



## How to Rent Out A Room In Your Home

Whether you want to help a college student with housing; you enjoy being around young people; you want to supplement your income; you enjoy meeting new people; or for whatever reason you are interested in renting out a room in your home, we hope the following information will be useful to you.

### Rent

Amount: You probably want some type of reimbursement for the room you are offering. A dollar amount is the most common way people pay rent. To set the amount, you may want to check other advertisements for rooms in home to get an idea of average prices, or ask at Off-Campus Student Services for the current average price. Variations in rent don't depend on how fancy the home is, but on how many needs of the student will be met by the housing situation. Factors most helpful to students are:

- ❖ A reasonable level of privacy for the student and the freedom to lead a normal student life.
- ❖ Proximity to campus or bus service.
- ❖ Use of kitchen facilities.
- ❖ Use of laundry facilities.
- ❖ A private bathroom.

Collection: Rent is usually collected "in advance" - i.e., on the first day of the month for which the rent applies. A receipt book (available at variety and office supply stores) is helpful so you can give a dated receipt to your tenant each time the rent is paid. This will help keep accurate records.

An Alternative To Cash: Rent reduction and pay in exchange for work. You may wish to offer the room for rent and/or pay in exchange for babysitting, yardwork, or household chores. This is often a successful, as well as practical, arrangement between landlord and tenant. This type of situation may be advertised in our "Room in Home" listings. Following are a few suggestions to make this arrangement successful.

Time Commitment: Remember that students already have a full life in classes, homework, having friends, etc. Keep your work requirements to a reasonable level that will still allow for keeping up with his/her studies and having a normal social life. Up to 10 hours a week is probably manageable.

Work Duties: Be as specific as possible about what duties you require and at what times. Write down the work agreement and give a copy to the tenant. You can always change it, but you need a concrete plan to work with to insure you both know what is expected. Again, being

specific about the arrangement is important. If housecleaning or yardwork is involved, make a list of what specific tasks are required, how often they are to be performed, and how many hours they should take. It may be convenient for you to have an "on-call" babysitter, but most students need to plan their schedules in advance. Make a specific arrangement such as "babysit every Saturday night unless we tell you by Wednesday that you will not be needed." or "babysit two nights a week and you will know by the Friday of the preceding week which nights those will be."

Pay for Work: If the duties will fluctuate, it may be easiest to charge full rent and then pay an hourly wage when duties are performed. This simplifies time and money accounting greatly.

## **Deposit**

What it is for: A damage/security deposit may be used to pay for actual damage (such as breaking a lamp) done by your tenant or for unpaid rent or bills. A deposit can help make the tenant feel accountable and it is a good business practice. Be sure that you give your tenant a receipt for the deposit.

Amount: The deposit is usually one month's rent with a range of anywhere between \$50 to two month's rent.

Returning deposits: According to state law, the deposit must be returned in full to the tenant within 30 days after the end of the rental agreement if he/she has paid all the rent/bills and has done no damage beyond what is considered "normal wear and tear". The return time may be extended to 60 days if this is noted in writing in the rental agreement. If you wish to withhold some or all of the deposit to cover unpaid rent, bills, or the cost of damages, you must submit a written statement to the tenant including the nonwithheld balance of the deposit, if any. This statement must be submitted to the tenant within 30/60 days after the end of the rental period and must include an itemized list of the damages, unpaid rent or bills, and how much you are deducting for each item.

## **Communication**

The most important tool in making this arrangement a happy, supportive one for all concerned is communication. Keep up a dialogue with your tenant so you have a relationship with him/her. This creates an atmosphere of openness where mutual respect and consideration can grow. If you have an ongoing dialogue with the student, such as exchanging daily pleasantries, then when you ask the student to do something like cleaning up the kitchen after himself/herself, or turning down the radio, or being more quiet when coming in late at night, you will have a friendly context for these requests. If something bothers you, be sure to discuss it as soon as possible rather than let it build to the point where you and your tenant cannot resolve what may have started as a troublesome, but small, item. Keep channels of communication open and you will usually find yourself more tolerant of the student's needs and occasional failings and he/she will be more considerate of your needs and wishes.

## Rental Agreements

Month-to-Month: This type of agreement may be verbal or it may be written down. A written agreement would include these facts:

- 1) That this is a month-to-month tenancy agreement
- 2) The amount of rent per month
- 3) The date the rent is due each month
- 4) The fact that the tenant will be renting a room at such-and-such address.

The landlord and tenant should both sign and date this agreement, and both should keep a copy. Usually a month-to-month rental agreement is the most satisfactory arrangement for renting out a room in your home. This situation allows the landlord or tenant to terminate the arrangement with at least ten days notice before the beginning of the next rental month. It does not include any commitment for any specific time period beyond one month. Basically, it is an agreement that the tenant may rent for a month at a time, and the agreement is automatically renewed for one more month each time the tenant pays the rent.

If both the tenant and the landlord are happy with the arrangement, the agreement may keep on being renewed each month indefinitely. However, if either the tenant or the landlord becomes dissatisfied with the arrangement, then it may be terminated or altered (such as a raise in rent) by a written statement to the tenant from the landlord (or vice versa) presented at least ten days before the next rent is due. This statement or letter can be quite simple. It should be signed and dated by the sender and say:

"I am moving out on (ending day of rental month)."

"Please move out on (ending day of rental month)."

"Your rent will be \$ \_\_\_\_\_ effective on (starting date of next rental month)."

A tenant is entitled to stay until the end of the month for which he/she has paid rent in full. If you wish to use a month-to-month agreement, avoid making promises to a tenant that he/she may stay for a semester or a year, or you may be held to that promise. Instead, you may wish to say, "My expectation is that you may stay for a semester (or a year), but this will be a month-to-month tenancy so that if either of us becomes unhappy we may terminate it at the end of any rental month, given proper notice".

Term Lease: A lease is a written rental agreement for a longer period of time than a month and locks the tenant and the landlord into a given rental period and a given rent amount. A landlord may not evict a tenant prior to the end of the lease period without due cause, such as non-payment of rent. Even with due cause, eviction is a difficult process when there is a lease. A tenant is responsible for the rent for the entire term of the lease whether or not he/she lives in the place and, if not prohibited by the lease, may have to sublet the room if he/she moves.

## Local Zoning Ordinances

Fort Collins City Code (section 29-459) mandates that home owners obtain a home occupation license prior to renting any rooms in an owner occupied dwelling.

City Code (section 29-1) states that "no more than three unrelated people are permitted to share a dwelling in the city of Fort Collins". Therefore, according to this code, a person can rent out rooms to only two unrelated people.

For further information call the Zoning Administration at 221-6760.

## **House Rules**

A student who rents a room in your home will become part of your household even if all he/she does at your house is sleep, bathe and dress. It is important before you select a tenant that you think through how you feel about certain things and what your own household's needs are. Here are some things to consider:

1. How do you feel about smoking? Drinking? Drugs? Rock music? What if it is confined to the tenant's room?
2. May the tenant use the house as a family member? Just his/her room? Just the "family room"?
3. May the tenant have his/her friends over? May they use the house or just the tenant's room? May they stay overnight?
4. If there are kitchen privileges:
  - ❖ Are there certain meals that the tenant may fix, but not others?
  - ❖ Are there certain hours of the day they may use the kitchen or times they must stay out of it?
  - ❖ Do they have a certain space in the refrigerator or cabinets?
  - ❖ May they fix meals for their friends?
  - ❖ May they use your food? Must they replace it or get permission? Just inform you afterwards, etc.?
5. If there are laundry privileges:
  - ❖ Are there certain times they may use the washer/dryer?
  - ❖ Will they use their own detergent (and other supplies)? Can they borrow yours?, etc.

Discuss these and other items you wish to consider with your prospective tenant so that he/she will know what is expected. This way you can both decide whether you can try to accommodate each other. After you accept a tenant, write these "house rules" down. Both of you should mutually agree upon these rules, keep a copy, and agree to talk with the other person if he/she wants to change them.

The "house rules" are not laws - they are guidelines so that everyone knows what is expected. Do not make them too restrictive or difficult to conform to; just include those things which, if not regulated, will make your household truly unhappy. Remember, you are not the student's parents; you are merely establishing groundrules that will make your household operate harmoniously.

## Miscellaneous Tips

School vacations: If a student has been a good tenant and is leaving at the end of a school year (or semester) but is intending to return at the end of the break to rent again in your home, ask him/her to write to you by August 1 (or January 1) to confirm his/her intent to return and rent from you again. It would also be a good idea to get his/her vacation address and write requesting this commitment. If the student is not returning, this will give you sufficient notice to get another tenant.

Storage tips: If a student will be gone for an extended period of time (like the summer) and requests you to store his/her belongings, you may be willing to do this. However, it is a good idea to have the student pack them in mailable boxes and have him/her move them to an appropriate storage place in your home before leaving. Then collect a deposit from the student which will be sufficient to cover the cost of mailing these belongings if the student does not return. Set a date that you will mail them if you have not been contacted before then, and get an address where you can send them. When the student returns, return the deposit. You may wish to sign an agreement that if he/she returns but does not move back in with you, all or part of the deposit may be kept by you as a fair storage cost.