

# SOP Template: Rent Collection and Arrears Management

This SOP details the processes for **rent collection and arrears management**, outlining the procedures for timely rent payment, methods of payment accepted, monitoring and recording of payments, handling overdue accounts, communication and reminder strategies for tenants in arrears, negotiation of payment plans, and escalation protocols for persistent non-payment. The goal is to ensure consistent cash flow, maintain positive tenant relationships, and minimize financial losses through effective rent management practices.

## 1. Purpose

To standardize and streamline the rent collection and arrears management process, ensuring payments are received promptly, tenant relationships are maintained, and financial losses are minimized.

## 2. Scope

This SOP applies to all property managers, landlords, and staff involved in rent collection and arrears management.

## 3. Responsibilities

- Property Manager/Landlord: Oversee rent collection, monitor accounts, and manage arrears.
- Finance/Admin Staff: Record and reconcile payments.
- Tenants: Make timely rent payments per lease agreement.

## 4. Procedure

Step	Description	Responsible
4.1 Establish Payment Terms	State due dates, payment frequency, and accepted payment methods in the lease agreement.	Property Manager/Landlord
4.2 Communicate Payment Methods	Provide tenants with clear instructions for paying rent (e.g., bank transfer, online portal, cheque).	Property Manager
4.3 Collect and Record Payments	Check payment receipts daily or as required. Update payment records upon receipt.	Finance/Admin Staff
4.4 Payment Monitoring	Review payment status weekly. Identify late or missed payments promptly.	Property Manager/Finance Staff
4.5 Reminder Notices	Send reminders on the day after the due date for missed payments. Use email, SMS, or calls.	Property Manager
4.6 Overdue Accounts Management	Send formal arrears notice if rent remains unpaid after grace period (e.g., 7 days).	Property Manager
4.7 Payment Plan Negotiation	If tenant faces hardship, discuss and document an agreed payment plan.	Property Manager/Tenant
4.8 Escalation Procedure	For continued non-payment, issue notice of breach, and begin legal proceedings if necessary.	Property Manager/Landlord/Legal

## 5. Communication & Documentation

- Maintain records of all rent payments, arrears, notices, and communications.
- Use automated reminders where possible.
- Record all discussions and agreements concerning arrears or payment plans in writing.

## 6. Review

This SOP will be reviewed annually or as required to ensure effectiveness and compliance with legal requirements.

## 7. Related Documents

- [Lease Agreement Template](#)
- [Payment Plan Agreement Form](#)
- [Overdue Rent Notice Template](#)