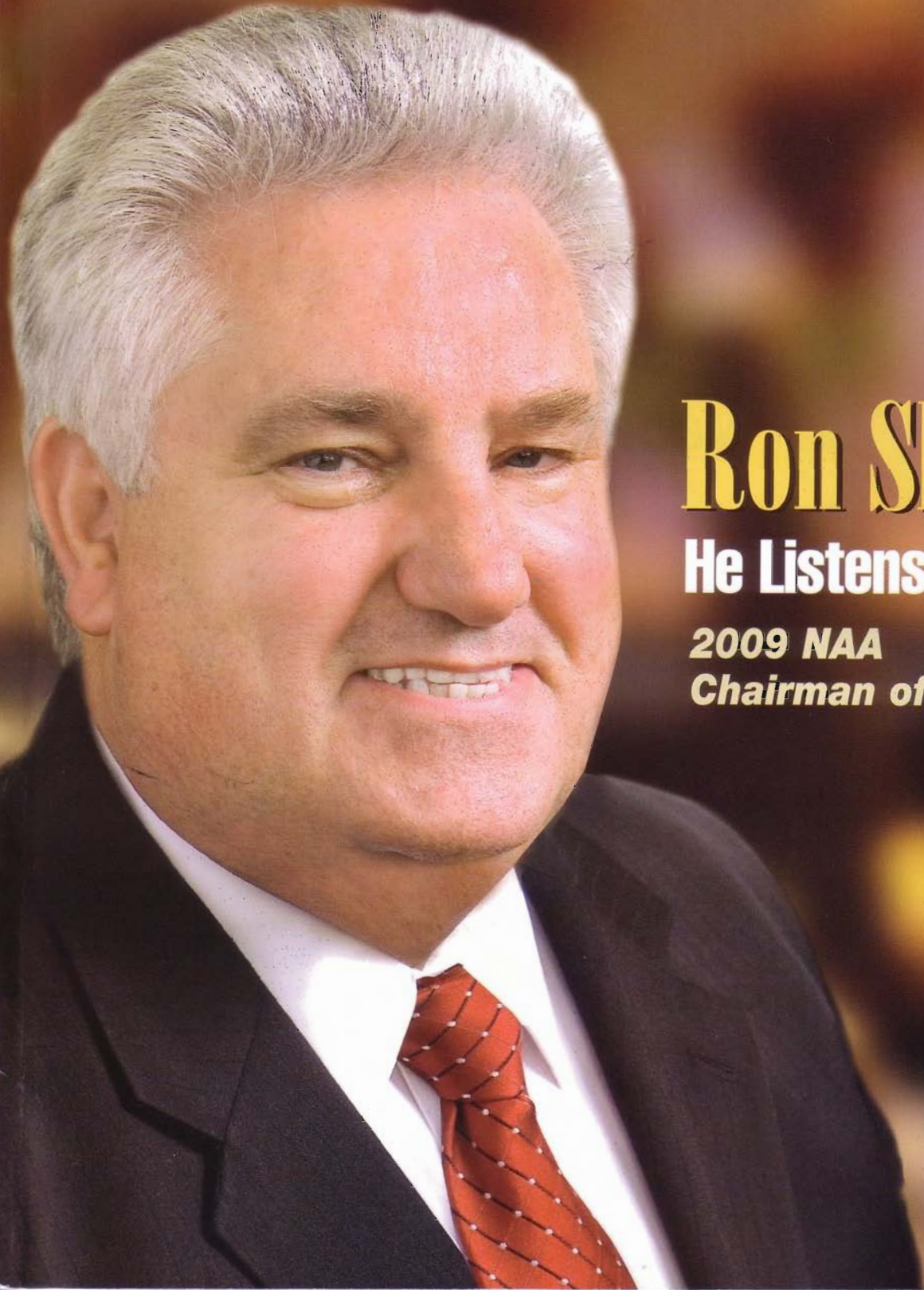


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Collections: Combining Resident Screening And Bad Debt Improves NOI

THE APARTMENT INDUSTRY recently initiated an effort to create a multifamily housing-specific data dictionary for seamless exchange of data between property management



Miria Rabideau,
Regional Vice President,
Associated Estates Realty
Corp., Cleveland

systems and business partners that became widely used in the multifamily housing industry. It's exciting to see this format, known as Multifamily Information and Transactions Standard (MITS), also becoming the standard for collections integration with property management software. In the future, bad-debt collection information tied directly into the property management software will become as universally accepted as resident screening integration is today.

Property management accountability reports comparing resident approval guidelines with collection results are essential for making sound property management decisions.

Currently, it is typical for management companies to make arbitrary adjustments of resident approval guidelines for the sake of occupancy without knowing what to expect in additional bad debt. Now the industry is seeing a seesaw effect, first from lowering resident approval standards and then sudden reversal to offset the surge in increased bad debt.

"Bad debt collections often are viewed by management as being independent from the resident approval guidelines," said Miria Rabideau, Regional Vice President with Associated Estates Realty Corp. in Cleveland. "Having a resident screening provider that also provides in-house collections gives us an advantage. It keeps us focused on economic occupancy instead of just physical occupancy."

By measuring the screening and collection results each month during monthly staff meetings about portfolio performance, Rabideau said Associated Estates has "significantly improved" its net operating income (NOI).

"It's all about accountability," said Rabideau, who uses Resident Check. "If you are not aware of the number of days lapsed between the move-out and when the collection agency receives the file, you can easily hamper the results that can be expected from your collection agency. We rely on our screening and collections partner to point out preventive measures to reduce bad debt. Many of these can be easily implemented and help to minimize our delinquencies."

Rabideau said by continually measuring both front and back-end performance, Associated Estates is able to strike the right balance between the market demand for occupancy and bad debt risk tolerance. The reports she monitors also review collection results compared to the initial approval scores. **NA**

Jorge Baldor, Resident Check, contributed to this article.

For More Information

For a list of National Suppliers Council members who provide billing and collections services please see page 74 or visit the NAA Buyers Guide at www.naahq.org.