

RENT COLLECTION REMINDERS

When collecting rents, be aware of the Fair Debt Collection Act, which is governed and regulated by the Federal Trade Commission. In 1986 the law was expanded to include any organization that collects consumer debt, including the apartment management and rental industry. In 2001 it was expanded even more and allows punishment for those who misuse or abuse debt collection procedures.

When rent is due, speak only to the debtor or those who have signed the lease. Speaking with employers or residents' relatives violates the resident's rights.

- You must clearly announce the intent of any communication, letter or phone call, which allows the debtor/resident the option to continue reading or listening once you have stated your purpose.
- You are required to notify the resident that you have cashed his or her postdated check. The best policy is not to accept postdated checks.

“Willful noncompliance” with the law can result in penalties up to \$1,000. “Knowing noncompliance” can result in penalties of at least \$1,000 or the actual damages to the applicant, whichever is greater. For instance, if an employer has a policy of no calls to an employee on the job and as a result of your call, the applicant is docked pay, reprimanded, or loses his or her job, etc.

Of course, it is better to avoid having to struggle collecting back rent. And since one of the most successful techniques of avoiding the situation of a tenant who becomes a debtor is background screening, it is important to remember to make background screening a part of every application process. As you all know by now, you are required to get permission, either in writing or orally from the applicant to run a credit report, or have a “permissible business purpose” for running a credit report.

In requesting background or credit checks from tenant screening companies, you will find some new procedures. They will want to be certain you are who you say you are. Some of the credit bureaus have had to begin declining some requests from some customers due to the errors found in surprise audits. In other words, they found that checks were being run without evidence that a permissible business purpose was documented. In some cases, identity thieves, claiming to be business owners, landlords, or potential employers, were using credit bureaus to check the credit of potential targets to determine the extent of their credit lines and get more detailed information to help expedite their thievery. Due to this and other concerns, screening companies now have a process they must follow before giving out the information they gather.

And as to the “oral permission” part, for the landlord's own protection, always get the consent to run a credit or background check in writing. If an applicant resists and refuses to sign, regardless of the reason, don't rent to him. If the argument is that they have “already spent so much money” already for several checks, that's a clue that others are not renting to him.

At the bottom of the Application to Rent issued by the Inland Empire Rental Association, there is a paragraph detailing the non-refundable application fee for credit and background checks. When the applicant signs this agreement, they have given their written permission acknowledging that you are going to do a credit check, public records search for criminal record and any record of lawsuits.