



Index

- 1 Background 2**
- 2 Introduction 2**
 - 2.1 Introducing yourself, the RentMaster Broker..... 2
 - 2.2 Introducing the Insurer and the Underwriter 2
- 3 Introducing the RentMaster Product 2**
 - 3.1 RentMaster Policy Particulars 2
 - 3.2 RentMaster Policy Requirements..... 3
 - 3.3 RentMaster Policy Costs..... 3
 - 3.3.1 Premium..... 3
 - 3.3.2 Other costs 3
 - 3.4 Completing the Sale..... 3
- 4 General Requirements..... 3**
 - 4.1 Access to Documents and Information..... 3
 - 4.2 Completing Documentation 4
 - 4.3 Types of Tenants 4
- 5 RentMaster Policy Application 4**
 - 5.1 The RentMaster Policy Application Form..... 4
 - 5.2 Details of Lawyers 5
- 6 Credit Vetting Policy and Procedure 5**
 - 6.1 Stage 1: Information Collection..... 5
 - 6.2 Stage 2: Assessment of Application 6
 - 6.3 Exceptions..... 6
- 7 Obtaining the Certificate of Cover for each Property 7**
 - 7.1 New Tenant Application Pack 7
 - 7.1.1 Rental Application Form..... 8
 - 7.1.2 Credit Vetting 8
 - 7.1.3 Lease Agreement 8
 - 7.1.4 Debit Order Authority..... 8
 - 7.1.5 List of Defects to the Premises..... 8
 - 7.1.6 First Month’s Rental and Deposit. 8
 - 7.1.7 Specific Notes regarding 1st Month’s Rental and Deposit..... 9
 - 7.2 New Tenant Legal Entity Application Pack 9
- 8 Final Stages..... 9**
 - 8.1 Checks and Balances 9

1 Background

The purpose of this document is to guide the RentMaster broker (typically an accredited Letting Administration or Property Management organisation) through the RentMaster implementation process.

The brokerage will be required to allocate responsibility to an employee within its structures who has sufficient authority to manage the implementation process. This person will be the Insurer's point of contact, and will be trained by an accredited broker consultant.

This guide describes all the steps that you are required to go through when introducing a property owner to the RentMaster product, gathering particulars about the properties to be insured, and putting the cover in place, either with a current tenant already renting the premises, or when a new tenant is taken on.

2 Introduction

Various acts and regulations govern the conduct of individuals selling insurance products and offering financial advice. In this context, it is important that the parties to the sale of a RentMaster policy are introduced properly, their relationship to each other explained, and the financial benefits they derive from the product are disclosed up front.

2.1 Introducing yourself, the RentMaster Broker

The first step in implementing RentMaster is to inform the property owner of your (the Broker's) particulars:

1. Name, physical address, postal address and telephone number.
2. Your legal status and relationship to the insurer as an accredited broker.
3. That you are in possession of professional indemnity insurance.
4. Rand amount of fees and commission payable as on schedule.
5. That you are in possession of a written mandate to act on behalf of the Insurer.

2.2 Introducing the Insurer and the Underwriter

The second step is to inform the property owner of the Insurer's particulars:

1. The RentMaster Policy is underwritten by Guardrisk Insurance Company Limited ("the Underwriter" and "the Insurer") with its Head Office at 90 Rivonia Road, Sandton, 2146.
2. The Intermediary is Equillore Lease Dispute Settlement (Pty) Ltd with Registered Head Office at 28 Wale Street, Cape Town, 8001. Tel (0861) 250 250. Fax (021) 422 4176.

The Compliance Department is contactable at the Intermediary's abovementioned address.

Complaints should be written or faxed to the Complaints Officer at the Insurer's abovementioned address.

The premium and all accompanying charges are detailed on the certificate of cover. The type of cover is described in the [RentMaster Policy Document](#).

Premium is typically deducted from the rental amount collected from tenants, and paid over to the Insurer, before the balance of rental is disbursed to the landlord.

3 Introducing the RentMaster Product

3.1 RentMaster Policy Particulars

The third step is to inform the property owner of the RentMaster Policy's particulars:

1. RentMaster provides a residential property owner with a guaranteed rental income stream paid on time every month, while covering all legal costs associated with rental recovery and tenant evictions.
2. The insurer will pay the rental for a maximum of three months or until the property is re-let, whichever is the lesser.

The above is a summary of benefits only. Please refer to the [RentMaster Policy Document](#) for details of the full benefits, conditions and exclusions. In the event of a discrepancy between the benefits above and those contained in the RentMaster Policy document, the RentMaster Policy document shall prevail.

3.2 RentMaster Policy Requirements

The fourth step is to discuss the policy requirements:

1. Only residential property can be covered;
2. Monthly rental must be R1500.00 or more, except for certain approved areas where the required minimum rental is R1 200 (currently approved areas are Port Elizabeth, East London and all towns without city status);
3. Rent must be collected through the Insurer's approved debit order process;
4. A properly signed, stamped and Insurer approved lease agreement must exist;
5. The tenant must be:
 - i. 21 years of age or older;
 - ii. a SA citizen or a legal resident in SA;
 - iii. in possession of a valid 13-digit SA ID number or a valid passport or a valid residency permit;
 - iv. employed and the rental amount must not exceed 33% of the tenant's **net** salary. If the rental amount does exceed 33% of the tenant's net salary a second qualifying tenant must sign the lease;
6. Lease term a minimum of 6 months;
7. Property must be in a lettable condition;
8. At least one month's security deposit must be paid over to a trust account designated by the Insurer.

3.3 RentMaster Policy Costs

The fifth and final step before starting to complete the documentation is to discuss the costs associated with the RentMaster cover in terms of the policy.

3.3.1 Premium

4.56% (including VAT) of the total monthly rental, plus a R46.74 Policy Fee (including VAT) as stipulated on the lease agreement (which may be calculated to include other amounts such as electricity, water, levy – collected as such on the debit order and included in the insured amount guaranteed by the RentMaster cover)

3.3.2 Other costs

1. A debit order administration fee of R4.00 for each rental collected.
2. There is a monthly transaction fee of R4.00 **per bank account** to which the rent is deposited. This is calculated to cover the bank charges relating to inter-bank transfers and administration.

3.4 Completing the Sale

If the property owner wants to take out the RentMaster cover, you can now proceed to complete the RentMaster application forms as detailed below.

4 General Requirements

4.1 Access to Documents and Information

All of the information and documents that you will require as a broker of the RentMaster product are available on the Internet at <http://rentmaster.co.za>. During your registration process as RentMaster broker, you will be provided with a login and a password that gives you access to these documents and related information.

The following section will guide you through the next steps in the process, the completion and submission of policy applications in respect of all the property owners' properties.

4.2 Completing Documentation

The following requirements are applicable for all application forms and documents:

1. ALL the fields on ALL the forms and other required documentation MUST be completed. If a question is not applicable, draw a line through the space.
2. Do not sign any blank or partially completed forms.
3. Complete all forms in ink.
4. All the required details must be provided accurately on the debit order instructions. *If these are not provided, the debit orders cannot be processed in terms of FICA legislation.*
5. Names of natural persons are to be filled in as follows: Surname, title, first names
Example: Grant Mrs. Sally Joan
6. Names of legal entities are to be filled in as follows: Full name of legal entity, abbreviation of type of legal entity, registration number of legal entity.
Example: TradeQuick (Pty) Ltd 2002/061516/07

Important Notice:

1. Advise the property owner to make notes of what is said to him.
2. Do not pressurise the property owner to buy the cover.
3. Advise the property owner to study the [RentMaster Policy Document](#) with care immediately upon receipt. If there are any uncertainties, the property owner must discuss these with you, his broker, or with the Insurer.
4. Incorrect or non-disclosure of relevant facts may result in repudiation of any claims arising from the RentMaster insurance cover.
5. Advise the property owner to keep all documents in a secure place.

4.3 Types of Tenants

The type of tenant determines which RentMaster Policy Application pack must be completed.

For each of the different types of tenants, a complete set of required application forms and contracts is offered. These are:

1. New tenants signing the first lease for a premise
(New Tenant Application Pack- Section 7.1);
2. New tenants signing the first lease for a premise in name of a legal entity
(New Tenant Legal Entity Application Pack – Section 7.2).

Once you have determined which type of tenant the property owner has, you can proceed to complete the appropriate RentMaster Policy Application forms and contracts.

Important Notice:

No cover will be provided for outstanding rentals that predate the acceptance of the policy.

5 RentMaster Policy Application

The Insurer requires that specific information regarding any new property owner be provided, prior to that property owner qualifying for the RentMaster cover.

This process is a once-off process; once the Insurer has accepted the property owner's portfolio, new properties can be added to his RentMaster insurance cover without the need to go through this exercise again.

The information supplied will be material to the Insurer's decision to accept the property owner's portfolio. For this reason it is important that you supply all the information that is requested. It is also very important that you ensure that the information so supplied is indeed correct.

The Insurer reserves the right not to accept a specific property owner's portfolio, or where the portfolio in general is accepted, not to accept specific properties in that portfolio.

5.1 The RentMaster Policy Application Form

The [RentMaster Policy Application Form](#) must be completed for each instance of applying for the RentMaster cover.

This is the only document that deals with the property owner applying for a policy and is the Insurer's only verification that the property owner has indeed applied for a policy. It is required for each of the two types of applicants referred to in section 4.3.

The following notes are applicable when completing this form:

1. The property owner's details must be completed in full. The policy is issued in his name and the RentMaster Policy Document and Certificate of Cover must be addressed to him.
2. Use the property owner's physical addresses and not his postal address when completing the form.

Where the broker is the mandated property manager of the property or properties in question, he will be required to warrant that he has the required mandate from his property owner(s) to apply for the RentMaster cover where he signs the RentMaster Policy Application Form.

5.2 Details of Lawyers

Name and contact details of the lawyer currently handling the recoveries on behalf of the property owner. This information is **optional**.

The Insurer will liaise with the legal representative in question and consider their appointment to the panel of accredited legal service providers used for legal recoveries and eviction procedures.

6 Credit Vetting Policy and Procedure

Establishing the credit-worthiness of a prospective tenant is an important risk mitigation strategy, and has the objective of identifying individuals that have a previous history of rental default, judgements for debt etc.

Credit Vetting information serves as a reference against which the company has the right to decline concluding a rental agreement, or to request further details from the prospective client.

A credit profile of all prospective tenants will be requested from ITC and the Tenant Profile Network service.

The credit vetting procedure has two essential stages:

1. Stage 1 is the collection and verification of all relevant information.
2. Stage 2 is the assessment of the application. This entails an evaluation of the applicant's information against the prescribed vetting criteria. The credit vetting may only proceed to Stage 2 once Stage 1 has been successfully completed.

The suggested procedure for a Broker would be to:

1. Self-assess potential tenants based on the criteria set out below;
2. Fax or e-mail applications of prospective tenants that meet the criteria.
3. RentMaster will then evaluate the prospective tenant for eligibility (answer provided within 24 hours). Our response will be one of the following:
 - The tenant qualifies and can be accepted
 - The tenant may qualify if additional information and or security (eg more than one months' deposit) is provided
 - The tenant does not qualify for the rental guarantee (reasons will be provided).(Such tenants will remain eligible for our (non-guaranteed) rental collection service)

6.1 Stage 1: Information Collection

1. Ensure that Rental Application Form has been completed. Uncompleted fields to be completed by applicant tenant BEFORE evaluation of application.
2. Request TPN & ITC profile. If you do not have access to these services, we will request reports on your behalf, and debit the costs against any collections on that property.
3. The following information has to be verified through an independent source:

- a. Name of employer
- b. Employment status of applicant
- c. Duration of employment
- d. There is no foreseeable prospect of termination of his employment
- e. Salary details

Verification can be obtained through:

- a. Payslip or signed letter from employer, on Company letterhead; and
 - b. Telephonic enquiry with employer, provided that:
 - i. Employer telephone number is confirmed through independent source (Telephone Directory/ 1023 enquiries)
 - ii. The date, time, status and the name of the person spoken to is recorded in the appropriate place on the New Rental Application form.
4. Copies of monthly bank statements from past three months to be obtained.

6.2 Stage 2: Assessment of Application

The assessment process entails an evaluation of the applicant's information against the vetting criteria, so as to determine if the minimum standards are met.

These criteria, and the minimum standards are as follows:

Criterion 1

The Applicant must comply with the following:

1. Be at least 21 years of age
2. Be in possession of a valid 13 digit SA ID number, and be resident in SA
OR be in possession of valid passport, and a valid residence permit for South Africa.

Criterion 2

The Applicant must have been in permanent employment for at least the past six months. This should be confirmed through:

1. Employer verification; and
2. Deposit of salary as evidenced by Bank statements.

Criterion 3

The Applicant's credit profile must have no prior record of any significant:

1. commercial judgement or
2. adverse report

Criterion 4

The Applicant's credit profile must have no prior record of any rental default.

Criterion 5

The envisaged rental amount must not exceed 33% of the Applicant's net salary amount.

Criterion 6

If the applicant is self-employed the application may then only be approved if Bank statements verify income deposits. Verification by way of audited financial statements may also be requested.

Important Notice:

1. Where combined salaries are used to qualify the applicant, Stage 1 of vetting procedure, assessment criteria 2 & 3, also has to be applied to the second salary earner.
2. Where one or more of these criteria are not met, the application must be turned down (subject to the exceptions section below).

6.3 Exceptions

Income and Defaults

Where an applicant does not meet one or more of these criteria, the application must in principle be rejected. Guardrisk may exercise his discretion and accept such applications. Factors that may influence the decision to accept such application include:

- Past judgements or adverse reports have been rectified (ie the arrear amounts have been settled)
- The required income is ***marginally*** too little for the rental amount.

Such applications may at the discretion of the insurer be accepted under additional conditions – eg that a second qualifying tenant also signs the lease agreement, and or that additional tenant deposit be paid (ie 2 months' rental instead of 1 month's rental).

Tenant is a Legal Entity

One of the requirements is that the Tenant must be a natural person. Where the lease is to be entered into by a Company/CC, it will under certain circumstances be accepted.

The terms of the underwriting provided by Guardrisk requires that the tenant that is underwritten be a natural person (ie not a company). The product that they provide is a RESIDENTIAL lease product, and therefore they expect tenants to be persons who take up the lease for residential purposes.

One exception to this rule is allowed, namely that if the tenant is a legal entity, we can still accept the risk provided that we get a surety for the obligations of the legal entity. However, in such a case we are obliged, for purposes of assessing the risk, to regard the surety (and not the legal entity) as the tenant. In other words, we must assess the income of the surety, and confirm his employment status, just as if he was the tenant.

Where the legal entity signing the lease is listed on the JSE, we are allowed to accept the risk, with a surety, but without the additional confirmation.

The final option is that we get a surety and 3 months deposit. We would then also be willing to accept the risk without additional confirmation.

Even where a legal entity is the tenant, the requirement remains that the premises must be used for residential purposes.

7 Obtaining the Certificate of Cover for each Property

This is the final step in the process of putting the RentMaster cover in place.

Once the application **forms and documents listed below** have been received, verified as correct and acceptable to the Insurer, the cover will be effected. RentMaster will then pay the rent on or before the 4th of each month irrespective of the tenant paying or not.

RentMaster also takes care of any legal issues and associated costs from this point onwards. It is important, as with all other documents completed, that the information is supplied in full, verified and checked. The criteria upon which the Insurer accepts the proposed tenant are contained in these application forms, and as such it is very important to ensure proper disclosure of all information required. Failure to do so may prejudice any future claims made against the policy in terms of this cover and could result in a claim being repudiated by the Insurer.

For each of the three types of applications being considered, a complete set of application forms and agreements are offered. Each of these is discussed in more detail below.

Important Notice:

Before you can proceed with the steps described in this section, the RentMaster Policy application procedure described in Section 5 must have been completed and confirmation received from the Insurer that the property owner's portfolio in question has been approved.

7.1 New Tenant Application Pack

This is the most common type of application for cover, and entails a new tenant being placed in to a rental property being insured.

7.1.1 Rental Application Form

The [RentMaster Rental Application Form - new lease](#) needs to be completed for each new application.

7.1.2 Credit Vetting

The applicant tenant should be vetted in accordance with the Insurer's **RentMaster Credit Vetting Policy and Procedure** as detailed in Section 6.

7.1.3 Lease Agreement

A standard lease agreement is prescribed by the Insurer. The [RentMaster Lease Agreement Residential - new lease](#) must be completed in full and must contain:

1. The lessor's full names;
2. The lessor's full names and registration number if lessor is a legal entity;
3. The lessor's address;
4. The lessor's registered place of business if the lessor is a legal entity.

The lease must further be:

1. Signed by the lessor, the lessee and their witnesses;
2. Be initialled by the lessor, the lessee and their witnesses on every page and next to each amendment or inscription;
3. Dated;

7.1.4 Debit Order Authority

You must obtain a signed [RentMaster Debit Order Authority](#) from the Tenant, also attached as Annexure A to the lease.

This method of collection ensures that:

1. The insurer is immediately notified of any non-payments, and can then immediately implement a late payment administration service, and if necessary, a full recovery process;
2. All insurance premiums are timeously collected and paid to the Underwriter.
3. The Insurer can pay your insurance claims without the need of further paperwork from your side.

Please note:

1. The debit order must contain the branch code of the tenant's bank. All the tenant's requested details must be completed accurately. The tenant must sign the authorisation.
If this is not complied with, the debit order may not be collected in terms of FICA legislation
2. A bankstatement must be attached to the debit order authorisation to verify the debit order particulars. This prevents unmet debit orders. Before the debit order authorisation is forwarded to the insurer, you yourself must make sure that the bankstatement particulars and the debit order authorisation are the same and correctly completed,
3. When the debit order authorisation is completed by the tenant and checked by the broker, the broker must complete the section that deals with his particulars, i.e. his brokerage, his name and broker code.

7.1.5 List of Defects to the Premises

The schedule of [Defects to the Premises](#) is included as Annexure B to the lease.

It must be signed and dated by both the tenant and the landlord or the landlord's agent. It proves that the tenant accepts the property as it is. It also confirms that the property is in a habitable condition and that the necessary inspections have been completed.

7.1.6 First Month's Rental and Deposit.

PLEASE NOTE - Unless the application is processed before the 20th of the month, the Debit Order will only be implemented during the second month of the lease.

You will be required to collect the following amounts from the tenant (either in cash or cheque):

1. The Rental for the 1st Month (if not processed before the 20th)

2. The Deposit payable by the tenant
3. Any other charges you may levy relating to effecting the rental agreement (i.e. charges for putting the lease agreement in place, for obtaining the credit vetting etc.)

Once you have collected these amounts, you must complete the [RentMaster Policy and Deposit Checklist – new lease](#)

7.1.7 Specific Notes regarding 1st Month's Rental and Deposit

1. The deposit (equal to 1-1,5 month's rent unless specified otherwise by the Insurer) must be paid into the account designated by the Insurer:
2. If the deposit is paid into the Insurer's approved Trust Account, make a copy of the deposit slip and attach it to the Deposit and Policy checklist.
3. When completing the deposit slip, use the property owner's name as the reference.
4. With regard to the tenant deposit, the position is as follows:
 - RentMaster has a legal cession of the full deposit. However, RentMaster does acknowledge the necessity of repairing the property as quickly as possible, so as to put it in a rentable condition again. In view of this, the deposit should be applied to repair damages, in circumstances set out below:
 - Where the landlord submits an inspection report within 10 days after the expiration of the lease, that specifies the damages that the tenant is legally liable for, the deposit may be applied to pay for such damages. Any balance of the deposit will be applied to cover arrear rentals.
 - Where no inspection report is received, the whole deposit will be applied to cover arrear rentals. We point out that in the absence of such an inspection report, the tenant would in any event not be liable for the repairs.

7.2 New Tenant Legal Entity Application Pack

This type of application for cover is required when the entity proposing to sign the lease agreement on behalf of the tenant is not a natural person, but a legal entity (i.e. a trust, closed corporation, company or co-operative). It differs from the new tenant process described in section 6.1 above in that:

- certain company resolutions are required,
- some of the questions on the application forms are different, and
- a cession is required for security.

8 Final Stages

Once all of this documentation has been completed, you must **e-mail, fax, deliver by hand or registered mail** the following documents to Equillore.

1. Completed and signed Rental Application Form (New Leases) or Current Tenant Questionnaire (Existing Leases);
2. Copy of the Credit Vetting Report (not applicable for Existing Tenants);
3. Copy of the signed Lease Agreement (Insurer approved or owner/agent's original leases verified by the Insurer);
4. Completed and signed Debit Order Authorisation;
5. The completed List of Defects to Premises;
6. Copy of the completed Policy and Deposit Checklist.

8.1 Checks and Balances

1. The lessor, lessee and rental amount on the RentMaster Policy Application Form, the Rental Application Form, the Lease and the Debit Order Authority **MUST** be the same.
2. The tenant's account particulars **MUST** be the same on the Rental Application Form and on the Debit Order Authority.