

New financial product does away with rental deposit

In today's economy, it isn't easy for every tenant to produce a sizeable deposit to secure a property. But often two or even three months' worth of rent is required, making many tenants fall short of consideration.

Jawitz Properties in conjunction with oobainsure (the insurance arm of the bond originator, ooba) has launched a product called Rent Protector, which aims to solve this very problem and put the power back in to both the hands of the tenant and that of the landlord.

"The product requires that tenants need not put down a deposit, and instead works as a rental insurance policy covering missed payments, legal expenses and offering a host of other benefits, making this a tangible and financially, beneficial product for both tenants and landlords," says Natalie Muller, Regional Head of Rentals for Jawitz Properties in the Western Cape. "And we offer it to all our landlords nationally, as well as to tenants looking for alternatives to high deposits"

To illustrate, imagine a property for rent for R10 000 per month. Ordinarily a tenant would be required to pay R15 000 deposit at least, as well as the first month's rent - R25 000 - a sizeable sum to any pocket in these economically tough times. Instead, the tenant will pay R11 000 per month, which covers the insurance side of this product and negates the need for a deposit.

"That extra R1000 per month protects the landlord from late payments or defaulting tenants. The landlord can claim up to three months' worth of rent should a tenant miss payments or abscond, and Ooba insure tends to the eviction process and covers up to R50 000 towards legal fees. Extra cover includes unpaid utility accounts and damages that occur during tenancy.

The product is fully compliant with the Consumer Protection Act and is available to all tenants who pass the vetting process," says Alex Bartels, National Sales Manager for oobainsure. "This zero deposit option for tenants who do not always have the ability to pay one or two months' rent upfront to secure a lease, results in reduced financial risk for all parties involved."

"It also allows tenants to move up on the affordability scale. Not having to pay a deposit upfront can stand their cashflow in good stead and allow them to look for a better or more expensive property because they can afford the rental. Often because of the deposit, tenants have to apply for cheaper housing from an affordability perspective," Muller adds.

"This is a life changing product that will really help landlords and tenants alike, and is fast becoming a popular option for the landlords on our books. Now is the time to safeguard income, so some surety really helps," Muller says.

The Rent Protector policy offers full cover from day one of the lease. Contact Jawitz Properties for more information.

Jawitz Press Release