



Deposit Replacement Commercial, Conventional Housing

The Leap Deposit Replacement Commercial Product (LDR-C) is here to assist your prospects who are facing high move-in costs due to deposit requirements. LDR-C can replace a high monthly deposit with a low monthly replacement fee that your prospect can pay directly along with their rent.

- Remove the hassle of collecting and holding a traditional security deposit.
- Lower move in costs for your prospects without having to complete more applications.
- Close more leases by offering this affordable alternative.

What is LDR-C?

The Leap Deposit Replacement Commercial Product is a partnership between Leap and the Property. Property teams can use LDR-C to approve prospects without the need to collect a large deposit upfront.

The Property Team will simply bill a monthly fee to the resident, the resident pays this fee along with their rent and the property will receive a monthly invoice charging for all Leap Fees set up for their residents.

- **Monthly Pay Option:**
 - Instead of paying a large lump sum for a security deposit, residents can pay a smaller monthly fee along with their rent each month directly to the property. This reduced move in cost can ease financial burden as your resident prepare to move in.
- **No Additional Application:**
 - Prospective renters will need to simply meet the property criteria, exhibit a minimum 620+ FICO credit score, and pass screening to use the LDR-C. This means that renters do not have to fill out additional applications or undergo another screening outside of the normal process at your property.
- **Protection:**

- When the prospective renter's lease is approved with LDR-C it is now protected with a Leap insurance policy that the property can use to recover losses in the event of tenant default like delinquency or skips or in some cases, damage.

Who can use Leap Deposit Replacement?

To be eligible to use the Guarantor Waiver Program as a qualification method, applicants must meet the following criteria.

- 18 years of age or older at the time of move in.
- Meet property general criteria i.e. pass background and renter history screening administered by the property team.
- Be approved or conditionally approved to lease with a minimum 620 FICO Credit Score.

Getting started with LDR-C.

Now that you have an understanding of the benefits of LDR-C for your resident and your property, let's take a look at the process leading up to approval and move in:

1. **Application Approval** - Once your prospect's application for residency has been approved, a credit score of 620+ has been verified, and you have discussed the deposit replacement option pricing you can move forward.
2. **Deposit Replacement Addendum** - All residents using LDR-C will need to sign a Deposit Replacement Addendum. This addendum will confirm the monthly amount and that the fees are not refundable at the end of the lease term. The resident will need to sign the addendum before moving forward.
3. **Apply the Charge Code** - Assign the Charge Code and corresponding amount to the unit throughout the lease period. The presence of the charge code is essential for Leap to provide insurance coverage, as it is linked to an automated process that extracts crucial resident information from the Property Management Software. *If your property does not have an integrated charge code reach out to partnerships@leapeasy.com for more details.
4. **Keep the Charge Code in Place** - Maintain the charge code until the resident either vacates the apartment or submits a conventional security deposit payment. *Please note that fees are not refunded to the resident.

After approval and pricing discussion, complete the Deposit Replacement Addendum, specifying the monthly amount and obtaining the prospect's signature. Assign the Charge Code for the lease period to ensure Leap coverage linked to resident information and keep it until the resident moves out or provides a traditional security deposit payment.

Coverage Contingencies

To ensure that LDR is used responsibly make sure that any lease agreement approved meets the below criteria.

- The Resident does not have an active Leap policy from another property that will overlap.
- Resident cannot have any prior associated claim payout as coverage will not be afforded.
- The Resident does not exhibit any default in month 1 or 2 of the lease.

*Any failure to meet the above can result in coverage being denied.

Adding the Charge Code for LDR-C

The Charge Code is a vital step to ensuring that your lease is protected by Deposit Replacement. Once you have approved your applicant and they have completed the Deposit Replacement Addendum, ensure the charge code is part of the monthly scheduled billing and is congruent to the lease start and end date.

Monthly Recurring Charges



Resident: L. Easy **Move In:** 7/1/24
Unit: 1234 **Move Out:** 7/31/25

Active Charges

Charge Code	Amount	Start	End
Rent	\$1,800.00	7/1/2024	7/31/2025
Deposit Waiver	\$15.00	7/1/2024	7/31/2025



After the charge code is in place , through our integration or monthly reporting, Leap will receive the vital tenant details to write the Proof of Coverage which will then be sent over to the property to upload into the residents documents section (but don't wait for us - once the charge code is in place they are good to go)!

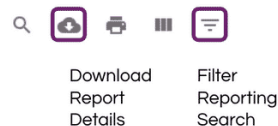
***PLEASE NOTE:** Not all Property Management Softwares are optimized to use the integrated charge code. For more details on how to approve residents without LDR-C integration please reach out to partnerships@leapeasy.com

Tracking Policies

The Leap Portal is the primary source for tracking policies at your property. Use the Policies tab of the Leap Portal to identify all policies and corresponding details.

Policies										
Stage	Application Type	RiderID	Name	Gross Monthly Rent	Created Date	Risk Class	Lease Start Date	Lease End Date	Active Lease	Total Tenants

App Type: **LDR-C** = Deposit Replacement



RiderID: Also referred to as the Policy ID

Active Lease: Provides policy status (True=active, False=inactive)

Lease Start/Lease End: Provides associated lease dates.

Filter Download: Use reporting featured to export details for auditing purposes.

Policy Effective Date and Lease Start Adjustments

If a resident delays their lease start date after their Leap policy has been issued and coverage has begun, the policy effective date will remain unchanged. This is because Leap has already initiated coverage for that month. Charges will remain the same unless the new start date falls into the next calendar month. In such cases, Leap is unable to issue a refund for the prior month when the resident did not take possession of the unit.

Renewals

Leap Deposit Replacement Policies do not automatically renew.

Prior to renewing any resident with LDR-C, ensure that all required lease documents have been signed and a Deposit Replacement Fee exists in the recurring scheduled charges through the end dates of any subsequent renewal lease term.

PLEASE NOTE: Ensure you have the most up to date pricing reflected for any renewal Deposit Replacement Fee as prices can increase.

Monthly Invoicing and Paying Premium

After your student resident is approved with Leap Deposit Replacement and moves in, they will pay the monthly Deposit Replacement applied to their account.

- **The Resident** will pay the Deposit Replacement Fee monthly along with rent as billed by the property in their recurring monthly charges.

- **The Property Team** will maintain the scheduled billing of all Deposit Replacement Fees to ensure coverage stays in place. Properties will receive **monthly invoices** for Deposit Replacement Policies protecting their leases. Any premium **unpaid** by the property to Leap will **result in canceled coverage**.
- **Leap** will send monthly invoices to the Property Team billing back all Deposit Replacement Policies set up within the property monthly recurring charges. Leap will collect the premium from the property and maintain coverage for all actively enrolled Deposit Replacement residents.
- **Billing will continue** if a claim has been filed for resident default to keep the policy active. If a claim is denied during the policy period/lease term, the property team must cancel the policy in the Leap Portal to cease billing and effectively end the coverage.

Avoid Double Billing

It is important to audit the "Deposit Replacement Fee" charge codes regularly to ensure there is no double billing. If the charge code is in place on account for even one day, the entire month is covered by Leap and will not be prorated.

Protect loss of lease revenue with Leap Insurance

LDR minimizes move-in costs for renters and safeguards properties in case of resident default. Managers should grasp when and how to use the program to protect against loss.

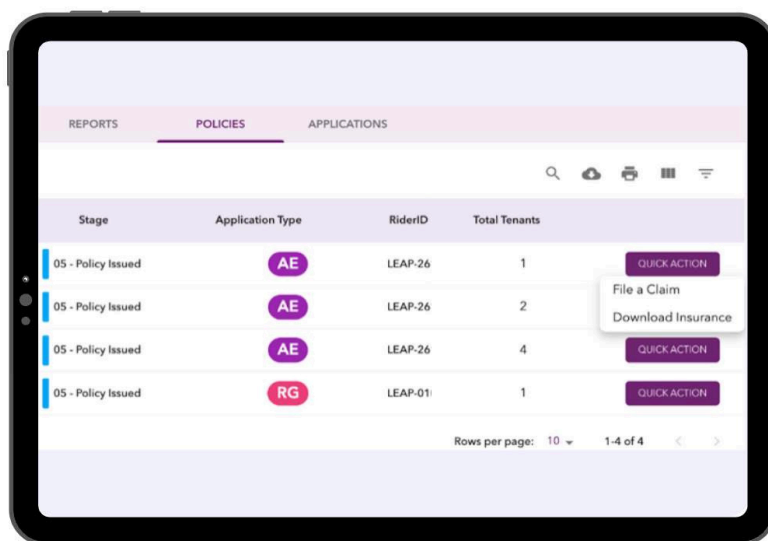
- **File Claims Monthly** - It is recommended to file claims on tenant default monthly along with your regular delinquency efforts. Property Teams have 120 days from the point of initial resident default to file a claim. Any claims filed outside of this 120-day window will be denied due to ineligibility. (60 Days for New York Policies).
- **Identify Default/Loss** - Resident Default includes skips, no-shows, missed rent, or damage.
- **Claim Payout** - Claim payout to the property will only occur after the property has regained possession of the apartment. Any uncollected premium will be deducted from the coverage.

Need to Start a Claim?

See below a quick preview of the process for initiating a claim within the Leap Portal.

- **Identify Default** - Remember, you must file your claim within 120 days of initial default (60 Days for New York Policies). It is advised to have a process in place as part of your monthly delinquency efforts to file your claims on any identified default.
 - **Does Your Claim Qualify?**
 - If the resident has not paid months 1 & 2 of rent owed under the lease, coverage is excluded.
 - If you are filing the claim late, coverage is excluded.
- **Access the Leap Portal** - The Leap Portal is your primary source for filing claims on tenant default. Once you have identified any Leap residents that are in default

access the portal and navigate to the Policies Tab. Locate the resident in default and select "File a claim" from the quick actions and complete the required details.



- **Initiate the Claim** - Complete the claim form within the portal and include all required information. You will be asked to provide a copy of the lease, ledger and other supporting documents at this stage. Ensure you have easy access to all lease files for the tenant in default.

Leap
Claim Information

1 2 3 4 5 6 7 8

Locate Your Apartment Complex

State: AR

Landlord:

Apartment Name:

Policy Number:

PolicyStartDate: 8/17/2022 PolicyEndDate: 3/31/2023

Lease Start Date: 08/17/2022 Lease End Date: 03/31/2023

NEXT

- **Adjuster Follow Up** - After filing a claim an adjuster will reach out directly to the email listed in the claim form, ensure this email is a monitored inbox and is good for follow up. Follow up will be required in order to proceed with claims and missed adjuster follow up can result in closed or delayed claim payout.
 - **Proof of Eviction Efforts** - Properties will be required to provide proof of eviction effort in compliance with local and state laws within 60 days of the initial default. Failure to provide this proof of eviction effort to the adjuster will result in coverage on the claim being limited to three (3) months. Acceptable proof of evection effort includes but isn not limited to:
 - Written notice to vacate/notice to quit;
 - eviction lawsuit or complaint with the local court;

- eviction filing summons and complaint; or
- writ of eviction/possession issued by a court.
- Property must cooperate to **conclude any open claims within 90 days of the lease end date**. Any claim left open beyond this timeline is subject to closure.
- Property must continue to make premium payments after a claim has been filed to keep coverage active.
- If the **Unit remains vacant** for more than three (3) months, provide a copy of the Unit availability report, rent roll, and marketing reports to show the effort of a re-rental attempt when requested by the adjuster.

Claims Deductibles

If coverage is clear and an initial claim payment is issued under any Leap Deposit Replacement Policy, the claim deductible will be the remaining premium cost owed under the policy. This claim deductible will be taken from the initial claim payment on any approved claim.

Flagged Cancellations and Cancelling Coverage early in The Leap Portal

To manage any policy cancellations that need to occur before the listed policy expiration date, use the Flagged Cancellation tab. This tab can be used for initiating cancellations and for identifying any potential cancellations that need to occur so that coverage stops and selected policies no longer appear on the property's monthly invoices.

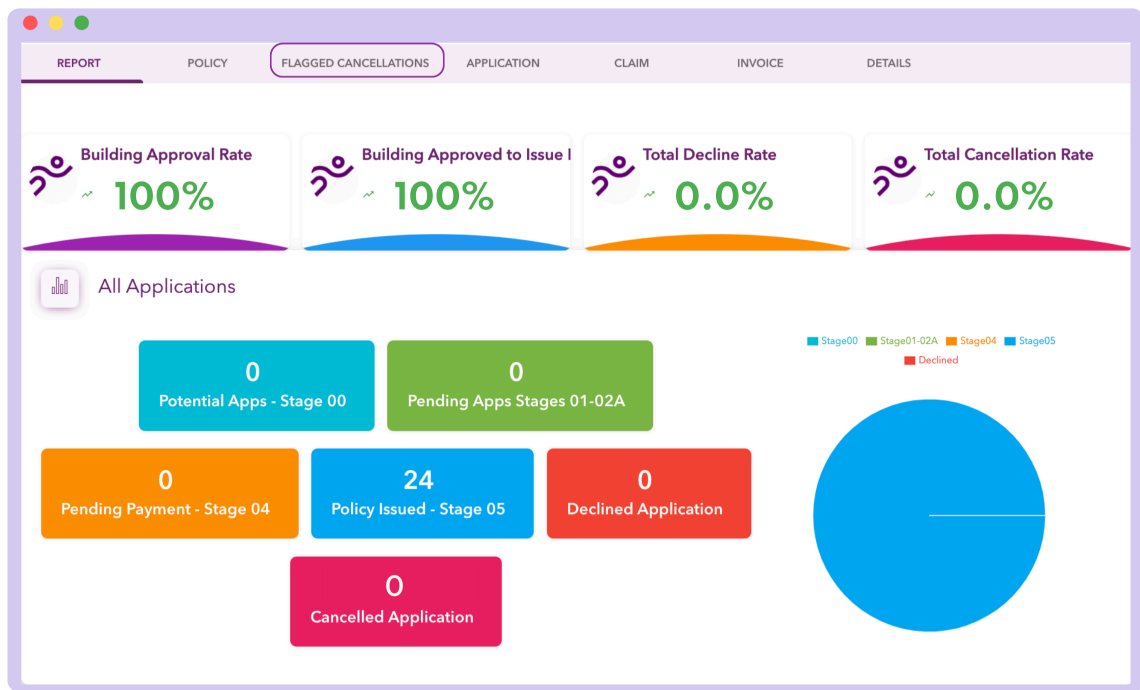
If the following should occur for resident accounts with active Leap Deposit Replacement coverage:

- Early move-out (non-skip, non-eviction).
- Re-let or cancellation of lease contract.
- The "Deposit Replacement Fee" is dropped from the resident's scheduled charges.

These policies will be indicated under the "Flagged Cancellations" tab within The Leap Portal and flagged for review to cancel and/or correct associated policies.

Identifying and Understanding Flagged Cancellations in The Leap Portal

Upon logging in to the Leap Portal, navigate to the "Flagged Cancellations" tab from the navigation panel at the top of the window to see all flagged policies.



These flagged policies require review from the property team to verify early cancellation of the policy or resolve issues with associated charge codes in your Property Management System.

REPORT POLICY FLAGGED CANCELLATIONS APPLICATION CLAIM INVOICE DETAILS								
Flag	Policy Status	Rider ID	Name	Building Name	Coverage Start Date	Coverage End Date	Application Type	
	Cancelled	LEAP-3662012	Chris Hulmes	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Marta Butler	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Dylan Webster	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Cancelled	LEAP-3662012	Michael Davies	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Rebecca Ternosky	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Danielle Williams	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Allison Hill	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Active	LEAP-3662012	Angelica Dos Santos	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Cancelled	LEAP-3662012	Pasjiion Savage	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION
	Cancelled	LEAP-3662012	Samantha Hannum	Leap Towers	2023-10-16	2024-10-16	AE	QUICK ACTION

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Policies will have corresponding flags based on the information read within the Property Team's Property Management System along with the current status of the policy. Get to know the flags and the information they indicate along with the associated actions within the Flagged Cancellations Tab:

Flag

- If the icon in this column is **green** this will indicate a claim potentially should be opened by the property to cover loss due to possible skip or eviction.
- If the icon in this column is **red** this will indicate that a charge code drop or lease cancellation has been identified and that the property should resolve by canceling the policy, filing a claim, or correcting the associated charge code in their Property Management System.

Policy Status

- **"Canceled"** in this column will indicate accounts that have been verified as canceled by the Property Team after completing the cancellation through the "Quick Action" or "Bulk Cancel" functions of the Leap Portal. Updated records may take up to 24 hours to reflect.
- **"Active"** in this column will indicate accounts that have been flagged with a dropped charge code or Property Management System move out but no cancellation has been confirmed by the Property Team through the portal.

IMPORTANT: If you need to file a claim for any Loss (No-Show, Tenant Default, Skip/Abandonment, Holdover, or Damages), DO NOT cancel the policy until after you have submitted your claim and received a claim decision. Once a policy is canceled, NO claims will be honored or accepted for ANY Losses that occur after the confirmed cancellation date.

Quick Action

- **File a Claim:** If you have identified that the flagged account needs to have a claim open because of tenant default, select this option from the dropdown to proceed with filing a claim.
- **Cancel Policy:** If you have identified that the flagged account needs to be canceled, coverage is no longer needed, and you need the account dropped from any future billing, select this option from the drop-down and cancel the policy. All cancellations will be considered final and the action cannot be undone within the Leap Portal. You may also use this feature to cancel any non-flagged policies by removing the associated charge code in the local Property Management System and using the above steps to verify cancellation in the Leap Portal.

Transferring Residents

In the event you need to internally transfer a resident covered with Leap Deposit Replacement to a new unit please follow the recommended steps for seamless transfer to ensure billing accuracy and no interruption to lease coverage.

- **Adjust the “Deposit Replacement Fee” of the current unit.** You will need to make sure that the fee for the current unit is timed to end in the final month of occupancy before the transfer is initiated. This will ensure that the current policy will run out at the correct time.
- **Set up the new “Deposit Replacement Fee”** in the billing of the new unit to begin at the start of the first month of occupancy and continue through the end of the lease term to ensure the new unit has active and up-to-date coverage when the resident transfers.
- **Initiate Transfer** within your property management system.
- **Verify the old policy is inactive** by reviewing the “Policies” tab in the Leap Portal. If the original policy still reflects as active proceed with manually cancelling within the Leap Portal.

Please note that when transferring residents you will need to ensure the charges do not overlap in the monthly billing cycle

Recommended Auditing and Procedures

To ensure continued success with the LDR-C at your property, the Leap team recommends some regular audits and procedures.

- **Charge Code Audits** - To ensure all leases are fully protected by LDR-C ensure that the charge code is part of the scheduled billing until the end of the lease term. It is recommended to pull your recurring charges each month and ensure the scheduled charge code is present on all necessary accounts and ties out with the lease dates, including renewal lease terms.
- **Recent Transfer Audits** - If you have transferred any residents approved with the LDR-C you must ensure the recurring scheduled “charge code is present in the charges on the new lease/unit. Please note that the fee will need to be transferred similarly to rent in the event of a mid-month transfer to avoid double billing on your Leap invoices. If two charge codes are present in the same month for one resident you will be billed twice.
- **Claim Audits** - To ensure your claims are made in a timely manner it is recommended to file your claims monthly along with your regular delinquency efforts. If you have a Leap resident with a balance by the end of the month, proceed to file a claim in the Leap Portal.