

SOP: Rent Collection and Arrears Management

This SOP details the process for **rent collection and arrears management**, encompassing timely rent invoicing, payment tracking, handling late payments, communicating with tenants regarding outstanding dues, implementing arrears recovery strategies, and maintaining accurate financial records. The goal is to ensure efficient rent collection, minimize arrears, and uphold consistent cash flow to support property management operations.

1. Scope

This SOP applies to all staff involved in property management, accounts receivable, and tenant relations for [Property/Portfolio Name].

2. Responsibilities

- **Property Manager:** Oversees rent collection process and supervises arrears management.
- **Accounts Team:** Issues invoices, tracks payments, and maintains financial records.
- **Leasing Officer:** Communicates with tenants regarding any arrears and coordinates recovery efforts.

3. Procedure

- Rent Invoicing**
 - Generate and send rent invoices to tenants by the 25th of each month for the following month's rent.
 - Include payment due date, amount, and payment methods on the invoice.
- Payment Tracking**
 - Record all incoming payments in the rent ledger within 24 hours of receipt.
 - Reconcile received payments against invoices weekly.
- Handling Late Payments**
 - On the 2nd day after due date, review all unpaid accounts.
 - Apply late payment penalties as per lease agreement.
- Communication with Tenants**
 - Send reminder notices for overdue rent by email and SMS on the 3rd day after the due date.
 - Issue formal demand notice after 7 days of non-payment.
 - Document all communication attempts with tenants regarding arrears.
- Arrears Recovery Strategies**
 - Offer payment plans to tenants facing genuine hardship.
 - Initiate legal action as a last resort, in consultation with management and legal counsel.
- Financial Record-Keeping**
 - Maintain up-to-date rent ledgers and arrears reports.
 - Review arrears summary monthly and report to management.

4. Documentation & Forms

Document/Form	Purpose	Responsible
Rent Invoice Template	To standardize tenant billing	Accounts Team
Rent Ledger	Tracking all payments and outstanding balances	Accounts Team
Late Payment Notice	Notification to tenants about late rent	Leasing Officer
Payment Plan Agreement	Formalizes arrears payment schedules	Property Manager
Arrears Report	Monthly summary of outstanding rents and actions taken	Accounts Team

5. Review & Compliance

- Reviews of arrears management effectiveness must be conducted quarterly.

- Ensure all actions comply with local landlord-tenant laws and company policy.
- Update SOP annually, or as needed to reflect legislative or organizational changes.

6. Appendix

Attach sample invoice, late notice, payment plan form, and relevant policy excerpts here.