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## ***CASE STUDY: PAYLEASE, INC.***

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## ***Check Imaging, Handwriting Recognition and ACH Processing Accelerate Lease Payment Collection for Property Managers in Nearly All 50 States***

### **OVERVIEW**

PayLease, Inc., headquartered in San Diego, was founded in 2003 with the mission of streamlining the process of lease payment collection. They do this by utilizing best-of-breed technology and many years of commercial and residential property management experience to offer a turnkey solution for the lease payment collection process.

Their customer-branded web-enabled system allows tenants to pay their rent online, with credit cards or ACH debits taken directly from their checking account. Tenants can also set up recurring payments, based on direct debit procedures that may have been established in their lease agreement, or because they prefer the convenience of a recurring transaction.

### **CHALLENGE**

While automatic bill pay and credit/debit card transactions are increasingly gaining popularity, many tenants in U.S. commercial and residential properties are still making their monthly lease payments by check, money order or cashier's check.

PayLease needed a simple and efficient way to obtain tenants' paper check information for inclusion in the PayLease system, where the paper checks would be converted to ACH transactions.

PayLease is designed to streamline the entire payment process, with minimal manual intervention by the property's office staff. Therefore, PayLease wanted to offer a cost-effective way of capturing check images and data with little to no data entry. This would enable all lease payments to be

electronically processed, including traditional paper-based lease payments.

### **SOLUTION**

As part of their solution, PayLease sells or leases check capture hardware and software to their customers. They offer two scanners, based on the processing needs of the individual property.

- The MICRImage with RS-232 interface from MagTek, Inc. is a single-feed desktop check scanner for low-volume check processing.
- The TS220E from Digital Check Corporation can scan up to 40 checks per minute and is designed for mid-volume check processing.

In a typical installation, the scanner and the PayLease Check Conversion (PCC) application are sited at the property's location (or wherever paper check payments are received) and interfaced with the web-based PayLease system. The process begins when a tenant payment is received in the form of a paper check. The office staff feeds the check, or bundle of checks, through the scanner. Using either scanner, MICR codeline information as well as check images are captured in a single pass.

Although not as common, money orders and cashier's checks are imaged and processed in the same manner as personal checks. Personal checks, money orders and cashier's checks can all be fed through the scanner without presorting the batches.

Check data is automatically captured from the images using A2iA CheckReader, which is embedded within the PCC software. A2iA CheckReader can read all information contained on personal and business checks, in all text formats, including machine print (OCR), handprint (ICR) and cursive handwriting.

#### **SOLUTION (CONTINUED)**

A2iA CheckReader performs courtesy (CAR) and legal (LAR) amount recognition, and mismatch detection. Any checks with suspected mismatched courtesy and legal amounts are rejected and flagged within PCC for manual processing.

At the same time, A2iA CheckReader verifies the presence of a signature on the check's signature line. If no signature is detected, the check is rejected and flagged within PCC, for possible return to the tenant.

A2iA CheckReader also captures the payer's name from the check, which is then matched with an entry in the tenant database within PayLease.

Provided that the check amounts match, a signature is detected and the payer's name matches an entry in the database, no further action is required with the paper check, which is typically the case. All captured check images become accessible as line items within the PayLease payment gateway, where they can be stored for up to 10 years. Therefore, the paper check is no longer needed and can be destroyed.

Once a check, or bundle of checks, has undergone the scanning process, the user simply clicks "send" and the check images are sent through the ACH Network. Funds are typically deposited into the designated business account within 72 hours. PayLease charges an affordable per-check fee for this service.

All transactional data – regardless of the form of payment – can be easily exported into the property manager's accounting software.

Extensive management tools are available within PayLease, including a variety of reports for analyzing payment activity. The reports can include details about tenants' payment amount, payment date, date of deposit, property name, and business account where funds were deposited, as well as totals for a given property and date ranges. The customer can reconcile these reports against their bank statement.

Properties can also run reports that indicate which tenants have not paid, giving them better control over the collection process and enabling them to be proactive in collecting outstanding lease payments.

#### **RESULTS**

Properties in nearly all 50 states are using the PayLease service, a true testament to its success.

By eliminating the burden of processing paper payments and making trips to the bank for deposits, customers using PayLease have more time to focus on serving their customers better while growing their business. Ultimately, all payments are processed electronically, whether they're received as credit card payments, direct debits or even as paper checks, money orders or cashier's checks. Converting paper payments to ACH transactions also enables faster access to deposited funds.

A2iA CheckReader eliminates the need for data entry, as it automatically recognizes and extracts the information needed from each check. Its mismatch detection functionality ensures that the correct payment amount will be processed. Payer name recognition allows for automated association of the check with the tenant information within the system.

For large volumes of paper checks processed in a centralized location, headcount can be reduced because the scanning process replaces keying.

According to Tyler Kalklosch, regional manager for PayLease, their product is superior to competitive products because of its ability to integrate with any accounting package, and because they're offering a sophisticated check imaging and handwriting recognition solution that enhances their system at an affordable price. He also notes that PayLease uses the check imaging system and A2iA recognition engine in their accounts receivable operations.

#### **COMPANIES MENTIONED**

A2iA Corporation	<a href="http://www.a2ia.com">www.a2ia.com</a>
Digital Check Corporation	<a href="http://www.digitalcheck.com">www.digitalcheck.com</a>
MagTek, Inc.	<a href="http://www.magtek.com">www.magtek.com</a>
PayLease, Inc.	<a href="http://www.paylease.com">www.paylease.com</a>