

Standard Operating Procedure (SOP): Rent Collection and Arrears Management

This SOP defines the **rent collection and arrears management procedures**, covering rent payment schedules, methods of collection, tenant communication protocols, arrears identification, follow-up actions for late payments, enforcement of lease terms, and mechanisms for resolving outstanding balances. The objective is to ensure timely rent payments, minimize arrears, maintain positive tenant relationships, and uphold the financial stability of the property management operations through consistent and fair practices.

1. Scope

This SOP applies to all rental properties managed by [Property Management Company/Department] and is intended for use by property managers, leasing agents, and finance personnel.

2. Rent Payment Schedule

- Rent is due on the **[specify due date, e.g., 1st of every month]** unless otherwise specified in the lease agreement.
- Provide tenants with a payment schedule upon lease signing.

3. Accepted Payment Methods

- Online portal (preferred method)
- Bank transfer
- Cheque
- Direct deposit
- Other methods as agreed upon and documented in the lease

4. Rent Collection Procedures

- Send rent reminder notifications **[x days]** before due date via email/SMS.
- Record all received payments in the property management system within 1 business day.
- Issue receipts to tenants for each payment received.

5. Arrears Identification

- Review payment records weekly to identify overdue accounts.
- Generate an arrears report and flag outstanding balances immediately after the due date.

6. Tenant Communication Protocols

Timeframe Post Due Date	Action	Communication Method
1-3 days	Send first reminder	Email/SMS
4-7 days	Second reminder, request for payment plan if needed	Phone call, follow-up email
8-14 days	Formal notice of late payment as per lease/legislation	Registered letter, email
15+ days	Initiate lease enforcement steps (e.g. notice to vacate, legal proceedings)	Registered letter, in-person visit (if appropriate)

7. Follow-Up Actions for Late Payments

- Offer and document payment plans when appropriate and in compliance with company policy.
- Apply late fees as specified in the lease.
- Monitor adherence to agreed payment plans.
- Escalate repeated or unresolved arrears cases to senior management or legal counsel.

8. Enforcement of Lease Terms

1. Issue notice to remedy breach as required by local laws and lease agreement.
2. Initiate eviction proceedings if arrears are not resolved within the legal and contractual timeframe.
3. Document all communications and actions taken in the tenant's file.

9. Resolution of Outstanding Balances

- Negotiate settlements or payment plans when possible and document agreements in writing.
- Take legal action to recover debts when necessary and as a last resort.
- Update tenant records and close out balance upon full payment or resolution.

10. Documentation & Record Keeping

- Maintain complete and accurate records of all payments, communications, notices, and legal actions for a minimum of **[x years]** in accordance with company policy.
- Protect tenant privacy and comply with applicable data protection regulations.

11. Review and Continuous Improvement

- Review arrears management outcomes quarterly.
- Update procedures as required for legislative compliance or operational improvements.
- Provide regular training for staff on rent collection and arrears processes.

12. Responsibilities

- **Property Manager:** Oversee rent collection, coordinate arrears follow-up, and enforce lease terms.
- **Accounts Staff:** Record payments and maintain payment histories.
- **Leasing Agents:** Communicate with tenants and negotiate payment arrangements.

13. Related Documents and References

- Lease Agreements
- Tenant Handbook
- Local Landlord-Tenant Laws and Regulations
- Company Arrears Collection Policy

*This SOP is effective as of **[Date]**. It is subject to periodic review and update.*