



A *Global Payments*
Company

The Property Manager's Guide to Common Rent Payment Mistakes and How to Fix Them



Contents

Could there be flaws in the way you collect rent?	1-3
Mistake #1: You're accepting and manually processing paper-based payments	4-12
How to convert paper-based rent payments to digital transactions	8-12
Mistake #2: You're exposing your revenue to chargebacks, fraud, and errors	13-18
How to safeguard rent transactions from returns and fraud	15-18
Mistake #3: Training for your staff on your rent payment platform is one-and-done	19-25
How to properly train your teams about rent payment software	21-25
Mistake #4: You aren't thoroughly communicating payment expectations to new residents	26-31
7 Ways to create awareness about digital rent payments	28-31
Mistake #5: You offer a poor resident payment experience	32-41
How to provide a good resident payment experience	34-41
Mistake #6: Your residents pay utilities and ancillary charges separately from rent	42-46
How to collect rent, utilities, and ancillary charges together	44-46
How many rent collection mistakes are you making?	47
Rent Collection assessment	48

**Could there be flaws
in the way you collect
rent?**

The 6 most common rent collection mistakes

No single operational process is more important to your business than collecting rent. Rent collection impacts every aspect of property management - from cash flow, to NOI and even resident satisfaction.

When rent collection isn't happening efficiently, other areas of your business suffer. Accounting and on-site teams find themselves with more unnecessary tasks to complete. Cash flow is sluggish. Your company becomes more vulnerable to fraud. And, renters may feel growing dissatisfaction with their community.

In many cases, apartment operators aren't aware of flaws in their rent collection process. Aside from the evolution of digital payment platforms, the overall concept of collecting rent hasn't changed much over time. So it's easy to assume that the process is being handled correctly because "that's how it's always been done."

But more likely than not, you're here because you are feeling some of the strains that result from inefficient rent cycles. And like any good multifamily professional, you're seeking ways to conquer the ultimate trifecta: increasing revenue, making better use of your team members' time, and improving the resident experience.

That's why we've created this guide. As experts in digital payments and the multifamily realm, we have intimate knowledge about rent collection. All too often, we see apartment operators

make well-intentioned decisions that inadvertently disrupt the rent collection process. Understanding the effects that these common mistakes can have on rent collection will help improve the process for your associates and your residents.

Here are the six common rent collection mistakes that we'll dig into in this guide:

1. Accepting and manually processing paper-based payments.
2. Exposing your revenue to chargebacks, fraud, and transaction errors.
3. Offering on-site associates minimal training about rent payment software.
4. Not steering new residents towards digital rent payments.
5. Offering a poor resident payment experience.
6. Collecting rent payments separately from utilities and other ancillary charges.

If you're making any of these rent mistakes at your company, don't worry. This guide includes solutions that will get you on the right track. You'll also learn how to drive more digital payments, as those lead to better efficiency and faster funding – two growing priorities for property managers in today's landscape.



Mistake 1:

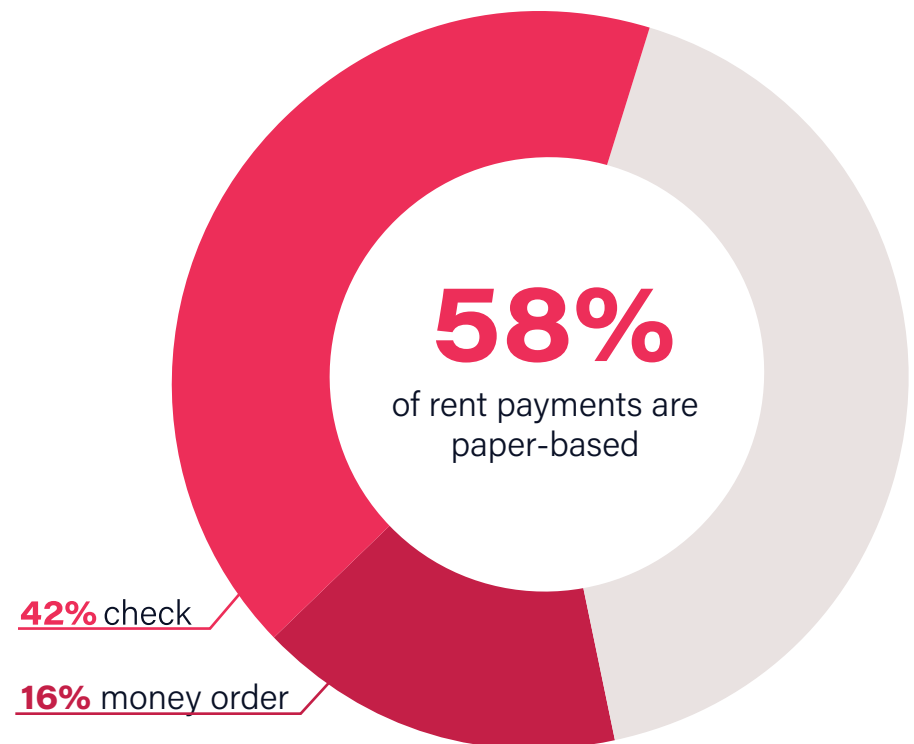
**You're accepting and
manually processing
paper-based payments**

The problem with paper payments

We'll start off by saying that the ultimate rent payment mistake is not offering any digital rent payment options. But, luckily, the vast majority of property management companies have long since joined the digital payment bandwagon.

You probably offer at least one digital payment option and enjoy the efficiency and better cash flow that accompanies those transactions. In an ideal world, 100% of your rent payments are digital. But we're willing to bet that you still receive a stack of checks or money orders each month. In fact, the [Federal Reserve Bank of Boston's Bill Payment Experiment](#) and the [Survey of Consumer Payment Choice](#) found that **42% of rent payments are made with a check and 16% are made with money orders.**

Giving your residents the flexibility to pay by check or money order doesn't mean your staff has to deal with manual processing. There are plenty of options to convert paper-based payments to digital transactions. And if you are not exploring digital solutions, you are wasting valuable time and slowing down cash flow.



The Cost of Processing Paper Payments

	500 paper checks	250 money orders	Total
Cost to process per payment	\$3 per check	\$6 per money order	
Total cost per month	\$1,500 / month	\$1,500 / month	\$3,000 / month
Total cost per year	\$18,000 / year	\$18,000 / year	\$36,000 / year
CapRate	.03	.03	.06
Portfolio value added	\$300,000	\$300,000	\$600,000

If you think that having a small percentage of paper payments isn't causing any harm, then it's worth looking at the cost savings you'll see by going entirely paperless.

According to [Innago](#), "most researchers estimate the transaction cost of a paper check at \$3.00 per transaction. And some believe it to be as high as \$10.00!"

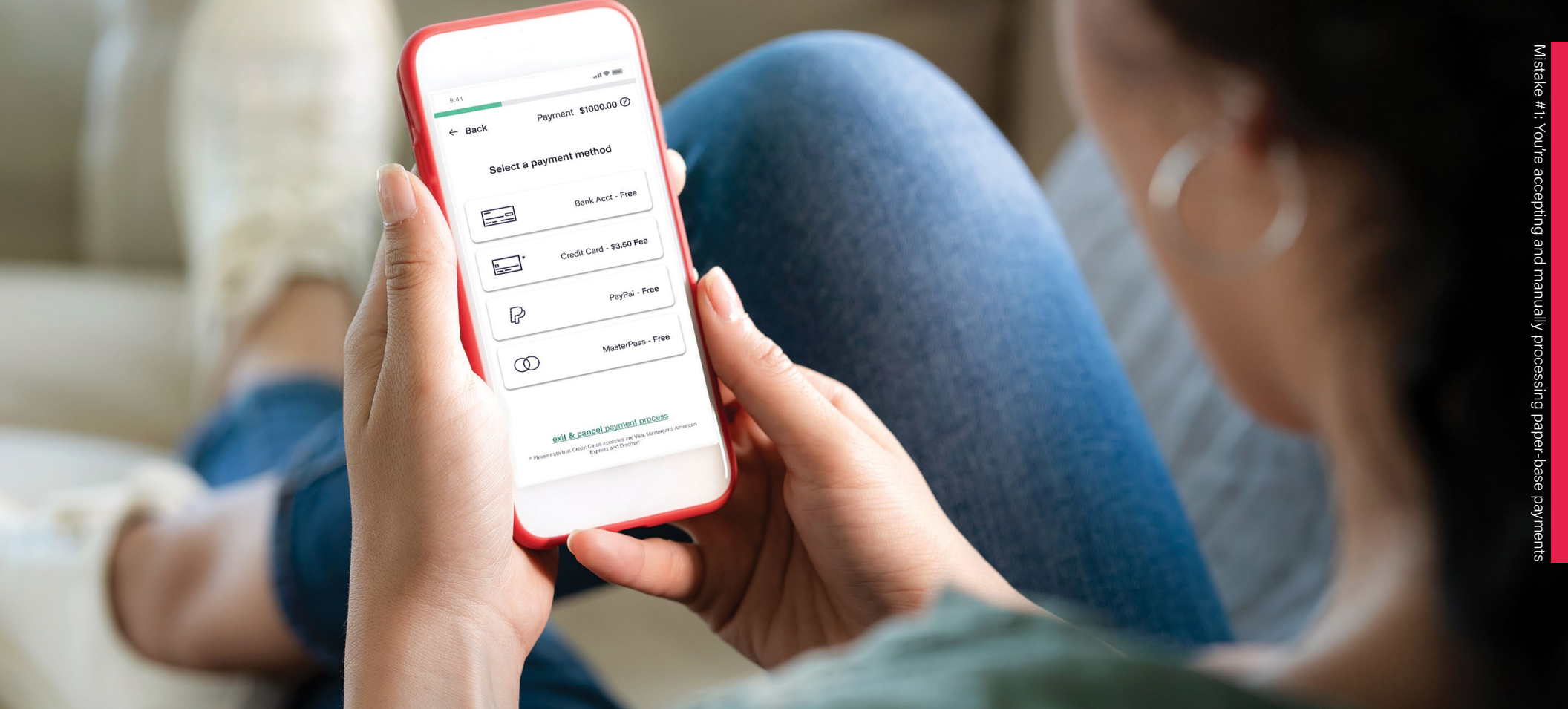
What is the cost to process each paper check for a typical 1,000 unit community? If 50% of the property (500 units) pays via paper check, assuming the low-end benchmark of \$3 per check, that's \$18,000 per year spent processing those payments.

In addition to those 500 checks, that 1,000 unit property will also receive about 250 money orders, which are a nightmare. Money orders often can't be scanned because they're

damaged or filled out incorrectly. If you receive money orders, you understand the frustration. And again, assuming the low-end benchmark of \$6 to process a money order, that's an additional operating expense of \$18,000 per year.

Getting rid of paper checks and money orders saves you \$36,000 per year in operating expenses, creating an added portfolio value of \$600,000. And that number scales. The bigger your portfolio, the more savings you can realize.





How to convert paper-based rent payments into digital transactions

Just because your renters want to use a check or money order, it does not mean you are forced to use outdated processes to get paid. Modern payment solutions tackle paper payment processing, so you can still enjoy the efficiencies of digital transactions while letting residents pay how they prefer to. Depending on the mix of paper payments you receive, you should implement one or more of the following solutions to fully digitize rent collection.

1. Lockbox moves checks offsite and converts them to digital transactions

Checks don't have to end your dreams of a paperless rent payment utopia. If you have a modern lockbox solution, renters can pay with a check but your associates won't be responsible for handling the payments.

Services like Zego Pay Lockbox take the task of handling paper-based payments completely off the table for your property staff. Residents mail checks to a secure P.O. box instead of bringing them to your management office. From there, the checks are imaged, processed, and accessible in Zego.

How Lockbox works:



P.O. boxes are set-up for your properties based on location.



Residents mail checks or money orders directly to your P.O. box.



Checks are scanned and matched to resident accounts daily.



Payments are processed & integrated with your accounting software.

2. Mobile CheckScan lets renters convert their check into a digital payment

Another option is offering residents a mobile check scanning feature within their community app. It's a simple process that is easy for renters and relieves on-site associates from processing checks.

Eliminating manual payment processing for on-site associates is just one of the perks of using a mobile check scanning solution. Because the account information is automatically scanned, it also reduces data entry errors that can lead to returned checks and captures account information to encourage online payments in the future. The payment data integrates into the resident ledger within your accounting software allowing for consistent reporting across residents and payment types.

How Mobile CheckScan works:



Residents open up their community app and find the “make a payment” section.



Residents choose the check scan option and take a photo of their check.



Bank account information is automatically captured for an immediate payment, and residents can also save account information for future payments or recurring AutoPays.

3. Desktop scanners let teams convert checks on-site

If you are apprehensive about checks being processed at a lockbox site or by residents, you can always have your teams use desktop check scanners. These scanners allow staff to digitally capture check images in-office. From there, funds are electronically transmitted to your bank, and deposited in your bank account.

Desktop scanners are not as convenient as lockbox or mobile check scanning solutions, since your associates are responsible for scanning the checks. But they are a method for converting paper-based payments into electronic transactions, so your associates don't have to take checks to the bank.

How desktop scanners works:



Residents drop off or mail their paper rent payments to your office.



On-site associates collect the checks, money orders or cashiers checks and scans them in batches using a desktop scanner.



Funds are deposited into your bank and integrated with your accounting software.

4. CashPay is a safer, more convenient alternative to money orders

Did you know 1 in 10 adults is unbanked? That means 10% of adults do not have a checking or savings account. The unbanked segment of the population relies solely on cash to make transactions. But that doesn't mean their cash-based rent payment can't become digital transactions.

Cash and money orders are notorious for causing headaches in community offices. They are prone to theft and fraud and present other administrative challenges to process the payment. But with Zego's CashPay, those headaches are resolved. Residents make cash payments offsite, and those transactions are digitized and instantaneously integrated into your Zego portal for you.

How CashPay works:



Residents receive a customized ID number which can be accessed via the mobile app, along with teller instructions.



Residents visit one of any 30,000 CheckFreePay locations nationwide and present the teller with their ID cash payment.



Cash payments are converted into digital transactions, funds are deposited into your bank account, and transactions are instantly visible in your accounting software.

Mistake 2:

**You're exposing your
revenue to chargebacks,
fraud, and errors**

Rent payments need protection

Transaction errors and fraud are increasingly problematic during rent collection cycles. Not only do they result in lost revenue, but they also create added work for property managers.

According to NAA, **property management companies lose an average of \$17,000 per year per property due to collections.** But the impact can be far greater. Their estimate doesn't even include the hours and resources spent on managing collections, reconciling accounts, and balancing the books.

If you aren't using any of the revenue protection services that your payments partner offers, you're risking lost revenue. More than half of property management companies are taking this risk. In fact, [NAA reports](#) that **64% of property managers do not use any tools to prevent fraud.** Taking proactive measures to reduce fraud and returns will minimize losses and the headaches on-site associates must endure to rectify these problems.



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How to safeguard rent transactions from returns and fraud

There are a number of ways you can minimize processing hiccups that result in lost revenue and needless work for your associates. If you are working with a reputable digital payments provider, they should offer a comprehensive program that addresses all of the potential areas for returns. These should include solutions that put checks in place before a transaction can run, and support in case there are specific kinds of returns.

Rent protection services should include:



Authenticating
resident bank
accounts



Verifying there are
sufficient funds to
process a rent payment



Support for
chargeback cases

Use Account Connect services to minimize errors and returns

Sometimes transactions are returned because a resident has entered incorrect bank account information. Fortunately, account connect services will authenticate your residents' bank account information before they are able to submit a rent payment transaction.

By validating the account ahead of time, data entry errors that lead to returns are eliminated. This helps property managers avoid snags in cash flow, and having to track down a delinquent payment.

Zego partners with Plaid to verify resident bank account information. This allows residents to securely link their bank account from their financial institution instead of manually entering the routing and account numbers. It ensures that any account a resident wants to use is valid and active for transacting.

Reduce insufficient fund returns with Balance Verification

Insufficient fund returns happen when residents don't have enough money in their bank accounts to cover their rent payments. Because it takes a few days for the transaction to be returned, they create a real bottleneck for revenue. Plus, they are a hassle for on-site associates, who must reconcile returns and chase down the delinquent payment.

That's why we advocate for putting real-time verifications in place to confirm there are sufficient funds for transactions to clear. This ensures on-time revenue and reduces manual reconciliation work. It also saves residents from being dinged with unwanted charges that come from insufficient funds. Zego's Balance Verification performs this audit for the benefit of both parties.

How Account Connect & Balance Verification works:



Resident links new bank account with existing bank credentials.



Resident proceeds to make a payment with their account.



If a balance is sufficient, the payment is approved. If a balance is insufficient, the resident is notified to use a different account.

Adding Chargeback Defense minimizes loss

Chargebacks cost multifamily portfolios ten of thousands of dollars each year. A chargeback is a bank-initiated, forced reversal of funds back to a consumer when they claim a transaction is fraudulent. In the property management industry, chargebacks are most often associated with application fees. However, rent payments are also a target.

At Zego, our Chargeback Defense feature helps clients with chargeback avoidance, protection, and recovery for all types of payments. From rent to application fees ACH to credit card transactions, our comprehensive solution gives our clients chargeback protection and peace of mind.

Chargeback avoidance	Chargeback protection	Chargeback recovery
<ul style="list-style-type: none"> ▪ Chargeback health audits to identify areas for improvement ▪ Best practice documentation and guidance ▪ Real-time fund verification with fixed-fee debit 	<ul style="list-style-type: none"> ▪ Zego absorbs chargebacks up to a certain dollar amount for both rent and application fees 	<ul style="list-style-type: none"> ▪ Industry-leading chargebacks team fights on your behalf at no cost ▪ No funds reversed unless/until case is lost

Mistake 3:

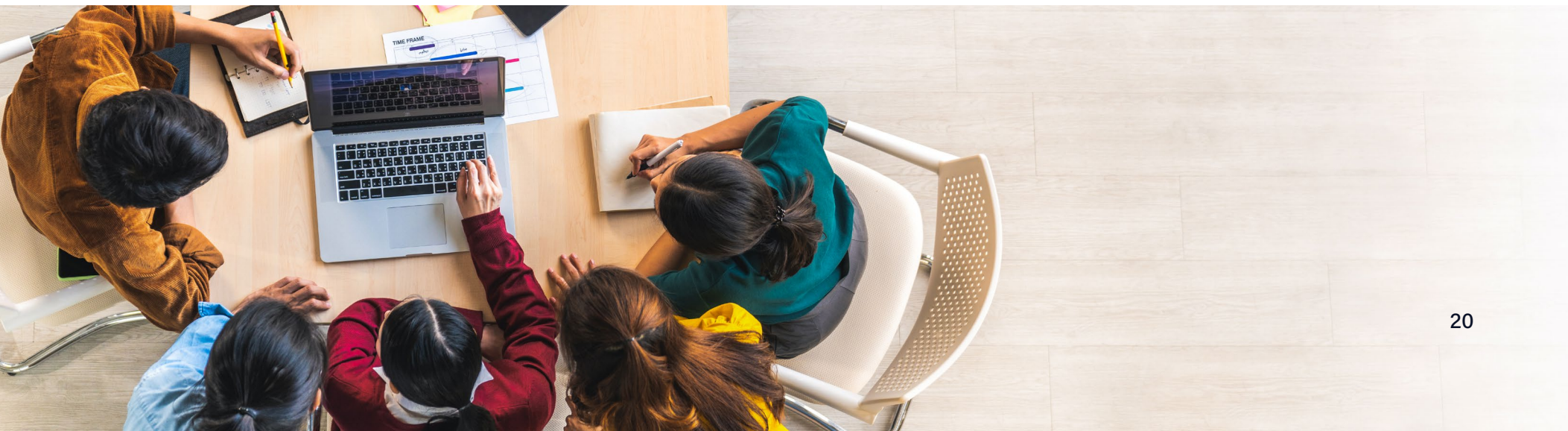
**Training for your
rent payment platform
is one-and-done**

Sell your teams on the value of digital payments

Your on-site teams are stretched thin. So it's understandable that you may opt for a quick, one-time training about your payments platform so they can go about their duties.

However, we've seen that companies who devote more time and resources around training see better digital payment adoption rates and encounter fewer issues during their rent cycles. Having regular conversations, training and incentives for your on-site teams around digital rent payment collection is a must to make it a smooth process.

Training isn't limited to how your payments platform works. It's also important to educate managers and on-site associates on the value of it. Just because associates know how to register an account within your payment portal, doesn't mean they will register every resident who walks through the leasing office door. **It's your job to sell your teams on the value of digital payments and to create incentives that drive these actions.**





How to train your teams on rent payment software

Often when we check in with our clients, their #1 request is for training resources. It makes perfect sense. Between staffing turnover and new features in your payment software, change happens quickly. The last thing you want to do is install new property technology, train your staff once, and never think about it again. A periodic review of best practices is necessary in order to keep up with new features and updates.

Best practice is to provide on-demand training materials for on-site associates around the value and the functionality of your digital payments system. Then, you'll want to champion this initiative by setting and tracking key metrics, and encouraging competition.

Continually communicate the value of renters paying digitally

You can have the best training program ever created, but if no one is sold on the value it does nothing for you. That's why the first step in proper training is to over-articulate the value of renters paying digitally. When your team understands how digital payments can improve or alleviate time-sucking, monotonous tasks and increase productivity, they'll naturally work harder to ditch paper payments.

5 reasons digital payments are so important for your business

1. It saves on-site teams time - lots of it too!
2. Digital payments are more secure than checks and money orders.
3. It improves cash flow.
4. It reduces operating expenses and increases portfolio value.
5. It enhances the resident experience.



Need more talking points about the value of digital payments? This [Zego blog post](#) covers all the bases.

On-demand refresher courses are a must

Continuous product training for your staff is essential, especially if you experience high turnover. Use consistent educational refreshers to combat knowledge gaps and improve customer service.

Gather: Tap into your payment provider's wealth of resources to gather all of your initial training webinars, videos, manuals, and FAQs.

Host: Pull all pertinent written, recorded, SOPs, FAQs, and documentation together to create a well-organized, easy-to-access training database for your staff.

Train: Deliver an in-depth training during your new-hire onboarding program, and then refresher trainings for the entire team every year or quarter depending on turnover. Also, require new associates to attend training webinars hosted by your payments provider.

Examples of Zego resources for property staff

- [Video: 3 Tips to increase digital payment adoption](#)
- [Zego Onboarding: training webinars & recordings](#)
- [Interactive checklist: The digital payment adoption checklist to collect rent online](#)



Named one of the top 30 Multifamily Development Firms of 2020 by MHN, City Club Apartments recognizes the importance of onboarding and ongoing training for its associates. For onboarding, City Club runs a monthly new hire orientation that emphasizes the brand and culture and a deep dive into their tech tools.

“We have staff visit our corporate office for a full week. This training includes one full day of training on systems where we review all our business applications, including Zego. We also have pre-recorded training sessions from Zego that are available on-demand for people to watch as a refresher if they forget something.”

Set and convey goals for digital payment adoption

It's important to set a goal about digital payment adoption and communicate that to your teams. That way they can track where their property is in relation to that goal and, if needed, put more effort into hitting that target.

If you have trouble deciding where your company needs to be, feel free to use our metrics for reference:

Portfolio-wide % of online payments	Rating
<30%	Needs some work
30-50%	Decent
50-80%	You're on your way
80-100%	Paperless nirvana!

Keep on Track with KPIs

Stay on target with the help of portfolio-wide Key Performance Indicators (KPIs). Your KPIs should be measurable values that demonstrate the effectiveness of your team's efforts. Once you've established KPIs, align your entire staff on the gravity of these targets. Communicate what's at stake - the trajectory of your business as well as your associates' professional growth. Track your progress with the help of your payments provider, and review your KPI's on a weekly or monthly basis.

Sample KPIs to track:



Increase portfolio-wide adoption by X%



Increase individual property adoption by X%



Get X amount of AutoPay sign-ups

Be Transparent with Your Team

Set monthly or quarterly benchmarks for your portfolio and celebrate company-wide achievements. Catering pizza or ice cream to each office is always a good motivator, but you can definitely get creative with the rewards. Build digital payment adoption metrics into your company's rally cry. If no one is driving the train, the whole operation will derail. A firm commitment to these metrics will give them weight, which your team will respect.

Mistake 4:

**You aren't thoroughly
communicating
payment expectations
to new residents**

Digital payments need promotion

We find that whichever method new residents use to pay their first month's rent will likely be their go-to for the entirety of their lease term. That's why it is critical to encourage residents to use digital payments from the get-go. If you don't steer new residents towards your preferred payment method, you'll ultimately enable a habit that doesn't serve you well.

If you are making this mistake, you are certainly not alone. Multiple property owners, managers, directors of operations, etc, have admitted that they barely make an effort to promote their mobile app or the online payment portal. In some cases, residents receive a single hand-out in their welcome packet along with 15 other brochures and documents.

Others admit they just let residents figure out how to pay online without offering any guidance. Rent collection is *the most important* aspect of your business. If you don't get paid, you can't function. And promoting a mobile app or a payment portal is worth it. A little effort goes a long way.



7 Ways to create awareness about digital rent payments

It's important to provide residents with the right information upfront about your online portal and community mobile app - which should offer digital rent payment functionality. The goal is to set clear expectations around when and how payments should be made.

- 1. Turn the leasing and security deposit process digital:** Introducing digital payments at the start of the resident lifecycle will get renters familiar with paying you in that manner going forward. From there, you can take a couple of approaches to reinforce your payment expectations.
- 2. Application fees:** Take application fees online to get residents used to making digital transactions prior to them even being a customer.
- 3. Lease clauses:** A simple, yet overlooked tactic is to inform residents about their payment options early on.



Add a payments clause to your lease or rental agreement, and go over the details with each new resident.



Let residents know right off the bat that you do not accept cash for rent payments but you do offer a digital solution for cash payments.



List all of the acceptable forms of payment but accentuate the fact that digital payments are preferred.

4. Security deposit return: If you want to drive digital payments, you have to walk the walk. And when it comes time to return a security deposit, you can't cut a paper check. Your payment provider may offer a solution where security deposits can be returned electronically.

Returning security deposits electronically is a win for all parties. Your associates won't have to deal with mailing checks to the renter's new address. And the renter will have their money back faster since they won't be waiting on snail mail.

5. Resident Rewards Program: Everyone loves a loyalty program. Just ask DSW and Sephora shoppers. So why not apply that same concept to rent payments and reward renters for paying online? The NAA interviewed [Stephanie Puryear Helling of Greystar](#) about their resident incentive program and learned that, "If a resident completes certain activities, such as renewing their lease or paying rent online, they can obtain point values toward various incentives. The program engages our residents and incentivizes them to participate in online, paperless activities."

6. Offer an incentive to sign up for AutoPay: AutoPays are a win-win. Your residents can "set it and forget it" and enjoy the convenience of having their rent paid for them automatically. And you can count on digital, on-time payments each month.

But, often, residents don't know where to go or how to get started. Since it's mutually beneficial, why not offer a little incentive? Run an AutoPay contest, offer a small local

gift card to residents who pay via AutoPay for three consecutive months, or do what Planned Property Management did and incur the first fee on the resident's behalf.

Planned Property Management incurs the first fee

With goals of achieving high digital payment adoption at their properties, Planned Property Management decided to incur the processing fee on their residents' behalf for their first digital payment. After that, the resident would incur a modest convenience fee if they chose to continue to pay digitally.

“ I would estimate at least 80% of our tenants have used Zego at least once. It is so much easier than writing a check and adoption has grown considerably within our tenant base.

*-Mary Francis, Collections Manager,
Planned Property Management*



7. Educate residents with videos and more videos!

Quick, easy-to-digest videos are the world's new favorite form of media. Sixty-nine percent of consumers say that when learning about a service or product, they'd prefer to do so by watching a video. For the residents who are less likely to read a pamphlet or an email (think Millennials or Gen Z) a short explainer video is an effective way to teach them about making a payment.

Creating videos doesn't have to be your responsibility - most payment providers offer ones that you can use. For instance, our clients frequently use What is Zego Pay to give residents a quick tutorial about paying rent. Videos can be housed in your mobile app, in an online portal, or linked in a digitized move-in checklist.



Mistake 5:

**You offer a poor
resident payment
experience**

Paying rent is a critical component of the resident experience

A common mistake that property management companies make is neglecting the payment experience itself. It's incredibly important for the digital payment process to be convenient and seamless for residents. If there are points of friction when your residents pay you, a lot can go wrong.

For example, residents may just turn to their checkbook every month in order to avoid interacting with your technology platform. If it's confusing or takes too many steps to pay online, then why would they?

In addition, the most damaging problem you'll see is that residents' overall opinions of your property management company may suffer, and this may impact their decision to renew. It may seem counterintuitive, but paying rent is one of the most critical components of the resident experience. Every month, your residents have an interaction with your company when they pay rent – which is typically their biggest expense. Completing this transaction can trigger strong feelings about your management company, especially if residents encounter any problems or inconveniences with the payment process.

It's a major pitfall if any element of the payment process is confusing or inconvenient. Many residents can forgive a one-off error like a payment being lost. But when it's a huge chore to make a payment, or when residents don't feel well-informed about what they owe, it impacts satisfaction since the situation is repeated month after month.

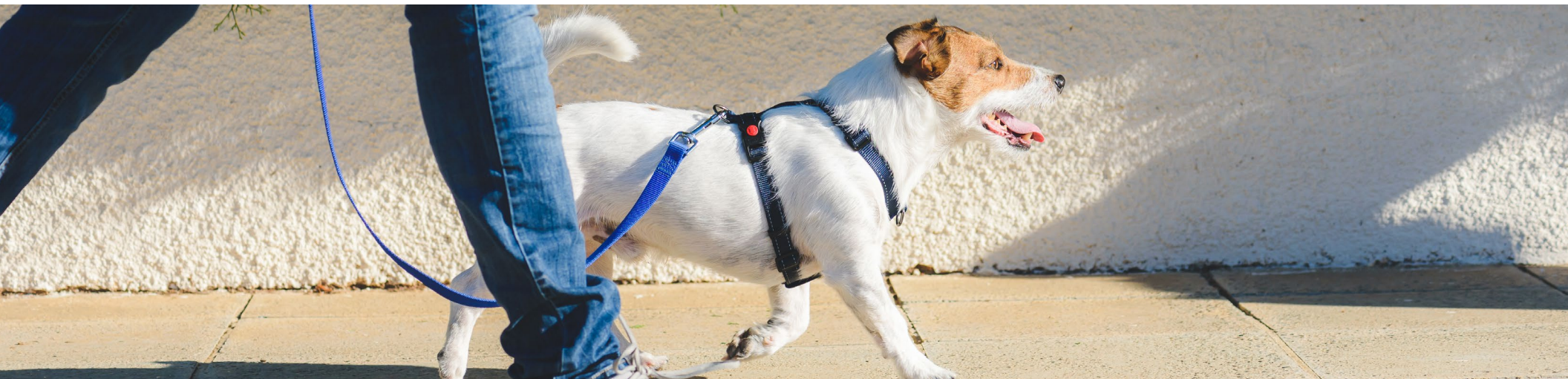
How to provide a good resident payment experience

From creating a seamless payment experience to crafting incentives for on-time payments, there are many considerations for shaping this process.

Offer free ways to pay digitally

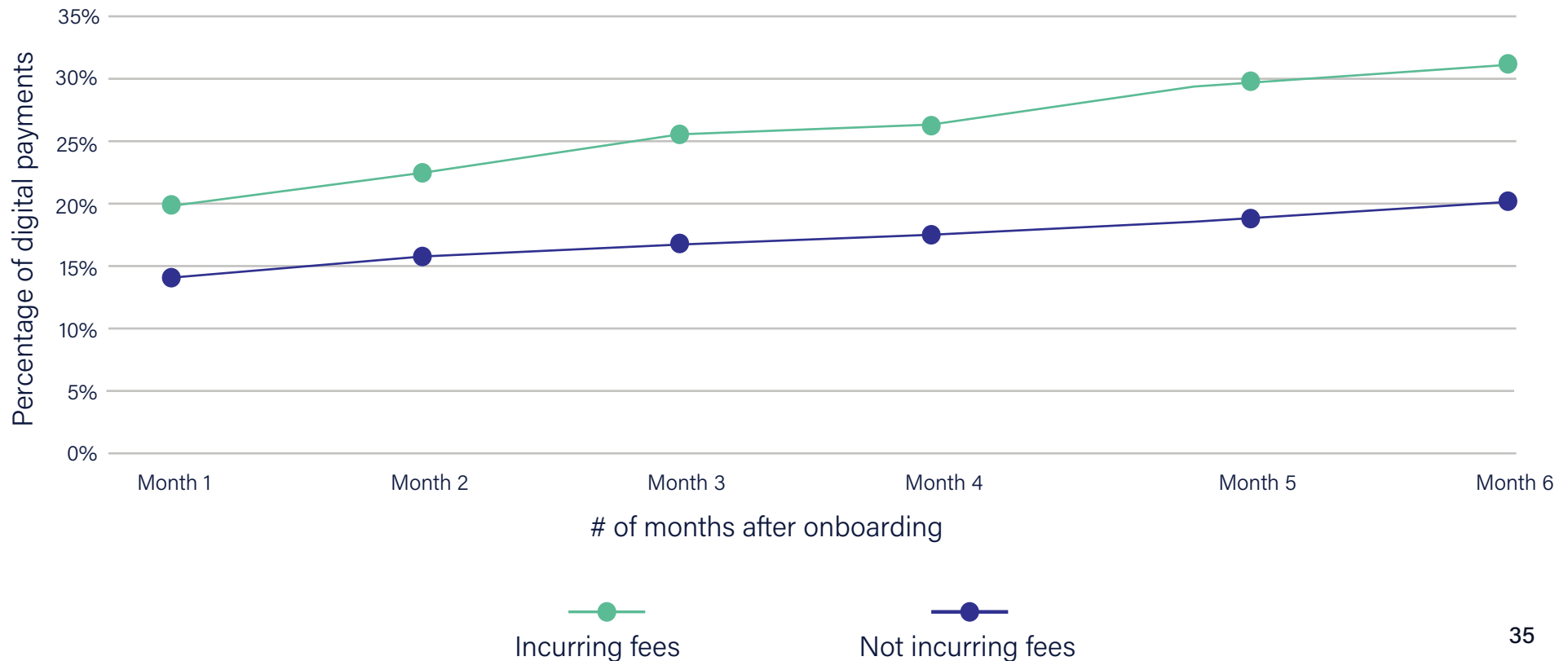
Nothing strikes a nerve among residents like being charged a fee to pay rent - which is already their biggest expense. These transaction fees also tank digital payment rates, which is what you're trying to avoid. Management companies that pass processing fees along to residents typically only have a 20-30% digital payment adoption rate. That's considerably lower adoption rates than when there is no fee passed to residents.

Some companies find that absorbing transaction costs is a tough pill to swallow. But when you see how it impacts digital payment adoption and the efficiency that accompanies it, there's a strong case for incurred models. So let's examine the details for two popular incurred payment models: standard incurred and subscription ACH.



The graph below is a month-by-month representation of the average percentage of ACH payments collected by multifamily management companies for the first six months after instituting Zego Pay. The green line represents companies that incur the processing fees on behalf of their residents. The purple line represents companies that pass the convenience fee to their residents. These stats are big indicators that digital payment adoption more than doubles when the processing fees are incurred by the management company.

Monthly percentage of digital payments: incur vs. passed ACH processing fees



Standard incurred: The property management company pays the digital payment processing fees for one or more payment types (i.e. ACH) on behalf of their residents.

Pros

- Residents get a free and convenient digital payment option.
- Not surprisingly, usage typically doubles.
- If you incur credit card transaction fees you can position this as a major resident perk. Because you're basically giving them free points, airline miles, etc. every time they pay their rent with their rewards card. In a [New York Post article about rent checks becoming obsolete](#), a resident reveals his desire to pay rent with plastic: "I wish my landlord allowed it as I would rather get those glorious credit card points."

Cons

- The cost to incur one or more of the transaction expenses for the digital payment method options.

Roy Rainey of Rainey Realty did the math, and decided it was well worth it:

“We decided to incur the costs of eChecks, which is a nominal cost. We probably pay around \$300 per month in the eCheck processing fees. But since everyone pays digitally now, we are not paying a bookkeeper to process rent. The tradeoff is worth it, especially because our system is 100% accurate and we can see all of our payments in real-time.”

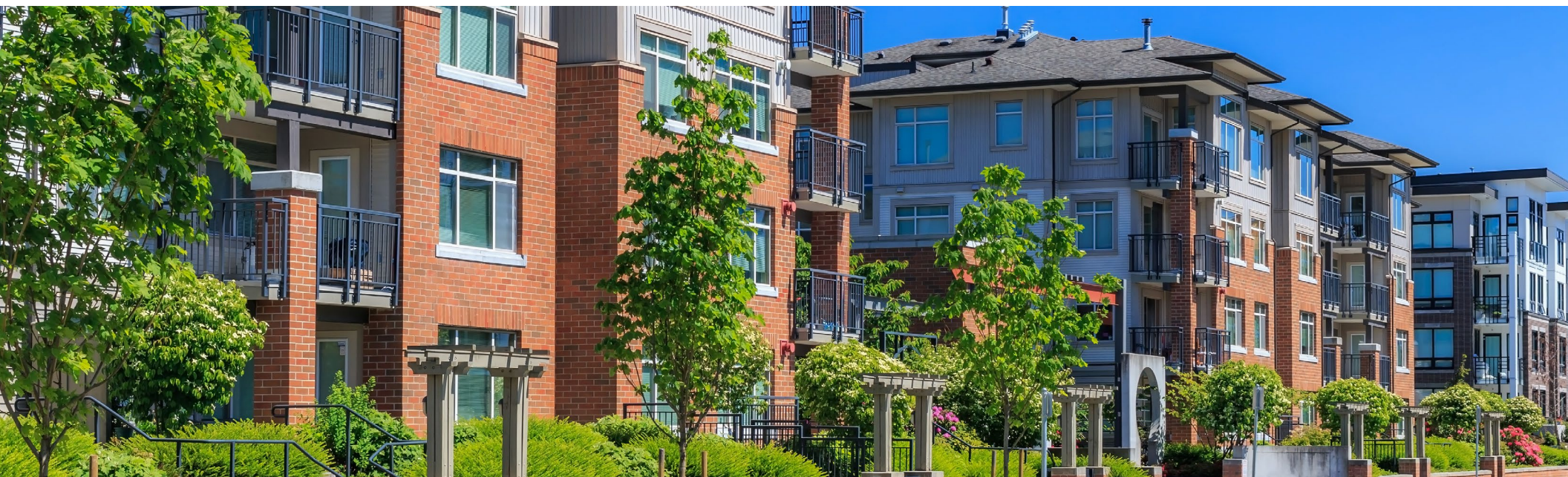
Subscription ACH: The management company pays a small monthly per-unit fee that includes all ACH transaction costs, no matter how many residents pay digitally. It's a subscription model that works best for management companies with over 50% adoption.

Pros

- Residents get a free digital payment option, because ACH transaction fees are included in this model.
- You can charge your own fee to process paper checks, cash, and money orders.
- Substantially higher digital payment adoption rates, typically in the 70-90% range.
- Time saving and lower operating expenses associated with paper payments.
- Greater bandwidth for staff to work on your most important initiatives.

Cons

- A monthly per-unit subscription cost.



The break-even point:

Industry average pricing for a management company to incur ACH transaction fees is \$1 per payment. The monthly cost for subscription ACH is typically around 50 cents per unit. So once over 50% of your resident payments are digital, it makes more sense to switch to the subscription model.

Here's why: The table below assumes a 1,000 unit building, and illustrates the cost to incur per pricing model based on the percentage of digital payments they collect.

% of digital payments	40%	50% (break-even point)	60%	100%
Standard incurred (1 per transaction)	Monthly cost: \$400	Monthly cost: \$500	Monthly cost: \$600	Monthly cost: \$1,000
Subscription ACH (50 cent per unit)	Monthly cost: \$500	Monthly cost: \$500	Monthly cost: \$500	Monthly cost: \$500

Let residents build their credit scores for on-time rent payments

The most well-rounded digital payment platforms offer credit reporting features that can help renters build their credit scores. You just need to activate the feature within your account (which is typically free for apartment operators) and have residents opt in to the service. It's a great perk for residents who can build their credit score without taking on any debt.

To give you an idea of how credit reporting for rent payments works, we'll use [Zego Pay LevelCredit](#) as an example.

1. Renters log into Zego to make their rent payment and opt in to LevelCredit at no additional cost.
2. All rent payments made through the Zego Pay platform are automatically reported to 2 out of the 3 credit bureaus by LevelCredit.

The benefits for residents are impressive. [TransUnion](#) studied the impacts that rent payments can have on a credit score. Consumers saw an average increase of 60 points to credit scores, and 60% of renters may experience this increase in the first month of reporting. This is most beneficial to subprime consumers — 9% of consumers went from unscorable to scorable with an average score of 631 when rent payment tradelines were included in credit files.

Credit reporting isn't just a perk for renters. It can be [a competitive differentiator for your community](#). [According to TransUnion](#), 51% of renters surveyed would be more likely to choose communities if rental payments were reported. Not only that, but it encourages on-time payments.

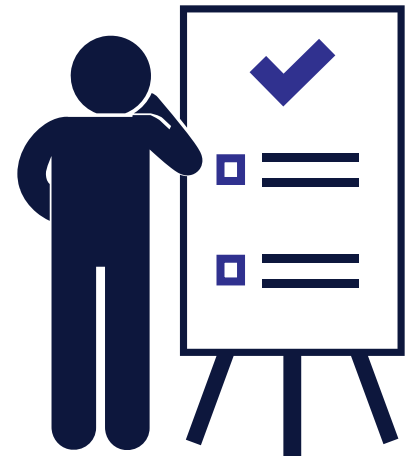
Offer an optimized mobile app with payment functionality

Community apps are quickly becoming the main way that residents manage day-to-day aspects of apartment living. Apps are the new go-to for activities like filing a maintenance request, getting package notifications, and reserving amenities. When residents engage

with these apps, they're much more likely to pay their rent digitally, because they're already in the app and the button to pay is one click away. Communities with a mobile app tend to see higher digital payment adoption than those without.

Lincoln Properties, one of the top 50 multifamily companies in the US, touts a 72% adoption of digital payments largely because of their mobile app. To achieve these types of results and more, your mobile app should check off each of these boxes:

- ✓ **Searchable:** It should be easy for your residents to find and download in the Apple App Store, Google Play, the Galaxy Store, etc.
- ✓ **Synchronized:** The look and feel of your app should be cohesive with your community's brand identity.
- ✓ **Secure:** Provide residents with a simple, one-click mobile payment option for their rent and utilities that meets PCI data security standards and is protected by SSL encryption.
- ✓ **Seamless:** Communicate with residents on their terms via in-app messaging and SMS capabilities for one-on-one conversations, and a community feed for broadcast announcements.



Allow flexible payment dates

The rules for paying rent have been set in stone for ages. Due on the first, and late on the 5th. Depending on how and when a renter gets paid, the traditional schedule is prone to cause hardship. For instance, many independent contractors or gig workers (who represent 16% of the workforce) do not get paid on regular, bi-monthly schedules.

Many apartment firms are finding it's beneficial to match payment schedules to income flows. Instead of mandating that the entire balance be paid on the first, some companies are letting residents pick their due date. This allows households to better manage their expenses relative to income. It also reduces late payments, and late fees, which, let's face it, don't bode well for the resident experience.

Gates Hudson recently implemented flexible payment arrangements and spoke with NAA about the positive impacts they've seen as a result. "Allowing residents to pay rent when they get paid instead of having a definite date of when rent is due, or even splitting up their rent payments significantly helps them out, and that impacts us as well," said Sheila Jones, Vice President of Gates Hudson. "It helps residents to budget better and positively impacts their finances, making it a lot easier on the resident to make on-time, in-full rent payments and avoid delinquency."



Mistake 6:

**Your residents pay
utilities and ancillary
charges separately
from rent**

A single transaction for all property charges improves collections

It's common for renters to pay you for services or items beyond their units. From utilities to pet rent, there are several line items your residents are potentially responsible for paying every month.

Oftentimes, these additional expenses are not paid in the same transaction as the rent. Not only is this inefficient, it ties up cash flow. Plus, it can be a hassle for renters to make separate transactions. Ideally, all resident payments are made in one fell swoop. This ensures residents make complete payments every month, and your on-site teams won't have as many collection issues to resolve.

This tactic will also give you more leverage to collect charges owed to you outside of rent.

Coupling utility and ancillary charges with rent raises the stakes for residents, as the consequences of delinquent utility payments become more severe (eviction, money deducted from a security deposit).

To clarify, we are not talking about including utilities and other charges in the price of rent. That's a whole other mistake that we elaborate on in [*The Ultimate Guide to Utility Management*](#). Instead, we are encouraging that you give residents a precise breakdown of their utility charges and ancillary fees and have them pay for everything in the same transaction.

How to collect all property charges together

When residents need to pay you for multiple items each month, it's best to send them an itemized digital statement. This is especially true if there are variable expenses, like utility charges. Statements provide clarity for residents so they know exactly what their expenses are. This helps build a positive payment experience for residents, which, if you remember from earlier in this guide, is a critical component for rent collection.

Resident Billing services create and distribute statements

Some property managers may be hesitant to send statements because of the work that's involved in the process. However, it's become increasingly common to entrust this process to a [Resident Billing](#) partner.

Billing partners will calculate each resident's utility charges, and import those charges along with other applicable line items into a singular statement. This saves your associates from doing the billing themselves and allows them to focus on other activities that promote resident retention. Statements are sent to residents digitally, if possible, and contain a link for them to make their payment.

“Residents now have all of their property and utility charges in one statement, they pay them all at once and it's made online payment adoption increase. It's definitely made business easier for us. I know just for myself, I save several hours per week thanks to the added automation.”

[-Juan Leyva, Wehner Multifamily](#)

How Resident Billing works:



Your billing partner retrieves resident data from property management software.



Billing partners determine each unit's utility charges based on utility bills or submeter reads.



Statements that include rent, utility charges, and any other applicable monthly charges (parking, pet rent, etc) are generated for each unit.



Residents receive statements digitally and can pay using the link on the statement or within their mobile app.



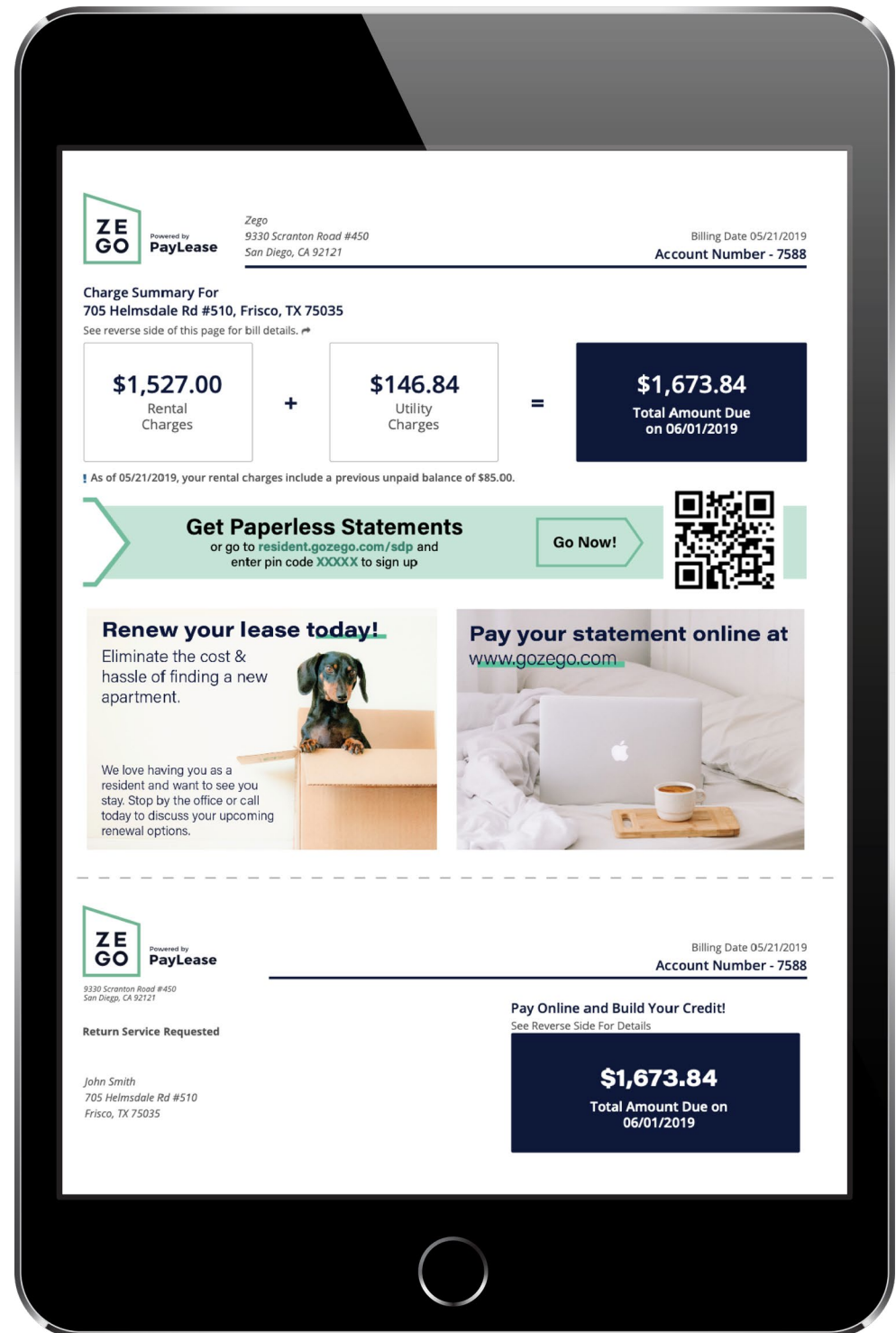
Resident payment data integrates into your property management software.



Information about utility usage, recoupment rates, trends, and potential leaks are tracked and available to view within your software.

Digital statements yield higher digital payment adoption

The beauty of itemized statements is that it often boosts digital payment adoption and promotes complete, on-time payments. In fact, studies have shown that digital payment utilization can increase by 25% when you consolidate charges into one statement. Plus, when residents are directed to pay for all of their monthly charges at the same time rent is due, you'll see a surge of complete and on-time payments.



How many rent collection mistakes are you making?

As the industry and PropTech solutions evolve, it's wise to re-examine your strategies behind collecting rent. To help you get a pulse on the health of your rent processes, take our quick assessment on the next page.

If your current collection process is not in the best shape, don't fret. Zego is happy to give customized guidance about optimizing your rent payment program.

[Schedule a demo](#) to see how Zego Pay can improve your rent collection process.



Rent Collection Health Check

15-17 Yeses: Champion - You've got a solid rent collection process.

10-14 Yeses: Healthy - Your digital payment game is solid but there's room for improvement.

0-10 Yeses: Danger! - Your digital payments program needs immediate attention.

	Best Practices	Yes	No
Are you converting paper payments into digital transactions?	Do you currently use lockbox services?		
	Do you use check scanners - either mobile check scanning or desktop scanners?		
	Do you offer residents CashPay services as an alternative to cash or money orders?		
Do you have revenue protection services in place?	Does your payment provider authenticate bank accounts before residents can process a transaction?		
	Does your provider verify your resident has sufficient funds before they can process a transaction?		
	Does your payment provider offer support to fight chargebacks?		
Are you providing adequate training to your teams ?	Do you continually communicate the value of receiving digital payments?		
	Do you offer on-demand training about your digital payment platform?		
	Do you set and convey goals about digital payment adoption?		
Are you encouraging new residents to make digital payments?	Can they pay application fees and security deposits digitally?		
	Do you offer any incentives for renters to enroll in AutoPay?		
	Are you using videos to show them how to make a payment?		
Do you offer a good payment experience for residents?	Do you offer any free ways to pay digitally?		
	Do you offer credit reporting so that they can build their credit score with on-time rent payments?		
	Do you have a mobile app that offers rent payment functionality?		
	Do you offer flexible payment dates?		
Do renters pay for their charges in one transaction?	Do you use convergent statements to drive on-time and complete payments?		



Zego is a property technology company that modernizes Resident Experience Management to boost retention, productivity, and NOI. Zego's mobile-first engagement platform for the residential real estate industry unifies the most critical resident touch-points into one app. Everything seamlessly integrates into your back-end system, from payments and utilities to communications and smart devices.

Since its inception in 2003, Zego has grown from a payments provider to a comprehensive Resident Experience Management platform. With more than 350 employees, Zego serves 6,000 residential real estate companies and over 12 million units nationwide. Learn more about how Zego powers a better resident experience at gozego.com.

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