

Tenant Relations in Your Community

Addressing Arrears



ARREARS RECOVERY

A necessary task to ensure rental stability

You may eventually be involved in arrears counselling if your community charges rent or a housing charge. Arrears counselling will involve identifying why tenants have missed payments and suggesting possible repayment solutions.

Always keep in mind that payment arrears are a symptom of the real problem. It is essential to find out why tenants have missed or stopped making payments.

Common reasons why people may fall into arrears

- Dissatisfaction with the home.
- Deficiencies/problems in the condition of the home.
- Other financial priorities.
- Housing is not a priority.
- Lack of understanding of their responsibilities.
- Realizing that other tenants don't make their payments and they face no consequences.

THREE STEPS IN ARREARS COUNSELLING PROCESS:

Following these three simple steps will help you conduct a successful arrears counselling interview:

Step One: Determine why tenants are in arrears.

- When did the arrears first begin?
- Why have they not paid?
- Has their income changed?
- Is this a recurring problem? If so, how often?

Step Two: Assist tenants in developing a realistic repayment schedule.



You can offer to provide basic financial counselling to develop a spending plan or refer tenants to professional debt or financial counselling services.

If tenants have stopped paying because of deficiencies in the home and not because of financial reasons, ensure the deficiencies are addressed, through repairs, replacement, or other solutions.

Review with tenants the importance of making their payments and emphasize the consequences of non-payment.

Step Three: Following -up

- As with all types of counselling, arrears counselling requires you to plan and do a follow-up. Keep copies of written agreements or a summary of verbal agreement in the tenant’s file. Review the account to verify that payment has been made.

Occasionally, you may be required to provide basic financial counselling to tenants in arrears or to people who want to gain greater control over their money. In those situations, you may want to help them develop a spending plan, or budget.

A checklist of all key elements in the arrears counselling process is provided on the next page.

For more information on this and other housing management topics, be sure to contact your CMHC Specialist.

CONTACT INFORMATION

Name
Email
Phone

ARREARS COUNSELLING CHECKLIST

Before communicating with the tenant ✓

1. Review file for payment history and confirm the following:
 - Expected amount of monthly payments
 - Payment patterns related to the account
 - Date of payment review
 - Total amount in arrears
2. Communicate with the tenant:
 - Contact by phone, if possible
 - Contact by sending a first letter
 - Send a second, or reminder, letter, if needed
 - Agree on repayment plan if possible
 - Arrange for arrears visit

Visiting the tenant ✓

1. Explain the purpose of the visit:
 - Identify and discuss the cause of arrears
 - Confirm source and amount of income
 - Conduct income review, if required
2. Complete financial review or spending plan:
 - Discuss possible repayment options
 - Agree mutually on repayment decision
 - Develop written action plan and leave copy with tenant
 - Reinforce repayment agreement according to the lease
 - Recommend financial counselling, if necessary
 - Explain consequences of non-repayment
3. Provide tenant with contact telephone numbers:
 - Discuss other counselling issues, if required

Post-visit check ✓

- Amend tenant's file, if required
- Add copy of action plan to file
- Confirm decision with supervisor, if required
- Send copy of action plan to tenant if not provided at visit
- Establish a follow-up routine
- Follow up with professional counselling services, if applicable

Failure to honour repayment agreement ✓

- Contact tenant immediately to identify reason
- Review recovery plan with tenant
- Recommend change to plan, if possible
- Inform tenant of consequences of not honouring repayment agreement
- Maintain all documentation on file relating to the situation