nice to have.”	Amount you now pay	Amount you can really afford to pay
#1		\$	\$
#2		\$	\$
#3		\$	\$
#4		\$	\$
#5		\$	\$
#6		\$	\$
#7		\$	\$
#8		\$	\$
#9		\$	\$
#10		\$	\$
TOTAL		\$	\$

TOTAL Amount You Now Pay \$ _____

MINUS (----)

TOTAL Amount You Can Really Afford to Pay \$ _____

Amount of Possible Savings \$ _____

Complete the **Money Management Plan** and the **Six-Month Budget Plan** to see how you’ve spent your money over the past few months.

MONEY MANAGEMENT PLAN

FIXED EXPENSES	Actual	Projected	PERIODIC EXPENSES:
Rent/Mortgage	_____	_____	Car Insurance Mo _____
Gas	_____	_____	Health Mo _____
Electric	_____	_____	Life Mo _____
Water & Sewer	_____	_____	Homeowners/ Renters Mo _____
Telephone	_____	_____	Maintenance Mo _____
Trash Pick-Up	_____	_____	Car Maintenance Mo _____
Fuel (oil/wood)	_____	_____	
Cable	_____	_____	
Credit Card Minimums	_____	_____	
Child Support	_____	_____	SUBTOTAL _____
Student Loans	_____	_____	
SUBTOTAL	_____	_____	
FLEXIBLE EXPENSES			NET MONTHLY INCOME
Savings	_____	_____	No. 1 \$ _____ Mo
Groceries	_____	_____	No. 2 \$ _____ Mo
Lunch (work)	_____	_____	Other Income \$ _____ Mo
Lunch (school)	_____	_____	TOTAL \$ _____ Mo
Eating Out	_____	_____	
Clothing	_____	_____	EXPENSES:
Laundry/Dry Cleaning	_____	_____	Fixed \$ _____
Gasoline	_____	_____	Flexible \$ _____
Medical/Dental	_____	_____	Periodic \$ _____
Club/Union Dues	_____	_____	TOTAL \$ _____
Newspapers/Magazines	_____	_____	
Alcohol/Cigarettes	_____	_____	INCOME: \$ _____
Entertainment	_____	_____	EXPENSES: \$ _____
Lottery/Bingo/Wagering	_____	_____	DIFFERENCE:
Child Care	_____	_____	(+or-) \$ _____
Babysitting	_____	_____	
Church/Charity	_____	_____	
Tuition/Books	_____	_____	
Barber/Beauty Shop	_____	_____	
Fitness Club	_____	_____	
Gifts/Presents	_____	_____	
Student Loans	_____	_____	
Other Loans	_____	_____	
Miscellaneous	_____	_____	
Miscellaneous	_____	_____	
SUBTOTAL	_____	_____	

SIX-MONTH BUDGET PLAN

NET MONTHLY INCOME: _____

Budget Category	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	TOTAL
Housing							
Utilities							
Food							
Car Insurance							
Clothing							
Auto Maintenance							
Phone							
Entertainment							
Gasoline							
Medical							
Cash							
Credit Cards							
Loan Payment							
Child Care							
Miscellaneous							
TOTAL							



TIPS FOR TRIMMING YOUR EXPENSES

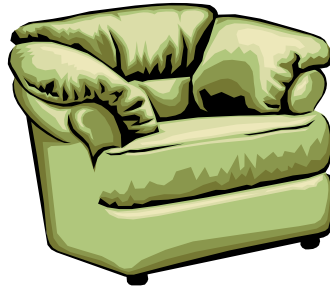
We all know how quickly inflation eats up the amount of money we earn. The cash registers ring up higher and higher prices---as you spend more and buy less. You may not be able to do much about the prices of goods today, but you can make wise decisions about how to spend your money.

Listed on the next few pages are some ways you can lower your **cost** of living without lowering your **standard** of living. Many of these ideas can save you money. By reading over them and thinking about these money-saving hints, you can come up with ideas of your own.

Food Can Be One of Your Largest Expenses



1. Plan your shopping in advance. Either prepare a week's menus or make a shopping list. By buying only what you plan to buy, you can save as much as \$5 on a \$50 grocery bill.
2. Leave room on your list for special buys. Not everything on sale is a real bargain, but every store has some bargains every day.
3. Buy fruits and vegetables in season when they're least expensive.
4. Look for economy cuts of meat. Many recipes use lower-grade cuts. You can also save by substituting other meats for beef. For example, buy poultry and other meats when they are in season.
5. Watch out for "convenience" foods. Mixes, frozen dinners and prepared recipes can save you time, but they're usually more expensive than cooking from scratch.
6. Save on eggs. You get more egg for your money if you buy medium-sized eggs when the price spread between large and medium is seven cents or more.
7. Cut milk costs. A "3-way milk plan" of part regular, part evaporated and part dry skim milk will save you money.
8. House brands of canned food usually cost less than national brands. Buy generics when appropriate.
9. Look for savings on day-old bread and other bakery items. Bread is less expensive than rolls.
10. Look for "unit prices." The actual cost per ounce or pound often determines the best value.



Furniture and Appliances

1. Before you buy, ask yourself: “Do we need it? Will it fit in our décor? Will it last?” If the answers are no, save your money.
2. When furnishing from scratch, it is more economical in the long run to buy groupings or entire roomfuls rather than to pick up furniture piecemeal.
3. Multipurpose furniture, such as a sofa bed, fills more needs for less money.
4. Durability is more important than style if you want to save money. Look for signs of solid construction. Choose styles which will fit more than one home.
5. If you have small children, don’t buy furnishings that won’t stand wear and tear. Choose colors and fabrics that resist stains and clean easily.
6. Don’t overlook used furniture for piecemeal additions. With a little work, you can acquire real bargains.
7. Time your purchases during traditional sales periods: February and May for furnishings; September for appliances.
8. Don’t buy gadget appliances you’ll seldom use. They waste money and take up space in your kitchen.
9. Cut down on appliance repairs with regular maintenance. Save the manufacturer’s instruction sheets.
10. Save on appliances by buying discontinued models. But be sure parts and service are still available.
11. Don’t buy appliances that offer more gadget features than you really need. Self-cleaning ovens, automatic timers, ice makers, etc. can be expensive luxuries.
12. Look in yard sale and secondhand outlets for appliance bargains.
13. Check with your financial institution before financing major appliances through a dealer. The rates are usually lower.
14. Save on rugs and carpets. Check rug cleaners for sales on unclaimed items. Use carpet remnants for area rugs.
15. Renting appliances and/or furniture is usually more expensive than purchasing them. For example, to rent-to-own a 27” color television from a local rent-to-own store would cost \$10.99 each week for 78 weeks. The total cost of renting-to-own would be \$857.22. Other stores sell the same 27” television for \$329 plus tax.



Cars Are An Expensive Necessity

1. Buy only as much car as you need. There's real economy in buying a subcompact, compact or intermediate.
2. Say "no" to fancy options you don't need. They'll add to both the original cost and the operating expense.
3. Have any used car you're considering buying checked out by a good mechanic. This small expense can save you hundreds of wasted dollars.
4. Shop for financing. Costs can vary widely.
5. Save money on insurance by increasing your deductibles, getting a compact car discount, and eliminating medical coverage that is duplicated in your other insurance programs. However, don't raise your deductible more than you can actually afford.
6. If your car burns a lot of oil, put it in gallon cans and add it yourself. You can save more than 50% off the service station price.
7. No tire was ever meant to sell for list price. Look for sales and discount prices.
8. Be careful how you order auto repairs. A "tune-up" may be expensive; just ordering new plugs, points and carburetor adjustment, may be cheaper.
9. When shopping for a car, be careful of the car lots who offer "on the lot financing." Their interest rates are usually astronomical. For example, the local J.D. Byrider dealership has a current interest rate of 21%.



Clothing

1. Anticipate your family's clothing needs by taking advantage of off-season sales and clearance. For example, buy winter clothes in March, summer clothes in August, and men's shirts in January.
2. Don't invest in top-quality children's clothes that will be quickly outgrown.
3. Avoid clearance sale clothes that soil easily or aren't machine-washable. The cost of cleaning will outweigh any savings.
4. Look for bargains in thrift shops, manufacturer's outlets and "end-of-the-line" stores. The labels may be missing, so you have to know quality when you see it.
5. If you own a sewing machine, use it. You can save 50% or more on sample fashions and children's wear.

Other Ways to Reduce the High Cost of Living

1. Cut vacation costs by taking the family camping, vacationing off-season or taking bus or car trips.
2. Make the most of your entertainment dollars. Join clubs that offer discounts at restaurants, special rates at theaters and sporting events. Don't pass up free park concerts and plays, film showings at the public library, or other municipal events.
3. Cut Christmas expenses. Buy cards and decorations in January when they're marked way down. Take advantage of sales throughout the year to do your gift shopping. You'll save money and avoid the crowds.
4. For year-round gifts, homemade items can be better than run-of-the-mill expensive ones.
5. You may qualify for discount rates on many types of insurance if you are a member of the armed forces, work for a government agency, own your own business or fall into several other occupational and professional categories.
6. Save on baby-sitting cost by joining (or forming) a baby-sitting club. Parents take turns sitting for each other.
7. Instead of throwing household items away, give them to local charities. The value of these items is tax-deductible.
8. Buying generic-name drugs rather than brand name can save you money. Ask your doctor or pharmacist if a generic is available.
9. Take your lunches to work. On average, people spend \$5.00 per day on lunch. While packing an average nutritious lunch costs about \$2.00 per day. Estimating that most people work 260 days a year packing lunch would save \$780.00 per year.
10. Buy a case of soda at the store rather than one can at a time at \$0.75/can. At \$0.75 per can, the same case would cost \$18.00.
11. Drop unnecessary services on your telephone or drop extra channels from your cable TV. Do you need call waiting, call forwarding, caller ID, or pay channels?
12. Drop club memberships, magazine subscriptions or other memberships you do not use. If you use the membership or read the magazines, you may want to maintain them.
13. Carry only the amount of cash that you need. Don't carry extra money so you won't be tempted to spend it.
14. Invite friends over for a potluck dinner or dessert instead of going out to a restaurant.
15. Check your long-distance telephone service to make sure you are getting the best deal for your usage.
16. Turn off lights when you leave a room and turn down your heat or turn up your air conditioning when you are not at home.

Budgeting Step 6

Creating Your Actual Budget.

Now it's time to actually set up your spending plan. Remember, a budget doesn't keep you from getting what you want. It is your strategic plan to help you reach your financial goal.

Complete the Monthly Budget Worksheet on the next page by using the following steps as a guide.

- a. Use your **Daily Tracking Sheet** to fill out the budget worksheet.
- b. Start with your income. Unless you are self-employed or work on contract, use your net income instead of your gross income. If you are self-employed or work on contract, use your gross income and account for your taxes. If you have insurance or other deductions from your paycheck, make sure you don't count them in your expenses---if you start with your net income.
- c. Use your expense tracking worksheets to see where your money goes. Create your budget categories by grouping your expenses so that it makes sense to you. Use the budget worksheet to help you create your budget categories.
- d. Check to see how your budget stacks up:
 - Housing ---- 20% - 35%
 - Utilities --- 4% - 7%
 - Food --- 15% - 30%
 - Family Necessities --- 2% - 4%
 - Medical --- 2% - 8%
 - Recreation & Entertainment --- 2% - 6%
 - Savings & Investment --- 5% - 9%
 - Outlays for fixed --- 2% - 8%
 - Mad Money --- 1% - 4%
 - Other Considerations: Gifts and Church /Charity Giving
- e. Review your budget monthly. Make improvements to your budget when necessary.
- f. Review your budget and make a new budget for each change in circumstance that occurs.

3-Month Spending and Saving Planner

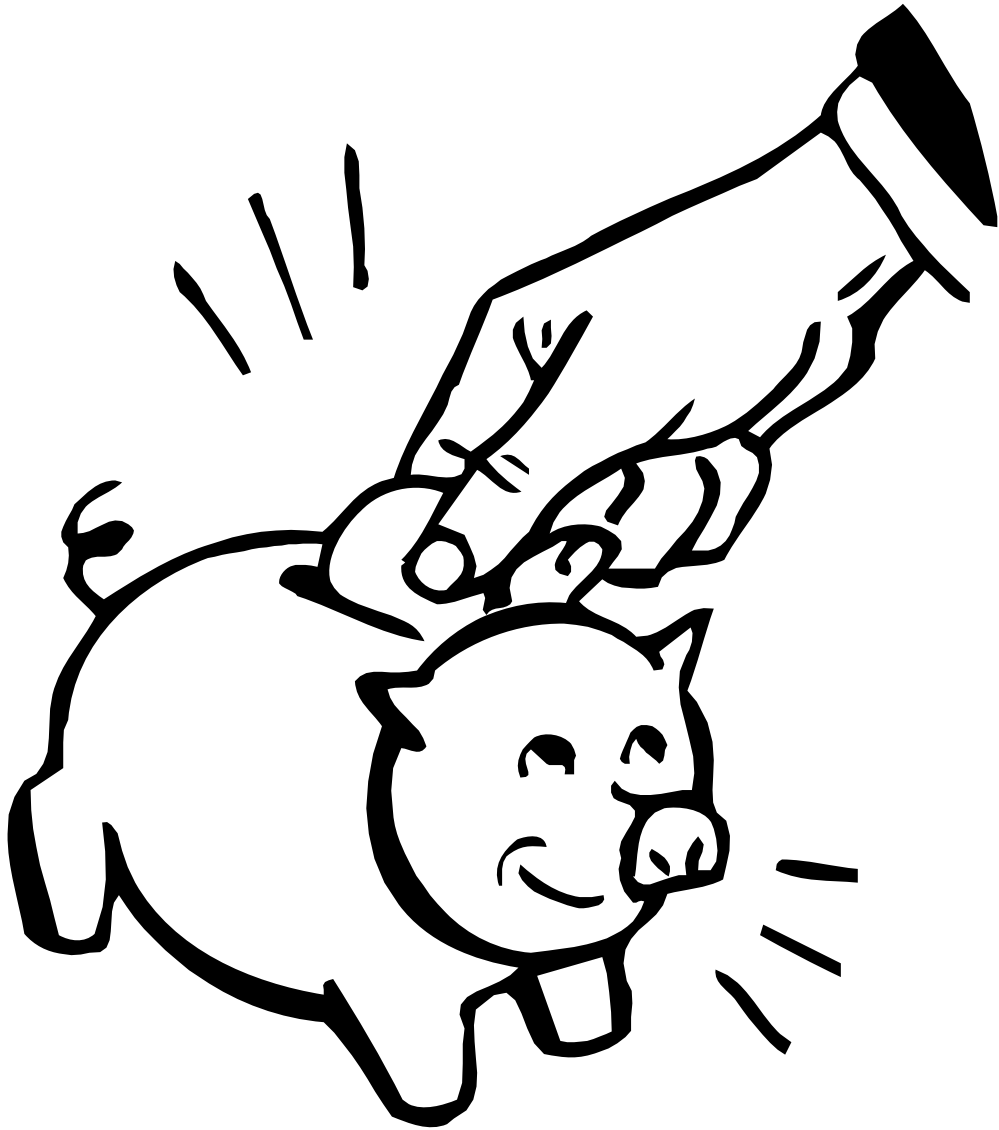
Cost	Budget Amount	Actual Spending Month: _____	Actual Spending Month: _____	Actual Spending Month: _____
Rent or Mortgage				
Child care or child support				
Lessons or tuition				
Groceries				
Meals at school or work				
Car loan				
Car insurance				
Gas and car repair				
Public transportation				
Major credit cards				
Department store credit				
Electricity, gas, heating oil				
Telephone				
Water and sewer				
Cable television				
Other insurance				
Clothing				
Laundry				
Toiletries				
Medical and doctors				
Memberships and dues				
Church				
Charities				
Home maintenance				
Savings for home repairs				
Savings for goals				
Christmas Club savings				
Hobbies				
Entertainment				
Vacations				
Gifts				
Children's spending money				
Adult spending money				
Other				
TOTAL	\$	\$	\$	\$

Budgeting In A Crisis

There will be times when your budget doesn't work out perfectly. Don't let unexpected expenses get you down or cause you to abandon your budget. In the event of a budget crisis, follow these rules:

1. Always pay family necessities first.
2. Next pay your housing-related bills. This includes taxes and insurance if you have a mortgage. If you have a mobile home and pay lot rent, you should treat the lot rent as a high priority.
3. Pay the minimum required to keep essential utility service.
4. Pay car loans or leases next if you need to keep your car for your job. You will also need to keep your insurance current. If you let your insurance lapse, the lender can obtain high costs, minimum coverage insurance for you.
5. You must pay child support debts. These debts will not go away and can result in very serious problems---including prison.
6. Income tax debts are also a high priority.
7. Loans without collateral are a low priority, as are loans with household goods as collateral.
8. Do not move a debt up in priority because the creditor threatens suit.
9. Do not pay when you have a good legal defense to repayment. See Legal Services Organization if you feel you have a legal defense to repayment.
10. Court judgments against you move up in priority, but often less than you think.
11. Student loans are medium priority debts.
12. Threats to ruin you credit record should never move up a debt's priority.
13. Cosigned debts should be treated like your other debts.
14. Refinancing is rarely the answer.

SAVING MONEY



STRATEGIES FOR SAVING MONEY

All of us know that saving money is important, but many of us feel that saving money is impossible. We may say, *“The cost of living is too high,”* or *“I have bills to pay,”* or *“There are too many things I want or need to purchase.”*

All of these excuses may be valid, but no matter how much money you earn, you can save money. In order to save money, you must come to believe that saving money is more important than spending money. You must make saving money a **first priority**, rather than making it a last priority. Then you must decide what amount you can reasonably afford to put aside.

Take a moment to review your budgeting sheet from the previous session. Now that you have budgeted and identified an amount to save monthly, the next steps are to decide when you will start to save and where you are going to put your savings.

The Use of a Savings Account

The simplest way to begin saving money is to open a savings account at a financial institution. A **savings account** is a safe place to keep money for future use. Money in your savings account earns interest while it is being saved. This means that the bank pays you to let them keep your money. You can get your money when you need it. Usually the bank requires that you start the account with a certain amount of money.

Financial institutions offer a variety of savings accounts, each of which pays a different interest rate. The information below describes the different accounts. You can choose to use these typical accounts to save for the near future or for years down the road.

Types of Savings Accounts

Statement Savings Account

- Good way to save modest amounts of money at a time.
- Owner has access to money at any time and can withdraw money and use it if an emergency arises. However, a bank may charge for every withdrawal after a certain number.
- Owner does not have to agree to keep money in the account for a set period of time.
- Money earns interest.
- Owner can move money easily from one account to another.
- Money is insured by the FDIC up to \$100,000.

Money Market Account

- Must deposit a higher amount of money than the Statement Savings Account.
- Bank pays interest according to changes in the current rate in the economy.
- Owner may pay no fee if a minimum balance is maintained.
- Owner may be able to write checks on this type of savings account.
- Money is insured by FDIC up to \$100,000.

Time Deposit Account (CD)

- Must sign a contract with the bank agreeing to leave your money in the bank for a certain length of time. (Example: three months, six months, one year, etc.)
- Money earns interest at a higher rate.
- Must leave the deposit in the account for the entire term to avoid an early-withdrawal penalty.
- At the end of the term the owner receives the principal and the interest.
- Money is insured by the FDIC up to \$100,000.
- A certificate of deposit (CD) is an example of this type savings account.

Individual Development Accounts

In some communities, people whose income is below a certain level can open an **individual development account (IDA)** as part of a money-management program organized by a local non-profit organization. IDAs are generally opened at a local bank. Deposits made by the IDA account holder are often matched by deposits from a foundation, government agency or other organization. IDAs can be used for buying a first home, paying for education or job training, or starting a small business.

Training programs on budgeting, saving and managing credit are frequently part of IDA programs.

You can find out about IDAs by calling the Corporation for Enterprise Development at (202) 408-9788, or visit its web site, at www.idanetwork.org. The local South Central Community Action Program at 812-339-3447 also can provide information on IDAs.

Glossary Of Terms Pertaining To Savings Accounts

- Balance is the amount of money in the savings account.
- Interest rate, or yield, is the rate of interest the money in your savings account earns. This allows your savings account to make more money for you.
- Compounding is the process of earning interest on interest. In this situation, interest is paid on previously earned interest as well as on the original deposit. This allows your savings account to make more money for you.
- A debit is a withdrawal from your savings account.
- A credit is an addition to your savings account.

Questions You Should Ask When Selecting a Savings Account

- Will I be charged for each deposit or withdrawal?
- Are there penalty fees for a balance below a certain amount?
- What minimum deposit is required to open and maintain the account?
- What minimum deposit is required to earn the maximum yield and avoid charges?
- Is the financial institution insured by the Federal Deposit Insurance Corporation (FDIC)? The FDIC insures savings deposits up to \$100,000 so that if your bank goes out of business, up to \$100,000 of your savings will be protected.
- Can I write checks on my savings account?
- Am I required to make regular deposits of a certain amount of money?
- Can I just let the account sit for years without making any deposits or withdrawals?

How People Get Stuck and Fail To Save

Many of us believe that, if we can't save a lot of money in a short period of time, it isn't worth the effort. However, even small amounts saved on a regular basis add up over a period of time. Suppose you saved \$1.50 a day. You would save almost \$550 a year plus interest earned. It doesn't seem like a lot of money, but in five years you will have accumulated almost \$3,000.

What do you have to show for the money that you didn't save? If you are being honest with yourself, what would you have missed that cost \$1.50 a day? Would it have been really worthwhile? Would it have given you as much satisfaction as having the money in a savings account? Probably not!

Bad habits are hard to break, especially the habit of spending all the money you earn. Breaking this habit takes commitment and willpower. However, as you watch your savings grow little by little, it will become easier and easier. In fact, the more money you save, the more security you will experience and the more pleasurable saving money will become.

The Diabolical Cycle of High Consumer Debt

Beginning Balance \$1,000.00
Interest Rates \$0.21

Month	Beginning Balance	Interest	Balance	Payment	New Balance
1	\$1,000.00	\$17.80	\$1,017.26	\$67.26	\$950.00
2	\$950.00	\$16.91	\$966.40	\$63.90	\$902.50
3	\$902.50	\$16.07	\$918.08	\$60.70	\$857.38
4	\$857.38	\$15.26	\$872.17	\$64.90	\$807.27
5	\$807.27	\$14.50	\$828.56	\$54.78	\$773.78
6	\$773.78	\$13.77	\$787.14	\$52.04	\$735.10
7	\$735.10	\$13.09	\$747.78	\$49.44	\$698.34
8	\$698.34	\$12.43	\$710.39	\$46.97	\$663.42
9	\$663.42	\$11.81	\$674.87	\$44.62	\$630.25
10	\$630.25	\$11.22	\$641.13	\$42.39	\$598.74
11	\$598.74	\$10.66	\$609.07	\$40.27	\$568.80
12	\$568.80	\$10.13	\$578.62	\$38.26	\$540.36
13	\$540.36	\$9.62	\$549.69	\$36.34	\$513.35
14	\$513.35	\$9.14	\$522.20	\$34.53	\$487.67
15	\$487.67	\$8.68	\$496.09	\$32.08	\$464.01
16	\$464.01	\$8.25	\$471.29	\$31.16	\$440.13
17	\$440.13	\$7.84	\$447.72	\$29.60	\$418.12
18	\$418.12	\$7.44	\$425.34	\$28.12	\$397.22
19	\$397.22	\$7.07	\$404.07	\$26.72	\$377.35
20	\$377.35	\$6.72	\$383.87	\$25.38	\$358.49
21	\$358.49	\$6.38	\$364.67	\$24.11	\$340.56
22	\$340.56	\$6.06	\$346.44	\$22.91	\$323.53
23	\$323.53	\$5.76	\$329.12	\$21.76	\$307.36
24	\$307.36	\$5.47	\$312.66	\$20.67	\$291.99
25	\$291.99	\$5.20	\$297.03	\$20.00	\$277.03
26	\$277.03	\$4.93	\$281.81	\$20.00	\$261.81
27	\$261.81	\$4.66	\$266.33	\$20.00	\$246.33
28	\$246.33	\$4.39	\$250.58	\$20.00	\$230.58
29	\$230.58	\$4.10	\$234.56	\$20.00	\$214.56
30	\$214.56	\$3.82	\$218.26	\$20.00	\$198.26
31	\$198.26	\$3.53	\$201.69	\$20.00	\$181.69
32	\$181.69	\$3.23	\$184.82	\$20.00	\$164.82
33	\$164.82	\$2.93	\$167.67	\$20.00	\$147.67
34	\$147.67	\$2.63	\$150.22	\$20.00	\$130.22
35	\$130.22	\$2.32	\$132.46	\$20.00	\$112.46
36	\$112.46	\$2.00	\$114.40	\$20.00	\$94.40
37	\$94.40	\$1.68	\$96.03	\$20.00	\$76.03
38	\$76.03	\$1.35	\$77.35	\$20.00	\$57.35
39	\$57.35	\$1.02	\$58.34	\$20.00	\$38.34
40	\$38.34	\$0.68	\$39.00	\$20.00	\$19.00
41	\$19.00	\$0.33	\$19.00	\$19.00	\$0.00

FUTURE VALUE OF SAVINGS

Savings per day	Interest per annum	Number of years	Amount saved
\$1.50	3%	5	\$2,956.50
\$2.00	3%	5	\$3,942.00
\$2.50	3%	5	\$4,927.00
\$3.00	3%	5	\$5,913.00
\$3.50	3%	5	\$6,898.49
\$4.00	3%	5	\$7883.99
\$4.50	3%	5	\$8,869.49
\$5.00	3%	5	\$9,854.99
\$5.50	3%	5	\$10,840.49
\$6.00	3%	5	\$11,825.99
\$6.50	3%	5	\$12,811.49



Easy Tips to Save Money

These are just some ideas that have helped others to begin saving. You don't have to try all of them. Just pick one or two that will work with your money management plan.

1. Save all of your leftover change every day. Be sure to have a bank or jar readily available for you to deposit this change. If this container is clear, you can truly watch your money grow.
2. Put your tax refund into savings.
3. Save all of or even half of all overtime pay and raises you receive.
4. Put any gifts of money you receive in your savings as well as any extra cash you may occasionally receive. All of this money should be deposited immediately.

Learning the secret of saving also leads to smarter spending. People who have learned these secrets work from their written budget. This keeps what they spend under control. That's what makes their money work for them.

If you find that you are "in the hole" each month and you are borrowing what you put into savings, reexamine your budget to determine which holes need to be plugged. You will find areas that can be cut so that you won't constantly need the money you've just saved.

SETTING UP YOUR SAVINGS PLAN

Now that you have some background information on savings, it is time to set up your savings plan. Here are the steps.

Step 1 Getting Started

This is probably the most difficult step. But once this step is taken, the other steps are easy. Make a firm commitment to saving. Use one or more of the tips included on the previous page.

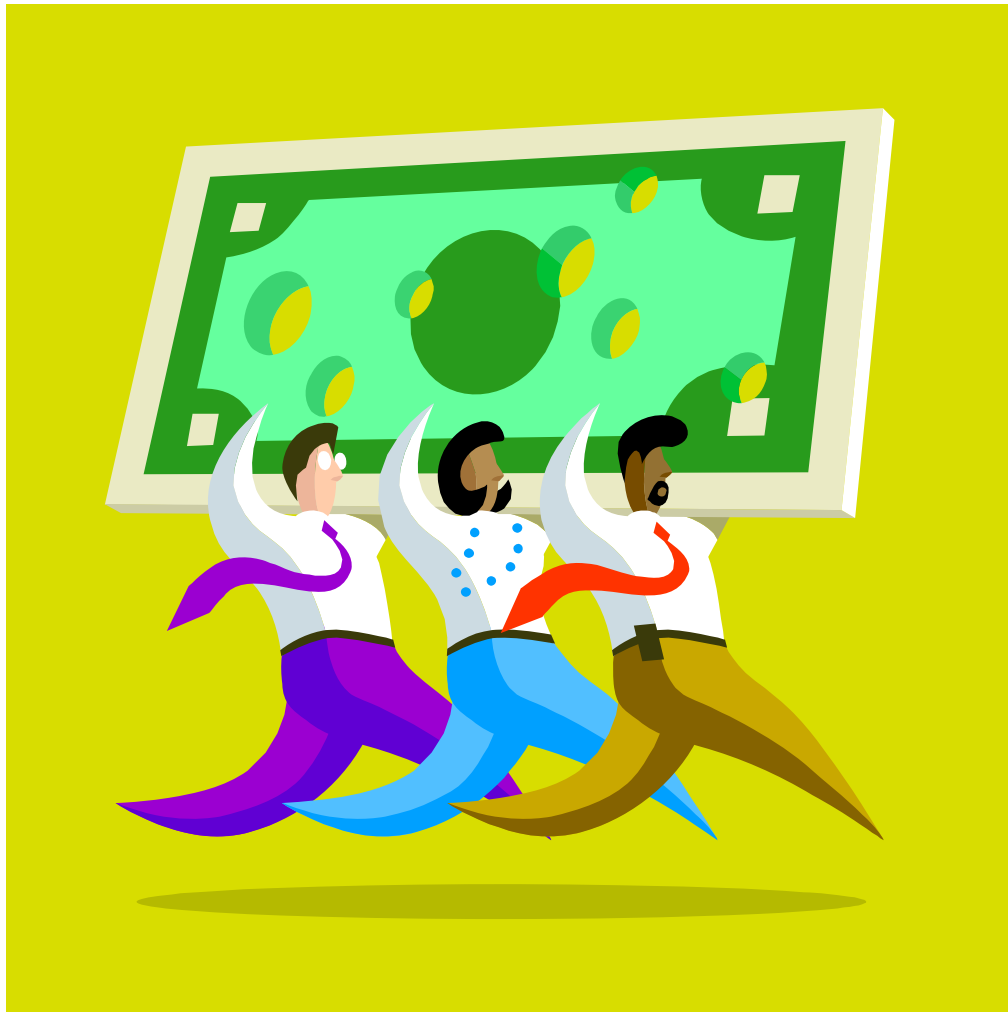
Step 2 Saving For Your Goal

Once you decide how much you will need to reach your financial goal, you will then need to decide how soon you would like to reach that goal. With those two things decided, money can be set aside to reach that goal.

Step 3 Sticking To Your Plan

This is also a difficult step to achieve. Emergencies can arise and they often do. The key to remember is that emergencies don't and shouldn't last forever. One way to handle emergencies is to save an amount equal to one month's salary in an account you can access easily in the event of an emergency.

CREDIT: HOW TO GET IT & HOW TO USE IT



UNDERSTANDING THE BASICS OF CREDIT

What Is Credit?

Simply put, credit is having something now and paying for it later. **It is the present use of future income.** Credit lets you buy goods and services or obtain money for the promise to pay it back in the future. Your ability to get credit is based on your history of telling the truth and being trustworthy. If you have lived up to what you said you would do in the past, people are willing to trust you in the future. If you say you will do something and then don't do it, people are less willing to trust you again. When you make a pattern of saying one thing and doing another thing, you establish a record of being untrustworthy.

Consumer credit is the use of credit by individuals and families for personal needs. It is based on "trust" in the consumer's ability and willingness to pay bills when they are due. It works because most people are honest and responsible. Credit is now so widely used that it's rare when an individual or family doesn't owe somebody something.

A vital part of good money management is using the credit you have wisely. However, the availability of credit can often lead us into financial danger zones.

Learning early in life how to manage credit is an important part of building a sound financial base. Remember that every time you borrow money, even if you only pay it back in small amounts, you will eventually have to pay this debt from future earnings. Knowing which type of credit is best for you in each buying situation, knowing how to avoid over extending yourself and knowing how to build and protect a good credit history will allow you to use credit wisely. You can count on your credit to help you get what you want.

Different Types of Credit

There are five types of credit accounts: **retail, mortgage, service, consolidation loans, and credit cards.** Four things normally determine the kind of credit that you choose. These are:

- what you plan to use the money for
- who will give you the credit necessary for the purposes to have you in mind
- what the billing procedures are, and
- whether you need to meet any special requirements to obtain a certain type of credit

RETAIL CREDIT

With this type of credit you can buy goods and services from retail stores, restaurants, car dealerships, fitness club, etc. There are three types of credit within retail credit that most stores make available to their customers: (1) installment, (2) revolving and (3) open charge.

Installment Credit---This type of account is most often used when purchasing cars, expensive household appliances and furniture. This credit account can be used to pay for hospitalization, education and memberships to clubs. There are three common elements in an installment account: (a) it is normally opened to purchase a single expensive item; (b) there is a specific period of time that the account can remain open (e.g., 48 months); and (c) the account payments are the same each month.

Most of the time you receive a payment book stamped with the amount of the payment due, the account number, the due date, and the late charge if the payment is not received on time. Every time a payment is made, the correct payment coupon should be included.

Revolving Credit---Most credit cards are issued under revolving credit. This type of credit normally has a limit on the amount that can be charged on the account, sometimes referred to as your "credit limit." This type of account stays open indefinitely as long as the payments are made on time as agreed. The amount of your payment each month depends on the total amount owed plus the finance or interest charges due each month.

Billing periods for revolving credit accounts are normally 30 days. The credit grantor sends a billing statement to you at the end of every billing period. This statement provides you with an explanation of what activity has occurred during that billing period. It also tells you the total amount that you owe, the amount of the minimum payment due, and the date the payment is due.

Open Charge Credit---The open charge is another type of retail credit. This type of credit account is not used quite as frequently now because revolving credit has become so popular.

At the end of a 30-day billing period, you receive an account statement that identifies all aspects of your account. The difference between an open charge and a revolving credit account is the total amount owed must be paid in full instead of the minimum monthly payment allowed with the revolving credit account. This arrangement is almost the same as paying cash. One advantage is that you can establish a credit record so that you can qualify for different types of credit later.

Here are some common sense guidelines that will help you use RETAIL CREDIT wisely:

- A credit line is not extra income.
- Don't get carried away by the amount of goods you can buy and how easy it is to charge. Charged purchases demand the same amount of forethought as cash purchases.
- As you make payments on your credit account, you are building a credit record that will be with you a long time. Making payments on time is critical to building a good credit record. When your credit record is good, you have the ability to obtain more credit in the future.
- Keep a close eye on all your credit account balances so you can make all the payments on time.
- Remember that when you pay only the minimum payment on each retail credit account, you are usually paying interest charges only. If, for example, the minimum amount due is \$25 and the finance charge is \$5.25, you are repaying \$19.75 of what you charged. Therefore, you get further behind.

MORTGAGE CREDIT

When you decide to buy a house or condominium, you are applying for **mortgage credit**. For most of us, this is the largest single purchase we'll ever make. Getting financing for a home is a more complex process and takes more time than other types of credit.

You will need to prove that you have enough money to make your monthly mortgage payment without neglecting your other monthly financial obligations. This is called "**qualifying**" for the mortgage loan. Making sure that you qualify for a home loan before you purchase will protect you and your credit after you actually make the purchase.

Mortgage loans are a type of installment loan. However, there are several features that make them very different.

- Normally, the amount of money borrowed is larger than any amount you can get through other types of consumer credit.
- You are usually required to make a down payment on the home.
- The amount of interest you will pay through the life of the loan often exceeds the amount you borrowed.

SERVICE CREDIT

This type of credit is perhaps the type of credit we most take for granted. This credit is used when making monthly payments for utilities usually over a 30-day period (gas, electric, water and sewer). You are billed after services are received. This is an important kind of credit and should be taken seriously.

Some guidelines for the wise use of SERVICE CREDIT are below:

- Pay all utility bills and professional service bills promptly.
- Pay bills on time. Late payments that have not been made affect your credit record and could prevent you from obtaining credit in the future.

CONSOLIDATION LOANS (CASH CREDIT)

A consolidation loan (sometimes called cash credit) is money loaned to you to pay several bills at once. A consolidation loan allows you to make just one payment a month instead of many payments to many different credit grantors.

A consolidation loan is sometimes recommended as a way of paying off debts that were financed at a very high rate of interest.

The guidelines for the wise use of CONSOLIDATION LOANS (CASH CREDIT) are below:

- Use cash credit only for constructive and valid reasons. Do not use cash credit to pay for spending sprees.
- Check the interest rate that you will pay and what that will mean over the life of the loan.

CREDIT CARDS

Credit cards are the most popular type of credit used today. Most credit cards are issued as revolving credit, but some are 30-day open charges. With the 30-day open charges, the total balance must be paid at the end of the 30-day period. Normally, an annual fee is charged in addition to the interest on the

unpaid balance. However, there are companies that do not charge annual fees. That's why it is so important to shop for the best credit card terms.

Because credit cards make purchasing goods and services so easy, you can easily become a victim of large bills. Protect your credit cards and treat them as carefully as you do cash.

The guidelines for the wise use of CREDIT CARDS are below:

- Pay all your bills on time. Remember, if you want to continue to get credit, you will need to have a good credit history.
- Do not think of credit cards as extra cash. You will eventually have to repay all the money you borrow, including services fees, interest, etc.

TIP: When you are approved for credit, be sure to keep your own record of your credit accounts. A **Credit/Debit Card Index** is included on the next page. Use this to maintain an accurate list of your credit accounts.

Credit/Debit Card Index

List all cards such as car rental, bank guarantee, airline, gasoline, credit and debit cards. Photocopy and take the copy with you when you travel. Keep another copy in your safe deposit box or some other safe place.

Date last revised

Issued by Card No.

Expiration Date Lost Card Phone ()

Name on Card

Issued by Card No.

Expiration Date Lost Card Phone ()

Name on Card

Issued by Card No.

Expiration Date Lost Card Phone ()

Name on Card

Issued by Card No.

Expiration Date Lost Card Phone ()

Name on Card

ADVANTAGES AND DISADVANTAGES OF CREDIT

ADVANTAGES OF CREDIT

- It allows you immediate use of products.
Example: Someone who has an apartment for the first time may need furniture. With credit, the furniture can be purchased and used immediately.
- It is convenient and safe.
Example: You can shop without carrying large amounts of cash with you. You can buy items on sale when cash is not available for the purchase.
- It can help in emergencies.
Example: When medical expenses or loss of a job happens unexpectedly, you can pay for necessities with credit for a short time until the emergency is over.
- It promotes efficient record keeping and budgeting.
Example: Monthly statements from credit card companies can be used to track expenditures. It gives you another proof of purchase.
- It establishes proof of financial responsibility.
Example: Getting Credit can be difficult at first; but once you have established a credit record, it is evidence of your ability to handle credit wisely.

DISADVANTAGES OF CREDIT

- Credit makes it easy to overspend. Studies show that people with credit cards spend 20% more in a store than customers spending cash. Be sure each credit purchase is something you really want or need. Use credit only for purchases that will have some value after you finish paying for them. Food is an example of a consumable that is gone before is paid for.
- Credit ties up your future income. When you buy on credit, you are actually spending your future earnings. Spending too much of your future income can be a burden. You should use only as much as you can repay comfortably.
- It is rented money. You spend more money when you use credit than when you use cash. The use of credit will cost you money.
- If you use credit unwisely, you may not be able to get it when you really need it.

WHAT MAKES CREDITWORTHINESS

To know whether you qualify for credit, you need to know what the credit grantors consider when deciding whether or not to loan money or issue a credit card. Credit grantors want to be sure that they will be repaid the amount they lend, plus interest. Creditworthiness is based on **capital, capacity, character** and **collateral**. Businesses consider all of these things before they decide if they will extend credit (lend money).

CAPITAL

Credit grantors want to know what assets or financial resources stand behind your willingness to repay your debt. Assets such as a house, car or savings accounts at a financial institution can be used to secure a debt.

CAPACITY

Do you have the ability to repay the loan? Do you think your present income will remain the same or increase in the near future? Do you earn enough money or have savings to pay your current bills and repay the loan? If you don't hold a job or have regular income, you will find it difficult to obtain credit. This is the reason creditors ask about your income and expenses.

CHARACTER

Do you have a history of paying your bills on time and as agreed? If you have ever had a problem of paying a debt, did you contact your credit grantor to work out a solution satisfactory to both parties? If your answer is "yes," you have credit character in the eyes of a credit grantor. If you have never had credit, the credit grantor may have a difficult decision to make regarding your credit character.

COLLATERAL

Is the creditor protected from loss if you do not pay? Collateral is something you own equal to the value of the loan that the creditor can take if you do not repay the money you borrowed.

Turn the page and complete the exercise, "Would You Lend Money To This Person?"

Would You Lend Money to This Person?

Your friend, Betty, needs \$100 to take care of an obligation. She comes to you and asks you if you would lend her the money.

What are some questions that you would ask her before you make your decision? Please write your questions in the space provided below.

Businesses ask many of the same questions that you would ask. To help them make a decision regarding whether or not to extend credit (loan money), they use information contained in credit files, which will be discussed later.



APPLYING FOR CREDIT

You should shop for credit as carefully as you would (or should) shop for a car. Interest rates (the cost of using credit) vary from lender to lender. Always talk to several lending institutions and compare the costs.

Credit grantors are required to tell you exactly what the costs of buying on credit are. They must tell you in writing, but sometimes it is in small print. **Always read the small print.** You owe it to yourself to find out as much as possible about the credit you wish to obtain so you can make the best choice. A high interest rate can increase the cost of buying so it may be difficult for you to repay the loan on your present income.

When you have shopped around and selected the best credit for your needs, you are ready to apply. Applications for credit can be completed in three different ways.

- If you apply **over the phone**, you are asked many questions. Your answers are recorded exactly as you've stated them. Be sure to spell names and any other information correctly. Ask that all the information you have given be repeated to you so you can be sure everything is accurate. This speeds the processing of your application. Be sure to find out how you will be informed of the company's decision to accept or deny your application. Additionally, keep a copy of all paperwork sent to you. If you receive a credit card, you are agreeing to the terms and conditions of the issuer when you sign the back of the card.
- The most common way to apply for credit is to **meet with the credit employee** at the credit-granting company where you wish to obtain credit. First, you are asked to complete an application with information concerning where you live, your employment, Social Security number, etc. Be sure you understand all parts of the application before you sign. Ask questions! Ask questions! Ask questions! The credit grantor checks to see if the information you have given is accurate, so it is

important to be truthful and complete. After you have completed all the blanks, be sure to sign the application. Ask how long it will take to approve your application and how you will be informed of their decision.

Some credit grantors use a form of applying for credit called “**instant credit**” or “**quick credit.**” With instant or quick credit, an applicant makes application for a department store credit card. The applicant must already have a major credit card (Visa, MasterCard, American Express, etc.). The applicant usually completes an abbreviated credit application. The application is processed almost immediately and the applicant learns of his/her approval or denial right away. If the application is approved, the applicant is given a temporary credit card to use for shopping. Later, a charge plate (plastic credit card) is mailed to the applicant’s address.

- Many people obtain their credit cards by **completing applications** in their home and mailing them back to the company that issued the application. Be careful when completing any of these mailers. This is often how people become overextended in a short period of time. The procedures for completing the application and notification of approval are virtually the same as the two previous methods of applying for credit.

When the credit grantor receives your application, he or she checks to see if you meet the basic requirements of the company. He or she checks to see if your income is at an adequate level and if the total of your existing debts will allow you to assume more debt. Your stability on the job and how often you have moved is also considered.

COMPARING CREDIT CARD BENEFITS

When shopping for a credit card, it is a good idea to compare the benefits offered by each credit card company. A chart is included on the next page so that you can record the benefits offered by each.

TIP: When you are approved for credit, be sure to keep your own written record of your credit accounts. A ***Credit/Debit Card Index*** is included in this book.

WORKSHEET FOR COMPARING CREDIT CARD BENEFITS

Card Company Name and Telephone Number				
Annual Percentage Rate (APR)				
Grace Period				
Annual Fee				
Minimum Finance Charge				
Method of Computing Balance				
Cash Advance Fee				
Overlimit Fee				
Late Fee				
Bounced Check Fee				

CREDIT APPLICATION

Section A- Information Regarding Applicant

Full Name (Last, First, Middle): _____ Birth date: / /
Present Street Address _____ Years there: _____
City: _____ State: _____ Zip: _____
Social Security: _____ Driver's License No.: _____
Previous Street Address _____ Years there _____
City: _____ State: _____ Zip: _____
Present Employer: _____ Years there: _____ Telephone: _____
Position or Title: _____ Name of Supervisor: _____
Employer's Address: _____
Previous Employer: _____ Years there: _____
Previous Employer's Address: _____
Present net salary/commission: \$ _____ per _____ . No. Dependents _____ Ages: _____

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under:
Court Order † Written Agreement † Oral Understanding †
Other income: \$ _____ per _____. Source(s) of other income: _____

Is any income listed in this Section likely to be reduced in the next two years?

† Yes (Explain in detail on separate sheet.) No †

Have you ever received credit from us? _____ When? _____ Office: _____

Checking Account No.: _____ Institution and Branch: _____

Savings Account No.: _____ Institution and Branch: _____

Name of nearest relative
not living with you: _____

Relationship: _____ Address: _____

Section B – Information Regarding Joint Applicant, User, or Other Party

(Same information as requested for Applicant in Section A)

Section C – Marital Status

(Do not complete if this is an application for an individual account.)

Applicant: † Married † Separated † Unmarried (including single, divorced, and widowed)

Other Party: † Married † Separated † Unmarried (including single, divorced, and widowed)

Section D -- Asset and Debt Information

List assets:

List Debts:

THE CREDIT REPORT

At this point the credit grantor investigates further by obtaining a credit report on the applicant. A **credit report** (sometimes called a **credit file**) is a record of how you have paid your bills. It shows how much money you already owe and to whom. The credit report indicates if you paid your bills on time, your credit limits on other accounts, and any action taken against you because you didn't pay. A good credit report can often make the difference between receiving and being denied a loan.

Credit grantors must follow legal guidelines set forth by the federal government when weighing your application against their institutions lending requirements. These federal guidelines allow the credit grantor to judge your application by your ability to repay any allocated credit, your financial stability, your credit history, and your assets. Each lending institution may weigh the importance of each standard differently, but the **Equal Credit Opportunity Act (ECOA)** requires them to apply the same criteria to all applicants.

Credit grantors pay a fee to get credit reports from **credit bureaus**. Credit bureaus collect information on millions of consumers. These credit bureaus get information from a variety of sources, including department stores, credit card companies, banks, mortgage companies, and medical providers. Credit files do not contain information on personal lifestyle or background, race or religious preference or criminal records.

YOUR RIGHTS REGARDING YOUR CREDIT REPORT

The **Federal Fair Credit Reporting Act (FCRA)** became law in 1971. It gives you certain rights concerning personal information. The rights are designed to promote accuracy, fairness and privacy of information in your credit file.

- The user of the credit report must tell you the name and the address of the credit bureau responsible for preparing a report that was used, in making a decision regarding your credit application.
- If you request it, the credit bureau must tell you the nature, substance and name of sources of information collected about you.
- Unfavorable, negative information may not be reported after seven (7) years. One major exception is bankruptcy, which may be reported for ten (10) years.

- If your file contains incorrect information, you can send a letter to the credit bureau. The credit bureau must respond to your letter and do a reinvestigation.
- You can add your own personal statement to your credit file telling your side of the story concerning any entry in your credit file.

Since having a good report is so important, it's a good idea to get a copy of your credit report before you begin applying for a rental unit. In this way, you can see whether the report is accurate and whether it will show a lender that you have a history of paying your obligations on time. In the next few pages, you'll learn how to read a credit report and how to get a copy of your own credit report.

HOW TO READ A CREDIT REPORT

An example of a credit report and the information it includes can be found on the next page.

Here are some tips to keep in mind when reading your credit report.

- Your credit report should have YOUR name and YOUR social security number on it. Make sure this is correct and that you do not have someone else's report such as your father's or son's who may have similar names.
- Check to make sure that each account and account number listed belongs to you. It should also show the date open, number of months reviewed, date of last activity, high credit, terms (sometimes), balance, status, and the last date reported.
- The credit report should also list any collections, judgments and liens you may have.
- Phone numbers of the collection agencies should be listed next to or under the collections.
- It will also show any companies that have recently requested your credit history

HOW TO GET A COPY OF YOUR CREDIT REPORT

There are several ways to get a copy of your credit report.

- Free of charge annually from each of the major nation credit bureaus.
- Free of charge, whenever your request for credit is denied, if you write or call within 60 days of the denial.
- For a fee, this varies between \$8 to \$15, if you haven't been denied credit.

As of March 1, 2005 Indiana residents are entitled **ANNUALLY** to one **FREE** credit report from each of the three major national credit bureaus. These reports will not include your credit score. There are three ways to order your credit report. All three nationwide consumer reporting companies have set up one central website, one toll-free number, and one address to order any or all three credit reports:

1. Toll free number 877-322-8228.
2. On line at www.annualcreditreport.com
3. By mail:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

You may order all three credit reports at once or you may order them at separately at various times throughout the year. No matter what combination you choose, you are allowed to order one free copy from each of the nationwide consumer reporting companies every 12 months.

In order to receive a complete copy of your credit report, you should first call one or more creditors below. You must enclose in your letter the following information:

- Full Name
- Current and Previous Addresses
- Spouse's Name
- Social Security Number
- Birth Date
- Use these addresses and phone numbers for your credit report requests:

Reports that include your credit score are also available online by contacting one or more of the companies below: Sometimes the companies run specials.

Trans Union <http://www.transunion.com>

TransUnion

Post Office Box 1000

Chester, PA 19022

Information: 800-888-4213

Fee: \$14.95 for report and + score, and other packages are available.

Experian (formerly TRW) <http://www.experian.com>

Experian

Consumer Assistance Center

PO Box 2104

Allen, TX 75013-2104

Phone: 888 397 3742

Fee: \$14.95 for report with Credit Score, Verification of name and address required. Send photocopy of driver's license or other form of identification.

Equifax <http://www.equifax.com/>

Equifax

Customer Assistance Center

P.O. Box 740241

Atlanta, GA 30374-0241

Information: 1-800-997-2493

Fee: \$9 for online report; add \$5 more for a score or \$34.95 for a line by line comparison of all 3 of the above credit bureaus and your credit score.

To receive a consolidated report from the Big Three (above), order from their web page at www.myfico.com and will include your FICO credit score.

UNDERSTANDING YOUR CREDIT SCORE (FICO)

You will probably start to hear a lot about credit scores or your “FICO” score.

Your score will range between 300 and 870. The higher the score the better. As your score increases, your credit risk decreases. Exact numbers differ by lending institution but the average high approval score is 680 or above. Often times your score is taken from all three credit reporting companies and the middle score or average score is used.

Depending on the lending institution, your score can cost you. Lenders are now “tiering” the interest rates offered to you based on your credit score. ***Ideally, you want a FICO score of 680 or higher as you will get the lowest possible interest rate and best terms.*** This will save you literally many thousands of dollars in interest charges.

FICO is a number that the credit grantor assigns to your credit report once he reviews it. Credit scoring is an incredibly complicated field, using many different methods, but the basic idea is straightforward. Credit scoring is basically a statistical exercise. Stated simply, creditors assign different values to such things as your income, the number of credit accounts you have, late payments, length of residence at your current address, and so on. All of those different values will be tallied and you will be given what amounts to a grade, or a **credit score**. Because the scoring system has so many variations, however, it’s not always possible to predict what the outcome will be.

Here is how your FICO Score breaks down:

- **Payment history (35%).** The largest factor determined on your FICO score is your basic payment history. The number of unpaid bills you have, any bills sent to collection, bankruptcies etc. The more recent the problem, the lower your score.
- **Outstanding Debt (30%).** Are your cards maxed out? High balances or more precisely, balances that are close to your credit limit can negatively affect your score. Keep your balances below 30%.
- **Length of your credit history (15%).** How long have your accounts been open? The longer, the better.
- **Recent inquiries (10%).** Every time you apply for credit of any kind, you create an inquiry on your credit report. Lots of Inquiries negatively affect your score.
- **Types of credit in use (10%).** Current loans from finance companies. How many and how much.

- Things that are excluded from your credit score include:
 - Race
 - Gender
 - Color
 - Religion
 - National origin
 - Marital status
 - Income
 - Employment status
 - Place of Employment

The main advantage of credit scoring is that it can eliminate discrimination from the process, since it's all done by the numbers, rather than by the color of your eyes or the length of your hair. On the other hand, credit scoring's greatest strength is also its main weakness. It eliminates the human factor. Those extenuating circumstances that perhaps caused you to miss making some payments a few years ago just don't get figured in. If you feel that you've fallen through the statistical cracks, you may want to appeal a computer-based rejection.

HOW TO CORRECT ERRORS ON YOUR CREDIT REPORT

When you order a copy of your credit report, you will also be given detailed instructions about how to correct information which you feel is in error. For example, there may be information on your credit report which belongs to someone with the same name as you. Or you may find that accounts which you have paid in full are still listed as unpaid.

In most cases you will have to write a letter to the credit bureau, giving detailed facts about the problem. In some instances, you can complete a standardized form to correct any errors. The credit bureau will decide if an investigation is in order. If the investigation supports your letter, the item on your credit report will be changed or deleted. If the investigation does not support your letter, the item will stay on your report. In this case, you can file a statement protesting the item. That statement will be added to your credit report.

Correcting information on your credit report will take time and patience. But it is worth it to do it before you submit an application for a lease. A good credit report can make the difference between whether or not you are able to rent an apartment.

Turn the page for a ***Sample Letter To Dispute Erroneous Credit Report Information.***

Sample Letter to Dispute Erroneous Credit Report Information

John Jones
30 Highland Park
Anytown, IN 47134

November 14, 2005

XYZ Credit Bureau
P.O. Box 39302
Indianapolis, IN 46204

Re: Negative Entry Reported by Citizens Bank

Dear Sir or Madame:

According to my latest credit report from XYZ Credit Bureau, I have a negative entry being reported by:

Citizens Bank
Amount charged off \$500
Date charged off: June 2, 2003

I have never transacted business with Citizens Bank. Please remove this information from my credit report at once.

Sincerely,

John Jones

WHAT IF YOUR CREDIT IS DENIED?

Credit grantors are required by law to notify you within 30 days after you've submitted a completed application whether it's been approved or denied. If the application does not contain enough information to permit a lender to make a credit decision, it is considered an "incomplete" application. If you are denied, they must send you written notice and state the specific reasons for your rejection. If they don't give you the reasons at the time of the denial, they must at least tell you how to get an application approved.

Below are some of the reasons you could be denied credit. This list does not contain all of the possible reasons.

- an incomplete application
- no credit file or a very short credit history
- low income
- short job history
- short time in your residence
- already have too much debt
- history of not paying bills on time
- history of "bounced" checks
- previous bankruptcy
- goods have been repossessed

When credit is denied based on information in a credit report, the credit grantor must tell you the name and address of the credit bureau they used to get information about your credit history. You have a right to receive a free copy of your credit report so that you can see what is on it that kept you from receiving credit.

If your credit is denied, you can follow these steps to understanding why your credit was denied.

1. Ask questions and be sure you understand why you have been rejected.
2. If the reasons are valid---whether your income is not high enough, whether you have not established a credit history, or whether your credit is not good---find out what you must do to correct the situation.
3. If there are mistakes in your credit report, contact the credit bureau to have the mistakes resolved. If you request it, credit bureaus are required by law to send a corrected report to any credit grantor to whom you have applied for and were denied credit within the past two months.

REESTABLISHING/REPAIRING YOUR CREDIT REPORT

Although past credit problems won't always prevent you from obtaining an apartment, it will make it more difficult. **The only way to repair a poor credit report is to learn to handle debt responsibly.** Here are some productive steps to rebuilding a strong credit rating.

- Order current copies of your credit reports from all three major credit bureaus.
- Carefully review reports. Look for erroneous information first.
- Make a copy of your reports. Do not write on the original. Put these in your files.
- Contact each creditor by sending them a letter of explanation and payment, no matter how small, if possible.
- Begin making regular payments. By establishing a regular payment pattern, you demonstrate that your past credit problems are being corrected.
- Negotiate a deal with the original creditor to remove collection agency account. Once you come to an agreement be sure to get them to sign a letter stating the terms you've negotiated before you send any money. **(See sample letter attached.)**
- Start rebuilding your credit through secured credit cards.
- Get professional financial counseling in correcting your credit problems.

There are no "quick fixes" for a poor credit history. There are many credit repair agencies that promise to remove bad credit from your credit report for a fee. You've seen the ads on TV, heard them on the radio, read them in magazines and newspapers, and removed them from your mailbox. The scam artists who promote this stuff try to convince you that they can magically erase negative information on your credit history so that you can get a credit card, auto loan, or possibly even a better job. Don't believe it!! If the information reported to the credit bureau is correct, it will remain on your credit report for seven (7) years or longer in some instances.

According to the Federal Trade Commission, beware of companies that:

- Want you to pay for credit repair services before any services are provided.
- Do not tell you your legal rights and what you can do yourself---for free.
- Recommend that you not contact a credit bureau directly.
- Suggest that you try to invent a "new" credit report by applying for an Employer Identification number to use instead of your Social Security number.
- Advise you to dispute all information in your credit report to illegal actions, such as creating a new identity.

ESTABLISHING A NONTRADITIONAL CREDIT REPORT

If you have always purchased consumer goods with cash instead of credit cards or installment loans, you may not have a credit record. You may need to establish a nontraditional credit record. To do this, you may use:

- Utility records (i.e., electricity, gas, water/sewer, telephone, cable TV)
- Insurance payments (auto, life, non-payroll deduction, medical)
- Local store credit account
- Durable good rentals
- Statements from child care providers

If you have no credit record or a very limited credit record, it is very important that you establish one.

NOTE: A nontraditional credit record will not override a negative traditional credit record.

WAYS TO ESTABLISH AND KEEP A GOOD CREDIT HISTORY

- Avoid or minimize your use of credit.
- Never borrow more than you can comfortably pay back.
- Always pay your bills on time.
- Borrow only the amount you need.
- Know how much you owe at all times.
- Contact your lenders immediately if you expect to have a payment problem.
- Develop good savings habits, so that you can handle financial emergencies without borrowing money.
- Report lost or stolen credit cards immediately.
- Never give your credit card number over the phone unless you initiated the call.

HOW MUCH CREDIT IS TOO MUCH?

For the Front End ratio the monthly housing cost refers to your rent payment. You can calculate your Back End debt-to-income ratio by dividing your total monthly debt payments (includes your rent payment) by your gross (before deductions) pay.

FRONT END RATIO

$$\frac{\text{_____}}{\text{_____}} \div \frac{\text{_____}}{\text{_____}} = \text{_____} \%$$

(monthly housing costs) (monthly gross income) (ratio)

should be less than 29%

BACK END RATIO

$$\frac{\text{_____}}{\text{_____}} \div \frac{\text{_____}}{\text{_____}} = \text{_____} \%$$

(all monthly debt) (monthly gross income) (ratio)

should be less than 41%

WHERE TO GO FOR ASSISTANCE

Debt counseling is a huge growth industry in this country. There are many nonprofit services that offer debt-counseling services for free or nearly free. One of the first places you might want to contact regarding debt management is **Momentive Consumer Credit Counseling Services (CCCS)**. All CCCS offices provide fundamental financial advice and assistance in setting up repayment plans. Confidential budgeting is available by appointment. To be considered for the Debt Management Program, the debtor must: be of legal age; consent to closing all existing unsecured credit accounts; refrain from new credit requests; and, demonstrate an ability to stick to the budget plan and creditor payments that are developed between the debtor and the CCCS counselor.

The local Bloomington office that provides debt management services is the **MOMENTIVE, 812-333-6083. They can be found on the web at <http://www.momentive.org> .**

There are other organizations that provide debt-counseling services. They include:

- ✓ **Debt Counselors of America**, accessible at www.GetOutOfDebt.org
- ✓ **Genus Credit Management**, accessible at 1-888-436-8715 or at www.genus.Org
- ✓ **Debtors Anonymous**, accessible at www.debtorsanonymous.org or at 1-718-453-2743
- ✓ **Money 2000**, accessible at www.human.cornell.edu/extension/money2000/nys.



CLIMBING BACK UP

GETTING STARTED

The good news about being in debt and having bad credit is that it doesn't have to last forever. The sooner you start climbing back up, the sooner you'll reach your financial goals. The sure way to reach those goals is to have sound payment strategies. Some options are listed below.

Instead of haphazardly paying the creditor who is screaming the loudest at the moment, set up a basic repayment plan. The way to set up such a plan is to prioritize your debt payments. Some options include paying off smaller debts first or paying off high-rate debts first.

If the debts are truly small, you may be able to gain a significant psychological boost from eliminating a large number of accounts quickly, allowing you to focus your attention on the few remaining larger accounts.

The other approach, paying off high-rate debts first, does not give an immediate short-term psychological lift, but it saves both time and money. The way to implement this plan is to try to negotiate lower interest rates with the credit card company. Then examine your credit accounts to determine which one has the highest interest rate. Next, decide how much extra, above the minimum payment, you can manage to pay every month on that one account with the highest interest rate. The more you can pay the better. Then focus on paying off that one account using your extra payment amount. Meanwhile, continue to pay on all other accounts at their minimum monthly payment levels to keep them current.

When the account with the highest interest rate is finally paid off, focus on the account with the next highest interest rate, and so on, until all your accounts have been paid off. The strategy is extremely effective and can dramatically shorten the time it takes to retire your outstanding debts because it dramatically reduces the amount of interest you pay.

See the chart below for an illustration of this strategy.

CREDIT CARD PAYMENT CALCULATOR

If You Paid Minimum Payment	If You Paid \$20.00 Extra Per Month
Current Balance: \$2,000.00	Current Balance: \$2,000.00
Minimum Monthly Payment: \$75.00	Minimum Monthly Payment: \$95.00
Annual Percentage Rate (APR): 20.90%	Annual Percentage Rate (APR): 20.90%
Total Number of Monthly Payments Until Payoff: 102	Total Number of Monthly Payments Until Payoff: 49
Time Until Payoff: 8 Years, 6 Months	Time Until Payoff: 4 Years, 1 Month

Other options for climbing back up include using savings to pay off debts, restructuring your debt by negotiating with credit grantors for a reduced payment amount or a lower interest rate, or consolidating all debts into one loan.

BANKRUPTCY



Bankruptcy is a financial condition wherein a person, firm or corporation, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court appointed trustee, for the protection from creditors. Bankruptcy may be declared under one of several chapters of the federal bankruptcy code: Chapter 7, Chapter 11, or Chapter 13.

CAUSES OF BANKRUPTCY

What kinds of situations cause people to consider bankruptcy as an option? There are many reasons. Here are the main ones:

- Illness or injury
- Divorce or separation
- Loss of job
- Business failure
- Bad use of credit

TYPES OF BANKRUPTCY

Basically, there are four main types of bankruptcy that most people are familiar with: Chapter 7, Chapter 11, Chapter 12, and Chapter 13. Chapter 11 is mainly used by corporations or extremely high-income individuals. Chapter 12 is primarily intended for family farms.

CHAPTER 7 BANKRUPTCY

The most popular form is Chapter 7 bankruptcy, usually referred to as “straight” or “liquidation” bankruptcy. In most cases, you can keep a small equity in your home, perhaps an inexpensive car, and a limited amount of personal property, especially the tools of your trade and clothing. These items are usually exempt from being liquidated under Chapter 7 bankruptcy.

Unfortunately, most of the rest of your property is taken and normally is sold under the court order to raise cash to pay off your creditors. Secured debtor claims---those with property as collateral--are paid first (your home mortgage lender or auto financing company are examples of secured lenders). If any money remains, unsecured debt holders (such as credit card issuers, gasoline companies, etc.) receive a proportionate amount of those remaining funds.

Once this has been accomplished, your bankruptcy is discharged and most creditors are barred from trying to collect any more money from you. The process sounds relatively simple, but it can be extremely painful. Especially if you have a lot of personal property with high sentimental or actual value that falls in the nonexempt category, it is very difficult.

CHAPTER 13 BANKRUPTCY

Chapter 13 is generally referred to as “wage earner” or “regular income plan” bankruptcy. In a Chapter 13 plan, you organize rather than liquidate your assets --and attempt to pay off as many of your debts as possible, normally within three (3) or sometimes up to five (5) years under the close supervision of a bankruptcy trustee. The trustee will require you to maintain a strict budget, and you will not be allowed to take on any new credit without the approval of the trustee.

You will make monthly payments on your debts from your disposable income after you have paid your basic living expenses. At the end of the repayment plan, assuming that you have made all of the agreed-upon monthly payments, any remaining debts are discharged (or forgiven), a provision that limits the total amount that you will have to pay under the plan.

One main advantage of a Chapter 13 bankruptcy is that the majority of your property is not liquidated---you get to keep it. The other advantage is that at least part of your debts will probably be discharged at the end of the repayment period.

This form of bankruptcy is generally used by people who own substantial assets and who are regularly employed. Chapter 13 bankruptcy also gives people who are having a difficult time paying their bills a chance to work out a reasonable repayment schedule under court supervision.

JUST THE FACTS

- Bankruptcy should always be your last resort.
- If you really need to file for bankruptcy, don't feel guilty.
- Beware of anyone who tells you that bankruptcy will improve your credit rating. It won't.
- Get unbiased advice from a nonprofit credit-counseling agency before you decide to file for bankruptcy.
- Before you file for bankruptcy, be sure that you will gain more than you lose.
- ***. Be sure to check with a bankruptcy attorney that is up to date with the bankruptcy laws.***

IS BANKRUPTCY THE RIGHT CHOICE FOR YOU? 10 IMPORTANT CONSIDERATIONS

- 1. Bankruptcy may be the easiest and fastest way to deal with all types of debt problems.** Bankruptcy is a process under federal law designed to help people and businesses get protection from their creditors. Bankruptcy can be the right choice if you have no better way to deal with your debts. Although you may want to try other options, you should not wait until the last minute to think about bankruptcy because some important bankruptcy rights may be lost if you wait too long.
- 2. Most bankruptcy cases are complicated. You should consider getting professional help.** Bankruptcy is a legal proceeding with complicated rules and paperwork. You may want to get professional help, especially if you hope to use bankruptcy to prevent foreclosure or repossession. Most bankruptcy professionals will provide a free consultation to help you decide whether bankruptcy is the right choice.
- 3. Bankruptcy temporarily stops almost all creditors from taking any steps against you except through the bankruptcy process.** This assistance is provided by the “automatic stay” that arises as soon as you file the necessary paperwork at the beginning of a bankruptcy case. Foreclosures, repossessions, utility shut-offs, lawsuits and other creditor actions will be immediately (but perhaps only temporarily) stopped.
- 4. Bankruptcy can permanently wipe out your legal obligation to pay back many of your debts.** This benefit arises because of the bankruptcy “discharge” that you get for successfully completing a bankruptcy case. Certain debts may not be discharged, such as most student loans, liens associated with many secured debts, alimony, child support, and debts you incurred after the bankruptcy case was started. After bankruptcy, you will continue to owe those debts.
- 5. When bankruptcy does not wipe out a debt, a Chapter 13 bankruptcy (a “reorganization”) gives you an opportunity to catch-up on that debt.** For example, bankruptcy will not allow you to discharge home mortgages or car loans without repayments. If you want to deal with debts of that type in the bankruptcy process, you will need to propose a Chapter 13 repayment plan. That plan requires affordable payments from your income over a period of three to five years.

- 6. In most cases you will *not* lose property by filing for bankruptcy.** Most of your property is likely to be protected from sale in the bankruptcy process by bankruptcy “exemptions.” However, if you have certain types of very valuable property, the bankruptcy law may not allow you to keep it unless you pay its value to your creditors over a number of years in a Chapter 13 Plan.
- 7. The initial fee for bankruptcy is approximately \$185 dollars under Chapter 13 and \$200 under Chapter 7.** That fee is likely to go up in the future. The fee is not usually waivable, but it can be paid in installments over a period up to 120 days (and 180 days with court permission). In addition to the initial fee, a variety of papers concerning your financial situation must be provided to the court.
- 8. If you file bankruptcy, you usually do *not* need to go to court.** You will have to attend one meeting with the bankruptcy trustee (not with a judge). Creditors are invited to that meeting, but rarely attend. You will not usually have to go to court for your bankruptcy case unless something out of the ordinary occurs. If you do receive a notice to go to court, it is important that you go.
- 9. Bankruptcy will usually not make your credit record any worse.** Most people filing bankruptcy already are behind on their bills and already have a tarnished credit record. It is unlikely that bankruptcy will make a bad credit record worse. Some creditors may be more willing to lend you money than if you have a number of debts remaining in default. However, the fact that you filed bankruptcy can remain on your credit record for ten years, while your defaults may stay on your record for only seven years.
- 10. Watch out for bankruptcy related scams.** There are many people and companies which advertise bankruptcy related services in order to take advantage of vulnerable, financially distressed consumers. Some of these enterprises charge enormous fees. Others make promises which they cannot possibly keep. Do not pay money for debt counseling or bankruptcy without being sure you are dealing with a reputable business. Contact the local Better Business Bureau to find out information about the company’s reputation.

WHAT BANKRUPTCY CAN AND CANNOT DO FOR YOU

Bankruptcy *may* make it possible for you to:

- Eliminate legal responsibility for many of your debts and get a fresh start. This is called a “discharge.”
- Stop foreclosure on your house or mobile home and allow you an opportunity to catch up on missed payments.
- Prevent repossession of your car or other property, or force the creditor to return property even after it has been repossessed.
- Stop wage garnishment, debt collection harassment, and other similar collection activities and give you some breathing room.
- Prevent termination of utility service or restore service if it has already been terminated.
- Lower the monthly payments on some debts, including some secured debts such as car loans.
- Allow you an opportunity to challenge the claims of certain creditors who have committed fraud or who are otherwise seeking to collect more than they are legally entitled to.

Bankruptcy, however, cannot cure every financial problem, nor is it an appropriate step for every individual. In bankruptcy, it is usually *not* possible to:

- Eliminate certain rights of “secured” creditors. A “secured” creditor has taken some form of lien on your property as collateral for a debt. Common examples are car loans and home mortgages. Although you can force secured creditors to take payments over time in the bankruptcy process, you generally cannot keep collateral unless you continue to pay the debt.
- Discharge types of debts singled out by the federal bankruptcy law for special treatment, such as child support, alimony, most student loans, court restitution orders, criminal fines, and some taxes.
- Protect all cosigners on their debts. When a relative or friend has cosigned a loan, and you discharge the loan in bankruptcy, the cosigner may still have an obligation to repay all or part of the loan.
- Discharge debts that are incurred after bankruptcy has been filed.

FINDING THE BEST RENTAL FOR YOU



Before you begin to look for your apartment it is important that you take time to consider what type of apartment will best suit your needs. Give serious and careful thought to these before you begin your apartment search.

1. What size rental will best suit your needs?

The size of your rental depends on the number and make up of your family. For example: If you have a family of four with parents and one male and one female child, you would typically choose a three-bedroom unit. If you are a single person you might choose a studio or a one-bedroom unit. The larger the unit the more you will be charged in rent and utilities. Therefore, the single person on a very limited budget would be better able to afford the studio apartment.

2. What location would be most advantageous for you?

The location or neighborhood is a very important consideration when looking for an apartment. Take time to consider amenities that are most important to you:

1. How close will you be to shopping, medical, and churches?
2. Are the area daycare and schools appropriate for my needs?
3. Does the area have sidewalks and parks?
4. Is the area safe?

5. What schools will my children attend?

Families consider many variables when evaluating which school is best for their child. Some of these considerations are:

- How close is the school to the apartment?
- If they will ride the bus, where do they catch it?
- Does the school offer before or after school care?
- Does the school meet the special needs requirements of my child?
- How do the schools in the district measure up on test scores?
- Has the school kept you with current technology?

The Transportation Department of Monroe County Community School (MCCSC) will tell you what schools; elementary, middle, and high schools service any specific address in the school system. Just call 333-7719 and give them the address and they will provide the information.

4. Is there public transportation in the area?

Especially if you do not have a vehicle or you choose to use public transportation, it is important to know what kind of transportation is offered in the area and how much it will cost to use that transportation. You must also consider whether the available transportation will provide you with access to work, church, shopping and other activities important to you. It is also important to know if there is transportation offered to schools in your area, or if children in the area walk to school.

6. What is the monthly cost of the unit?

Rent prices vary greatly in our community; therefore it is very important that you determine what you can afford before you begin to search for an apartment. Also, know exactly what you will be entitled to for the monthly rent. Some units included all utilities and some include very few. This will greatly effect how much you can afford to pay. You can afford to pay more on a unit that has all utilities included in the monthly price than for a unit for which you will pay all utilities. If a washer and dryer are included with the unit, this will save you money because you will not need to go to the Laundromat, so this should be considered when comparing costs. A quick way to determine what you can afford to pay for rent not including utilities is to calculate you total monthly household income and multiply it by 30% (.30). This will give you a general idea of how much you can afford to pay in rent.

If you are looking for an apartment in a complex make sure that you see the actual apartment that you will be renting. Generally, complexes show prospective tenants models that have newer fixture, cabinets, and carpeting. These units may be in much better condition than the unit that is actually available.

Make a comparison of rental units by using this comparison chart on the next page.

APARTMENT HUNTING CHECKLIST

UNIT NUMBER		
NAME		
ADDRESS		
LANDLORD/MANAGEMENT COMPANY		
CONTACT PERSON		
PHONE NUMBER		
DATE AVAIABLE		
RENT AMOUNT		
DEPOSIT AMOUNT		
BEDROOMS		
NUMBER		
CLOSETS		
BATHROOMS		
NUMBER		
SHOWER/TUB		
KITCHEN		
SIZE		
STOVE GAS/ELEC		
REFRIDGERATOR		
DISHWAHSER		
MICROWAVE		
GARABE DISPOSAL		
SEPARATE DINING ROOM		
LIVING ROOM SIZE		
CABLE READY		
LOCATION		
NEAR SCHOOL		
NEAR WORK		
NEAR SHOPPING		
TRANSPORTATION		
PARK		
EXTERIOR		
DECK/PATIO		
SIDEWALKS		
PARKING		
SECURITY		
LIGHTING		
DEAD BOLTS		
SMOKE DETECTORS		
FIRE EXTINGUISHER		
UTILITIES		
ESTIMATED GAS BILL		
ESTIMATED ELECTRIC BILL		
ESTIMATE WATER BILL		

Where should I look for an apartment?

Now that you know what your requirements are for your apartment, it is time to begin the search. There are several ways to see what apartments are available. In order to do a comprehensive search and find the best apartment for your needs you should use several of the following methods to do your search:

1. Newspaper
2. Apartment Shoppers Guide
3. Word of mouth-let your friends and family know what you are looking for so they can assist you with your search.
4. "For Rent" signs displayed on area properties; spend time in the areas that you would like to live checking for these signs.
5. Bulletin Boards-check your Grocery, Laundromat, Church or area Schools for posted "for rent" signs.
6. Internet sites that offer local rental listings.

When you find an apartment that you believe will meet your requirements and is in your price range, make an appointment with the landlord/property manager to see the apartment.

The Interview

When you meet with the landlord/property manager to view the apartment, you must keep in mind that not only are you determining if the apartment is right for you, but you are collecting valuable information about the landlord and how he/she interacts with tenants. Remember this meeting is anticipation of a business relationship, so treat it as such.

For the interview remember the basics: who, what, when, and where.

1. Make sure that when you schedule your visit that you have complete contact information about the person you are meeting. Know the name, phone number and position of the person that you are meeting. Be sure of the place you will be meeting and be on time.
2. Take a note book with your questions and your requirements with you. You will want to take notes for later reference.
3. Make sure that while you are looking at the apartment you are comparing it to your requirements. Do not be overly influenced by décor, your requirements are more important.
4. Other items you may want to take with you are: identification, your bank information, a recent pay stub, letters of reference, and your check book for your deposit.
5. Make sure that you look at everything in the apartment. Open closets and windows, run the water and look at common areas such as laundry facilities.

6. Remember to make a good first impression: dress neatly, be friendly but businesslike, and avoid taking friends or relatives. Roommates, of course, should be part of the interview.
7. In addition to the requirements that you have for your apartment you want to make sure that you leave the interview with the following information:
 - a. How much is the rent?
 - b. When is the rent due each month?
 - c. What is the deposit?
 - d. What utilities are included in the monthly rent?
 - e. A sample of the lease. Make sure to read it for:
 - i. What is the length of the lease?
 - ii. Is it possible to sublease the apartment?
 - iii. What is the penalty for breaking the lease?
 - iv. How is the lease renewed?
 - f. When is the apartment available?
 - g. What amenities are available (laundry, recreation, etc.)
 - h. How do you contact the landlord/manger of the unit?
 - i. Am I responsible for any repairs or maintenance?
 - j. Who do I contact for maintenance?
 - k. What are the hours of the maintenance operation?
 - l. Are pets allowed (if applicable)? Are there limitations on pets?
 - m. What alterations are allowed (painting, picture hanging, etc.)?
 - n. Is subletting allowed? Are roommates allowed?
 - o. How is security handled?

Now you are ready to apply

While you are looking for an apartment know that the landlord/management is looking at you. You're credit, bank accounts, vehicles, police records; aliases and previous rentals are being scrutinized. The landlord will verify financial and employment information and in many cases determine the amount of each you have to pay based on what they find. Make sure that you provide true and accurate information because the landlord has access to your past history.

The Application

Be sure to fill out the application legibly, thoroughly and truthfully. If you misrepresent yourself on the application then the landlord/management will consider this a default and you will either be denied a lease or your lease can be terminate and you can be evicted from your apartment. The application will typically as for your Social Security Number, Employment and Income History, and Credit Information. Some might even ask for references from past landlords.

Review the two applications that follow to understand what you may be required to fill on an apartment application.

THE APPROVAL PROCESS

When applying for a lease you will find that all landlords and managers will not require the same information. In fact some companies that have several complexes or units to lease will not require the same information for different units. If a unit is subsidized, there will be a more detailed application than if the unit is not subsidized. Some complexes and leasing companies may require an application fee. This fee generally covers the cost of verifying the information that was provided on the application.

Large leasing companies generally have a business arrangement with a third-party consumer reporting agency (CRA). A CRA is a company that gathers and sells information on how a consumer pays rent and bills, whether or not the consumer has a criminal or civil court record, or has filed for bankruptcy. These companies are used to screen potential tenants. These companies use the information that an applicant provides and then checks the background of the applicant and provides the leasing company with a consumer report and a numeric score. The consumer report contains information from public record sources and other data furnishers which prospective housing providers and employers use to evaluate an applicant. A consumer report may also show whether or not a person has been sued, filed for bankruptcy, or has a criminal or civil court record. This score allows the leasing company to compare you with other applicants and gives the leasing company a forward-looking analysis of the overall risk or renting to a particular individual. The score is based on a statistical model used to predict a potential renter's ability and willingness to pay rent according to lease terms and conditions. The score takes into account a variety of factors, including your credit and court history. The minimum score a leasing agent can accept depends on the occupancy goals and risk tolerance of the landlord/management company. Some large management companies have different scores for different complexes or units. The higher-end the unit is the higher the minimum acceptable score a potential tenant needs to be accepted. Housing providers' criteria for approval vary by property. A decline at one property does not necessarily mean that you'll be declined at another property. Landlords that use this type of evaluation tool feel that it takes all the subjectivity out of leasing.

There are many reasons that potential tenants are denied a lease. The number one reason is that the applicant does not make enough money to pay the rent. Most landlords also will not lease to an individual that has had a felony conviction against person or property. Usually landlords have a time frame after which they do not consider the felony, for most landlords this is 10 years.

How do I obtain a copy of my consumer file?

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. Under the Fair Credit Reporting Act if you have been denied housing or employment, or have been notified of an adverse action as a result of information provided by a CRA, you are entitled to a free copy of the information that the company provided about you. To obtain a free copy from you generally must fill out a Consumer Disclosure Request Form within 60 days of receiving the denial or adverse action. If you do not qualify for a free copy of your consumer file you may obtain one from one of the CRA's for a nominal fee.

There are several reporting companies. First Advantage Safe Rent is an example of a Credit Reporting Agency used by leasing companies in Bloomington. In order to review the type of information that they would provide a potential landlord go on line:

<http://www.fadvsafereent.com/>

If you would prefer to contact a reporting agency by phone, First American offers a toll-free number to request information:

1-888-333-2413.

This is an automated line that will give you instructions and ask you to leave your name, address, phone number and social security number. From this request they mail forms to you generally in a day or two.

What if I find inaccurate information in the file?

Consumer Reporting Agencies allow you to work with them to correct inaccurate information in you report. Generally you will be required to fill out a form provided by the CRA and supply them with documentation that refutes the inaccurate information. For example, with Registry-SafeRent you need to complete a Reinvestigation Form available on line at:

http://www.residentscreening.com/consumer_relations/forms/reinvestigation_for_m.pdf

Mail the form and all documentation that supports the fact that information included in the report is erroneous to:

Registry-SafeRent
c/o: Consumer Relations,
11140 Rockville Pike, PMB 1200, Rockville, MD 20852

The disputed information will be investigated. The company will update verifiable information in your consumer file and send you an updated copy of your consumer file within 30 days. CRA's cannot make updates to your credit bureau information. If you wish to dispute information contained in your credit bureau report you should contact the credit bureau directly.

THE LEASE

Once you have accepted an apartment you will generally be required to sign a lease and pay a deposit.

A lease or rental agreement sets out the rules landlords and tenants agree to follow in their rental relationship. It is a legal contract, as well as a practical document full of crucial business details, such as how long the tenant can occupy the property and the amount of rent due each month. Whether the lease or rental agreement is as short as one page or longer than five, typed or handwritten, it needs to cover the basic terms of the tenancy. A lease obligates both you and the landlord for a set period of time, usually a year. The landlord cannot raise the rent or change other terms until the lease runs out, unless the lease itself provides for modifications or the tenant agrees in writing to the changes. In addition, you cannot usually be asked by the landlord to vacate unless you fail to pay the rent or violate another important term of the lease or state or local law. At the end of the lease term, you can either decline to renew it or negotiate to sign a new lease with the same or different terms.

Apartment leases vary in length and complexity. Not all leases are created equal. Some are better written than others. Don't assume that the lease you're looking at now is the same as the one you signed when you moved into your last apartment. When your landlord presents you with an apartment lease to sign, read it thoroughly. Ask for (written) clarification of any areas that are vague or that you don't understand. If there are important points that you think have been overlooked, insist that they be included and that the landlord initial them. Anything that's not in the lease could become the source of a misunderstanding later on.

What will generally be in your lease?

1. Names of all tenants. Every adult who lives in the rental unit, including both members of a married couple, will be named as tenants and sign the lease or rental agreement.

2. Limits on occupancy. Your agreement should clearly specify that the rental unit is the residence of only the tenants who have signed the lease and their minor children.

3. Term of the tenancy. Every rental document should state whether it is a rental agreement or a fixed-term lease. Rental agreements usually run from month-to-month and self-renew unless terminated by the landlord or tenant. Leases, on the other hand, typically last a year.

4. Rent. Your lease or rental agreement should specify the amount of rent and when it is due, how it is to be paid, such as in person or in the mail. This lease should also specify:

- acceptable payment methods (such as personal check only)
- whether late fees will be due if rent is not paid on time, the amount of the fee, and whether there's any grace period, and
- penalties if a rent check bounces.

5. Deposits and fees. The use and return of security deposits is a frequent source of friction between landlords and tenants. To avoid confusion and legal hassles, your lease or rental agreement should be clear on:

- the dollar amount of the security deposit
- how the deposit may be used (for example, for damage repair) and not used (such as for last month's rent)
- when and how you will return the deposit and account for deductions after the tenant moves out, and
- any legal non-returnable fees, such as for cleaning or pets.

It's also a good idea to include details on where the deposit is being held and whether interest on the deposit will be paid to the tenant.

6. Repairs and maintenance. In order to make sure that you receive the portion of your deposit back that you deserve, it is best if your responsibilities for repair and maintenance are in your lease or rental agreement. These may include:

- that it is your responsibility to keep the rental premises clean and sanitary and to pay for any damage caused if neglected
- that you may be required to notify the landlord if you notice defective or dangerous conditions in the rental property
- also, your landlord will list restrictions on repairs and alterations, such as painting walls without permission.

7. Entry to rental property. The lease spells out when the landlord can enter your rental unit -- for example, to make repairs -- and state how much advance notice will be provided to you before entering.

8. Restrictions on illegal activity. Your lease may include a clause that specifically describes prohibited behaviors, such as excessive noise, and illegal activity, such as drug dealing.

9. Pets. Your lease or rental agreement will identify whether or not you can have pets and if so, any limitations or restriction.

10. Other Restrictions. In addition the lease may cover- local ordinances, health and safety codes, occupancy rules, and antidiscrimination laws.

Other legal restrictions, such as limits on the type of business you may run from your apartment and rules and regulations covering parking and use of common areas should be specifically mentioned in your lease or rental agreement

Lease vs. Month-to-Month rental agreement

If you rent an apartment on a month to month basis both the landlord and the tenant have the option of ending the tenancy by giving only one month's notice (written or verbal). The landlord can also decide to raise the rent or make other changes in the agreement by giving your one month's notice (i.e. telling you that you no longer have use of the washer/dryer, basement or driveway etc.).

However, if you have a lease the terms of the agreement with the landlord stay set for the full length of time of the lease. For example, the rent will stay the set for the whole lease and the landlord can't tell you to move until the lease expires unless you fail to pay the rent or otherwise break the contract. In such cases the landlord can go court to evict you.

If you are going to rent an apartment with a lease, be sure that you can live there for the amount of time that the lease requires. If you break a lease before the renewal date you can be sued in court for breach of contract.

ALL RENTAL AGREEMENTS, WRITTEN OR VERBAL, ARE BINDING ONCE ENTERED BY A TENANT AND LANDLORD: THERE IS NO GRACE PERIOD TO WITHDRAW. IF YOU AGREE TO RENT AN APARTMENT AND CHANGE YOUR MIND, THE LANDLORD CAN HOLD YOU LIABLE FOR HIS/HER LOSSES, WHICH CAN INCLUDE LOSING SECURITY DEPOSIT YOU PUT DOWN. BEFORE YOU ENTER A RENTAL AGREEMENT, BE SURE YOU ARE COMMITTED TO IT FOR THE TIME AGREED UPON.

DEPOSITS & FEES

Deposits are required before moving into a rental unit. Deposits vary in Bloomington from \$99.00 to two-months rent. Deposits are refundable but depending on the terms of the lease a portion of the deposit may be used to cover damages and or cleaning.

Fees are not refundable. An application fee for example is not returned whether you rent the apartment or not.

RENTING IN BLOOMINGTON

The City of Bloomington Housing & Neighborhood Development Department (HAND) is responsible for issuing occupancy permits for all residential rental units within the Bloomington corporate limits, inspecting rental properties for compliance with the Property Maintenance Code and enforcing The Rental Occupancy Permit Program which helps ensure that rental property in Bloomington is safe and habitable for city residents. HAND staff can help you obtain property owner information and can answer many questions about rentals in Bloomington.

RENTAL OCCUPANCY PERMITS

The entire city of Bloomington is governed by a zoning ordinance that, in part, dictates the types of land use (i.e. commercial vs. residential, single-family vs. multi-unit) that is allowed. The city is divided into many areas, each with its own particular zoning classification and set of approved uses and occupancy classifications.

There are many areas within the city that are zoned "RS", for residential use only. Typically, in a residential single family zone the maximum allowable occupancy is 1) a single family or 2) three adults. In a residential, multi-dwelling zone up to five adults may be allowed to live in the same unit. There are also some properties within a residential zone which have been legally grandfathered to allow more than 3 adults (this means that the property is on record as having housed more than three adults prior to the enactment of the newest zoning ordinance).

Each rental unit in Bloomington is required to have a Rental Occupancy Permit. The Rental Occupancy Permit will tell you:

1. The number of legal bedrooms.
2. The legal number of tenants allowed occupying the unit.
Variance information. Some properties in Bloomington have been granted variance from the code. Many of these variances have conditions that must be met in order for the variance to be valid.

Typically over-occupancy complaints are prompted by other issues, such as, improper trash disposal by tenants, large numbers of vehicles being parked at a property, or loud parties. When an over-occupancy complaint is filed:

1. The address is checked to see if it is registered with the HAND Department.
2. Maximum allowable occupancy for that property is checked.

3. An inspector is then assigned to do an investigation.

If over-occupancy is confirmed, the case is then turned over to the City's Legal Department. The owner/agent of the over-occupied property is given a deadline by which the property must be brought into compliance with the zoning regulations. This does mean that tenants will have to move in order to reduce the number of tenants to the maximum allowable occupancy level.

RENTAL INSPECTION

A JOINT INSPECTION WITH TENANT AND OWNER/MANAGER OF THE PROPERTY IS REQUIRED.

1. MOVE IN: An owner must arrange, with the tenant, a joint inspection of the unit within 10 days of occupancy. The owner and the tenant shall jointly complete an inventory and damage list. This shall be signed by all; duplicate copies shall be retained by all and shall be deemed part of the tenancy agreement.

2. MOVE OUT: The owner shall contact the tenant and arrange a joint inspection at the end of the tenancy and prior to a new occupant. Any damages to the unit shall be noted on the list and signed. Any portion of the damage deposit due the tenant is to be refunded within 45 days provided that the tenant provides the landlord a **written forwarding address**.

Note: Acting in good faith, if the owner is unable to schedule the inspection, he may show compliance by producing the following: a copy of a letter to the tenant stating the time and place of the inspection and a normal business record showing the letter was mailed to the tenant by first class mail at least two days prior to the inspection. The owner shall note on a signed and dated inspection report any damages which exceed normal wear and tear and retain that summary for a minimum of the present lease period and 2 subsequent lease periods, or for a period of 4 years, whichever is less

KNOW WHO TO CONTACT IF YOU HAVE PROBLEMS OR QUESTIONS

The code requires disclosure of who manages or owns the unit and their usual address. This information is to be kept current.

PROBLEMS WITH THE RENTAL UNIT

If you experience problems with your rental unit, call your landlord/agent and report the problem to them. Agree on a time by which the problem is to be rectified. If the problem is not rectified by the agreed time and the problem is a violation of the Property Maintenance Code you may file a complaint with HAND

at 349-3402 Steps to take if you are having maintenance problems in your rental unit:

1. Notify the landlord/agent of the problem. Keep a record of when you communicated with them.
2. Give the owner a reasonable amount of time to take care of the problem.
3. If the problem has not been corrected after taking these steps, come in or call the Neighborhood Development Division. An appointment will be scheduled for an inspector to come and investigate the reported violations.

All rental complaints must be signed by the complainant. If violations are found, the owner will be issued a notice with an itemized list of repairs that must be made, and they will be given a deadline by which those repairs must be completed and the property must be reinspected.

Following is a very brief summary of the Property Maintenance Code (PMC). If you want to review the complete code, it is on the World Wide Web at, http://bloomington.in.gov/egov/docs/1071777542_176296.pdf, or you can request a copy from HAND.

The Property Maintenance Code is divided into 8 Articles. A brief summary of those articles and how they apply to both property owners and tenants is outlined below.

Article 1; Administration and Enforcement

Scope and intent of the code: To protect rental occupants and the property they occupy.

Right of entry by inspector and the owner: Code allows the owner or agent the right to enter the property at reasonable times in order to comply with the PMC.

Right of appeal: Any person affected by the code may appeal to the Board of Housing Quality Appeals.

Article 2; Definitions

Article 2 defines all relevant terms used in the PMC.

Article 3; Environmental Requirements

Regulates premises conditions, such as: Sanitation, grading, weeds and accessory structures.

The exterior and interior of the structure shall be maintained structurally sound, protect the occupants from the environment and be sanitary.

Article 4; Light, Ventilation and Space Requirements

Each unit shall meet minimum light and ventilation requirements. In general all spaces or rooms shall be provided sufficient light and vent so as not to endanger health and safety.

Each unit shall have minimum square footage requirements for each occupant. The minimum bedroom requirement is 70 sq. feet for 1 occupant or 50 sq. feet for each occupant thereof. (However, zoning restrictions may reduce total occupant load; see your permit for exact total.)

Article 5; Plumbing Facilities and Fixture Requirements

Each unit must include its own plumbing facilities which operate properly, can be used in privacy, are adequate for personal cleanliness and disposal of human waste and if provided, all kitchen fixtures shall function as indicated.

Article 6; Mechanical and Electrical Requirements

Sets the minimum requirement for heating and cooking equipment: All equipment shall function as it was designed and all units shall be capable of maintaining a room temperature of no less than 65 degrees.

Sets minimum requirement for electrical systems and required outlets: Every habitable room shall contain no less than 2 separate outlets one of which may be switched. (one may be a ceiling fixture)

Article 7; Fire Safety Requirements

Outlines emergency egress, fire resistance ratings and fire protection systems. Every sleeping room must have approved, direct means of egress/exit to the exterior.

Article 8; Responsibilities of Persons

Duties assigned to occupants:

Cleanliness: Maintain the part of structure and supplied fixtures they occupy or control in a sanitary condition.

Provide approved trash containers in structures containing fewer than 3 units.

Responsible for extermination after first 30 days of occupancy in a single units.

Duties assigned to owners:

Maintain public areas in structures with 2 or more units in a sanitary condition.

Provide approved trash containers for all units.

Responsible for extermination in structures with 2 or more units.

Bloomington Municipal Code Title 6 allows the City to issue tickets of up to \$50

for improper storage or disposal of trash. Title 6 also allows the City to issue tickets of up to \$25 for grass or weeds over 8 inches in height. Take care of the property where you live to avoid tickets.

MOVING IN

Handle business issues:

Notify banks, creditors, etc of your change of address

Change your address at the Post Office

Put your name on your mail box

Set up your utilities:

Most rental units require that you pay your own utilities. Some rental units include water and sewer as part of the rent and some do not. Most rentals will require that you contact either PSI or Vectren or both, depending on what energy your apartment and appliances use. Once you have signed the lease, you will need to contact the utility companies from which you require service individually.

1. Vectren Energy Delivery (gas) 1-800-227-1376
 - a. Information required: your name, social security number, can-be-reached number; the name and phone number of your landlord; the name and social security number of each or your roommates
 - b. Deposit: generally \$70.00 unless you have ah problems with Vectren or other utility companies, if could be higher.
 - c. Installation: usually 1-2 business days.
 - d. Disconnected for non-payment: must pay past due balance in full, \$60.00 reconnect fee; and an additional deposit usually 2x the amount of your highest months bill.

2. Cinergy (electric) 1-800-521-2232
 - a. Information required: your name, social security number, can-be-reached number; date of birth; name of anyone who has authority to discuss account. If the location has been shut off for non-payment and you are a new tenant moving in, you will be required to send a copy of your lease and id.
 - b. Deposit: if you have excellent credit there is no deposit required. When a deposit is required it is 2x the average months bill for that address, the minimum deposit is \$70.
 - c. Installation: usually 1-2 business days. Can schedule up to 90 days in advance.
 - d. Disconnected for non-payment: must pay past due balance in full, \$25 reconnect fee; and if you were not required to pay a deposit when the

service was installed a deposit 2x the amount of your average bill is required to reconnect.

3. City of Bloomington Utilities (water)

Customer Service

501 North Morton Street, Suites 108-112

Bloomington, IN 47404

Ph: 812-349-3930

a. Basic information required for application. Application on-line at:

http://bloomington.in.gov/egov/docs/1086983779_221684.pdf

b. Deposit of \$25.00 required for connection.

c. Installation 1-2 business days.

d. Disconnect for non-payment: must pay balance in full and a \$36.00 reconnect fee.

Energy Assistance

Under some circumstances agencies in Monroe County can offer energy payment assistance in Bloomington and Monroe County. Each agency has their own rules that regulate disbursement of these funds. You must contact each agency individually to request relief.

Townships Trustees: there are 11 township trustees in Monroe County each covers a specific geographic county. They are legally mandated to assist qualified individuals with assistance. If you are requesting assistance, make sure that you fill out a written application. Then, if you are denied assistance, you will be denied in writing. If you do not receive a written denial you cannot appeal the decision. Bloomington Township Trustee's number is 336-4976. If you are not in this township, they will give you the number of your township to which you should apply.

Monroe County United Ministries 827 W. 14th Street 339-3429 Emergency last resort funds. Apply with trustee before you apply here.

South Central Community Action Program: 1500 W. 15th St. 339-3447
Provides energy assistance to low income persons/families.

Renters Insurance

Renter's Insurance covers your personal property (clothing, jewelry, computer hardware/software, electronics, furniture and other valuables) if you rent a room or an apartment. Typically, it also covers against personal liability (up to a specified amount) for anyone injured in your rental unit.

Renter's Insurance typically covers the possibility of damage from things like fire, smoke, lightning, wind, hail, explosions, riots, water from pipes, theft, and vandalism. It may also cover any costs associated with living somewhere else while your unit is being repaired. Renter's Insurance does not provide protection

if your landlord refuses to refund your security deposit. This is a legal issue not an insurance issue.

Renter's Insurance is recommended for all renters, but fewer than 25% of all renters have insurance. It is especially important if you have valuable items like antiques, artwork, memorabilia, jewelry, or expensive electronics that would be difficult to replace should they be damaged or stolen.

Students living away from home should consider Renter's Insurance, as only a portion of their property may be covered by their parents' homeowners' policy. This is especially the case with students living in off-campus housing, fraternities, and sororities.

When soliciting quotes for renters insurance it is important to know whether the quote is for the actual cash value of the items/property or the replacement cost of the items/property. An actual cash value policy reimburses you the amount an item is worth today. The replacement cost reimburses you for what you would have to spend to buy a new one. For example, if a 5 year old TV were stolen from your apartment under the actual cash value you may be reimbursed \$50.00 because that is what that TV is worth today. Under replacement cost insurance you would be reimbursed the \$400.00 that it would cost you to go out and purchase the TV today. Obviously, insurance that replaces damaged property will be more expensive than insurance that reimburses the actual cash value. Be sure you know what you are buying.

Renter's Insurance may not cover loss due to floods and earthquakes; you may need to pay extra for this type of coverage. You may also need additional coverage for very expensive items. In addition you will need to understand if your policy covers your personal property when you are away from home and whether it covers your pet if you have one.

Being a Good Neighbor

There are lots of freedoms and possibilities that come along with the responsibility of renting a house or apartment. In addition to the establishing utilities, signing up for schools, and familiarizing yourself with the shopping amenities; you need to be aware of your neighbors. Your neighborhood can contribute to your quality of life and you as a member of the neighborhood can help make it a satisfying place to live.

Take time to introduce yourself to your neighbors. Consider the effect your actions will have on your neighbors. Show consideration to your neighbors when you play music, mow your lawn, walk your dog, and have guests in your home. Show consideration for others and their property, their lifestyle and their peace of mind. Be willing to compromise, and you will find that your neighbors will do the same. In addition, many neighborhoods in Bloomington had neighborhood associations. If you would like to find out more about your neighborhood association call 349-3505 for information.

Landlord Tenant Disputes

If conflicts or difficulties arise between you're and your landlord it is best to seek help before destructive confrontations begin. You should know and understand your lease. Keep accurate records. You need a copy of all of your documents including your lease, rent receipts, copies of correspondence and notes of calls and requests made to you landlord. With these records you will be able to explain and substantiate exactly what happened if a conflict arises. Try to settle problems without recourse to outside intervention. If your landlord hasn't made a requested repair, call again. Perhaps the original work order got misplaced; don't immediately assume evil intentions. If a second phone call or letter doesn't bring results, then it may be time to look for assistance elsewhere. If you landlord will not make code related repairs in the City of Bloomington call Housing and Neighborhood Development 349-3420.

If you cannot come to a resolution with you landlord, you may contact the Community Justice & Mediation Center at 336-8677. This center offers private and confidential mediation in which you have a say in the outcome of your dispute.

Eviction

If a landlord has a legal reason to request that you leave your rental they will serve you with A Notice to Vacate. This "Notice" is a mechanism used by a landlord to evict a tenant who has violated the terms of a lease or rental agreement. The Notice to Vacate must include the tenant's name and the address or description of the property, the reason for the demand, a date and the landlord's name. A landlord or property manager cannot legally evict a tenant -- physically remove the tenant and his possessions from his rented home or apartment -- until the landlord has gone to court and proved that the tenant did something wrong that justifies ending the tenancy.

As a tenant you can take a few steps that will not only help you if you should be faced with eviction, but which could also help you avoid eviction. For example, if you make a complaint to a landlord, you should have a written record of when the complaint was made, the person to whom the complaint was made, when the problem was resolved, and whether the problem was actually solved. For problems which might cause you to try to get released from a lease before the end of its term, or might seek rent abatement, you should provide written notice to the landlord of both the problem and of the actions you intend to take if the problem is not remedied.

If you have established a good relationship with your landlord, it may be sufficient to advise of small problems by phone or in person. However, if the landlord is not generally responsive about fixing problems, or if there are a lot of problems or the

problems you have reported are not being adequately resolved, you should report problems in writing.

REASONS FOR EVICTION

A landlord may seek to evict a tenant if the tenant fails to pay the rent when it is due, if the tenant fails to perform certain obligations in the lease, if the tenant's lease expires and the tenant does not move, or if there is a month-to-month lease and the landlord serves a 30-day notice terminating the tenancy. The law provides that if the tenant does not move voluntarily at the expiration or termination of a lease, the tenant can only be removed from the premises through a court-ordered eviction.

If you are facing eviction you should check with Indiana Legal Services (339-7668), so you can learn the specific laws which apply to your situation.

1. Nonpayment of Rent

The tenant is usually served with a legal notice requiring that rent be paid by a specific date (e.g., within seven days of service), after which time the landlord can commence an eviction action. Many times, a landlord will agree to accept a partial payment during this time, with the promise that any remaining rent arrearage will soon be paid in full.

Remember that you do not have the right to unilaterally withhold rent until the landlord fixes a problem with your rental unit.

2. Violation of the Lease

If a tenant is accused of violating a lease provision, the tenant should review the lease to see if the accusation is true. If the tenant is in violation of the lease, the tenant should consider either correcting the violation, or consulting with the landlord about obtaining an exception or about the possibility of being released from the lease and moving. Please note that if you are violating a lease, the landlord can evict you and still charge you rent for the period following your eviction, up to the point in time when either the lease expires or a replacement tenant can be found.

One common example is the ownership of pets. If the lease prohibits you from having a pet, you may be able to negotiate an additional cleaning fee or monthly rent premium to be paid to the landlord for permission to keep the pet.

3. Health and Safety Issues

Damaging the apartment, or have creating a health hazard, can lead to eviction procedures. When you are being evicted on an expedited basis due to property damage or a health hazard, you may be able to slow things down by repairing

the damage or correcting the hazard. However, many landlords will proceed with a conventional eviction against any tenant who creates this type of situation, even after the problem is resolved.

4. Bankruptcy

When a tenant files for bankruptcy, the "automatic stay" will stop the eviction proceedings until the bankruptcy is resolved or the bankruptcy court allows the eviction proceedings to continue by lifting the stay. This can prevent a pending eviction, and may result in the full or partial discharge of a rent arrearage. Once the bankruptcy is filed all new rent charges which arise as a result of continued lease of the unit are the responsibility of the tenant and must be paid. Failure to pay the post-bankruptcy rent payments may result in eviction.

If you are faced with eviction it is usually in your best interest to contact an attorney. The legal process of an eviction can be complicated. An attorney can help you know what needs to be done to defend yourself in an eviction case. The attorney may help you gather and present evidence and will help you to respond appropriately to the landlords allegations. You can contact your own attorney, Indiana Legal Services (339-7668) or, if you qualify, Student Legal Services (855-7867) for help with an eviction.

The eviction process

1. The landlord or property manager brings a small claims notice (up to \$3,000.00) to the County Clerk's Office with a filing fee.
2. The Clerk's office sets the eviction hearing date which is received from the court. This is usually 15-45 days from the filing, with 15 days being the earliest.
3. Papers are served to the tenant by the Sheriff of Monroe County.
4. On the date of the hearing, landlord and tenant can appear (most do not). At this hearing when warranted, the court sets an eviction order, giving a date by which the tenant must be out, or if the tenant has already vacated, the date for the damage hearing is set. This is usually 30-45 days after the eviction date.
5. Between the eviction date and the damage hearing dates, the landlord/property manager does a walk through of the unit in question, and assesses the damage done and repairs needed.
6. On the date of the damage hearing the landlord/property manager presents the list of itemized damages to the court including past due rent.
7. The tenant can appear at the hearing and contest the amounts.
8. The court then sets the damages and sets the damage amounts on the judgment docket to be filed as a judgment against the tenant.
9. A payment schedule is set up for the tenant.
10. Once a judgment is entered against the tenant, the tenant is usually instructed to adhere to a payment schedule. Failure to pay is not a crime, but it is against the orders of the court.

11. If the tenant does not pay as ordered by the court, the landlord can file a Proceedings Supplemental. The landlord does not have to pay any additional cost for this process.
12. A hearing is set, and the tenant and landlord appear. Failure to appear for this hearing will result in the issuance of a body attachment or warrant with a cash bond. The landlord can also file a request with the tenant's employer to see if they are working and how much they bring home. Based on this information the landlord can ask for either an assignment of wages or a garnishment to reclaim monies owed. This process can be repeated as many times as it takes to get all the monies collected.

FAIR HOUSING

Housing discrimination is a problem many apartment renters may face during their lives. The Fair Housing Act makes it illegal for landlords to discriminate against tenants based:

- Race or color
- National origin
- Religion
- Sex
- Familial status (including children under the age of 18 living with parents or legal custodians; pregnant women and people securing custody of children under 18)
- Handicap

In Bloomington it is also illegal for a landlord to discriminate on the basis of sexual orientation.

What Housing Is Covered?

The Fair Housing Act covers most housing. In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

In the Rental and Sale of Housing: No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting) or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

If you think you have been discriminated against because of your race, religion, sexual orientation, sex, disability, national origin, color or ancestry, contact the Bloomington Human Rights Commission. They can investigate the matter for you if the alleged discrimination occurred within the city limits. In other cases, the Bloomington Human Rights Commission can refer you to the appropriate state or federal agency. The Bloomington Human Rights Commission also accepts

reports of hate incidents and provides educational programs on civil rights issues. Call the Human Rights Commission at 349-3429.

Additional Information on Fair Housing

It is illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

Additional Protection If You Have a Disability

If you or someone associated with you:

- Have a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities
- Have a record of such a disability or
- Are regarded as having such a disability

Your landlord may not:

- Refuse to let you make reasonable modifications to your dwelling or common use areas, at your expense, if necessary for the handicapped person to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move.)
- Refuse to make reasonable accommodations in rules, policies, practices or services if necessary for the handicapped person to use the housing.

Example: A building with a "no pets" policy must allow a visually impaired tenant to keep a guide dog.

Example: An apartment complex that offers tenants ample, unassigned parking must honor a request from a mobility-impaired tenant for a reserved space near her apartment if necessary to assure that she can have access to her apartment.

However, housing need not be made available to a person who is a direct threat to the health or safety of others or who currently uses illegal drugs.

Requirements for New Buildings

In buildings that are ready for first occupancy after March 13, 1991, and have an elevator and four or more units:

- Public and common areas must be accessible to persons with disabilities
- Doors and hallways must be wide enough for wheelchairs
- All units must have:
 - An accessible route into and through the unit
 - Accessible light switches, electrical outlets, thermostats and other environmental controls
 - Reinforced bathroom walls to allow later installation of grab bars and
 - Kitchens and bathrooms that can be used by people in wheelchairs.

If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

These requirements for new buildings do not replace any more stringent standards in State or local law.

Housing Opportunities for Families

Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under 18 live with:

- A parent
- A person who has legal custody of the child or children or
- The designee of the parent or legal custodian, with the parent or custodian's written permission.

Familial status protection also applies to pregnant women and anyone securing legal custody of a child under 18.

Exemption: Housing for older persons is exempt from the prohibition against familial status discrimination if:

- The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a Federal, State or local government program or
- It is occupied solely by persons who are 62 or older or

It houses at least one person who is 55 or older in at least 80 percent of the occupied units; has significant services and facilities for older persons; and adheres to a published policy statement that demonstrates intent to **Housing Opportunities for Families**

If You Think Your Rights Have Been Violated

HUD is ready to help with any problem of housing discrimination. If you think your rights have been violated, you may fill out a Housing Discrimination Complaint form, write HUD a letter, or telephone the HUD Hotline. You have one year after an alleged violation to file a complaint with HUD, but you should file it as soon as possible.

What to Tell HUD:

- Your name and address
- The name and address of the person your complaint is against (the respondent)
- The address or other identification of the housing involved
- A short description of the alleged violation (the event that caused you to believe your rights were violated)
- The date(s) of the alleged violation

Where to Write:

Send the Housing Discrimination Complaint Form or a letter to:

Office of Fair Housing and Equal Opportunity
U. S. Department of Housing and Urban Development
Room 5204
Washington, D.C. 20410-2000

Where to Call:

If you wish, you may use the toll-free Hotline number: 1-800-669-9777. (In Washington, D.C. call 708-0836.)

If You Are Disabled:

HUD also provides:

- A toll-free TDD phone for the hearing impaired: 1-800-927-9275. (In Washington, D.C., call 708-0836.)
- Interpreters
- Tapes and Braille materials
- Assistance in reading and completing forms

What Happens When You File A Complaint?

HUD will notify you when it receives your complaint. Normally, HUD also will:

- Notify the alleged violator of your complaint and permit that person to submit an answer

- Investigate your complaint and determine whether there is reasonable cause to believe the Fair Housing Act has been violated
- Notify you if it cannot complete an investigation within 100 days of receiving your complaint

Conciliation

HUD will try to reach an agreement with the person your complaint is against (the respondent). A conciliation agreement must protect both you and the public interest. If an agreement is signed, HUD will take no further action on your complaint. However, if HUD has reasonable cause to believe that a conciliation agreement is breached, HUD will recommend that the Attorney General file suit.

Complaint Referrals

If HUD has determined that your State or local agency has the same fair housing powers as HUD, HUD will refer your complaint to that agency for investigation and notify you of the referral. That agency must begin work on your complaint within 30 days or HUD may take it back.

What If You Need Help Quickly?

If you need immediate help to stop a serious problem that is being caused by a Fair Housing Act violation, HUD may be able to assist you as soon as you file a complaint. HUD may authorize the Attorney General to go to court to seek temporary or preliminary relief, pending the outcome of your complaint, if:

- Irreparable harm is likely to occur without HUD's intervention
- There is substantial evidence that a violation of the Fair Housing Act occurred

Example: A builder agrees to sell a house but, after learning the buyer is black, fails to keep the agreement. The buyer files a complaint with HUD. HUD may authorize the Attorney General to go to court to prevent a sale to any other buyer until HUD investigates the complaint.

What Happens After A Complaint Investigation?

If, after investigating your complaint, HUD finds reasonable cause to believe that discrimination occurred, it will inform you. Your case will be heard in an administrative hearing within 120 days, unless you or the respondent want the case to be heard in Federal district court. Either way, there is no cost to you.

The Administrative Hearing:

If your case goes to an administrative hearing HUD attorneys will litigate the case on your behalf. You may intervene in the case and be represented by your own attorney if you wish. An Administrative Law Judge (ALJ) will consider evidence

from you and the respondent. If the ALJ decides that discrimination occurred, the respondent can be ordered:

- To compensate you for actual damages, including humiliation, pain and suffering.
- To provide injunctive or other equitable relief, for example, to make the housing available to you.
- To pay the Federal Government a civil penalty to vindicate the public interest. The maximum penalties are \$10,000 for a first violation and \$50,000 for a third violation within seven years.
- To pay reasonable attorney's fees and costs.

Federal District Court

If you or the respondent chooses to have your case decided in Federal District Court, the Attorney General will file a suit and litigate it on your behalf. Like the ALJ, the District Court can order relief, and award actual damages, attorney's fees and costs. In addition, the court can award punitive damages.

In Addition

You May File Suit: You may file suit, at your expense, in Federal District Court or State Court within two years of an alleged violation. If you cannot afford an attorney, the Court may appoint one for you. You may bring suit even after filing a complaint, if you have not signed a conciliation agreement and an Administrative Law Judge has not started a hearing. A court may award actual and punitive damages and attorney's fees and costs.

Other Tools to Combat Housing Discrimination:

If there is noncompliance with the order of an Administrative Law Judge, HUD may seek temporary relief, enforcement of the order or a restraining order in a United States Court of Appeals. The Attorney General may file a suit in a Federal District Court if there is reasonable cause to believe a pattern or practice of housing discrimination is occurring.

For Further Information:

The Fair Housing Act and HUD's regulations contain more detail and technical information. If you need a copy of the law or regulations, contact:

Office of Fair Housing and Equal Opportunity Room 5116
Department of Housing and Urban Development
451 Seventh Street, S. W.
Washington, D.C. 20410-2000
(202) 708-2878

