

# SOP: Rent Collection and Arrears Management

This SOP defines the process for **rent collection and arrears management**, detailing timely rent invoicing, payment methods, monitoring of tenant payments, procedures for handling overdue accounts, communication strategies for arrears follow-up, and enforcement actions including notices and potential legal measures. The goal is to ensure consistent cash flow, minimize rent arrears, maintain tenant relationships, and uphold the financial health of the property management operation.

## 1. Timely Rent Invoicing

1. Generate and distribute rent invoices to all tenants at least **5 days before the due date**.
2. Include details: rent amount due, due date, acceptable payment methods, and any applicable reference codes.
3. Maintain a log of all issued invoices.

## 2. Accepted Payment Methods

- Bank transfer (with reference code)
- Online portal payment (if available)
- Cheque (delivered to office/address specified)
- No cash payments unless specifically authorized

## 3. Monitoring Tenant Payments

1. Reconcile incoming payments with tenant accounts daily.
2. Update the rent payment register upon receipt of payment.
3. Issue payment receipts to tenants promptly upon confirmation of funds.

## 4. Handling Overdue Accounts

1. On **Day 1 after due date**: Contact tenant via email/SMS to notify of non-payment and request immediate settlement.
2. On **Day 5 after due date**: Issue formal written reminder and late fee charge as stipulated in lease (if applicable).
3. Document all communications in tenant file for reference.

## 5. Communication Strategies for Arrears Follow-up

1. Maintain polite but firm tone in all arrears communications.
2. Offer to discuss payment plan options if the tenant is experiencing hardship (subject to approval).
3. Escalate unresolved cases to senior management after **14 days overdue**.

## 6. Enforcement Actions

1. Issue Notice to Remedy/Notice to Quit as per tenancy laws after 14-21 days overdue, if payment is still outstanding.
2. Initiate legal proceedings for recovery of arrears and/or eviction if required, in accordance with local regulations and internal policies.
3. Keep detailed records of all correspondence, notices, and legal actions.

## 7. Review and Reporting

1. Review arrears status at weekly staff meetings.
2. Prepare monthly reports on rent collection performance and outstanding arrears.
3. Identify trends and implement improvement measures as needed.

**Note:** Always comply with applicable laws and regulations governing residential/commercial tenancies, including notice periods, privacy requirements, and dispute resolution procedures.

*Reviewed and Approved by: [Manager Name/Title] — Date: [DD/MM/YYYY]*