

DEPOSIT ALTERNATIVE

## Why you should use a deposit bond instead of cash



Reduce your cash outlay. Just 1% -2% with a bond compared to 10%-20% with a cash deposit.

Smart, safe, simple and secure. Guaranteed by QBE insurance one of the largest insurers in the world.

Standard & Poors Rating A+  
A.M. Best Rating A



Simple application process - approval within 72 hours usually

Leave your hard earned cash invested until completion.

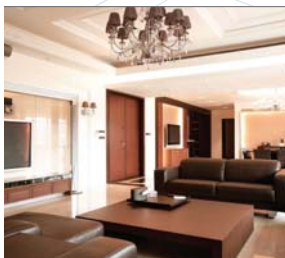
No need to raise your deposit through equity release – may be time consuming and expensive. You may lose the property!!



No need to arrange bridging finance - also costly.

Don't risk your cash. If developments don't proceed, we refund the deposit bond premium.

Pre-approval also available.  
Approval lasts for 3 months.



### Introducing the Deposit Bond.

Deposit bonds mean you won't lose your dream investment when speed is of the essence.

Bonds are simple to set up and can now be used to secure property in United States, New Zealand and Australia.

Contact Deposit Alternative

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[www.depositalternative.com](http://www.depositalternative.com)

# Which would you prefer for your property investment? Cash deposit 10%-20% or deposit bond 1%-2%?



## Introducing the Deposit Bond.

It substitutes for the cash deposit on your home or investment property.

Defer the cash deposit on your new home or investment property until closing.

Leave your savings or investments untouched.

Keep your money working for you.

In addition you can now use this product to purchase property in the **United States, Australia and New Zealand.**

If you're shopping for a home or apartment within a development that won't be completed for months or even years from now, we can help you arrange a Deposit Bond.

What's a Deposit Bond? It's a substitute for the cash down payment or deposit required when purchasing a property. This solution allows you to secure your home or investment purchase now. Rather than paying the deposit amount required in cash, you only pay a small premium for the Deposit Bond, which the seller or developer accepts in lieu of cash. Deposit Bonds can be issued from 3 months to as long as 4 years, which means you can keep your money working for you right up until closing, when you will be required to pay the property's full purchase price.

## Why tap into your funds when you don't have to?

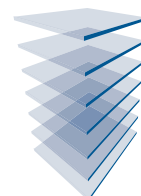
By using a Deposit Bond, you can leave your savings or investments untouched, and you won't have to obtain finance for the deposit by using equity in other property. Therefore, you won't have to tie up large sums of money for months, even years, as you wait for your property to be completed. Best of all, the cost of the Deposit Bond is significantly lower than obtaining other methods of finance.

So, if you're challenged in deciding where or how you'll come up with the cash required for your down payment, a Deposit Bond can be a timely and promising solution for you. When you compare, you'll discover that no other finance option gives you as much convenience, with as many financial advantages.

## Like to find out more?

Why not give us a call right now? By investing a few minutes to talk to us, we will explain the application process to you and how you could be able to secure your dream home or apartment. Call **+44 1633 264843**.

Call Deposit Alternative at **+44 1633 264843**, email us at **info@depositalternative.com** or visit **www.depositalternative.com**



**DEPOSIT**ALTERNATIVE

# Q&A

## Frequently Asked Questions

### 1. Who is Deposit Alternative?

Deposit Alternative is a privately owned company founded in the United States in 2006. Its primary focus is providing Deposit Bonds for property purchases. Deposit Alternative is the first full-service deposit bonding company in the United States and is headquartered in Las Vegas.

### 2. What is a Deposit Bond?

A deposit bond is a new financial alternative for the deposit or down payment required on real estate purchases. A deposit bond can be used for all or part of the transaction's required deposit amounts, for as much as 20 percent of the purchase price, and can be issued for periods of 3 months to 48 months and is unsecured.

### 3. Are Deposit Bonds a New Product?

No. Deposit Bonds have been used successfully in many other countries including Australia and New Zealand for more than 10 years. The Deposit bond product is relatively new to the United States and to the United Kingdom.

### 4. Why use a Deposit Bond?

With deposit bonds, there is no need to use cash for the required down payment when purchasing a property. Buyers using deposit bonds do not need to withdraw cash from their savings or investments, or obtain financing by using equity in another property. A deposit bond is also less expensive than traditional real estate financing.

### 5. Are Deposit Bonds Insured?

Yes. All Deposit Alternative deposit bonds are underwritten by QBE Specialty Insurance Company, a part of the QBE Insurance Group Limited (QBE).

### 6. Who is QBE Insurance?

QBE Insurance Group is one of the largest insurers and reinsurers worldwide. Its history dates back more than 120 years. Since then, QBE has expanded to operations in 41 countries with more than 8,000 staff worldwide and a market capitalisation in excess of \$20 billion. QBE Specialty Insurance Company is rated "A+" by Standard & Poors and "A" by A.M. Best.

### 7. What is the Benefit to the Buyer?

Deposit bonds replace the requirement to outlay a cash deposit, allowing buyers to keep their money working for them right up until closing. Then, at closing, they pay the property's full purchase price.

### 8. What is the Benefit to the Seller and Developer/ Construction Financier?

An approved deposit bond assures sellers and developers that buyers have been pre-qualified as having the financial capability to complete the transaction. If the buyer does not close the property transaction, QBE pays the seller the full amount of the deposit bond.

### 9. Who can apply for a Deposit Bond?

Eligible applicants must be United Kingdom, Australian, New Zealand or United States citizens. Applicants can be individuals or couples. The applicant may be an existing property owner who wishes to purchase another property or investors who wish to expand their property portfolio.

### 10. How do I qualify for a Deposit Bond?

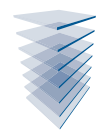
To qualify for a Deposit Bond you complete a Deposit Alternative application form and supply the supporting information required as noted in the application form.

Deposit Alternative will then underwrite and assess the application. If you meet the criteria, we will issue you a Deposit Bond.

### 11. Why do Property Buyers like Deposit Bonds?

For many of today's property buyer's, the cash required for the deposit is often tied up in their current home or other investments. This can mean either expensive bridging finance or borrowing from a finance company/bank at high interest rates. Regardless of where the finance is obtained, interest charges, establishment fees and other up-front costs connected with the loan can be expensive and time-consuming to arrange.

For buyers that do have the cash available for the deposit, they would prefer to tie up a small portion of this, rather than the full deposit amount. This allows their deposit money to continue working for them, right up until closing when they pay the full purchase price.



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Call us now at [+44 1633 264843](tel:+441633264843), or visit [www.depositalternative.com](http://www.depositalternative.com)

# Q&A

## 12. Is a Deposit Bond cheaper than other Deposit Financing Options?

Yes. For example, a 12-month Deposit Bond representing a £60,000 deposit would cost a once only fee of approximately £2,700, (plus applicable taxes and fees).

On the other hand, short-term finance for £60,000 could cost: An application fee = £600, plus Interest payable (assuming interest rate of 6.00%) = £4,200. The total cost of bridging finance in this example is £4,200.

In this simple example a Deposit bond is considerably less expensive than other financing methods, plus far more convenient to organize.

## 13. Will the seller accept my Deposit Bond?

The Deposit Bond is a legal document and it is at the sole discretion of the seller to accept a Deposit Bond. A seller knows that a buyer with a Deposit Bond has been underwritten to ensure that the buyer has the financial capability to close on the property purchase. Many sellers (and their financiers) will accept a Deposit Alternative Deposit Bond as an acceptable way of buying a property.

## 14. What is the Indemnity Agreement that is included in the Application Form?

Deposit Alternative's Deposit Bonds are issued on the understanding that the buyer will pay the seller the Deposit Bond amount on the closing date of the contract (as the buyer will pay the full purchase price of the property). The Indemnity Agreement is a legally binding right the buyer gives to QBE Insurance to pursue recovery against the buyer for any part of the Deposit Bond amount that must be paid to the seller by QBE if the buyer is under default under the Purchase and Sale agreement.

## 15. What happens if I default under the Purchase and Sale Agreement?

If the buyer defaults under the Purchase and Sale agreement, the seller is entitled to retain the Deposit Bond amount. The seller can claim this amount from QBE Insurance. This amount will be paid to the seller nominated in the agreement after QBE Insurance is provided with the request for payment and notice of termination of the Purchase and Sale agreement. QBE Insurance will then seek recovery from the buyer via the Indemnity Agreement, which is signed by the buyer as part of the application form.

## 16. When does the Deposit Bond expire?

The Deposit Bond expires when one of the following occurs:

- The expiration date as noted on the Deposit Bond passes
- The Purchase and Sale agreement is completed (closed), terminated or rescinded
- When a claim is paid by QBE Insurance

## 17. Can I obtain a refund after the Deposit Bond has been issued?

It depends on the circumstances. If the buyer returns the unused, original Deposit Bond Certificate to us within 30 days of issue, an administration fee will be deducted and the balance will be refunded. If the development the buyer has bought in does not "break ground", the premium will be refunded on a pro-rata basis based on the time that the seller has held the Deposit Bond. An administration fee will also be deducted.

## 18. As a seller, how do I make a claim when my buyer has defaulted on closing?

If a purchaser does not complete their purchase, the seller can make a claim directly to Deposit Alternative, by providing the following documents:

- The original Deposit Bond;
- A letter from the seller/seller's attorney to Deposit Alternative demanding payment of the deposit bond and stating the reason why. This letter must state that the purchaser has not completed their purchase obligation under the purchase agreement/contract and that the seller has not been paid the deposit by the purchaser; and
- A copy of the notice from the seller to the purchaser, where the seller has cancelled/terminated the purchase agreement/contract due to the purchaser not meeting their obligation, entitling the Vendor to retain the deposit.