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Deposit Alternative caters to home buyers, builders

The founder of one of Australia's largest deposit bonding companies has opened the first deposit bond firm, Deposit Alternative, in Las Vegas -- the first of its kind in the United States.

A deposit bond is a substitute for the cash deposit required when purchasing property, and can be issued for up to and including 20 percent of the total purchase price. Deposit Alternative can issue deposit bonds for property purchases including high-rise units, single-family homes and 1031 exchanges.

"Deposit bonds are unique in that they are mutually beneficial to both the buyer and seller in a property transaction," said Louie Nehme, president of Deposit Alternative. "Buyers no longer need to make cash deposits when purchasing a property. Deposit bonds allow buyers to keep their money working for them right up until closing, when they pay the property's full purchase price."

According to Nehme, the seller benefits from the deposit bond's qualification process. When a buyer has been prequalified for a deposit bond, the seller can rest assured that person has the financial capability to close on the property. And if the buyer does not close, the full amount of the deposit bond will be paid to the seller.

Deposit Alternative can provide deposit bonds for all or part of the property transaction's deposit requirement for periods from three months to 36 months. Nehme and Todd Andrews, chief operating officer, have been issuing deposit bonds in Australia since the mid-1990s and in New Zealand since 2002.

Initially, the company was considering England and other European countries as part of its expansion, but Nehme decided on the United States.

"While completing our research and due diligence on the U.S. market, we learned that Las Vegas has been one of the fastest-growing cities in the United States for more than a decade," Nehme said.

Nehme said the company is finalizing the required regulatory approval for Arizona and Texas, and have identified the expansion in another 17 states, allowing Deposit Alternative to have 20 strategic states within the next 12 to 15 months.

More information about Deposit Alternative, including its application for a deposit bond, is available online via its marketing agent, National Insurance Consultants Incorporated niciinsure.com.

Deposit Alternative has an underwriting agreement with QBE Specialty Insurance Co., a subsidiary of the QBE Insurance Group. QBE Insurance Group is one of the largest insurers and reinsurers worldwide. Its history dates back more than 120 years. Since then, QBE has expanded to operations in 41 countries with more than 8,000 staff worldwide and a market capitalization in excess of \$20 billion.