

Joshua Tree Consulting

White Paper:

The SureDeposit™ Surety Bond Value Proposition



Written and researched by
Stephen Lefkovits

July 2005

Table of Contents

Introduction	1
Value Proposition	2
Program Description	3
What is a Surety Bond?	3
SureDeposit Surety Bonds	3
Program Detail	4
Resident Appeal	5
SureDeposit's Role	6
SureDeposit Renter Credit Quality	7
Program Participants' Loss Experience	8
Property Owner Insights	11
Conclusions	14

Introduction

This white paper examines the value proposition of replacing traditional apartment security deposits with the SureDeposit surety bond program. With more than five years of experience in the marketplace and a client base that manages more than one million units, SureDeposit has amassed significant user experience with the program.

This white paper uses these experiences to examine the impact of the program on the apartment industry, including financial, administrative and marketing benefits as well as its impact on resident behavior. It is organized as follows:

- Value Proposition Summary
- Overview of Surety Bonds
- Detailed Summary of User Experiences with the SureDeposit Program
- User Insights

White Paper Methodology

This white paper is based on standardized interviews of eight firms currently using SureDeposit. Where there is less than full agreement among users, we have tried to add factual or statistical commentary to explore these issues. In addition, we examined data from SureDeposit and their integrated delivery partners.

Sponsorship

This white paper was commissioned and sponsored by SureDeposit. SureDeposit is the dba name of Converge Services Group, LLC, a Livingston, New Jersey firm. In California, SureDeposit is offered by SureDeposit Bond Insurance Agency, LLC.

White Paper:

The SureDeposit Surety Bond Value Proposition



Joshua Tree Consulting

436 14th Street, #810

Oakland, CA 94612

(510) 444-2988

www.joshuatreeconsulting.com

steve@joshuatreeconsulting.com

The SureDeposit Value Proposition: Full Loss Coverage versus 18% Recovery

According to ACA International, the leading trade association representing credit and collections professionals, just 18% of all money referred to collections agencies is eventually recovered. The SureDeposit surety bond, on the other hand, provides apartment owners with 100% recovery of skipped rent or property damages, up to the bond amount (typically \$500), within 30 days, at no direct cost to the property owner.

White Paper:

The SureDeposit Surety
Bond Value Proposition

This enhanced protection significantly impacts a property's bottom line, particularly in markets where requiring full cash deposits puts a property at a competitive disadvantage. Consider, for instance, a market in which security deposits of \$100 or less are the norm. With SureDeposit, an owner receives at least \$500 worth of coverage instead of the \$100 security deposit they would have otherwise received.

One large portfolio owner who participates in the program says the program has enabled them to recover an additional \$263,000 since December 2002, or \$314 more per claim, than they would have without SureDeposit. To date, the firm has filed 838 claims and has collected \$389,000 from their SureDeposit premium pools. By their estimate, before joining the program, their security deposits averaged \$150. This would have provided just \$125,700 to cover those 838 claims.

Furthermore, this significantly improved financial protection costs property owners nothing because bond premiums are paid by residents. The only indirect cost to owners is the time required to evaluate and integrate the product into their leasing process.

Owners also benefit because SureDeposit is not insurance, but rather a surety bond, similar to a construction bid bond. That means that when a property owner files a claim, SureDeposit pursues collection action through third-party, licensed collection agents. This discourages renters from failing to pay their rent or leaving their units in poor condition when they move out.

Finally, SureDeposit is a classic win-win proposition. Residents also benefit because bond premiums are a fraction of the cost of a typical security deposit. This dramatically reduces the up-front costs required to move into a new apartment and makes it easier for a leasing agent to close the sale.

Additional Value to Property Owners

- Reduces administrative burden to owners in managing the collections process. Claimants simply submit a form, receive payment within 30 days and close the case.
- Provides a standardized claims process across a portfolio, easy access to comparative data, and tracking of claims and amount paid.
- Provides transparency and central accountability for executives, which enables the enforcement of portfolio-wide policies with regard to security deposit alternatives.
- Improves cash flow by sending claims payments within 30 days.

Program Description

What is a Surety Bond?

A surety bond is a written financial guarantee from a third party (the “Surety”) that in a given situation a person or a company (the “Principal”) will do what they say they will for another person or company (the “Obligee”). When a principal purchases a surety bond, he/she pays the surety a non-refundable premium for his/her guarantee of performance.

Construction surety bonds are widely recognizable forms of surety bonds. These bonds can guarantee construction performance, payment to sub-contractors or compliance with bid estimates. A guarantor (the surety) guarantees to the property owner (the obligee) that a contractor (the principal) will perform at least one of these conditions. The bonds provide the obligee with additional comfort that their risk is capped by the third-party guarantor.

Surety bonds differ in several distinct ways from insurance. Insurance provides security for events out of one’s control. Insurers pay claims, but they do not go back to the insured to make up their losses. The insured event is random, or at least, not usually the fault of the insured (except with no-fault insurance). The insurers pay claims from a pool of premiums that is theoretically large enough to cover all losses and provide the insurance provider with a profit. Insurers have no recourse to the principal.

Surety bonds, on the other hand, cover events and behaviors that are within the control of the principal. Therefore, if the obligee makes a claim to a surety, the surety then pursues a claim against the principal who did not do what was promised. The principal remains responsible, and the surety merely assumes the risk of collecting from the principal so that the obligee doesn’t have to.

SureDeposit Surety Bonds

SureDeposit provides a surety bond alternative to resident security deposits and acts like a combined version of the contractor’s payment and performance bond. First, SureDeposit (the surety) backs up the resident’s (the principal) promise to the property owner (the obligee) to leave the property in rentable condition. Second, it also guarantees that any money owed by the resident will be paid, up to the bond amount.

It differs from security deposits in several important ways, including the following:

- SureDeposit pools resident premiums, which provides property owners with a higher level of payment and performance assurance than a security deposit of a lesser amount. (Note: some state and local laws require funds to be segregated by property to be held in separate accounts for each renter.)
- By handling the collections, SureDeposit frees up apartment firms’ time and corporate resources.
- SureDeposit’s prompt payment means accounts receivable do not age past 30 days.
- It requires a lower initial cash outlay, which prospective residents greatly prefer even though the premium is non-refundable.

White Paper:

The SureDeposit Surety Bond Value Proposition



Joshua Tree Consulting
436 14th Street, #810
Oakland, CA 94612
(510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

Karen McCurdy, a Vice President of USA Multifamily, summarized residents' preferences, "They think it's the best deal for them. Even if they believe they'll leave the place spotless, they don't want to lose interest from large deposits or lose the use of their money."

Linda Willey, Director of Property Services at Camden Property Trust concurs. "Laying out less cash is the big selling point. It helps the sales person to close. Moving time is a time of a lot of expenses. This can help to provide a break when things are tight for a renter."

Program Detail

Premiums

Participating residents pay a one-time, nonrefundable premium at the time of leasing. The premiums are 17.5% of the bond amount, or \$87.50 for a \$500 bond. Bonds may be purchased in \$250 increments above \$500. Basic premiums are not adjusted based on the applicant's credit profile.

The Premium Pool

Sixty percent of the premiums go into the apartment firm's claim pool. (Owners may choose to pool premiums at the property or portfolio level.) The remaining 40% is retained by SureDeposit. The SureDeposit surety bond program is administered by rated insurance companies who are licensed to offer surety products throughout the United States. SureDeposit acts as their agent, managing the program strategically and day-to-day. The claims pool is held for the benefit of the property (or portfolio, as the owner wishes) by the insurance company and administered by SureDeposit. As with traditional deposits, the pool must be negotiated between buyer and seller when a property is sold.

Risk Underwriting

SureDeposit also offers an enhanced service which integrates bonds with a resident's credit rating. In other words, residents with higher-risk profiles are offered bonds requiring an additional cash deposit. This ensures that the risk exposure in the pool remains constant, regardless of the mix of residents in the pool. This enhanced product has been integrated into the online offerings of several resident screening companies, including CreditRetriever, ResidentCheck, RealPage OneSite Credit, First Advantage SafeRent and RentGrow. In the event of a loss, claims are first made against the supplemental deposits. Any remaining claims are taken from the pool.

Loss Coverage and Claims

Each individual claim is limited to the amount of a renter's bond. Total loss coverage is capped by the amount of the claims pool available, or 60% of the total premiums collected for that pool. Apartment firms make a claim by submitting a copy of the lease application, the lease signature page, the bond acknowledgement form and the statement of deposit account (SODA). Claims are paid within 30 days or sooner, subject to the availability of funds.

White Paper:

The SureDeposit Surety
Bond Value Proposition

Resident Appeal

The program's appeal for residents is simple: retaining scarce cash flow. Renters get to hold on to more cash at moving time - when they have a lot of other expenses. SureDeposit costs renters just 17.5% of the bonded amount. Because this is non-refundable, some observers opine that rational renters will opt to keep their money, pay a traditional security deposit, and get 100% of their money back when they move. This analysis abstracts from the world of the average household which is carrying \$20,000 in non-mortgage debt. Credit card debt makes up 37% of that total, and the average credit card interest rate is 18.9%. Even at 17.5% of cost, SureDeposit represents cash flow savings to the typical household in the United States.

Industry managers concur. Drew McOlgan of BH Management offers that "most properties say that residents prefer to lower their out-of pocket costs." Melissa Iverson at Benjamin E. Sherman reports similarly that residents find "the cash flow savings" the most attractive part of the program. Paying the SureDeposit premium of 17.5% is financially rational and understandable in the world of the average resident. Even high-income renters in Class A properties have debts, often debt levels consistent with their high incomes. Renters see SureDeposit as a tool that provides them with additional financial flexibility, at a time that can be emotionally and financially stressful.

White Paper:

The SureDeposit Surety
Bond Value Proposition



Joshua Tree Consulting

436 14th Street, #810
Oakland, CA 94612
(510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

SureDeposit’s Role

SureDeposit is the claims pool administrator as well as the agent of the two insurance companies which provide the surety bonds. If a unit is damaged, the apartment firm makes a claim to SureDeposit within 60 days and is paid within 30 days. SureDeposit then pursues the former resident to make good on their obligation through a collection agency.

Program At-A-Glance

The Renter	The “Principal”
The Property Owner	The “Obligee”
SureDeposit	Surety’s Agent and Program Administrator
Fidelity National Property and Casualty	“Surety” (rated A- by AM Best)
Banker’s Insurance Company	“Surety” (rated B by AM Best)
Renter’s non-refundable premium	17.5% of bond amount or \$87.50 per \$500 bond
Credit-adjusted premiums for higher-risk renters	Supplemental cash deposits are required for higher-risk renters, based on credit thresholds established by screening partners
Amount available to owner for claims	60% of pool premiums collected. No additional credit support provided.
Claims process	Claims should be made within 60 days, and paid in full within 30 days or less.
Premium disposition on sale	Pool funds are held for the benefit of the property owner, and must be transferred to or replaced by acquiring owner.
Cost to owners	None

White Paper:

The SureDeposit Surety Bond Value Proposition

Renter Credit Quality in the SureDeposit Program

There is a positive correlation between credit recommendation outcome and the decision by a prospective resident to choose SureDeposit. We analyzed SureDeposit renters in five states and the overall renter population in those same states (Arkansas, Florida, Georgia, North Carolina, and Louisiana) using data from CreditRetriever Resident Screening. In all decision categories, SureDeposit renters had a higher percentage of positive recommendation outcomes than the general renter population. This holds true for all states, individually as well as aggregated together. The data is summarized below.

Joshua Tree Consulting compared a sub-sample of 4,305 SureDeposit renters at over 30 properties with a regional pool of 213,331 rental applicants to examine differences in the credit quality between the groups. Renters were segmented by CreditRetriever screening recommendation (Accept, Low Accept, Conditional, Decline, Refer). The available data clearly shows that SureDeposit renters are positively differentiated from the renter pool at large in these states. This is a stronger finding than expected. Anecdotally speaking, most program participants say merely that it has virtually no negative impact on renter credit outcome. None guessed in advance that the aggregated SureDeposit renter outcomes were stronger than those of the general population.

By way of example, ING Clarion audited the program’s impact internally and “found no changes in the course of an audit with CreditRetriever,” according to Virginia Love, an executive with the company. Linda Willey, Director of Property Services at Camden Property Trust concurred, noting that her firm “sees no change in credit quality because essentially all of our applicants use it” even though they are given the option of a cash deposit.

In this simple statistical analysis, 79% of SureDeposit renters fell into CreditRetriever’s two highest credit outcome groups compared to just 65% of the adjusted regional pool. Because the SureDeposit data only includes results for renters who were accepted as residents at a property, we adjusted the regional data pool to exclude declined applicants.

SureDeposit Renters by CreditRetriever Credit Recommendation

CreditRetriever Credit Recommendation	SureDeposit Renters (4,305 in pool)	Raw Pool of Renters in Same States (213,331 in pool)	Pool Adjusted to Remove Declined Renters
Accept	67.2%	46.2%	56.8%
Low Accept	11.7%	7%	8.6%
Conditional	9.2%	8.6%	10.6%
Decline	0	18.7%	0
Refer	11.9%	19.5%	24%
Total	100%	100.0%	100%

White Paper:

The SureDeposit Surety Bond Value Proposition



Joshua Tree Consulting
 436 14th Street, #810
 Oakland, CA 94612
 (510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

Program Participants' Loss Experience

Perceptions of Losses and Claims Process

Program participants surveyed generally felt that the SureDeposit claims process was superior to their old collections methods. Speed of claim reimbursement and less administrative burden were cited as the two most important benefits.

Most acknowledged that because data on prior collections was compiled on site, they could not make an accurate portfolio-level comparison. "I don't know if we're seeing more or less claims. We're just getting the money sooner," said Camden's Linda Willey. Karen McCurdy at USA Multifamily reported that the program administration is easier than filing against individual renters "because SureDeposit is chasing them around. It's a better process, not necessarily more protection for us."

Melissa Iverson of Benjamin E. Sherman noted that her company experienced no change in loss claims, but that SureDeposit "made the process a little more clean-cut. As soon as there's a move out [with losses that Sherman can't collect], we refer cases to them." In addition, she added that thanks to the enhanced coverage that charges supplemental deposits to higher-risk residents, "we have this huge pool of money available if there are large move-outs with lots of damage."

Loss Data

One of the most interesting aspects of the program is that it has led to the creation of a database of renter losses due to damage and failure to pay rent. We looked at over 18,000 former and current residents who have used the program to create a snapshot of program's experience in 2002 and 2003. These renters signed leases between January 1, 2002 and December 31, 2003. Because not all renters who rented during this period have moved, there are likely additional claims from that sample that have yet to be made.

Observers of the insurance industry know that the sector uses more sophisticated measures of an ongoing pool than employed here and that it separates closed-out policies from in-force policies to definitively estimate their outstanding liability. Because property owners do not always inform SureDeposit when renters move out, it is not possible to create a 100% reliable pool aging report that includes only policies no longer in force.

However, we extrapolate that 91% of the renters in this data pool have moved. The industry averages 70% annual renter turnover. On average, this implies a 91% move-out rate across this pool. Thus, the conclusions we draw are extremely likely to be representative of the total pool experience. We do feel confident that an overwhelming preponderance of these renters have moved out, and their loss experience is known.

One Caveat

Including all the claims in the SureDeposit database, the average claim was \$1700. At first glance, this may seem impossibly high given that owners who do not use the SureDeposit product typically collect security deposits of less than \$200. One explanation may be that typical security deposits are low in many regions because they are market-driven, and bear no relation to the actual risk. With that caution in mind, the following is a summary look at the participating owners' loss experience for the period in question.

White Paper:

The SureDeposit Surety
Bond Value Proposition

Joshua Tree Consulting

Total number of bonds reviewed	18,735
Number of claims	2,864
Average claim amount	\$ 544.11
Average excess claims	\$1,184.95
Average coverage amount where there were claims	\$ 699.28
Average coverage – overall	\$ 637.20
Ratio of claims pool/claims	1.08
Overall average credit recommendation (converted from text recommendations such as “Accept”, “Low Accept”, “Decline” etc.	1.72
Principal credit recommendation where claims were made	2.10
Credit recommendation standard deviation	1.29
Number of credit screened transactions in this data pool	4,305
Average number of units per property	325.5

Definitions

1. Number of claims. Number of claims made by property owners (obligees) in calendar years 2002 and 2003 against their SureDeposit claims pools.
2. Average claim amount. The mean of all of the claims derived by summing the claims amounts and dividing by the number of claims.
3. Average excess claims. The mean of the losses claimed above the policy in force. Derived by totaling the excess claims and dividing by the number of these claims.
4. Average coverage amount where there are claims. The mean of the policy coverage in force on those policies where owners filed loss claims.
5. Average coverage overall. The mean of the policy coverage in force for all renter principals in the program during this period.
6. Ratio of claims pool funds to claims. A simple measure of the soundness of the aggregate of owner claims pools. Derived by dividing the premiums collected by the claims made during the period. (Because pools are held for the benefit of owners, this ratio implies nothing about SureDeposit or the funds in a given pool. It merely reflects how owners have made claims in the past against their own available funds.)

White Paper:

The SureDeposit Surety Bond Value Proposition



Joshua Tree Consulting

436 14th Street, #810
Oakland, CA 94612
(510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

7. Overall credit recommendation. A numerical representation of the CreditRetriever system outcomes of all the renters holding bonds: 1 = Accept, 2 = Low Accept, 3 = Conditional, 4 = Decline and 5 = Refer.
8. Principal credit recommendation where claims were made. A numerical representation of the CreditRetriever outcomes using the same system as outlined in #7 for the subset of participants against which claims were made.
9. Credit recommendation standard deviation. A measure of the variability of the data points in the data set that is used to determine whether the difference between two sets of results is statistically significant. The farther two results are from each other (such as the average credit scores for these two groups), as measured in standard deviations, the more likely that there is a cause for the difference. In this data set, the standard deviation is small enough that there is no statistical difference between them.
10. Number of credit screened transactions. The subset of SureDeposit renters who were screened using CreditRetriever during this period of time.
11. Average number of units per property. The average number of units per property in the program

We also segmented the claims data by credit screening outcome. Although this produced minor differences, there was no statistical difference between the outcomes.

CreditRetriever Credit Recommendation	Average claims	Average excess claims
Accept	\$ 352.60	\$ 834.29
Low Accept	\$ 504.26	\$1,297.09
Conditional	\$ 553.35	\$1,548.40
Decline	N/A	N/A
Refer	\$ 503.79	\$1,489.35

Property Owner Insights

Generally, apartment executives who use the SureDeposit product generally do not spend much time thinking about the program. In the words of one respondent, it is like a utility company: if the lights work, there is no reason to think about them.

Apartment firms were asked for their insights on how they effectively use the SureDeposit product. All emphasized the importance of properly educating the onsite staff tasked with offering it about the nature and purpose of the program. Specifically, they stressed the importance of explaining that the claims pool is not insurance and that it is not a slush fund to allow a quick lease-up with unqualified residents. It is important that employees understand that SureDeposit is not intended or designed to provide loss coverage for residents who are rejected by the property's credit screening system.

Anonymous user responses to specific questions follow. In each section, every bullet point represents a separate speaker.

Training

Joshua Tree Consulting asked: Who did your company's initial training, and who does it on an ongoing basis?

- Our initial training was done by Margaret from SureDeposit. We now just train regional supervisors to know the program, and they teach their teams. It's very ingrained into our culture now, and all new employees learn about it. SureDeposit's materials are easy to understand.
- We took training in-house and tailored it for our onsite associates. We also included SureDeposit in our master lease as an option. We do lots of training, and even made a class out of it with group exercises. We believe that you really have to practice doing it. In mystery shops, we've noticed it if we didn't keep up the training.
- We have SureDeposit do training every three to six months and make all sales people watch webinars [online web seminars]. It's a very easy thing to grasp.
- We did the initial training rollout with their Atlanta regional rep. We do our new hire training on a monthly basis via Webex, and the rep follows up by phone to clarify any questions or open issues.

Marketing and Selling SureDeposit

Joshua Tree Consulting asked:

- *When is the program most effective as a marketing tool?*
 - *How do you use it for marketing with regard to concessions?*
 - *What is most attractive to prospective residents, and how do they react to the offer?*
- I think it's a competitive advantage in our markets. Residents think that it's the best deal for them. Even if they believe they'll leave the place spotless they don't want foregone interest from security deposits or to lose the use of cash. For us, it works best on senior properties in lease-ups when we use the banners. We can track results off the banners that read "Ask about our \$0 security deposit option."

White Paper:

The SureDeposit Surety Bond Value Proposition



Joshua Tree Consulting

436 14th Street, #810
Oakland, CA 94612
(510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

White Paper:

The SureDeposit Surety Bond Value Proposition

- We market it when people come in. We also may put it on the Internet, but it has to be explained by a person, so advertising is a little hard. Residents like the price - \$87.50. They think that's great. It's probably part of their decision to rent, but it is not the deciding factor—personnel are the deciding factor.
- Leasing agents like it because it helps with leases. Residents like that we offer it because it relieves them of the burden of paying a month's security deposit. It's a big mental relief for some residents.
- We use it in the closing process. We don't use it in advertising or in price sheets. We offer an option with deposits and tell people they have a choice. They respond very positively to it. Ninety-nine percent of our people take SureDeposit. To advertise it is confusing. We use it to close when we can explain it face to face. We hear people say that it makes it more affordable, but no one says that it's the deciding factor in their decision.
- We have a lot of people in our markets who waive deposits all together. But with the way we emphasize service and treat residents, people accept it as our standard policy. People rent here because of quality and service. This helps them to make a decision. \$87.50 isn't all that much to live in a better place.
- How it's used depends on the technique of the sales person. Less cash outlay is the big selling point. It helps a leasing agent because it's the easiest way to move in when money is tight—moving is an expensive time.
- The cash flow savings are what attract residents - \$87.50 vs. \$500. Our biggest challenge with SureDeposit has been in advertising and marketing it. Because of employee turnover, we don't always know how to offer it well. We don't put it in print ads, the first time residents hear about it is when you call our properties. SureDeposit isn't well known enough, so we sell on the quality of residential experience, not SureDeposit.
- It's not a deal-maker; it's not something we use as a selling tool. We do use it in our marketing, but try not to talk it about it over the phone because it's confusing. You need to be able to hand someone the brochure. Residents like it because they get to keep their money.
- It's not openly advertised. It appeals to residents. Most properties say that the residents appreciate the lower upfront out-of pocket costs.

Resident Participation Rates

Joshua Tree Consulting asked: What are your SureDeposit participation rates among new renters?

- 99.9%. We did an analysis and found everyone but two people in the past 1.5 years in whole portfolio use the product.
- At least 50%, and at our C/D properties more like 70-80%.
- Less than 0.1% pay the \$500 cash security deposit. The rest get bonded. It is attractive because you get to keep your money. It's not sitting in limbo in an escrow account.

Joshua Tree Consulting

- Less than 1% use cash deposits. Seventy-five percent of all new leases use SureDeposit, and that includes renters from preferred employers.
- We see rates across the board from 10% to 80%. The lower the grade of the property, the higher the concentration of people who use it. Residents at higher quality of properties don't use it. Higher-income renters know they won't damage units and are willing to provide a deposit.
- 95%.

Things to Improve

Joshua Tree Consulting asked: What would you change, or recommend changing about the SureDeposit program?

- We would want to eliminate the confusion that it is insurance. Residents need a better understanding that they can't walk away from obligations on move-out.
- Absolutely nothing. There's nothing to change. We would eventually like to do resident transfers (inter-property) online and be able to exchange other information with the company.
- It's a pretty good program. I wouldn't change anything about it.
- I'd change how we have to handle the pool when we sell a property. We have sold quite a few properties, and buyers don't necessarily want to take over. So we have to give them a credit and close out. It's hard to sell a new owner on the value of the pool today.
- I have no changes; it's a pretty good system. Well, maybe just make the premium a flat, even round dollar figure like \$85 or \$90. People ask – Why \$87.50?
- It works great where you have a large pool of properties where you can put them all together. But all of our properties are separate entities. I worry about what happens when we deplete the pool at a property.
- There's nothing I'd change that I'm aware of.
- I'd change how we implement it, not the program. We have such a range of properties. C properties get most of the benefit. When you have a company-wide pool, the companies at higher risk pull more money. Higher quality properties sometimes don't have money available.
- So far, so good.
- We want full integration with our other leasing tools – WhiteFence and Blue Moon through our MRI property management software.

White Paper:

The SureDeposit Surety
Bond Value Proposition



Joshua Tree Consulting
436 14th Street, #810
Oakland, CA 94612
(510) 444-2988
www.joshuatreeconsulting.com
steve@joshuatreeconsulting.com

Conclusions

- SureDeposit provides a viable, efficient alternative to security deposits that residents like and embrace because of the upfront cash-flow savings it allows them.
- SureDeposit provides a more efficient and reliable solution to recover damages than traditional security deposits. Some users reported that SureDeposit saves them two or more hours per file to dispose of a case.
- SureDeposit is most compelling in markets in which competitive pressures force property managers to waive security deposits.
- SureDeposit renters are positively correlated with better credit recommendations according to data examined for this report. SureDeposit clearly has no negative impact on the pool of renters attracted to the communities SureDeposit serves.
- Users have some dispute about whether it works best in Class B/C and D communities vs. Class A communities. Some managers of Class A communities report identical participation rates as at their lower cost properties, while others say participation rates are lower.
- To be successful, the program must be implemented correctly at the property level. Firms with the best training have gotten the most out of it. Properties that have used the program to bring in unqualified renters have not fared as well. Educating renters and staff that it is not no-fault insurance is critical.
- SureDeposit is not yet a household name among renters. Users feel that the program is too complex and not well known enough to be a marketing draw in advertising, but that it does help close a sale once the prospect is on site.
- SureDeposit is providing a service, but the funds accrue to the property owner. The success or failure of the program rests with the executives making claims and building up the pool by offering the product.

White Paper:

The SureDeposit Surety
Bond Value Proposition



Joshua Tree Consulting

436 14th Street, #810

Oakland, CA 94612

(510) 444-2988

www.joshuatreeconsulting.com

steve@joshuatreeconsulting.com