



TENANT INSECURITY

HOW SECURITY DEPOSIT “ALTERNATIVES” RAISE
TENANTS’ COSTS AND ERODE THEIR PROTECTIONS



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National
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EXECUTIVE SUMMARY

“PropTech” is compounding the unaffordability and precarity of securing and maintaining rental housing. The proliferation of property technology has become another way to extract profits from tenants desperate for a roof over their heads. This report focuses on one of these predatory products: security deposit “alternative” products, which millions of renters across the United States now use.¹

Security deposit alternative companies claim to offer a solution to unaffordable upfront costs, which Fannie Mae identifies as one of renters’ top two “pain points.”² These upfront costs can include a security deposit, first- and last-months’ rent, rental application fees, other move-in fees, and moving expenses.³ Companies advertise security deposit alternative products as benefiting tenants by allowing them to move in without making a large, upfront payment while still providing financial protection to the landlord.

Landlords may encourage or even require tenants to use these products⁴ in an attempt to avoid state laws that tightly regulate security deposits.⁵ These products may also be appealing to renters desperate to secure otherwise unobtainable housing.⁶ However, security deposit alternative products present significant consumer protection concerns. Key issues for tenants include:

- Nonrefundable fees;
- Landlords that require their use;
- Misleading marketing;
- Failure to protect tenants;
- Higher costs;
- Overdrawn bank accounts;
- No proof of claims or dispute resolution;
- Communication problems;
- Differential pricing;
- Price increases;
- Paying for a deposit and the alternative; and
- Bundling with unwanted products.

This report analyzes security deposit alternative products, explaining how they work and how they differ from traditional security deposits. It details the serious risks security deposit alternative products pose to tenants. Finally, this report offers recommendations to state and local governments seeking to address unaffordable upfront rental housing costs and to rein in these harmful products, such as:

- Increasing access to traditional security deposits;
- Enforcing existing laws governing security deposit alternative products; and
- Prohibiting abusive practices by landlords and security deposit alternative companies.

1. INTRODUCTION

1.1 The Rental Housing Crisis

Renters across the country continue to face a shortage of affordable housing. One third of all U.S. households – or 45 million people – are renters.⁷ In 2024, renter cost burdens hit another record high, with 22.7 million households spending more than 30% of their income on rent and utilities.⁸

Renter households are more likely to be households of color,⁹ and people of color represent a disproportionate share of lower-income renters.¹⁰ As the Joint Center for Housing Studies at Harvard University stated in its America’s Rental Housing 2026 report, “[d]iscriminatory policies and practices in education, employment, and housing have resulted in more than half of Black (57 percent) and Hispanic (54 percent) renters, along with half of multiracial renters, being cost burdened.”¹¹ In contrast, 44 to 45% of Asian and white renters live in unaffordable housing.¹²

Renter households are more likely to be households of color, and people of color represent a disproportionate share of lower-income renters.

Discriminatory and exclusionary tenant screening practices compound the challenge of finding a place to live.¹³ Rental housing applications are regularly denied based on automated and error-ridden tenant screening reports and scores that incorporate eviction filings, criminal records, and credit history.¹⁴ These practices also create a disparate impact on Black and Hispanic renters.¹⁵

1.2 Property Technology

A growing number of corporations now offer digital products and services aimed at the housing market. These property technologies are often collectively referred to as “PropTech.” In 2024, the estimated market size for PropTech in the United States was approximately \$16 billion.¹⁶

Many companies have created residential PropTech products that focus on the rental housing market, contributing to the broader financialization of this sector.¹⁷ These products include property management and payment platforms, rent splitting products, and rent reporting products. The exact number of landlords who use these products is unclear, but a 2024 survey conducted by Capterra suggests that up to 65% of American landlords are using some form of PropTech.¹⁸

At a time when rental housing is increasingly unaffordable and discriminatory and exclusionary tenant screening practices make it more difficult for renters to secure housing,¹⁹ predatory PropTech products extract profits from often desperate tenants and further destabilize tenancies. As the Consumer Financial Protection Bureau explained, “[t]he infusion of consumer financial products and services into the rental market raises risks for consumers.”²⁰

This report focuses on security deposit “alternative” products, which were used in millions of rental homes across the United States in 2025.²¹

2. TRADITIONAL SECURITY DEPOSITS

Residential landlords frequently require tenants to pay refundable cash security deposits to protect themselves against the risk that a tenant might not pay rent or might damage the property.²² A security deposit may be part of a large, upfront payment, together with the first- and last-months’ rent, that the tenant must make to the landlord before moving into the rental unit.²³ This large, upfront payment can represent a significant expense for tenants, especially when combined with rental application and other move-in fees²⁴ and moving expenses.

To protect against landlord abuses regarding the use and return of security deposits, the vast majority of states have laws regulating how landlords must treat these deposits. These statutes provide varying levels of tenant protection²⁵ and generally fall into the following categories:

- Limits on use of the deposit;
- Limits on security deposit amount;
- Transparency and documentation requirements;
- Timelines for return; and
- Enforcement mechanisms and remedies.

A key protection in state security deposit laws is the limit on what a landlord is allowed to deduct from a security deposit, such as a ban on deductions for “normal wear and tear,” and a requirement for an itemized receipt listing what the deductions were for and the associated costs.²⁶

A slim majority of states have a statutory maximum of how much a landlord can charge as a security deposit,²⁷ and some states entitle tenants to participate in walk-through inspections at the beginning or end of the tenancy, or both.²⁸

Some states also require that landlords place security deposits in interest-bearing accounts, where any interest accrued is the property of the tenant.²⁹ States also frequently require prompt return of the security deposit if the landlord does not make a claim to retain all or part of the security deposit to cover unpaid rent or damages.³⁰

Another key protection for tenants is the ability to bring a legal claim and collect damages from their landlord if the landlord fails to comply with state security deposit laws, such as failure to provide a timely itemized receipt of damages or making an improper deduction from a security deposit. Security deposit laws will often provide tenants with legal claims against their landlords for the return of the original deposit, additional monetary damages, and attorney's fees.³¹ In many states, tenants can bring claims for security deposit violations in small claims court in simplified proceedings without needing to hire an attorney.³²

3. SECURITY DEPOSIT ALTERNATIVES

3.1 How Security Deposit Alternative Products Work

As a part of the rapid rise of PropTech products, several companies have created so-called security deposit “alternatives.” These are third-party financial products that tenants purchase so that they can move in without paying traditional security deposits. They are advertised as benefitting tenants by allowing them to move in without making a large, upfront payment while still providing financial protection to the landlord. Whether the security deposit alternative company contracts with the landlord—who acts as an intermediary with the tenant—or directly with the tenant, the payments are ultimately made to third-party companies and not the landlord.

Security deposit alternative products largely function as either authorization for direct billing, insurance, or surety bonds.³³ These models each present different potential risks for tenants.

- **Direct billing authorization:** When signing up for the product, the tenant provides the company with authorization to directly withdraw funds from their bank account or charge their credit or debit card up to a specified amount.³⁴ The tenant must also pay either a nonrefundable monthly or annual fee.³⁵ If the landlord files a claim, the company withdraws or charges funds up to the preset cap directly from the tenant in the previously agreed upon manner.³⁶ The only company that we identified using this model—Obligo—

does not require any proof of claims from the landlord before using direct billing authorization to collect from tenants, which leaves tenants vulnerable to unsubstantiated or improper damages claims from their landlord.³⁷

- **Insurance:** The company insures the tenant’s financial obligations to the landlord—generally either by having an insurance license³⁸ or partnering with a licensed insurer.³⁹ These policies always insure the landlord rather than the tenant, even though the tenant pays the premiums.⁴⁰ If the landlord files an insurance claim for damages or unpaid rent, the company reimburses the landlord directly, up to the policy limit. The security deposit alternative company retains the right to pursue reimbursement from the tenant through subrogation.⁴¹ Subrogation allows the company to pursue tenants to collect the full amount of any claims they have paid out to the landlord.⁴² The major risk for tenants with this model is that the company *may* pursue subrogation in addition to retaining the premiums the tenant previously paid.⁴³
- **Surety bond:** The company guarantees the tenant’s financial obligations to the landlord. If the landlord files a claim on the bond for damages or unpaid rent, the company reimburses the landlord directly, up to the coverage limit, and then seeks repayment from the tenant for the full amount paid to the landlord. The major risk that comes with these products is that the tenant *must* reimburse the company for any claims they have paid out to the landlord in addition to the premiums that they have already paid.⁴⁴

In all three models, the landlord retains the right to pursue the tenant for alleged damages that exceed the amount that they can recover via the preset cap on the direct billing authorization, insurance maximum, or surety bond.

3.2 Attempting to Evade Security Deposit Laws

As discussed in [Section 2](#), *supra*, state legislatures have adopted a range of laws to protect tenants from abuses with traditional security deposits. Security deposit alternative products are designed to evade these requirements by falling outside the definition of a “security deposit” in state statutes. For example, LeaseLock claims that its product Zero Deposit will “Reduce Regulatory & Legal Risk” and “Eliminate the liabilities tied to holding and refunding [security] deposits.”⁴⁵

As a result, when landlords encourage or require tenants to use these products,⁴⁶ the tenants may not be covered by the broad range of legal protections for traditional security deposits. Whether these products actually skirt traditional security deposit protections depends on the details of each product and the relevant state security deposit laws.

[Table 1](#) illustrates some of the ways that security deposit alternative products typically differ from traditional security deposits.

TABLE 1: Traditional Security Deposits Versus Security Deposit Alternative Products

	Traditional Security Deposit	Security Deposit Alternative Products
Regulated by State Landlord-Tenant Law	✓	?
Deposit Paid to the Landlord	✓	✗
Tenant Pays a Fixed Amount Regardless of the Length of Tenancy	✓	✗
Damages and Unpaid Rent Deducted from Tenant's Deposit (Subject to State Law Restrictions)	✓	✗
Deposit Refunded to Tenant Minus Any Claims for Damages and Unpaid Rent	✓	✗

Despite these differences and the risks to tenants discussed in [Section 4, *infra*](#), security deposit alternative products can be appealing to policymakers searching for a solution to the affordable housing crisis. At least one company offering this product has lobbied for bills that would require landlords to offer a security deposit alternative if they are requiring a security deposit,⁴⁷ and a few jurisdictions have enacted provisions requiring landlords to accept security deposit alternative products.⁴⁸

3.3 Identifying Security Deposit Alternative Products

We gathered information about available security deposit alternative products using publicly available information most often found on company websites and terms of service in the fall of 2025 through spring of 2026.

[Table 2](#) lists companies that provide security deposit alternative products, the names of the products offered, and whether the tenant pays fees at the beginning of the tenancy or monthly. Table 2 is subdivided based on the type of product offered into [Table 2A: Direct Billing Authorization Products](#), [Table 2B: Insurance Products](#), and [Table 2C: Surety Bond Products](#).

TABLE 2: Security Deposit Alternative Products

TABLE 2A: DIRECT BILLING AUTHORIZATION PRODUCTS

Company Name	Product Name	Fee Structure
Obligo	Obligo	Monthly or yearly fee

TABLE 2B: INSURANCE PRODUCTS

Company Name	Product Name	Fee Structure
Entrata	Homebody Deposit Alternative [#]	Monthly fee
Findigs	Termwise	Monthly fee
LeaseLock	Zero Deposit	Monthly fee
Qira	Security Deposit Program [#]	Monthly fee

[#] Terms and conditions for this product are not available online. We attempted to contact the companies for more information, but the company did not respond.

TABLE 2C: SURETY BOND PRODUCTS

Company Name	Product Name	Fee Structure
Assurant	SureDeposit [#]	One-time fee
DUAL Insurance	Deposit Choice [#]	One-time fee
ePremium Insurance	eDeposit Security Deposit Alternative [#]	Fee provides coverage for five years
Jetty*	Jetty Deposit	Monthly or one-time fee
LeaseTerm Solutions^	LeaseProtect [#]	One-time fee
Leap Insurance Agency	Leap Deposit Replacement [#]	Monthly fee
RealPage	DepositIQ [#]	One-time fee
Rhino*	Security Deposit Insurance	Monthly fee
TheGuarantors	Deposit Coverage	Monthly or one-time fee
United Indemnity Group, Inc.	LeaseGuarantee	Yearly fee

** Although Rhino and Jetty merged in 2025,⁴⁹ there were still two separate websites advertising products with different names as of April 24, 2026.*

^ LeaseTerm Solutions is a subsidiary of RealPage.⁵⁰

Terms and conditions for this product are not available online. We attempted to contact the company for more information, but the company did not respond.

Many companies do not post public information about the amount of fees that tenants must pay for their security deposit alternative products or advertise minimum rates that few tenants will actually pay. For example, Rhino advertises that its rates can “start as low as \$4 a month,”⁵¹ and Homebody claims that, “instead of a \$1,000 security deposit, you pay about \$130 over the course of your lease.”⁵²

In some cases, this lack of pricing transparency is because the companies use differential pricing to adjust the fees based on the tenant's personal information.⁵³ In other cases, the companies work directly with the landlord to determine the fees.⁵⁴ Tenants reported actual security deposit alternative fees ranging from \$22 per month or \$375 as an upfront payment from Jetty⁵⁵ to \$65 per month from Qira.⁵⁶

4. KEY ISSUES FOR TENANTS

Security deposit alternatives can be risky for tenants in a variety of ways. This section details some of the most problematic aspects of these products.

4.1 Nonrefundable Fees

Traditional security deposits are refundable—minus any unpaid rent and property damages beyond “normal wear and tear.”⁵⁷ In contrast, security deposit alternative products involve nonrefundable payments.⁵⁸

Misleading marketing language can hide or minimize this key difference. For example, Rhino’s website states that it “covers your rental just like a cash deposit would.”⁵⁹ Homebody’s website says that the renter can “save hundreds” and “use your money how you want,” but does not explain that the amount is nonrefundable.⁶⁰

Tenant Story: “I’d honestly rather pay a traditional security deposit and go without this lease lock fee that’s going to end up costing me a lot of money I’ll never get back.”⁶¹

Tenant Story: “A security deposit is traditionally refunded in full minus any move out charges. Instead I have paid premiums for 4 years and still have to pay my move out charges in full.”⁶²

4.2 Landlords that Require their Use

Some landlords require tenants to use security deposit alternative products or mandate the particular product that the tenant must use.⁶³ Indeed, companies generally contract directly with landlords who then act as intermediaries with the tenants.⁶⁴

Where the maximum amount of a traditional security deposit is not restricted by state law, landlords may set the amount of the security deposit so high that few tenants can afford to pay it and must instead use the security deposit alternative product offered by the landlord if they want to move in. For example, one tenant reported that her landlord required her either to pay four months' rent up front as a security deposit or use a security deposit alternative product.⁶⁵ Another tenant reported that they had to either choose between a \$3,500 security deposit or paying for Obligo, which would not inform the tenant what the cost would be until after they committed to using the product.⁶⁶

As a result, tenants may be forced to use security deposit alternative products even if they already have a security deposit that they can transfer from a previous rental property and would prefer to pay the traditional security deposit rather than paying an additional monthly or annual fee for the duration of their tenancy.

Tenant Story: “I’m about to sign a lease on an apartment. I have never seen this lease lock fee before. Is it legal for a landlord, in this case a company, to require a mandatory nonrefundable monthly “lease lock fee”? . . . they’ve assured me that the lease lock fee is mandatory . . .”⁶⁷

Tenant Story: “I had the means to place a security deposit, but was strongly encouraged by my apartment complex to use [Rhino].”⁶⁸

4.3 Misleading Marketing

Security deposit alternative companies may promise tenants “insurance” for their security deposits or protections that are similar to traditional security deposits. For example, Rhino states that it “replaces your traditional security deposit with smart, affordable security deposit insurance.”⁶⁹ Homebody claims that “its product is an alternative to a security deposit that still provides similar protection.”⁷⁰ However, the reality is that none of these products provide insurance or financial security for tenants because they are designed to protect landlords.

Tenant Story: “Misleading marketing, misleads consumers to believe they are an insurance company. In reality, they offer a service where you pay a monthly premium in lieu of a security deposit at a PARTNERED apartment complex. The monthly premium does nothing to insure the payer of the policy.”⁷¹

Tenant Story: “I do have some wear and tear to the unit that I owned up to, due to having pets. I filed a claim with Rhino thinking as I paid so much into this, that they would cover some of this cost, as even my apartment complex had ALSO believed that Rhino will cover the cost. Little did they know.. This is not the truth ... The idea of security deposit insurance is a complete scam that you continue to pay into for nothing ... [N]ow I owe ... a company that I continued to pay annually ... to protect the apartment complex, and not myself.”⁷²

4.4 Failure to Protect Tenants

Security deposit alternative companies charge monthly or annual fees to tenants for their services. They generally also seek to collect from the tenant the *full amount* that they pay to the landlord for any alleged damages or unpaid rent. For example, Rhino explains that “[t]he renter will be responsible for reimbursing Rhino for the approved claim amount.”⁷³ Obligo says that the tenant is “still accountable for any charges.”⁷⁴ SureDeposit writes that tenants “are required to reimburse the Surety for the amount owed of their rental and financial obligations,” adding that “if the amount owed exceeds the bond amount (such as unpaid rent or damages), the resident will owe the landlord the excess amount.”⁷⁵

None of the fees that the tenant paid to the company are used to offset the amount that the company now seeks to recover, regardless of the total amount that the tenant has already paid to the company. For example, Obligo explains that it “charges a fee for the use of our service . . . The service fee does not cover any charges your property manager may

determine at the end of your lease (e.g. for damages or missed rent).⁷⁶ Similarly, Rhino explains that “Your premium payment(s) do not cover the cost for approved claim(s), or relieve you of any of your lease obligations. Renters agree to reimburse Rhino when they agree to the Tenant Acknowledgement Agreement.”⁷⁷

Tenant Story: “Rhino seemed like a great idea originally. It’s a replacement for needing to put a deposit down on a rental. . . . I lived at this address for 3 years and had to renew my lease 3 times. Each time I had to pay Rhino more money . . . Now that I have moved out . . . They are claiming I owe them \$3400 for excessive wear and tear . . . I’ve already paid [Rhino] \$1600. But those were only premium fees and don’t apply towards your actual deposit. . . . I wish I had known 3 years ago.”⁷⁸

Tenant Story: “As stated on their website, [Rhino] take[s] claims made by the apartment complex and pay the complex and turn to you to collect 100% of anything paid . . . I paid 4 years of premiums totaling 600\$. . . I was scammed out of 600\$ over 4 years only to still have to pay everything a deposit would have covered.”⁷⁹

4.5 Higher Costs

Compared to a tenant who receives their full security deposit back at the end of the tenancy, a tenant who uses a security deposit alternative product will always pay more. This is because security deposit alternative products are nonrefundable, as discussed in [Section 4.1, supra](#). Any money spent on the security deposit alternative product is simply gone at the end of the tenancy.

Even a tenant who is not entitled to receive any money back from their security deposit at the end of their tenancy may ultimately pay less than a tenant who uses a security deposit alternative product. This is because the tenant must typically reimburse the security deposit alternative product company for amounts that the company paid to the landlord in addition to the fees that the tenant pays to the company, as discussed in [Section 4.4, supra](#).

Even if the security deposit alternative company pays the landlord nothing or very little, the amount of monthly or annual payments made to the company can add up to more than the security deposit, especially when the tenant rents the property for multiple years.⁸⁰ A tenant may need to continue to pay for a nonrefundable security deposit alternative product

monthly or annually for multiple years, whereas tenants usually pay only one security deposit that is “rolled over” if they stay another year or lease term. In total, these cumulative payments to a company may exceed the amount that the tenant would have needed to pay as a security deposit at the start of the lease.

Tenant Story: “I signed up for Jetty . . . in lieu of a \$600 deposit . . . and have definitely paid them more than \$600. I haven't moved out yet but I wish I just had the money at the time I moved in, it would have saved me a fair bit of money.”⁸¹

Tenant Story: “Its exorbitant and a total waste of money. While signing on with [Leap], they mentioned it would be one time fee that they would be charging me. However, it turns out its a one time fee every lease term. And yes, if your lease term is less than 12 months, they would still charge you the amount for the whole 12 month lease. That's like losing a deposit every year you stay at a place.”⁸²

Tenant Story: “My friend is located in Arizona. She received an email today, regarding her deposit. This is the email: “We hope you are doing well. We conducted a deposit audit and have discovered you do not have an active security deposit or bond on file. You must have either a refundable security deposit of (\$750) or a Flex Deposit bond on file per your lease contract. We have initiated a new bond for you, the email would be under Flex Deposit/Assurant. Please complete the purchase of the new bond as soon as possible. You have until 04/25/2025 to pay either the security deposit...” She paid the non-refundable deposit, as it was the cheaper option. She does have proof of paying it. She called and asked why she needed to pay it again, and they informed her that her deposit “expired”. Can a security deposit expire? Is this something that her landlord can do legally?”⁸³

Tenant Story: “Moved out of my apartment and was also charged my full deposit...what's the point of [Obligo]? I lived for 2 years and paid over \$400 in fees only to get charged my full deposit anyway. Wouldn't recommend using this service.”⁸⁴

4.6 Overdrawn Bank Accounts

Direct billing authorization products may cause tenants to overdraw their bank accounts. If a company processes a landlord's claim without notifying the tenant, the tenant may not have enough money in their account. If a tenant overdraws their account, they may owe overdraft or insufficient funds fees to their bank and returned-payment fees to the security deposit alternative company. As Obligo explains:

If your depository institution or credit card company does not honor the charge due to insufficient or uncollected funds or an insufficient credit limit, you authorize us to reinitiate the debit or charge. You also authorize us to debit or charge the Preauthorized Payment Method(s) for any returned-payment fee disclosed in these Terms. You understand that your depository institution or credit card provider may also assess overdraft or over-the-limit charges respectively, or related fees.⁸⁵

Tenant Story: “My apartment complex messed up the final charge for the move out. Now [Obligo] is trying to charge me. I have been in touch with them and explained and although I have been told they would stop trying to pull this payment, and figure out the mistake, it continues. I have spent \$150 in bank overdraft fees because of this [sh*t].”⁸⁶

4.7 No Proof of Claims or Dispute Resolution

State security deposit laws frequently require the landlord to provide the tenant with an itemized list of deductions that the tenant would then be able to dispute in court.⁸⁷ In contrast, security deposit alternative companies may not require proof of the alleged damages to the property or unpaid rent before paying the landlord. If a tenant is using one of these security deposit alternative products, they may not receive any notice or documentation of the landlord's claims. For example, Obligo notes that it “does not require any proof of damage in order to process the charge and initiate ... payment [to the landlord].”⁸⁸

Some security deposit alternative companies lack a dispute resolution process if the tenant disagrees with the damages or unpaid rent claims filed by the landlord. For example, Obligo explains that it “does not take sides in disputes and plays no role in assessing the accuracy or fairness of individual charges outside of exceptional cases involving fraud or abuse.”⁸⁹

Additionally, security deposit alternative companies may direct tenants to address any disputed charges directly with their landlord, attempting to remove themselves from the dispute resolution process entirely. Jetty explains that “[a]ny charges that were on your final account statement . . . that you would like to dispute should be addressed with your [landlord] directly. If any adjustments need to be made to the claim or owed amount, your [landlord] should communicate those to the assigned claims adjuster.”⁹⁰ Obligo states that tenants “maintain the right to dispute charges directly with your property manager.”⁹¹

Tenant Story: “Obligo insured my security deposit for a property I rented in August 2023. I terminated the lease with landlord owing \$1500 ONLY. The landlord falsely filed a claim with Obligo for \$2500 for things I am not legally responsible for . . . I submitted documents to validate this . . . Obligo charged my account for the fraudulent charges \$1000 more than what is due.”⁹²

Tenant Story: “I moved out July 25’, landlord submitted \$1,000 in charges to Obligo, and Obligo paid the landlord directly without discussing the charges with me or evidence to clarify the charges were just. Now they are trying to charge me the \$1,000 regardless of my disputes over the charges. I have submitted emails and conversations between me and the landlord asking for justification and he is not able to provide any receipts or breakdown of how \$1,000 was charged . . . I have gone through all appropriate outlets to dispute and have followed Obligos suggestions. Obligo told me they would not get involved, and that I should resolve the issue directly with the landlord. Meanwhile, they persisted in trying to collect the money from me. Since the landlord has already been paid IN FULL and has no obligation to cooperate or refund anything, I am paying Obligo for bogus charges.”⁹³

Tenant Story: “[The landlord is] claiming I owe them \$3400 for excessive wear and tear. . . . This claim is auto filed with rhino and the company does not care if you dispute it. You can try. They send an automated response to you about your legal obligations.”⁹⁴

4.8 Communication Problems

Some security deposit alternative companies limit the ways that tenants communicate with them to email or online forms and are often slow to respond.⁹⁵ Companies that use online chat for communications with tenants may rely on artificial intelligence to respond to questions and handle complaints.⁹⁶ Companies may not provide any methods for tenants to reach a human customer representative to obtain assistance.⁹⁷

Tenant Story: “I attempted to call and email [Rhino] and it says there is a chat bot, but it does not come up. All the contact us options on their website are for pages that no longer exist . . . They can email me for payment, but offer no viable means of contact.”⁹⁸

Tenant Story: “[Obligo’s] support is some of the worst I have ever experienced on an online service. Their response time through the chat is horrific. There is no way to contact them other than the chat and email. I have yet to have received any response on how to change the credit card I wanted to use for my security deposit.”⁹⁹

Tenant Story: “You can’t actually speak with anyone as you can call and get a recording that [Rhino] only offer[s] email support.”¹⁰⁰

4.9 Differential Pricing

Security deposit alternative products may charge “high risk” tenants more to avoid paying a security deposit, with several companies using proprietary algorithms to determine exact pricing.¹⁰¹ For example, TheGuarantors reports that “[p]ricing is personalized based on a few key factors, including the monthly rent, the renter applicant’s financial profile, and the coverage you require.”¹⁰² Rhino explains that “[e]ligible renters receive a personalized quote which takes into account many factors, including but not limited to the following: Rent amount, lease duration, required coverage amount, soft credit check.”¹⁰³ Obligo writes that “[t]he service fee is a percentage of your security deposit requirement and is determined by each renter’s individual profile. This includes a variety of factors utilized by our machine learning model, including but not limited to a renter’s geography, property type, bank account balance, and security to rent ratio.”¹⁰⁴

Because products base their pricing in part on things like credit scores, financial profiles, and bank account balance, tenants who are least able to pay a traditional security deposit upfront will be most likely to be charged more for security deposit alternative products.¹⁰⁵ In addition, there are significant racial disparities in credit scores, which might result in tenants of color being charged more.¹⁰⁶

Tenant Story: A tenant using Rhino reported that “[she] didn’t like how they’re basically holding us over a boiling pot ... it’s just ridiculous that I’m ending up having to pay so much because we’re poor. To me it feels like they’re just trying to keep people poor.”¹⁰⁷

4.10 Price Increases

Tenants may start off paying a price that they can afford and later see the cost of the security deposit alternative product increase, typically at lease renewal.¹⁰⁸ As LeaseGuarantee explains, “LG’s offer of a renewal commitment, and the fee for any such renewal that is offered, will be based on LG’s sole determinations concerning the current tenancy and Tenant’s credit status. An offer of renewal is not guaranteed and the renewal fee may vary.”¹⁰⁹ Obligo’s Tenant Terms of Service state that lease renewal “constitutes Tenant’s consent for a corresponding increase in the Billing Authorization Value” if the lease includes an increase in the required security deposit.¹¹⁰

Tenants faced with increased fees for rental security deposit products must either pay the full amount of the traditional security deposit, pay the higher amount for the security deposit alternative product, or find a new place to live.

Tenant Story: “This will be my third year with Rhino. I’ve been using them for my security deposit insurance. The first year I used Rhino my yearly fee was \$326. The second year I used Rhino the fee was \$326 as well. They automatically renewed my plan, there was no warning or notice that notified me that my plan and fee was changing. \$1077 was withdrawn from my account (they were lucky I had it). I’ve contacted them multiple times asking how the price of my plan increased by 197% . . . They are refusing to give me that information and have said the price is not going to change.”¹¹¹

Tenant Story: “I had made every single of my rent payments on time, paying an additional \$250ish annually for security deposit insurance. The year I planned to move out, having only 5 months living there of that year.. Rhino increased my annual charge to double what I was paying prior years. When I tried to dispute this charge, it was declined.”¹¹²

4.11 Paying for a Deposit and the Alternative

If a landlord stops accepting a security deposit alternative product or the product does not cover the duration of the tenant’s lease, the tenant may have to pay a security deposit *in addition* to any money already paid for the alternative product to avoid eviction.

The opposite can also be true. Even tenants who paid a traditional security deposit are sometimes asked to pay for a security deposit alternative product if their building begins requiring these products.

Tenant Story: “The landlord has requested deposit coverage via The Guarantors’ (policy includes rent coverage) and a separate cash security deposit - this seems like a double requirement. What is the rationale for having both? How does this represent 'additional security' in any way? . . . Are landlord's allowed to do this?”¹¹³

Tenant Story: “My slum lord . . . forces you to sign a 15 month lease - Rhino is only covered for a year, so at the 12 month mark, they want another \$450 for the last 3 months of our lease or they want 2x the rent.”¹¹⁴

Tenant Story: “Wish I could rate this no stars. This is an absolute scam of a company. I had Rhino security deposit insurance on top of my already paid security deposit, which I am assuming because I had no rental history.”¹¹⁵

Tenant Story: “We were paying for Rhino insurance instead of a security deposit for the property, but the landlord wants to switch to a traditional security deposit 3 years in.”¹¹⁶

Tenant Story: “They set the wrong date for my lease to end a month early and I am disputing it, because I will have to now put a deposit down for the last month?”¹¹⁷

Tenant Story: “I paid a security deposit to move into my apartment in 2021. A new management team took over and on my rent renewal offer they’re trying to charge a lease lock for \$35/mo even though I paid a security deposit in full. I’m not understanding how that’s legal nor do I understand the difference besides the fact that lease lock isn’t refundable. If I move out and there’s damage are they charging my refundable security deposit or nonrefundable lease lock payments?”¹¹⁸

4.12 Bundling With Unwanted Products

Some security deposit alternative products are available only when purchased with other rental products offered by the same company. To be able to use these security deposit alternative products, tenants or landlords must pay for additional products that they may not need or want - increasing the downstream cost to the tenant. For example, “eDeposit is only available at participating rental locations offering our RentersPLUS program. Before you can purchase eDeposit you must first purchase a renters insurance policy (or a qualified renter liability insurance product) from ePremium Insurance Agency, LLC.”¹¹⁹

5. CONCLUSION AND RECOMMENDATIONS

Upon first glance, security deposit alternatives can seem like a good option for tenants who can afford the rent but not the significant upfront costs they must pay to actually secure the unit. However, security deposit alternative products present significant consumer protection concerns for tenants. Among other things, they:

- Attempt to evade requirements for traditional security deposits under state landlord-tenant law;
- Protect landlords, not tenants, despite frequently being referred to as “insurance”;
- Are nonrefundable at the end of a tenancy; and
- Cost tenants more than traditional security deposits.

As detailed below, state and local governments should take action to increase access to traditional security deposits and protect tenants from risky security deposit alternatives.

5.1 Increase Access to and Affordability of Traditional Security Deposits

The following reforms will make it more affordable for tenants to use traditional security deposits and benefit from existing state laws governing security deposits. This list of reforms is focused on the affordability of security deposits and does not address other tenant protections. Additional reforms to state security deposit laws may be necessary to increase tenant protections.

- **Require landlords to accept traditional security deposits.**¹²⁰ Prohibiting landlords from only accepting security deposit alternative products will ensure that tenants can still pay traditional security deposits.
- **Limit the amount that landlords can require as a traditional security deposit to no more than one month's rent.**¹²¹ By capping the amount of a traditional security deposit to no more than one month, states can limit the ability of landlords to coerce tenants into using security deposit alternative products by setting the amount of the security deposit at several times the monthly rent.¹²²
- **Require landlords to accept a traditional security deposit in multiple installments.**¹²³ Allowing tenants to spread out their payments will make traditional security deposits more affordable so that tenants will not be forced to turn to security deposit alternative products.
- **Implement renter assistance programs.**¹²⁴ State and local governments can create programs to help low-income renters pay their security deposit and avoid more costly alternatives.

5.2 Enforce Existing Laws Governing Security Deposit Alternative Products and Companies

State and local governments should consider whether security deposit alternative products violate existing laws, clarify how existing laws apply to these products, and bring enforcement actions as necessary.

- **Enforce state security deposit laws.** State attorneys general, or other state or local regulators that enforce state housing laws, should evaluate whether existing state security deposit laws cover security deposit alternative products, issue appropriate guidance, and bring enforcement actions if necessary.

- **Enforce state insurance laws.** State attorneys general should investigate whether security deposit alternative companies are selling insurance products in a manner that is not in compliance with state insurance law.¹²⁵ State insurance commissioners should investigate security deposit alternative companies to determine whether their rates are excessive or unfairly discriminatory, including investigating very low loss ratios and high administrative costs. They should also investigate the market conduct of such companies to ensure that their conduct when interacting with tenants complies with state insurance laws.
- **Enforce the federal Electronic Fund Transfer Act (EFTA) and Nacha rules.** State and local regulators should evaluate the actions of direct authorization billing products, such as Obligo, to see if they violate EFTA¹²⁶ or the Nacha rules,¹²⁷ which govern certain kinds of money transfers, and bring enforcement actions if necessary.

EFTA requires consumers to authorize any debits out of their bank account.¹²⁸ Companies must provide clear and readily understandable debit authorization.¹²⁹ If the amount of a debit varies from the regular payment, the consumer generally must be given 10 days' notice of the amount and timing, unless they have chosen to authorize debits within a range that they could have anticipated.¹³⁰ Consumers have the right to stop payment of preauthorized payments.¹³¹ If an ACH payment¹³² is used, Nacha rules require the authorization to include information about how to revoke authorization.¹³³

- **Enforce state consumer laws prohibiting Unfair and Deceptive Acts and Practices (UDAP).** State attorneys general (or other state regulators that enforce state consumer laws) and private parties may be able to bring UDAP claims against security deposit alternative products that engage in unfair or deceptive practices.¹³⁴ The following practices could violate UDAP laws:
 - Describing or promoting these products to tenants as “insurance” may be deceptive since the tenant may think they are purchasing insurance coverage for themselves;
 - Obscuring the total cost of security deposit “alternatives,” including by making the cost difficult to calculate;
 - Advertising a price that does not include the cost of the security deposit “alternative (to the extent that a landlord requires tenants to use these products such that the premium may be considered “rent”); and
 - Circumventing tenant protections for security deposits.

- **Enforce fair housing and anti-discrimination laws.** State attorneys general (or other state regulators that enforce anti-discrimination laws) and private parties may be able to bring claims against security deposit alternative products that are priced based on criteria or use algorithms that result in members of a protected class¹³⁵ being charged disproportionately higher prices.
- **Enforce other housing laws.** Where landlords require tenants to use security deposit alternative products such that tenants incur additional monthly costs not disclosed as part of the rent amount, state or local authorities should investigate whether landlords violate rent control laws, legal requirements for landlords renting to tenants with housing subsidies, or statutes or regulations requiring advertised rent to include the total price of the unit.

5.3 Prohibit Abusive Practices by Landlords and Security Deposit Alternative Companies

State and local governments can adopt the following reforms to curb abusive practices by security deposit alternative companies and landlords.

- **Prohibit landlords that accept security deposit alternative products from requiring tenants to use a specific company or product.** This prohibition allows tenants to shop for the best price and features that meet their needs rather than being forced to use the product that their landlord chose.
- **Require security deposit alternative companies to cover the tenant (rather than the landlord) and to cap tenant liability at the amount paid in premiums.** Prohibit companies providing an insurance product from attempting to collect the amount paid to the landlord from the tenant, including through subrogation.
- **Prohibit security deposit alternative companies from seeking to collect amounts not owed from tenants.** Require companies to obtain documentation and substantiation for any claims made by landlords before directly billing tenants for such claims. Hold landlords strictly liable for improperly collected funds obtained without reviewing such documentation, including treble damages.
- **Allow tenants to raise defenses against security deposit alternative companies that they could have brought against the landlord.** For example, the tenant might have defenses to claims that they owe back rent based on the poor condition of the rental housing and warranty of habitability violations by their landlord. They should have the opportunity to raise such defenses before third-party security deposit alternative companies can collect any claims, including by ACH withdrawal.

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- **Prohibit security deposit alternative companies and landlords from including contract terms that limit tenant lawsuits.** Congress should amend the Federal Arbitration Act to clarify that states can prohibit mandatory arbitration clauses in such contracts. States should prohibit contract terms that ban tenant class claims or mandate that claims be brought in distant forums.

ENDNOTES

1. See [Section 1.2](#), *infra*.
2. See Jonathan Gross, Fannie Mae Research Identifies Challenges Faced by Today's Renters (Feb. 1, 2024), available at <https://www.fanniemae.com/research-and-insights/perspectives/research-identifies-renter-challenges>.
3. See Alexander Hermann & Elizabeth R. Jones, Joint Ctr. for Hous. Studies of Harvard Univ., *From Deposits to Fees, Renters Struggle with Up-Front Costs* (Mar. 16, 2026), available at <https://www.jchs.harvard.edu/blog/deposits-fees-renters-struggle-front-costs>.
4. See [Section 4.2](#), *infra*.
5. See [Section 3.2](#), *infra*.
6. See Roshan Abraham, Vice, *How Landlord Tech Is Squeezing Renters Who Can't Afford Security Deposits* (Oct. 23, 2023), available at <https://www.vice.com/en/article/how-landlord-tech-is-squeezing-renters-who-cant-afford-security-deposits/> (one tenant who could afford everything but the security deposit told Vice that she didn't know much about the security deposit alternative product, "but she knew it meant she wouldn't have to pay money she didn't have") [hereinafter *How Landlord Tech is Squeezing Renters*].
7. Jonathan Gross, Fannie Mae Research Identifies Challenges Faced by Today's Renters (Feb. 1, 2024), <https://www.fanniemae.com/research-and-insights/perspectives/research-identifies-renter-challenges>.
8. Joint Ctr. for Hous. Studies of Harvard Univ., *America's Rental Housing 3* (2026) [hereinafter *America's Rental Housing 2026*], available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2026.pdf.
9. About 58% of Black households and 52% of Hispanic households rented their housing in 2019. Drew DeSilver, Pew Research Ctr., *As national eviction ban expires, a look at who rents and who owns in the U.S.* (Aug. 2, 2021), available at <https://www.pewresearch.org/short-reads/2021/08/02/as-national-eviction-ban-expires-a-look-at-who-rents-and-who-owns-in-the-u-s/> (based on data from 2019).
10. See *America's Rental Housing 2026*, *supra* note 8, at 11.
11. *Id.* at 26.
12. *Id.*
13. See Chi Chi Wu et al., National Consumer Law Center, *Digital Denials: How Abuse, Bias, and Lack of Transparency in Tenant Screening Harm Renters* (Sept. 26, 2023), available at <https://www.nclc.org/resources/digital-denials-how-abuse-bias-and-lack-of-transparency-in-tenant-screening-harm-renters/>.
14. See *id.*
15. See *id.*
16. Market Reports World, *PropTech Market Size, Share, Growth, and Industry Analysis, By Type (On-premise,Cloud-based), By Application (Large Enterprises,Small and Medium Enterprises), Regional Insights and Forecast to 2034* (last updated Mar. 30, 2026), available at <https://www.marketreportsworld.com/market-reports/proptech-market-14722130>.

17. See Consumer Fin. Prot. Bureau, Fair Debt Collection Practices Act 12 (Sept. 2024), available at <https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-cfpb-annual-report-2024/> (“The CFPB is aware of many new entrants into the rental housing market offering landlords and tenants new financial products.”).
18. Eduardo Garcia & Kathryn Todd, *Advanced Tech Can Shape Decisions For 73% Of Tenants: How Property Management Software Can Help Landlords* (Aug. 19, 2024), available at <https://www.capterra.com/resources/boosting-tenant-experience-with-property-management-software/#methodology>.
19. See [Section 1.1](#), *supra*.
20. Consumer Fin. Prot. Bureau, Fair Debt Collection Practices Act 12 (Sept. 2024), available at <https://www.consumerfinance.gov/data-research/research-reports/fair-debt-collection-practices-act-cfpb-annual-report-2024/>.
21. See, e.g., Obligo, Obligo Announces a New Embedded, End-to-End Solution to Fully Outsource Security Deposit Management (Oct. 13, 2025), available at <https://www.prnewswire.com/news-releases/obligo-announces-a-new-embedded-end-to-end-solution-to-fully-outsource-security-deposit-management-302582025.html> (reporting that Obligo was “available today in over one million homes across the United States”); LeaseLock, LeaseLock Surpasses \$14 Billion in Leases Insured as Renters Nationwide opt for Deposit-Free Living (July 8, 2025), available at <https://web.archive.org/web/20260415171759/https://leaselock.com/lease-insurance-milestone-14-billion-leases-insured/> (reporting that LeaseLock covered “over 2 million leases”); Rhino, Rhino and Jetty Merge to Create the Largest Security Deposit Insurance Company in the Market (Feb. 6, 2025) available at <https://www.prnewswire.com/news-releases/rhino-and-jetty-merge-to-create-the-largest-security-deposit-insurance-company-in-the-market-302370218.html> (reporting that the company “served more than 6 million rental units” in 2025).
22. See John P. Ludington, Landlord-tenant security deposit legislation, 63 A.L.R. 4th 901 § 2[a] (originally published in 1988) [hereinafter Landlord-tenant security deposit legislation].
23. Tenants that are deemed “high risk” may be required to pay higher security deposits, increasing the amount that they must pay before they can move into the unit. See Consumer Fin. Prot. Bureau, Tenant Background Checks Market 22 (Nov. 2022), available at https://files.consumerfinance.gov/f/documents/cfpb_tenant-background-checks-market_report_2022-11.pdf (“Renters may also be required to pay add-on charges, extra security deposits, and higher rent based on a negative tenant screening report.”); Erin Smith & Heather Vogell, ProPublica, *How Your Shadow Credit Score Could Decide Whether You Get an Apartment* (Mar. 29, 2022), available at <https://www.propublica.org/article/how-your-shadow-credit-score-could-decide-whether-you-get-an-apartment> (“A negative screening can not only result in a denial, it can also prompt a landlord to demand a higher deposit, potentially deterring the renter from taking the apartment at all.”).
24. See Ariel Nelson et al., National Consumer Law Center, Too Damn High: How Junk Fees Add to Skyrocketing Rents (Mar. 2023), available at <https://www.nclc.org/resources/too-damn-high-how-junk-fees-add-to-skyrocketing-rents/>.
25. See generally Ludington, Landlord-tenant security deposit legislation, *supra* note 22.
26. See, e.g., Ludington, Landlord-tenant security deposit legislation, *supra* note 22, at § 16[b]; *Devall v. Home Finders Int’l, Inc.*, 368 So. 3d 125 (La. Ct. App. 2023) (holding that painting

and cleaning expenses fall under “normal wear and tear,” and therefore cannot be taken out of a security deposit); *Peebles v. JRK Prop. Holdings, Inc.*, 263 N.E.3d 213 (Mass. 2025) (holding that a tenant’s reasonable use of a property may create conditions that require painting, cleaning, or other restorative action, and those reasonable, expected damages could not be taken out of a security deposit); *Silver v. Rudeen Mgmt. Co., Inc.*, 484 P.3d 1251 (Wash. 2021) (holding that if the tenant only causes “ordinary wear and tear,” they are entitled to a full return of their security deposit).

27. See Ann O’Connell, NOLO, Maximum Security Deposits Landlords Can Collect in Each State (Jan 16, 2026), available at <https://www.nolo.com/legal-encyclopedia/chart-security-deposit-limits-state-29020.html>.
28. See, e.g., Ludington, Landlord-tenant security deposit legislation, *supra* note 22, at §§ 24[a], 30[a]; *Camer v. Lupinacci*, 623 A.2d 726 (Md. Ct. Spec. App. 1993) (holding that because the landlord did not inform tenants of their rights to be present at an inspection of the property before vacating, they forfeited their right to retain the security deposit); *Alltex Constr., Inc. v. Alareksoussi*, 685 S.W.2d 93 (Tex. App. 1984) (holding that a landlord could be liable for, among other violations, holding a security deposit in bad faith if they refused to allow a tenant a joint inspection of the property before move-out).
29. See Ludington, Landlord-tenant security deposit legislation, *supra* note 22, at § 15[b].
30. See *id.* at § 24[b].
31. See *id.* at § 23[a].
32. See, e.g., Ann O’Connell, NOLO, Security Deposit Lawsuits in California Small Claims Court (Oct. 29, 2024), available at <https://www.nolo.com/legal-encyclopedia/security-deposit-lawsuit-california-small-claims-court.html> (“Suing your landlord is inexpensive, usually less than \$50 to file a case (fee waivers or deferrals are sometimes available for people with low incomes). You don’t need a lawyer—in fact, they’re not even allowed in some cases. Disputes usually go before a judge (there are no juries) within a month or two.”); Commonwealth of Mass., Small Claims Court, available at <https://www.mass.gov/info-details/small-claims-court> (lawsuits for security deposit returns are most often heard in small claims court; “While the laws governing small claims are the same as those for major lawsuits, the court uses simplified procedures for the legal proceeding and the matters are often heard by a clerk-magistrate rather than a judge. This allows average people to present their case without being limited by formalities, such as the strict, formal rules of evidence. Small Claims Court is intended to be accessible and available for everyone. You can present your own evidence and speak in layperson’s terms.”); Texas State Law Library, General Information - Small Claims, available at <https://guides.sll.texas.gov/small-claims#s-lq-box-30426722> (“Small claims are cases filed in the county justice of the peace courts (also referred to simply as ‘justice courts’) in Texas. Justice courts provide a more informal setting than the higher-level courts, so parties will often represent themselves rather than hiring an attorney ... Justice courts can also settle landlord/tenant disputes such as evictions and repairs.”).
33. See Andrew Smallwood, Second Nature, Security Deposit Alternatives for Property Managers and Residents (Dec. 1, 2023), available at <https://www.secondnature.com/blog/security-deposit-alternatives> (discussing types of security deposit alternatives); National Housing Law Project, Regarding Security Deposit Replacement Products (Jan. 5, 2022), available at <https://www.nhlp.org/wp-content/uploads/2023.01.05-Regarding-Security-Deposit-Replacement-Products.pdf>; Peter Lohmann, Security Deposit Alternatives & Tenant

- Screening (Mar. 19, 2021), *available at* <https://www.peterlohmann.com/blog/security-deposit-alternatives-tenant-screening-innovation> (discussing different models of security deposit alternative products); Alex Williamson, Shelterforce, Security Deposit Alternatives: The Misleading Marketing of ‘Renter’s Choice’ (Dec. 10, 2020) *available at* <https://shelterforce.org/2020/12/10/security-deposit-alternatives-the-misleading-marketing-of-renters-choice/> (discussing how Rhino’s security deposit alternative product functions as a security bond).
34. See Obligo, How does Obligo’s no deposit service work?, *available at* <https://web.archive.org/web/20260415172125/https://intercom.help/obligo/en/articles/4404457-how-does-obligo-s-no-deposit-service-work> (“To live without a deposit, simply provide a qualifying payment method through the Obligo platform. If there are damages or missed rent at the end of the lease, your property manager will be authorized to charge this payment method - up to the stated amount of security requirement - and you will be billed by Obligo.”).
35. See Obligo, Frequently Asked Questions, *available at* <https://web.archive.org/web/20260415172342/https://www.obligo.com/faq> (“Obligo charges a fee for the use of our service, which allows you to skip paying a security deposit or choose from additional ways to fulfill your security requirement. The service fee is a percentage of your security deposit requirement and is determined by each renter’s individual profile ... It is typically paid upfront for the initial term of your lease (up to 12 months). If you renew your lease, you may be charged a second upfront service fee for 12 months, unless you opt into monthly payments ... The service fee does not cover any charges your property manager may determine at the end of your lease (e.g. for damages or missed rent). Because this fee covers the use of our qualification technology and platform, it’s nonrefundable.”).
36. See Obligo, How does Obligo ensure I’ll be paid for damages or missed rent?, *available at* <https://web.archive.org/web/20260415172536/https://intercom.help/obligo/en/articles/6415290-how-does-obligo-ensure-i-ll-be-paid-for-damages-or-missed-rent> (“Once an Obligo record is closed, our platform will immediately initiate ACH payment to property managers for any damage or missed rent charges, up to the Billing Authorization amount. Our automated billing process will then charge the renter’s pre-authorized billing method (a credit card or bank account).”).
37. See Obligo, Does Obligo require proof of damage before approving charges? How are disputes handled?, *available at* <https://web.archive.org/web/20260415172832/https://intercom.help/obligo/en/articles/6415397-does-obligo-require-proof-of-damage-before-approving-charges-how-are-disputes-handled> (“Obligo does not require any proof of damage in order to process the charge and initiate your payment.”).
38. See, e.g., EPremium Insurance, Agency Licensing, *available at* <https://web.archive.org/web/20260411174318/https://www.epremiuminsurance.com/AgencyLicensing.aspx>; Rhino, Licenses, *available at* <https://web.archive.org/web/20260415173707/https://www.sayrhino.com/licenses>.
39. See, e.g., LeaseTerm Solutions, About Us, *available at* <https://web.archive.org/web/20260415173847/https://lpenroll.com/about.aspx> (stating that LeaseTerm Solutions “partners with insurance carriers with ‘Excellent’ ratings by A.M. Best Company and offers insurance solutions in all 50 states.”); TheGuarantors, Legal/Regulatory Notice, Insurance Notices & Information, *available at* <https://web.archive.org/web/20260415174109/https://www.thegarantors.com/legal-regulatory> (detailing how their security deposit alternative products are backed by several different insurance providers).

40. See, e.g., Findigs, Termwise deposit alternative, *available at* <https://web.archive.org/web/20260415174258/https://www.findigs.com/termwise> (“Residents are always responsible for damage beyond reasonable wear and tear. Insurance coverage provides protection for the property manager in case these damages are not paid for in a timely fashion.”); LeaseLock, Deposit Replacement, *available at* <https://web.archive.org/web/20260415174534/https://leaseunlock.com/lease-insurance/> (“Zero Deposit, our AI-powered lease insurance solution, permanently replaces deposits and simplifies the rental experience for every renter. With multiple coverage options ranging from basic rent protection to full coverage that includes damages and fees, this essential tool drives faster leasing decisions, boosts NOI, protects your [the property owner’s] profits, and enhances renter satisfaction.”).
41. See, e.g., Findigs, Termwise Terms and Conditions (May 1, 2024), *available at* <https://web.archive.org/web/20260415174636/https://www.findigs.com/legal/termwise-placement-agreement> (“Resident acknowledges and understands that in the event that a third-party insurer makes a payment to Owner as a consequent of a default by the Resident, the insurer will be subrogated to Owner’s right to be paid such defaulted amounts and Resident expressly agrees to pay or reimburse insurer for the amounts paid by the insurer to Owner related to such default, together with any costs of collection, including reasonable attorney’s fees. Owner may collect any money owed exceeding coverage amount, including money deducted from claim for unpaid Security Deposit Waiver Fees by resident.”); Qira, For Renters, *available at* <https://web.archive.org/web/20260415174750/https://qira.com/renters> (“If I am a part of the Security Deposit Alternative program, does that mean I don’t owe anything at move-out? ... Your property management team will complete a move-out inspection, and if there are any damages to the property, they will bill those to Qira. We will bring those charges to your attention and work with you to create a payment plan.”).
42. See *generally* Francis C. Amendola et al., Subrogation of insurance company, general considerations, 46A C.J.S. Insurance § 2018 (2026).
43. *But see* National Housing Law Project, Regarding Security Deposit Replacement Products 3 (Jan. 5, 2022), *available at* <https://www.nhlp.org/wp-content/uploads/2023.01.05-Regarding-Security-Deposit-Replacement-Products.pdf> (noting that LeaseLock reports that it “has never sought reimbursement from a tenant and has no plans to seek reimbursement from tenants”).
44. See, e.g., Rhino, What am I responsible for when a claim is filed on my Rhino policy?, *available at* <https://web.archive.org/web/20260415175013/https://support.sayrhino.com/hc/en-us/articles/360054995852-What-am-I-responsible-for-when-a-claim-is-filed-on-my-Rhino-policy> (“Your premium payment(s) do not cover the cost for approved claim(s), or relieve you of any of your lease obligations. Renters agree to reimburse Rhino when they agree to the Tenant Acknowledgement Agreement.”).
45. See, e.g., LeaseLock, Deposit Replacement, *available at* <https://web.archive.org/web/20260415174534/https://leaseunlock.com/lease-insurance/>.
46. See [Section 4.2](#), *infra*.
47. See Abraham, How Landlord Tech is Squeezing Renters, *supra* note 6.
48. See, e.g., Cincinnati Mun. Code § 871-9(8) (“Upon a tenant’s request, all landlords who own and control more than twenty-five rental units and require a security deposit shall offer to accept at least one of the options described ... in lieu of the required security deposit. (A) Rental security insurance ...”); Atlanta Code of Ordinances § 94-152(a) (“Upon a tenant’s request, all landlords who own and/or control more than ten rental units and require a security

deposit more than sixty percent (60%) of the monthly rental rate charged for the subject rental unit shall offer to accept one of the two following options in lieu of the required security deposit: (1) Rental security insurance ...”). See also Mass. Gen. Laws ch. 186, § 15B(b)(iii) (“The executive office of housing and livable communities may promulgate regulations to authorize a lessor and a tenant or prospective tenant to agree to the payment of a fee in lieu of payment of a security deposit . . .”).

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50. LeaseTerm Solutions, Company, *available at* <https://web.archive.org/web/20260415175209/https://www.leasetermsolutions.com/our-company.html>.
51. Rhino, Security Deposit Insurance, *available at* <https://web.archive.org/web/20260415204123/https://www.sayrhino.com/products/security-deposit-insurance>.
52. Homebody, Deposit Alternative, *available at* <https://web.archive.org/web/20260415180658/https://www.homebody.com/products/deposit-alternative>.
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54. See, e.g., Homebody, Deposit Alternative, *available at* <https://web.archive.org/web/20260415180658/https://www.homebody.com/products/deposit-alternative> (“The cost is determined by your property management company, and varies by property. When you move out, your policy ends.”); LeaseGuarantee, FAQ, *available at* <https://web.archive.org/web/20260420155225/https://www.getleaseguarantee.com/faq/#1519302337776-0da88012-5219> (landlords are able to choose the amount of coverage they get from LeaseGuarantee, and can choose how much they bill their tenants for it).
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56. Remarkable_Crew_8769, r/Renters, Reddit (Feb. 18, 2025), *available at* https://www.reddit.com/r/Renters/comments/1ismltu/qira_vs_traditional_security_deposit/?solution=64d0270e3170cf4364d0270e3170cf43&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da5861204fd8273393a98c1a136060c844c9f4&jsc_orig_r=.
57. See, e.g., Ludington, Landlord-tenant security deposit legislation, *supra* note 22, at § 16[b]; *Devall v. Home Finders Int'l, Inc.*, 368 So. 3d 125 (La. Ct. App. 2023) (holding that painting and cleaning expenses fall under “normal wear and tear,” and therefore cannot be taken out of a security deposit); *Peebles v. JRK Prop. Holdings, Inc.*, 263 N.E.3d 213 (Mass. 2025) (holding that a tenant’s reasonable use of a property may create conditions that require painting, cleaning, or other restorative action, and those reasonable, expected damages could not be taken out of a security deposit); *Silver v. Rudeen Mgmt. Co., Inc.*, 484 P.3d 1251 (Wash. 2021) (holding that if the tenant only causes “ordinary wear and tear,” they are entitled to a full return of their security deposit).

58. See, e.g., Frances Nguyen, Shelterforce, *What Happened to Renter's Choice Legislation?* (Dec. 19, 2025) available at <https://shelterforce.org/2025/12/19/what-happened-to-renters-choice-legislation/>; Abraham, *How Landlord Tech Is Squeezing Renters*, *supra* note 6 (“the money a renter pays into the [security deposit alternative] product will never be returned to them, unlike with a traditional security deposit”); Jetty, *Renter: What is Jetty Deposit and How Does it Work?* available at <https://web.archive.org/web/20260415180121/https://jettyplusrhino.zendesk.com/hc/en-us/articles/36267756309908-Renter-What-is-Jetty-Deposit-and-how-does-it-work> (Jetty has a “deposit alternative product that replaces a traditional cash deposit with either a one-time, non-refundable premium or a low, non-refundable monthly premium”); Rhino, *What is Rhino Security Deposit Insurance?*, available at <https://web.archive.org/web/20260415180235/https://support.sayrhino.com/hc/en-us/articles/360056603451-What-is-Rhino-Security-Deposit-Insurance> (tenants “will not receive their premium payments back at the end of the lease”).
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60. Homebody, *Deposit Alternative*, available at <https://web.archive.org/web/20260415180658/https://www.homebody.com/products/deposit-alternative>.
61. Excerpted from Specialist_Heart1418, *r/Renters, (SC) Lease lock fee?*, Reddit (July 9, 2025), available at https://web.archive.org/web/20260416192115/https://www.reddit.com/r/Renters/comments/1lvott/sc_lease_lock_fee/?solution=ec655f6ab861c1a8e_c655f6ab861c1a8&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da58611828a9e32d14cabf317a587b98e7d1f2.
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[interested-in-offering-Rhino-at-my-property](#) (“Landlords or property management teams must agree to partner with Rhino before the product can be offered at any given property.”); SureDeposit, FAQs, *available at* <https://www.mysuredeposit.com/faq> (“SureDeposit is only available at participating communities. Once you accurately complete a SureDeposit enrollment form and pay the required one-time, non-refundable payment, you are automatically enrolled when your new lease is approved.”); Qira, Renter FAQs, *available at* <https://web.archive.org/web/20260416175523/https://qira.com/renters> (“How do I apply for the Security Deposit Program? Easy! You simply navigate to this portal and complete the application. You will receive your results within seconds (Please note: we must be partnered with your property management company for you to be eligible.”).

65. Abraham, *How Landlord Tech Is Squeezing Renters*, *supra* note 6.
66. BitterCat7069, r/ApartmentHacks, Obligo worth it for high security deposit?, Reddit (Aug. 8, 2024), *available at* https://web.archive.org/web/20260415171335/https://www.reddit.com/r/ApartmentHacks/comments/1enke6z/obligo_worth_it_for_high_security_deposit/?solution=da5cac3f3b13f15eda5cac3f3b13f15e&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da5861bdfbe9b3acd97d2e57501940300b8031.
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81. Evan_dood, r/Apartmentliving, comment on *Should I pay for a security deposit or use Jetty to cover it?*, Reddit (May 8, 2024), *available at* https://web.archive.org/web/20260417214223/https://www.reddit.com/r/Apartmentliving/comments/12ov6xw/comment/136s5d8/?solution=36985469a87737c736985469a87737c7&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da5861ac40d318666cd918c9061f7149123a2f.
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88. Obligo, Does Obligo require proof of damage before approving charges? How are disputes handled?, *available at* <https://web.archive.org/web/20260415172832/https://intercom.help/obligo/en/articles/6415397-does-obligo-require-proof-of-damage-before-approving-charges-how-are-disputes-handled>.
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intercom.help/obligo/en/articles/6415397-does-obligo-require-proof-of-damage-before-approving-charges-how-are-disputes-handled.

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91. See, e.g., Obligo, How Does Obligo's No Deposit Service Work?, *available at* <https://web.archive.org/web/20260415204916/https://intercom.help/obligo/en/articles/4404457-how-does-obligo-s-no-deposit-service-work> ("Like a traditional deposit, you also maintain the right to dispute charges directly with your property manager."). See also Obligo, How is Obligo better than a traditional deposit?, *available at* <https://web.archive.org/web/20260415210557/https://intercom.help/obligo/en/articles/6415271-how-is-obligo-better-than-a-traditional-deposit> (advertising that Obligo "preserves resident rights to dispute charges directly with [the landlord] or via small claims court").
92. Excerpted from Better Business Bureau Complaints for Obligo Inc. (Feb. 2, 2024), *available at* <https://web.archive.org/web/20260415210839/https://www.bbb.org/us/ny/new-york/profile/financial-technology/obligo-inc-0121-87146184/complaints>.
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97. See Abraham, *How Landlord Tech Is Squeezing Renters*, *supra* note 6 (describing tenant's inability to reach customer service); Rhino, Homepage, *available at* <https://web.archive.org/>

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 103. Rhino, Getting a Quote for Your Rhino Security Deposit Insurance Policy, *available at* <https://web.archive.org/web/20260415175040/https://support.sayrhino.com/hc/en-us/articles/360054994392-Getting-a-quote-for-your-Rhino-Security-Deposit-Insurance-policy>. See also National Specialty Insurance Company, Lease Rental Bond Program, New York, Manual Rate Pages, Version 2.2 (effective Feb. 2022), *available at* <https://filingaccess.serff.com/sfa/home/NY> (NY Rule Manual for Rhino Lease Rental Bond Program filed with SERFF in New York lists the following factors to determine the insurance rate: credit score; whether the renter is a first-time renter, self-employed, a student, retired, or relocating; length of the lease term; whether the renter is a US or non-US resident; and annual income divided by monthly rent for employed non-US residents); Abraham, *How Landlord Tech Is Squeezing*

Renters, *supra* note 6 (reporting that Rhino considers the renter's personal financial history, credit score, and credit history when determining its price).

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105. See Abraham, *How Landlord Tech Is Squeezing Renters*, *supra* note 6 (Rhino “charges the most vulnerable people more money . . . ‘well-to-do’ renters pay lower premiums”).
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114. Excerpted from Snarkstress, r/jerseycity, comment on Anyone have experience using Say Rhino in place of security deposit?, Reddit (June 11, 2024), *available at* https://web.archive.org/web/20250321053348/www.reddit.com/r/jerseycity/comments/msxxyv/anyone_have_experience_using_say_rhino_in_place/.
115. Excerpted from Erica Lewis, Trustpilot review for Rhino (Dec. 17, 2025), *available at* <https://web.archive.org/web/20260415204518/https://www.trustpilot.com/review/sayrhino.com?stars=1>.
116. Excerpted from Lottapumpkins, r/Tenant, Landlord adding security deposit to lease, Reddit (Dec. 31, 2024), *available at* https://web.archive.org/web/20260422002630/https://www.reddit.com/r/Tenant/comments/1hqnfqb/landlord_adding_a_security_deposit_to_lease/?solution=e816cbc34f533ceee816cbc34f533cee&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da586181c7a5988f85aa1fed3c97739ba79f5d&jsc_orig_r=

117. Excerpted from Aromatic-Scarcity963, r/jerseycity, comment on *Anyone have experience using Say Rhino in place of security deposit?*, Reddit (June 11, 2024), available at https://web.archive.org/web/20250321053348/www.reddit.com/r/jerseycity/comments/msxyyv/anyone_have_experience_using_say_rhino_in_place/.
118. Excerpted from talkingtimmy3, r/FortWorth, *Has anyone dealt with paying LeaseLock and a full security deposit for apartment renting?*, Reddit (July 11, 2024) available at https://web.archive.org/web/20260422003039/https://www.reddit.com/r/FortWorth/comments/1e14f09/has_anyone_dealt_with_paying_leaselock_and_a_full/?solution=d396367fc6971375d396367fc6971375&js_challenge=1&token=bbbe4bf1c9a2b5160829c4be34da5861eb488534047c903501924e9a0beb9358&jsc_orig_r=.
119. EPremium Insurance, Security Deposit Alternative FAQs, available at <https://web.archive.org/web/20260416184824/https://www.epremiuminsurance.com/Security-Deposit-Alternative/FAQ.aspx>.
120. See, e.g., Tex. Prop. Code Ann. § 92.111(a) (“If a landlord offers a tenant the option of paying a fee in lieu of a security deposit, the landlord: (1) shall offer the tenant the option to instead pay a security deposit; and (2) may not use a prospective tenant’s choice to pay a fee in lieu of a security deposit or a security deposit as a criterion in the determination of whether to approve an application for occupancy.”).
121. See, e.g., Ala. Code 1975 § 35-9A-201(a) (“A landlord may not demand or receive money as security, in an amount in excess of one month’s periodic rent, except for pets, changes to the premises, or increased liability risks to the landlord or premises, for tenant’s obligations under a rental agreement.”); Cal. Civ. Code § 1950.5(c)(1) (“a landlord shall not demand or receive security, however denominated, in an amount or value in excess of an amount equal to one month’s rent, in addition to any rent for the first month paid on or before initial occupancy.”); Mass. Gen. Laws ch. 186, § 15B(b) (“At or prior to the commencement of any tenancy, no lessor may require a tenant or prospective tenant to pay any amount in excess of the following . . . (iii) a security deposit equal to the first month’s rent . . .”); Seattle Mun. Code § 7.24.035(A) (“After January 15, 2017, the total amount of a security deposit and nonrefundable move-in fees may not exceed the amount of the first full month’s rent for the tenant’s dwelling unit.”). For more information on state efforts to cap security deposits and other costs associated with renting, see Alexander Hermann & Elizabeth R. Jones, Joint Ctr. for Hous. Studies of Harvard Univ., *Curbing Fees: How States and Cities are Addressing Up-Front Rental Costs* (Mar. 19, 2026), available at <https://www.jchs.harvard.edu/blog/curbing-fees-how-states-and-cities-are-addressing-front-rental-costs>.
122. See [Section 4.2](#), *supra*.
123. See, e.g., Wash. Rev. Code § 59.18.610(2) (“In all cases where premises are rented for a specified time that is three months or longer, the tenant may elect to pay any deposits, nonrefundable fees, and last month’s rent in three consecutive and equal monthly installments, beginning at the inception of the tenancy. In all other cases, the tenant may elect to pay any deposits, nonrefundable fees, and last month’s rent in two consecutive and equal monthly installments, beginning at the inception of the tenancy.”); Atlanta Code of Ordinances, §94-152(a) (“Upon a tenant’s request, all landlords who own and/or control more than ten rental units and require a security deposit more than sixty percent (60%) of the monthly rental rate charged for the subject rental unit shall offer to accept one of the two

following options in lieu of the required security deposit ... (2) Payment of the security deposit over a series of no less than three (3) equal monthly installments..."); Cincinnati Mun. Code §871-9(8) ("Upon a tenant's request, all landlords who own and control more than twenty-five rental units and require a security deposit shall offer to accept at least one of the options described ... in lieu of the required security deposit ... (B) Payment of the security deposit over a series of no less than six equal monthly installment payments..."); Philadelphia Code § 9-804(4)(b) ("if the security deposit for the first year of tenancy shall exceed one month's rent, the owner, landlord, agent or other person operating or managing the premises shall, consistent with the tenant or prospective tenant's choice, accept payment for the security deposit either: (i) as a lump sum; or (ii) in installments with one month's rent paid as a lump sum, and the remainder paid in three (3) equal payments due no more regularly than once a month, starting the month after the initiation of the tenancy."); Seattle Mun. Code § 7.24.035(C)(1) ("For any rental agreement term that establishes a tenancy for six months or longer, the tenant may elect to pay the security deposit and non-refundable move-in fees . . . in six consecutive, equal monthly installments that begin at the inception of the tenancy . . .").

124. See, e.g., City of Baltimore, Resources for Baltimore City Families, *available at* <https://web.archive.org/web/20260416184929/https://www.baltimorecity.gov/city-resources> ("Baltimore City Office of Children and Family Success: Provides families with a one-time grant of up to \$1,800 to cover the cost of a tenant's security deposit.").
125. We searched for every company listed in Table 2 through the System for Electronic Rates & Forms Filing (SERFF) for New York on March 25, 2026, and only Assurant, under the name American Bankers Insurance Company of Florida, was listed. See SERFF Filing Access, *available at* <https://filingaccess.serff.com/sfa/home/NY>.

Rhino and TheGuarantors claim that they are "backed by" insurance companies to provide their products. Rhino lists three partner companies on their website: National Specialty Insurance Company, State National Insurance Company, Inc., and Technology Insurance Company. Rhino, Licenses, *available at* <https://www.sayrhino.com/licenses>. All are listed on NY SERFF. TheGuarantors lists six partner companies: The Hanover Insurance Company, Arch Insurance Company, Everspan Insurance Company, Everspan Indemnity Insurance Company, Trisura Insurance Company, and Hudson Insurance Company. TheGuarantors, Legal/Regulatory Notice, *available at* <https://www.theguarantors.com/legal-regulatory>. All except for Everspan Indemnity Insurance Company are listed on NY SERFF.

Companies including Leap and LeaseTerm Solutions also state that they are "backed by" insurance companies with "Excellent" ratings by A.M. Best Company, but do not list what companies they work with. Leap, Homepage, *available at* <https://web.archive.org/web/20260416185242/https://www.leapeasy.com/>; LeaseTerm Solutions, Our Company, *available at* <https://web.archive.org/web/20260416185411/https://www.leasetermsolutions.com/our-company.html>.

LeaseLock explains that it provides "surplus lines insurance." LeaseLock, Compliance, *available at* <https://web.archive.org/web/20260416185524/https://leaselock.com/compliance/>. TheGuarantors also lists several surplus lines carriers as partners. TheGuarantors, Legal/Regulatory Notice, *available at* <https://web.archive.org/web/20260416185629/https://www.theguarantors.com/legal-regulatory>.

One company, Qira, claims that it is not providing insurance. Qira, Why is Qira's Security Deposit program better than my current system? *available at* <https://web.archive.org/>

[web/20260416185721/https://qira.com/partners](https://qira.com/partners) (“Many security deposit alternatives rely on insurance-backed models that introduce complexity, coverage limitations, and potential friction at move-out. Qira is different. Qira’s Security Deposit program is cash-backed, not an insurance product.”).

126. 15 U.S.C. §§ 1693, *et seq.*
127. Nacha Operating Rules and Guidelines (Nacha rules) are an important body of contract rules that apply only to Automated Clearing House (ACH) transfers that are processed by ACH Operators.
128. See National Consumer Law Center, Consumer Banking and Payments Law § 7.9.3.1.1 (7th ed. 2024), *updated at* www.nclc.org/library.
129. *See id.*
130. *See id.* at §§ 7.9.3.1.1 & 7.9.4.
131. *See id.* at § 7.9.6.
132. “An ACH transaction is an electronic money transfer made between banks and credit unions across a network called the Automated Clearing House (ACH).” Consumer Fin. Prot. Bureau, What is an ACH transaction? (May 14, 2024), *available at* <https://www.consumerfinance.gov/ask-cfpb/what-is-an-ach-transaction-en-1065/>.
133. See National Consumer Law Center, Consumer Banking and Payments Law § 7.9.3.2 (7th ed. 2024), *updated at* www.nclc.org/library.
134. For a list of state UDAP laws, see National Consumer Law Center, Unfair and Deceptive Acts and Practices Appx. A (11th ed. 2025), *updated at* www.nclc.org/library.
135. See 42 U.S.C. §§ 3601, *et seq.*



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