

Suggestions for Building a Rent/Maintenance Fee Policy

Every HDFC should have an approved rent and maintenance fee policy. This will clarify the rules and procedures for rent collection, preventing future conflicts and confusion.

What day of each month is the rent and maintenance fee due?

The first day of each billable month. An exception could be made for residents 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?

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

Will rent/maintenance bills be distributed and by whom?

The most organized buildings issue monthly fee statements 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 reminder notices near the end of the month.

How will receipts be distributed and by whom?

Give them out immediately when the resident pays. If residents 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 residents' doors or placing them in their mailboxes.

What do we do with renters' security deposits?

The law requires all renters' security deposits received by the HDFC to be deposited in a separate, interest-bearing account. The interest must be distributed annually to each renter (if you have renters)

What happens when residents are late with their payments?

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

Arrears --what to do if a resident falls behind in rent or maintenance

Your policy should include a procedure for responding to residents who do not pay. These residents are endangering the future of everyone in the building and must be dealt with promptly and effectively. It is useful to speak with delinquent residents and explain the importance of paying--successful persuasion can save you money in legal fees and it encourages a cooperative attitude among residents. Nevertheless, you should stay strictly within the guidelines of an arrears policy.

A suggested arrear policy would be:

1. No later than **two weeks** after a resident fails to pay, the board or manager will send a late notice. The board or manager will contact the tenant and set up a meeting to discuss the problem and work out a payment agreement.
2. All communications with delinquent residents will be sent by **certified or registered mail**. (If the matter eventually ends up in court, the HDFC 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 resident must pay an agreed upon amount of the arrears in advance.
4. If resident does not pay or respond to offers of payment agreements, the HDFC should direct their attorney to commence legal proceedings when the resident fall 2 months in arrears.