

RENT COLLECTION POLICY AND PROCEDURES

RENT COLLECTION POLICY

This policy establishes the policy and procedures for the collection of rent and other charges; late charges and return check assessment; and rent collection processing, reconciliation, and monitoring. Collection of tenant charges is important to the viability of a project. Without a high and timely tenant rent collection rate, a project may not cash flow. As a result, the PHA must reduce costs which may result in adequate maintenance and the accelerated deterioration of the property.

It is the policy of the PHA to actively pursue timely and full collection of tenant charges due. Collection of tenant charges will be used to support the projects/program from which the charge occurred. Cash may not be accepted as a form of payment.

This policy applies to the Public Housing program of the Montgomery Housing Authority for which tenant charges are collected. This rent collection policy should be read in conjunction with the following policies: 1) write-off and 2) tenant accounts receivable (TAR) processing.

RENT COLLECTION PROCEDURES

The following rent collection procedures are described below.

- Collection of rent and other tenant charges,
- Late payment of rent and return check charges,
- Rent collection processing, and
- Rent collection monitoring and reconciliation.

Collection of Rent and Other Tenant Charges

The following procedures will be used for the collection of rent and other tenant charges.

- The initial payment (rent and security deposit) that the tenant makes when moving into the unit is to be made at the property's rent office.
- Subsequent rent payments, and other charges if applicable, are due and payable in advance, without notice, on the first day of the month.
- All payments, including the initial payment, must be made by check, money order, debit or credit card. No cash payments will be accepted. A sign will be listed for public viewing at each site where a payment can be made indicating "No Cash Payments Will Be Accepted".

Late Payment of Rent and Return Check Charges

Late charges and return check charges will be processed based on the procedures outlined below. The Montgomery Housing Authority Admissions and Occupancy Plan (ACOP) provides the amount that will be assessed for late payment of rent and checks returned because of insufficient funds.

- A late charge of \$25 will be assessed to the tenant for rent and other payments not received by the close of business on the 5th day of the month.
- If the tenant fails to make payment for rent or other charges by the 5th of the month, a 14-day Lease Termination/Demand for Possession notice will be issued to the tenant for failure to pay rent, demanding that payment be made in full or the surrender of the premises at the expiration of the 14 days.
- MHA will terminate the lease for repeated late payment of rent or other charges. Four late payments within a 12-month period shall constitute a repeated late payment.

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- A charge will be assessed for checks returned for insufficient funds and the tenant will not be allowed to pay by personal check for a period of 6 months. A second occurrence of the tenant submitting an invalid check will result in the tenant being denied the privilege of paying by personal check for 1 year; a third invalid check will deny a tenant the privilege of paying by check indefinitely. If the check is not honored by the close of business on the 5th day of the month, the rent will be considered unpaid, and the tenant is subject to late charge fees.

Rent Collection Processing

Rent and other tenant payments will be processed based on the following procedures.

- Rents and other tenant payments will be received at the property office rather than the central office.
- A payment receipt should be utilized. The payment receipt should not be completed prior to the receipt of payment from the tenant.
- A staff person will print a payment receipt for the tenant rent when payment is provided by the tenant. If a drop box is used, the drop box will be accessed each day and payment receipts will be completed by the staff person and mailed to the tenant.
- The payment receipts should be entered into the Yardi system the same day they are received.
- It is the responsibility of the project manager to take the deposit to the bank each day.
 - A daily deposit slip should be completed listing all payment receipts and amounts.
 - The amount of the daily deposit slip should match the amount entered into the Yardi system for the day.
 - A daily rent collection report will be printed from the Yardi system that matches the bank deposit and will be attached to the deposit slip.
- A copy of all deposits made at the property will be submitted to the finance department at the end of each week so that the finance department can confirm the accuracy and timeliness of deposits.
- The PHA will deposit all payments received on the same business day. That is, the PHA will not delay depositing a check at the request of a tenant, until funds are available.

Rent Collection Reconciliation and Monitoring

The PHA will follow the rent collection reconciliation and monitoring procedures outlined below.

- During the monthly reconciliation process, total payment receipts as reported in the Yardi system will be compared to the actual deposits for accuracy and completeness. If the amounts do not match, the staff accountant will research the discrepancies and reconcile the two amounts.
- The Finance Director shall review the bank reconciliation to determine whether deposits from the project managers are made timely.
- As part of the monitoring process, a past due report should be printed from the Yardi system and the property manager will review outstanding balances to ensure that all rents have been posted and that outstanding balances have been addressed.
- Monthly, the Finance Director will review the bank statements to confirm that deposits match the total payments received as reported in the general ledger and that deposits are made timely.

Head of Household Signature

Date