

**Get the Money!**  
**By Nick Sidoti, R.A.M.**

**Q.** Dear Nick, When someone moves in during the middle of the month, am I better off having them pay partial rent to get to the first of the month, and then charge rent from the first to the first?  
For example, *if* someone moves in on the 21st of the month, should I charge them for nine days rent so that they will be paid up until the first of the next month? A friend of mine heard you speak and said that you don't recommend doing this. Could you explain what you would do differently?  
Joe B. Aurora, IL

**A.** Dear Joe, There are a number of reasons why I would not prorate the rent in this way.

First, when the tenant moves in I want to get as much money as I possibly can from them. If a person moves into a \$500 apartment, nine days before the end of the month let's look at some options.

Using your plan I'd get \$500 divided by 30 and multiplied by nine which equals \$150 plus a \$600 security deposit. This would total \$750.

If I didn't prorate the rent I'd get \$500 for a whole month's rent plus a \$600 security deposit. This would total \$1,100. So, by taking a whole month's rent, I would have an extra \$350 from the tenant. This is that much extra that I have if they turn out to be a problem.

In this case you have 21 days for which rent has been paid, during which you can spruce up the apartment and get it rented.

The next reason that I don't prorate rents is that I like having the rent due on the 21st of the month. Even if the tenant is habitually a few days late, I still get paid before the first of the month. And...when the tenant decides to move, their term ends on the 21st of the month. If they move on time, this gives me nine days to get the unit freshened up and ready for a tenant who wants it for the first. It saves me from losing a month's rent because I needed to do a little work. Tenants often find it very difficult to find a new place for the 21st of the month, so some of them do end up staying until the first and paying you for an extra month's rent. In this case you have 21 days for which rent has been paid, during which you can spruce up the apartment and get it rented. If you do this quickly enough, you may even get another non-standard due date the next time around.

One of the disadvantages of using non-standard due dates is that you need to keep track of who owes what, when, and you need to take action accordingly. If you are organized this shouldn't be much of a problem. If you decide that this method isn't for you, there is another choice that is better than only collecting the nine days rent.

Charge the tenant the \$150 for the nine days of the current month, plus the \$500 for the next month, plus the \$600 for their security deposit. You will then have collected \$1250 from them before they even have the keys.

In both of these alternatives, the goal is to GET THE MONEY. The more of it you have in your hands when they move in the better.

*Nick Sidoti, R.A.M. is a registered apartment manager, licensed real estate agent, investor, lecturer, author of several real estate courses, an award winning columnist, and President of the Western NY Real Estate Investors. For information or to submit questions for Nick's column, please email [drcashflow@adelphia.net](mailto:drcashflow@adelphia.net), or visit [www.drcashflow.net](http://www.drcashflow.net). Be sure to come and hear Nick in person at the Long Beach Convention Center on May 18<sup>th</sup> where he will help you to discover "How to Double Your Cash Flow and Reduce Tenant Headaches". See back cover of this issue for details!*