

# MAKING A RENT COLLECTION POLICY

Before a building begins to collect rent, the association should write and approve a rent policy. This will clarify what the rules and procedures for rent collection will be, preventing future conflicts and confusion.

## Question

What day of each month is the rent due?

## Suggested Answer

The first day of each month. An exception is made for tenants on public assistance who receive their checks twice each month. They usually pay on the first and the 22nd.

What methods of payment are acceptable?

Check or money order only. **Never** accept cash.

What is the procedure for paying the rent?

Most buildings set aside specific "office hours," when the treasurer or president will be available to receive payment in person. Some associations accept checks that are sent, certified mail, by tenants who cannot make the office hours. Do not allow tenants to deposit their rent directly into the association's bank account!

Will rent bills be distributed, or "rent due" notices be posted, and by whom?

Give them out immediately when the tenant pays the rent. If tenants must pay by mail, it is their responsibility to make sure they get a receipt. The treasurer may (but is not required to) issue receipts by slipping them under the tenants' doors or placing them in their mailboxes.

The most organized buildings issue rent bills monthly. They are useful because they remind the tenant of the total amount owed each month, and are slipped under doors on the first day of the month by the Treasurer. Some buildings also post notices near the end of the month, reminding tenants the rent is due. How will receipts be distributed and by whom?

The law requires all deposits received by the association to be deposited in a separate, interest-bearing account. The interest must be distributed annually to each tenant.

What happens when tenants are late with their rent?

There should be a specific schedule for dealing with tenants who are in arrears.

## Rent arrears—what to do if a tenant falls behind

Your rent policy should include a procedure for responding to tenants who do not pay their rent. These tenants are endangering the future of everyone in the building and must be dealt with promptly and

effectively. It is useful to speak with delinquent tenants and explain the importance of paying rent—successful persuasion can save you money in legal fees and it encourages a cooperative attitude among the tenants. Nevertheless, you should stay strictly within the guidelines of an arrears policy.

A suggested arrears policy would be:

1. No later than **two weeks** after a tenant fails to pay the rent, the rent committee will send a late rent notice. The rent committee will contact the tenant and set up a meeting to discuss the problem and work out a payment agreement.
2. All communications with delinquent tenants will be sent by **certified or registered mail**. (If the matter eventually ends up in court, the association will have to show the receipts to prove that they tried to collect the rent.)
3. In order to enter into a payment agreement, the tenant must pay at least one-half the arrears in advance. Exceptions to this rule will be made at the TIL coordinator's discretion. All agreements must be reviewed and approved by the TIL coordinator.
4. If tenant does not respond after **one month** the officers will contact TIL to ask permission to begin dispossess proceedings.
5. After one month has passed, the association will send out a second late rent notice, again asking for a meeting to sign a payment agreement.
6. **Before the end of the second month**, the association's lawyer will begin legal proceedings to recover the rent owed.
7. The association will seek to transfer all legal costs to the tenant.