

# Best Collection Practices

Prepared by Advanced Collection Bureau

## Introduction

Welcome to your go-to guide for best collection practices! We know dealing with delinquent debts can be a hassle, but with the right strategies, you can keep your property's finances in top shape. This guide will walk you through some practices to ensure you're not losing money due to unpaid rent.

## Tenant Screening: Your First Line of Defense

Starting strong with tenant screening can save you a lot of trouble down the road. Think of it as your first layer of protection against delinquent debts.

<b>Credit Report Check</b>	Always, always, always run a thorough credit check. This isn't just about numbers – it's about seeing if the prospective tenant has a history of handling their finances responsibly.
<b>Document Collection</b>	<p>Make sure you get all the necessary documents, including proof of income, rental history, and identification. These documents will be invaluable if you ever need to track down a delinquent tenant or address any future ID theft claims. Identity theft claims are becoming a common tactic to avoid paying debts.</p> <p>Collecting as much identity-affirming documentation as possible (IDs, pay stubs, wet signatures on applications/contracts) helps combat this issue. While online applications are convenient, ensure you have tangible evidence to verify the applicant's identity.</p>
<b>Background Checks</b>	A complete background check (yes, including criminal and eviction histories) can help you avoid potential headaches.

*Pro Tip: Clear and detailed documentation during the screening process makes it easier to deal with any issues that might arise later.*

# Crystal Clear Lease Agreements

A well-drafted lease agreement can prevent a lot of misunderstandings. Here's what you need to include:

<b>Payment Terms</b>	Make sure your lease spells out the rent amount, due dates, and acceptable payment methods. No ambiguity here!
<b>Late Fees</b>	Be upfront about any late fees or penalties. This clarity can motivate tenants to pay on time.
<b>Consequences of Non-Payment</b>	Clearly outline what happens if rent isn't paid – from late fees to potential eviction and debt collection processes.

*Pro Tip: Clear lease agreements help set the right expectations from day one, making it easier to enforce terms later.*

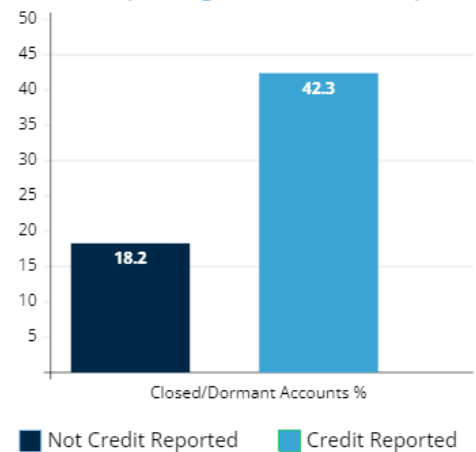
## Get Debts to Us ASAP

The sooner you hand over delinquent debts to us at ACB, the better.

Submit those delinquent debts right away. The quicker we can credit report the debt, the more leverage we have to collect it.

Ensure this is done after sending a Statement of Deposit Account (SODA) in compliance with state laws. Many tenants may pay within the state-mandated window after receiving the SODA. Send the SODA as required by your state law (often via certified mail) and keep records. Set a reminder to send us the account once the legally allotted response time has passed.

Credit Reporting vs Not Credit Reporting



If we can credit report the debt before the debtor secures another apartment, car, or house, they're much more inclined to settle their debt with you.

*Fun Fact: Debtors are significantly more likely to pay up when they know their unpaid rent is affecting their credit score!*

# Keep the Conversation Going

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Keeping open lines of communication with your tenants before they move out, which can prevent many issues. Here's how:

- **Regular Reminders:** Send reminders before and after the due date. Friendly nudges can go a long way.
- **Document Everything:** Keep detailed records of all your communications regarding payments. This documentation can be a lifesaver if things go south.

*Pro Tip: A friendly reminder email or text can make a big difference in on-time payments.*

## Fast Action with Delinquent Accounts

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Don't let delinquent accounts linger – quick action is key. **Immediate Action:** As soon as an account goes delinquent, take action. The faster you move, the better the chances of recovery.

*Fun Fact: Quick action on delinquent accounts can improve recovery rates by up to 20%!*

## Referral to Advanced Collection Bureau

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Once you've placed an account with us, we take over the heavy lifting. Here's what to do if a consumer contacts you directly:

<b>Referral to ACB</b>	If a consumer that is in collections calls you, politely advise them that the account has been placed with us for collections and provide them with our contact number.
<b>Updated Contact Information</b>	Email us with any updated contact information you receive.
<b>Communication from Representatives</b>	Forward any communication from the debtor's representatives, such as attorneys or credit repair organizations, to us.
<b>Forwarding Payments</b>	If you receive any payments from the consumer, forward them to us. Our bank will deposit the payment on your behalf, ensuring the consumer's credit report is updated promptly. You will see the payment on the following month's statement from us along with all other monies we have collected for you.

*Fun Fact: Many of our clients find it useful to email us even when they hear a rumor of a tenant's new whereabouts – ex-neighbors can be great sources of information!*

# Understanding Credit Reporting and Disputes

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Credit reporting helps ensure that past tenants pay their just debts, but consumers have rights too.

If a consumer disputes inaccurate information on their credit report, we as the data furnisher have a limited time to investigate and respond. We need your full cooperation to investigate these disputes promptly, typically within five business days. Be aware that some consumers may falsely claim identity theft to avoid paying their debts. Collect as much identity-affirming documentation as possible during the application process to protect against these claims.

## Conclusion

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By following these best practices, you can significantly reduce delinquent debts and keep your property's finances healthy. Remember, the key is to start strong with thorough tenant screening, maintain clear and concise lease agreements, act quickly with delinquent debts, and keep communication lines open before they vacate the property.

## Next Steps

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Review these practices and implement them at your properties. If you have any specific challenges or need further assistance, reach out to us – we're here to support you in achieving the best possible outcomes.

Advanced Collection Bureau is here to help you every step of the way. For any questions or further assistance, please don't hesitate to contact us.

**Thank you!**

We look forward to being your debt collection partners