

LEARNING MADE EASY



Renting

For Canadians

for
dummies[®]
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Locate the rental
that's right for you

Manage lease terms and
deal with landlords

Know your rights
as a tenant

Douglas Gray, LLB
Peter Mitham
Experts on Canadian real estate
Abdul Muid



Renting For Canadians

**by Douglas Gray, LLB,
Peter Mitham, and Abdul Muid**

**for
dummies®**
A Wiley Brand

Renting For Canadians For Dummies®

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Introduction

Are you ready to embark on the journey of finding your dream rental? The search for a new home can be a roller coaster of emotions, but the ride becomes smoother when you're armed with the correct information.

Whether you're a first-time renter, new to your city or province, or just in need of a refresher, *Renting For Canadians For Dummies* is your go-to guide. This book takes you through the essential steps, from understanding what you desire to understanding what landlords require, from income requirements to references and occupancy. It's all about removing the guesswork and allowing you to find your new home efficiently and easily, and being the kind of person landlords want to keep. Welcome to the world of stress-free renting! We're happy to take this journey with you.

About This Book

Renting For Canadians For Dummies is a comprehensive guide born from our years of experience as both tenants and seasoned real estate investors. In this book, we walk you through the step-by-step process of finding your ideal rental property, submitting a solid application, and making a seamless transition to your new home.

This book offers valuable nuggets to help you find the perfect rental home in any market. We get into the nitty-gritty details, such as understanding the documentation property owners require and your rights (and obligations) as a tenant. Using this book as your guide significantly improves your chances of success as a tenant, whether you're eyeing an apartment, single-family home co-op apartment, or double-wide trailer.

Our extensive first-hand experience as landlords and renters sets this book apart. We're happy to share our experience with you so that you can (we hope) avoid the challenges others face. Throughout the book, we share tips on working with landlords and property managers, and we guide you through setting up your new home and standing up for your rights when things go sour.

A quick note: The Technical Stuff icon and sidebars (shaded boxes of text) dig into the details of a given topic, but they aren't crucial to understanding it. Feel free to read them or skip them.

Also, within this book, you may note that some web addresses break across two lines of text. If you're reading this book in print and want to visit one of these web pages, simply key in the web address exactly as it appears in the text, pretending as though the line break doesn't exist. If you're reading this as an e-book, you've got it easy — just click the web address to be taken directly to the web page.

Foolish Assumptions

Here are some assumptions we make about you, dear reader, and why you're picking up this book:

- » You're new to your location and need to find the right home, and you don't know where to start.
- » You're a first-time renter looking for your new home in a competitive rental market.
- » You've lived in your current place for ages and have no idea what it takes to find a rental these days.
- » You're a busy professional with little time to devote to finding your rental. You want an easily digestible guide to help you accomplish your goal quickly and with as few headaches as possible.

Icons Used in This Book

Like all *For Dummies* books, this book features icons to help you navigate the information. Here's what they mean:



REMEMBER

If you take away anything from this book, make it the information marked with this icon.



TECHNICAL
STUFF

This icon flags information that delves a little deeper than usual into different facets of renting and real estate.



TIP

This icon highlights especially helpful advice about finding and moving into a rental.



WARNING

This icon points out situations and actions to avoid on your renting journey.

Beyond the Book

In addition to the material in the print or e-book you're reading right now, this product comes with some access-anywhere goodies on the web. Check out the free Cheat Sheet for info on documents you need to apply for a rental, important terms in a lease, and more. To get this Cheat Sheet, simply go to www.dummies.com and search for “*Renting For Canadians For Dummies* Cheat Sheet” in the Search box.

Where to Go from Here

By design, you don't have to read a *For Dummies* book cover to cover. That said, if you want to master finding your dream rental and have time on your side, we encourage you to read the entire thing.

If the thought of signing a lease is overwhelming, head to Chapter 6, which breaks down the common parts of the lease. After you've secured a place, Parts 3 and 4 can help you make it a home. You can always check out the table of contents and the index for specific topics, too. Good luck!

A large, white, sans-serif number '1' is centered vertically and horizontally. It has a soft, gray drop shadow to its right, giving it a three-dimensional appearance against the light gray background.

Getting Started with Renting

IN THIS PART . . .

Begin your journey to finding your next home and discover some important truths about renting.

Identify the amenities you want and need in your next rental.

Understand that your budget and preferences come into play when choosing a property and a neighbourhood.

IN THIS CHAPTER

- » Looking at the differences between buying and renting
- » Walking through the steps of renting a place
- » Living in an apartment or rental house
- » Considering renting a room in a private home
- » Renting your way to home ownership

Chapter 1

Understanding the Basics of Renting

The day you sign a lease on a new apartment or house can sometimes feel like the beginning of a relationship. You and the property owner have committed to trust, transparency, respect, and keeping your word to honour the lease.

Maintaining your commitment to paying your rent on time, being a great neighbour, and keeping your home in tiptop shape are a few essential steps to being an excellent tenant.

Likewise, a landlord is committed to responding to your inquiries promptly and efficiently and always maintaining a professional and respectful rapport with you.

This chapter helps you get started with having a happy renting experience.



REMEMBER

When you're searching for a place to call home, note that such a home can come in many different shapes and sizes. Some people rent an entire house, some rent an apartment, and some rent a room or floor in a private house.

Comparing Renting a Place to Buying a Home

Why should you consider renting rather than buying a home? The upfront cost is the most significant difference between the two options:

- » Home purchases require a down payment, often in the range of 20 percent of the purchase price. Closing costs add a further 3 to 5 percent on top of the purchase price. Buyers also have to pass a stress test to ensure they can handle future increases in mortgage rates at present income levels. These things all make ownership tough to achieve.
- » As a renter, on the other hand, your upfront cost is the first month's rent and security deposit. Often, rent can be cheaper than a mortgage, but the money you shell out on rent doesn't build equity (unless you're in a rent-to-own arrangement, an option we discuss at the end of this chapter).

Here's how that breaks down for purchasing a \$400,000 home:

- » A down payment of 20 percent equals \$80,000.
- » At 3 percent, closing costs are an additional \$12,000; at 5 percent, that jumps to \$20,000.
- » Added together, your upfront costs are between \$92,000 and \$100,000.

Upfront rental costs vary by market, but they'll almost certainly run much less than \$100,000 for a similar property. A monthly rent of \$1,500, for example, works out to \$18,000 per year; add a deposit equivalent to the last month's rent, and you're at \$19,500.



TIP

Consult with a mortgage professional to run the numbers if you're considering buying a home versus renting.

Getting an Overview of the Rental Process

Ready to rent? Great! The following sections cover the general steps of the rental process, from deciding which amenities you want in a home to signing the lease, paying the upfront costs, and moving in.

Also, we discuss some of the best apps to search for your home and how to ensure your application is approved.

Figuring out what you want in your new home



REMEMBER

When starting on your journey to find your rental, you may not know what kind of space you're looking for. And guess what? It's okay; finding a place to call home is a process of discovery. Don't get discouraged; get out and look at places. The more you explore and see, the more you understand what you don't want and what makes one space better for you than another. This process helps you discover what you love.

To figure out what you want in your new home, start with the amenities you must (or really, really want to) have.

- » Does washing dishes bore you? You should include a dishwasher on your must-have list.
- » Do you prefer to do your laundry in the privacy of your home? You may need an in-suite washer and dryer.
- » Does the idea of having private outdoor space excite you? You may need to include outdoor space on your list.

Also think about the charm and aesthetic. Do you love wood floors? Do you like high ceilings? Do you prefer mid-century modern or contemporary finishes? You get the point.

Now, get your pen and pad, phone or tablet and make notes about what you want and what appeals to you. Your home should reflect you; it should exhibit your personality. When you truly live well, those boxes are checked off.

See Chapter 2 for more about figuring out which amenities you want in a rental home. Chapter 3 has details on considering different types of buildings and neighbourhoods.

Searching high and low for the perfect place

Looking for the ideal place usually begins on the right app or website. Many good websites and rental apps can help you find your new home. Here are a couple of the options you have:

- » **Rentals.ca** is a national site that covers both purpose-built units and private units in homes and condo towers. Easy to use, with data on average asking rents for specific markets, it helps you know what to expect and lets you drill down by postal code, price, property type, and number of bedrooms. You can contact the landlord directly from the search page, and set up alerts for properties with similar characteristics.
- » **PadMapper.com** is a simpler site than Rentals.ca. This platform offers similar search options but requires a sign-in to achieve full functionality.

Most of the major sites for searching properties are focused on the key urban markets. To search for listings in more remote and rural areas, consider Kijiji.ca and Craigslist.org.



TIP

When embarking on your search for a new home, making time to see all the listings as soon as possible increases your odds of finding your ideal home.

Applying to rent a space

You're employed and raking in an annual income that is 40 times the current asking rents, have a strong credit rating with excellent on-time payments, have 6 to 12 months of rent saved, and have gathered all the important documents you need. In other words, you're ready to apply for your future rental home! (If this seems daunting, see Chapter 2 for more info on what landlords want to see from a potential tenant.)



REMEMBER

When you apply for a rental, the most crucial factor to keep in mind is to make sure you can paint a picture of your ability to pay the rent. Your application will ask for various details to help a potential landlord verify your income, such as proof of income,

including pay stubs; Notice of Assessment from your most recent tax filing and bank statements; proof of employment; and personal information required to perform a credit check.



TIP

A lack of regular income is not grounds for rejecting you as a tenant; Canada's human rights code protects tenants against income-based discrimination. However, you want to present yourself as the best possible candidate from a financial perspective. While you have a right to question why a landlord or property manager requires certain financial information, such as bank statements, know that the more credit-worthy you are, the better chance you'll have.

Getting approved for a rental says your application has demonstrated to the property manager or landlord that you're qualified to pay the rent. Nothing can stop you!

Chapter 5 has the full scoop on applying for your dream rental home.

Signing the lease and paying upfront costs

You've made it to the lease signing. The upfront cost at this stage is generally the first month's rent and your security deposit, which typically cannot exceed one month's rent (for this reason, it's sometimes known as the last month's rent because the landlord may retain it at the end of your lease — but the handling of security deposits is governed by specific rules.



REMEMBER

The amount of the security deposit will vary by province and sometimes by landlord. Some provinces count the deposit against the final month's rent and limit the deposit to one month's rent. Other provinces limit the deposit to a half month's rent. In some cases, the deposit is held separately and must be returned to the tenant with interest following a satisfactory inspection of the unit. (For more details on security deposits, see Chapter 6.)

Depending on the type of building you move into, you may need to pay additional upfront moving fees, such as the following:

- » A pet fee or deposit
- » A move-in fee or other administrative fee charged by the building

- » A parking fee
- » An elevator fee



REMEMBER

The preceding fees are generally associated with larger apartment buildings, especially condos. Rental buildings with ten or fewer units and private rental homes don't usually charge move-in fees. The first month's rent and security deposit are the most these properties typically expect you to pay.

Speak with your property manager, rental agent, or landlord about the fees in advance. Some may be refundable. You can usually pay all fees due at lease signing by certified cheque, credit card, or electronic payment.

See Chapter 6 for details on signing your lease and paying the necessary fees. Chapter 11 has the scoop on renewing your lease.

Moving and settling in

Moving can bring new renters excitement, joy, and even anxiety. The prospect of working around a cluttered sprawl of empty boxes, renting a moving truck, or hiring movers can be daunting. Don't fret; with preparation and organization, you'll be all packed in no time.



REMEMBER

Settling into your new home can take a few days or months. The most organized and detail-oriented renters unpack and settle in right away without missing a beat. Others settle in piece by piece, and they unpack when they can. One way isn't better than the other. It all comes down to your personality, preference, or timeline.

Settling in can sometimes mean getting to know the concierge, figuring out where the building's gym is, or getting to know your landlord (especially if they live upstairs from your basement suite). Initially, these nuances are part of settling into your new home. Understanding them quickly can help your transition and provide an initial sense of comfort.

Whatever feelings moving inspires for you, stay calm, get organized, and break the move down step by step. Chapter 7 can help. You've got this!