



Tenant Collections 101 From National Credit Systems

It's generally accepted in the collection industry that apartment related debt is among the most difficult type of debt, or paper, to collect. However, apartment owners and managers can greatly increase the likelihood of recovering this lost income by using a professional collection agency that specializes in apartment collections and working with your collection agency as a team to overcome inherent obstacles when collecting from vacated residents.

Some key factors affecting recovery rates are:

- Property and resident profiles
- Resident income level and monthly rental rate
- Area of town and resident demographics
- Accurate and completeness of paperwork
- Age of accounts prior to placement
- Tenant screening standards
- Area of country
- Client cooperation

Apartment related collections are, unfortunately, the hardest type of debt to collect. Not only is it more difficult to locate an individual when you are dealing with a skip but these debts are easily disputed.

In other industries, debts are more tangible. For example, when one is dealing with a medical collection, it is difficult to dispute the fact that you had back surgery, whereas, with apartment collections, it is easier to dispute that there already was a hole in the wall or the carpet was already stained. This is more of a subjective area than black and white. The following are tips that can help increase your revenue:

Your Screening Company

It is very important to have a screening company rather than just by going on a credit score. By having a good screening agency, you will help curb write-offs.

The Application Process

It is vital that all facets of the application be filled out appropriately and legibly. In some instances, applications need to be enhanced. Most applications only give one space for an emergency contact. What happens if you need to get the resident emergency contact, where the emergency contact is not home, the line is busy or the number is disconnected? Not only do leasing agency's need to get the emergency for emergency purposes, the need to get this information of an unexpected move-out. The more numbers that area obtained, the more likely property managers and leasing agents will be able to contact a past resident in an event of a skip, thus resulting in 100% of the debt collected rather than sharing the percentage with a collection agency.

Move-In, Move-Out Form

This form needs to be completely fully and accurately.

Records of Employment

Keep accurate records of employment, at least at renewal. Unfortunately, many people go from job to job. If a resident has been living at your property for five plus years, then chances are slim that person works for the same employer. **Update records often.**

Call a Week After Move-In

Call your resident to see if their move went smoothly and see if there are any maintenance issues that need to be addressed. During this call, it is a good idea to ask for additional references and/or emergency contacts in the event of an emergency. Make sure to sound sincere; remember you are doing this in the resident's best interest and to have more information in case the resident decides to break the lease.

These are a few tips that will help increase your revenue. They may take a few extra minutes up front, but the back-end revenue is well worth your time.

Media Quality & Information Quality

These are two fields of information that will also help your collections for timely turns.

- **Media Quality:** This value represents the readability of your accounts. The legibility, clarity and visual quality are vital when turning accounts over to collection.

- **Information Quality:** Based upon the presence or absence or value of a particular field or fields. It's very import to provide your collection agency with the most information on your former resident as possible. The more information you provide, the easier it will be locating them and in turn, will see collection monies received faster. Below is the information you should have for your collection agency:
 - Address on the application
 - Social security number
 - Date of birth
 - Home phone including area code
 - Place of employment and phone number
 - Income account
 - First contact person or emergency contact including phone numbers; specification on who the contact is - mother, father, brother, sister, aunt, uncle, friend
 - SODA (final billing ledger, application and lease
 - Move-out date
 - Move-in/out statement

Provided by Laura Sinclair, Account Executive for National Credit Systems. Laura may be reached by calling 800-530-2797, emailing lsinclair@nationalcreditsystems.com or by visiting the web site, www.nationalcreditsystems.com.