

Real Estate Journal

THE LARGEST WEEKLY COMMERCIAL/INVESTMENT NEWSPAPER COVERING THE STATE

Lease guaranty program helps owners rent out their condo properties

In N.Y.C., thousands of condo apartments held for investment purposes are constantly rented out to individuals. The vetting process by condo managers and owners of these individual units is particularly cumbersome, time-consuming and normally requires the receipt of two years tax returns, net worth statements, bank statements and a credit report.

There is an easier, less time-consuming and more efficient way, however. The Insurent Lease Guaranty Program is one of the first and only institutional guarantors of residential leases in the country, and is an alternative to the parent/co-signer guaranty, additional security or prepaid rent, at no cost to the landlord. The program is also applicable to condo management companies and to condo owners renting out their units. Condo owners and condo managers could "require" the use of the Insurent Guaranty to streamline the rental process, quickly rent the unit and to protect their rental income.

The Insurent Lease Guaranty Program increases occupancies, eliminates rent loss, streamlines the rental process for all parties, and turns "lost deals" into closed leases. Landlords and condo owners simply accept the program; renters pay for the Insurent Lease Guaranty. Total process from initial qualification of the renter to the issuance of the Insurent Guaranty to the landlord typically takes one to two days.

By accepting the program, the condo owner simply has the ability to have another tool to expedite the closure of leases, at no cost. In this time of economic distress, the program is a great tool to reduce vacancies without the condo owner having to reduce their credit requirements or take on additional risk. Moreover, there is no obligation of any kind or any exclusivity for a condo owner to use it for their condo units, even after accepting the program. In addition, the Insurent qualification process is far quicker than a co-signer, wherein the co-signer documentation might take 3-9 days to receive, and even then, might not qualify under the condo owner's requirements.

The primary renter target segments are (i) relocating creditworthy U.S. executives who don't meet the landlords' 45x-50x annual income/monthly rent multiple, (ii) foreign executives relocating to the U.S. who have no U.S. based credit history, (iii) creditworthy responsible college and professional graduates entering the workforce who don't meet the landlords' 45x-50x annual income/monthly rent multiple, (iv) self-employed persons and (v) high net worth individuals. The average Insurent guaranty fee, paid by the renter, is 6.5% of the annual rent representing 78% of a month's rent.

The simple signup procedure solely requires the execution of the Lease Residual Value Policy (master policy) by the A- rated (Excellent by A.M. Best) insurer and the owner of each condo unit. In order to cover a unit, all the condo manager or condo owner needs to supply is the following information by email for each unit: Name of insured (the legal owner of the condo unit; full address of the condo unit including zip code; and mailing address of insured/owner.

Upon receipt of the condo unit information, the condo owner would be emailed a fully executed policy(s) within 24 hours. The execution of the master policy per condo unit allows each respective condo unit to be covered under the program. The signup process is exactly the same as a building owner with there being a master policy per condo unit rather than a master policy per building.

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