

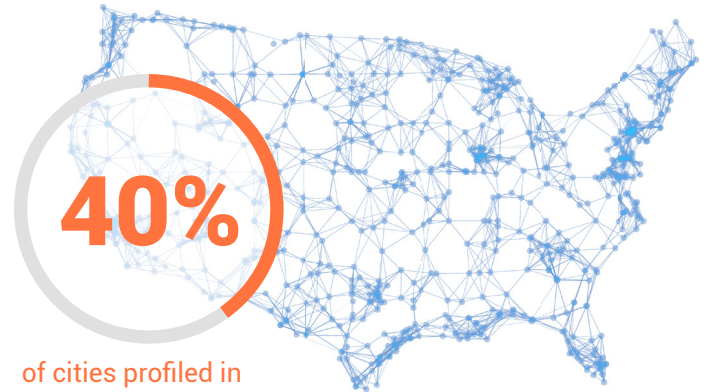
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CATALYST CASE STUDY



Our nation's nurses, teachers and first responders increasingly struggle to affordably reside within the communities they serve. This growing crisis is especially prevalent in California, which accounts for 40 percent of the least affordable cities for middle-income households¹.



of cities profiled in an affordability study were in California.

Larkspur, California-based Catalyst Housing Group is tackling the middle-income housing crisis head on, working tirelessly to cultivate innovative capital solutions that spawn stable and perpetually affordable rental housing for California's essential workforce.

One example of Catalyst's work is the recent acquisition of the Annadel Apartments in Santa Rosa, California. Partnering with the California Community Housing Agency, Catalyst is allowing Sonoma County's essential workforce to remain local by reducing Annadel's rents and restricting the income levels of new tenants to 120% of median income.

"People who can't pay rent where they work are commuting upwards of an hour or more in each direction and that is detrimental for everyone," says Laine Gomez, a partner at Catalyst.

Catalyst retained FPI, the industry's fifth-largest property management firm, to manage Annadel. One of the challenges FPI faces across its portfolio is a high rate of fraudulent applications. "It's surprising, but fully 26 percent of our applications include financial documentation that has been fraudulently altered," says Nicole Ballard, Community Director at Annadel Apartments.



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To protect themselves from such fraud, Catalyst and FPI have partnered with Los Angeles-based Snappt. "We take the original financial documentation—such as a pay stub or bank statement—and with the help of our data-driven detection algorithms, we can tell whether or not a document has been tampered with or not," says Daniel Berlind, co-founder and CEO of Snappt. "We're essentially looking for digital fingerprints that point to fraudulent financial documents."

What, exactly, is a fraudulently altered financial document? In some cases, it is an authentic document that has been altered digitally. An example might be a bank statement showing a balance of \$1,803 that has been Photoshopped to add two zeroes. Voila—the applicant now has a balance of \$180,300.

Another common tactic is to create a bogus paystub that appears to be 100 percent authentic. The applicant may be unemployed, but the paystub may show an annual income of \$75,355.



A direct line can be drawn between application fraud and an increased chance of non-payment. As the average cost of processing an eviction tops \$7,500 nationally, it is critical that owners like Catalyst leverage cutting-edge technology to properly screen tenants as they apply.

"We used to vet applications by hand," says Ballard. "That took upwards of three days, and we had a high number of applicants bowing out as a result. With Snappt, we'll submit the resident's information and we have an answer in less than a day—often just an hour."

Catalyst's Gomez is thrilled with how Snappt is working out. "It's simple, inexpensive and accurate," says Gomez. "Our onsite team is happy. And that means Catalyst is happy."



¹Priced out of the market? Cities where the middle class can no longer afford a home – USA Today

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