



LandlordStudio

The Ultimate Guide To

ONLINE RENT COLLECTION



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Ultimate Guide To Online Rent Collection

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Part 1: The Basics Of Rent Collection

By combining improved tenant communications with a more efficient and more effective rent collections process, you can mitigate the potential of late rent and evictions, while simultaneously improving the relationship between yourself and your tenants.

In this ebook, we take a look at some of the best strategies for online rent collection, strategies that will save you time and stress, encourage on-time rent, and improve your rental property accounting.

We also take a look at important information around collecting and managing rent payments, such as dealing with security deposits, managing late payments, accepting partial payments, as well as how you can set a fair rent price to both encourage good tenants to apply, and to help you with your tenant retention.

Finally, we're going to take a deep dive into the machinations of online rent collection, what a good system can do for you, and why you need to be using a system like Landlord Studio to process and collect rent.

About The Lease

The terms of [your lease](#) should include:

- **Rent:** How much a tenant is paying and when payments are due.
- **Payment methods:** What forms of payment are accepted, where and how tenants can pay online.
- **Late payment consequences:** What late fees will be charged and whether you will report late payments to credit agencies.

Your policies should be firm, but be sure to make it easy for everyone to be able to pay – offering assistance if needed.

Having language about when rent is due each month means you don't also need a clause that addresses partial rent payments.

However, if you don't want to accept partial rent payments and want to make that clear in writing you can include language in your lease that prohibits tenants from making partial rent payments.

It could be something like this:

If any rent payment required to be paid by Tenant(s) is not paid IN FULL by the [Rent Due Date] then a late fee of [amount] will be applied.

Other consequences you could outline in the lease for partial rent payments are:

- Lease termination
- Eviction / Judgment
- Damage to credit

Best Ways to Collect Rent

All-in-one property management solutions with online rent collection

1. Landlord Studio

[Landlord Studio's Online Rent Collection feature](#) is designed specifically for use by landlords. It allows you to automate the entire rent collection process and manage all your rental property income and expenses in one place.

Tenants can quickly and securely transfer the rent straight into their landlord's bank account. It's fast, secure, and easy, and paired with other Landlord Studio features makes late rent payments a thing of the past.

[Find out more.](#)

Money Transfer Apps

2. Zelle Pay

With Zelle pay, you can send and collect rent payments through your banking app, or the Zelle app if your bank doesn't support Zelle Pay. The transfers are free and only require you to know a US mobile number or email address (as long as the other person already has Zelle).

You can use Zelle with multiple accounts at multiple banks, but, and this is a big but, you must have a different email address or U.S. mobile number linked to each account to connect it with Zelle. If you try to use the same email address or mobile phone number to enrol with Zelle at multiple banks, you will receive an error message.

Most issues when collecting rent with Zelle arise when Zelle isn't supported by both parties banks. If both parties banks aren't supported we suggest using an alternative service.

- [View a full list of supported banks and credit unions.](#)

3. Venmo

Venmo allows you to send and receive money quickly and easily through their app to people on your contact list. You can quickly connect to people through social media, or, like Zelle, you can use their email or phone number if they already have a Venmo account. Although it's not designed for collecting rent you certainly could use it that way.

There are a few downsides to using Venmo, such as monthly limits which if you go over could cause your account to be shut down.

Other Methods to Collect Rent

The following methods have associated fees, but are also worth considering.

4. ACH – Direct Debit

Direct Debit payments are the most reliable and secure way to collect rent from your tenants, but it can be tricky to set up a Direct Debit yourself. Any Direct Debit payment will require a mandate signed or approved by the tenant before it can be activated, and organising this yourself will be difficult.

5. Standing Order

A Standing Order, otherwise known as 'The Standing Order Mandate', is a set of instructions given to a bank or building a society that tells them to make payments for a fixed amount regularly to a specific bank account.

In the case of rent payments, a Standing Order will be set up by the tenant to send the rent amount to the landlord's bank account on the due date each month. Once a Standing Order is set up, it can run indefinitely until it is cancelled.

6. Credit Card

This is more of a last resort but for those times when your tenant is having a "tough month", allowing credit card payments can help everyone stay on top of the rent payments. Using a credit card will incur processing fees (which will need to be charged to the tenant) as well as involve the tenant risking their credit score if they are unable to pay off that credit card debt for the next month.

You will need to use a 3rd party to enable this such as [Plastiq](#) which has a 2.5% fee, or [Venmo](#) which has a 3% fee.

There is another downside to allowing them to use a credit card to pay rent which is the time taken for the money to go through to your account which could be days, weeks, or even months.

How to Set Your Rent Price

Whether you own or manage one rental property or hundreds of rentals across the country, you need to be able to set fair market rents confidently. If your rent is set too high, it can sit on the market and you will miss out on monthly rental income. And if the rent is set lower than the competition, simply put, you are leaving money on the table.

Setting the right rent can be a challenge as rents vary greatly from market to market, and can even differ from one street to the next within a single neighborhood. Numerous [variables impact the rent you can charge for your rental unit](#) including location, type of building (duplex, apt. building, etc.), size/square feet, age of unit, # of beds/baths, and amenities (i.e. Parking, AC, pool, roof deck, etc.)

Don't be fooled that any one rent comp, property manager, local real estate agent, etc. can tell you the perfect fair market rent for your property. We recommend that you tap into a handful of resources to help you set rents confidently.

Pet Fees, Pet Deposits, and Pet Rent

One fairly common method landlords use to protect themselves from pet damages is to get them to pay a fee for having their pet in the property. Most tenants understand why and are happy enough to pay if they get to keep

their pets with them. This can take the form of pet fees, a pet deposit, or even pet rent.

It's worth noting that while general security deposits are legal in every state, separate pet fees are only legal in some. You will want to check with your local state's laws for more information.

If your state does allow you to charge a separate pet fee in addition to the security deposit, determining the cost may depend on a variety of factors, including the type and size of the pet, and the value of the property.

Pet Deposit

Be sure to check your state and local law regarding pet deposits.

Pet deposits are refundable depending on any damage incurred by the animal. If you inspect the property upon move-out and notice damage, take the following steps, as you would when refunding a traditional security deposit:

- Document each problem/instance of damage to pictures.
- Create an itemized list of how much was spent on repairing the damage.
- Tally how much each repair costs to determine the portion, if any, of the security deposit that will be returned.

Pet Fees

Many states have laws that allow landlords to retain this "deposit" whether or not damage occurs. In these cases, the nonrefundable "deposit" is known as

a pet fee. The reasoning is that pets increase the normal wear and tear on an apartment, whether or not they do obvious damage.

You must determine the cost of your pet fee wisely as these aren't dependent on undocumented damages. They must, therefore, be reasonable to cover the additional wear and tear. Pet fees are typically priced in the same range as a pet deposit and may span from \$100 to \$300. If the fee is too large and the tenant decides to challenge it – which they can do – a judge has the final decision and an unreasonable fee will only work against you.

Pet Rent

A pet deposit or pet fee is a one-time payment, others opt for a recurring monthly charge called a pet rent. Pet rent, like a pet fee, is intended to cover additional wear and tear that may occur due to the presence of an animal. It also accounts for damage on the surrounding property, like hallways, common areas, or additional yard maintenance.

Again, the size of the pet rent will depend on the animal and the property value. A landlord may typically charge between \$10 to \$25 per month for a single pet. Over a year, that adds up to between \$120 and \$300.

Think carefully before implementing any of these three fee policies for the following reasons:

- **A fee might not be legal.** In states such as California, landlords cannot charge more than a specified sum as a deposit. This sum covers the total of all types of deposits. So, if the total amount of the deposits that you charge to all tenants has reached the maximum, you cannot charge a pet deposit on top of that.

- **A fee might not be a good idea.** Firstly, if the tenant thinks they have already paid for damages in the form of a pet fee then they may not care so much about making sure their pet behaves on the property. Secondly, what if it's the human that's a slob. If part of the deposit is marked for pet damage only, you might not be able to use that money to clean up the tenant's mess. Often, it's better to impose a non-specific deposit.
- **A fee might be too high.** If you decide to impose a specified pet deposit, keep it reasonable, such as \$200 to \$300 per year. If your tenant challenges it, a judge may not enforce it.

Finally, do not impose a pet deposit or fee for a tenant who keeps a service or companion animal. Such animals aren't pets – they are animals needed to accommodate a disability.

Dealing With Late Rent

Sometimes, everything you do is for nought. The tenant is late. There could be any number of reasons for this. Before you begin legal procedures you will want to consult with your lease and communicate the contract's details with your tenant. For example, remind them of the rent amount, due date, your grace period if you have one, and the additional fees that are associated with late payments.

If the tenant doesn't pay shortly after the rent due date and they have not communicated with you, then make sure you follow the procedure for late rent accurately and promptly. You may then need to begin [eviction procedures](#), starting with [a notice to pay or quit](#). Make sure to follow the local or state laws, carefully document everything, and if your tenant believes you are doing anything unfair, refer to the lease to explain the procedure.

Rent Receipts

Depending on the method of rent collection you employ some tenants might like a payment confirmation receipt. Detailing receipts to your tenants is one way to keep clear documented records for all received payments. This removes any potential doubt a tenant might have about what has been paid, what is still owed, and any actions they still need to take. You can instantly generate and send rent receipts to your tenants through the Landlord Studio app.

Raising The Rent

As a landlord, you have many [real estate expenses](#), from property taxes, landlord insurance, [maintenance and repairs](#), and larger regular expenses such as mortgage payments. These expenses aren't static, and when expenses go up so too should the rent to ensure that the property can be well maintained and there is an adequate financial cushion should the unexpected occur.

If you make improvements to the property this also might be a reason to increase the rent.

If you do decide to raise the rent you will want to make sure that your property stays at a fair market rate so that you continue to attract good tenants.

On a final note, the rent increase notice must be in writing; in some states, certified mail is required. Oral notices are ineffective in most states and, unless both tenant and landlord specifically agree to the rent increase, it can be very hard to enforce.

Section 8 Tenants

Section 8 is a rental assistance program run by the government. There are different procedures and requirements a landlord must follow when renting to a Section 8 tenant than when renting to a tenant who does not receive this housing choice voucher.

There are several pros and cons involved when renting to section 8 tenants. For example, with a proportion of the rent paid by an official housing body these payments, are guaranteed regular rent payments. However, these payments do not get made before the tenant moves in and you may have to wait for the first payment, sometimes as long as 3 months.

Later in this ebook, we explore in more detail the risks and rewards associated with renting to section 8 tenants.

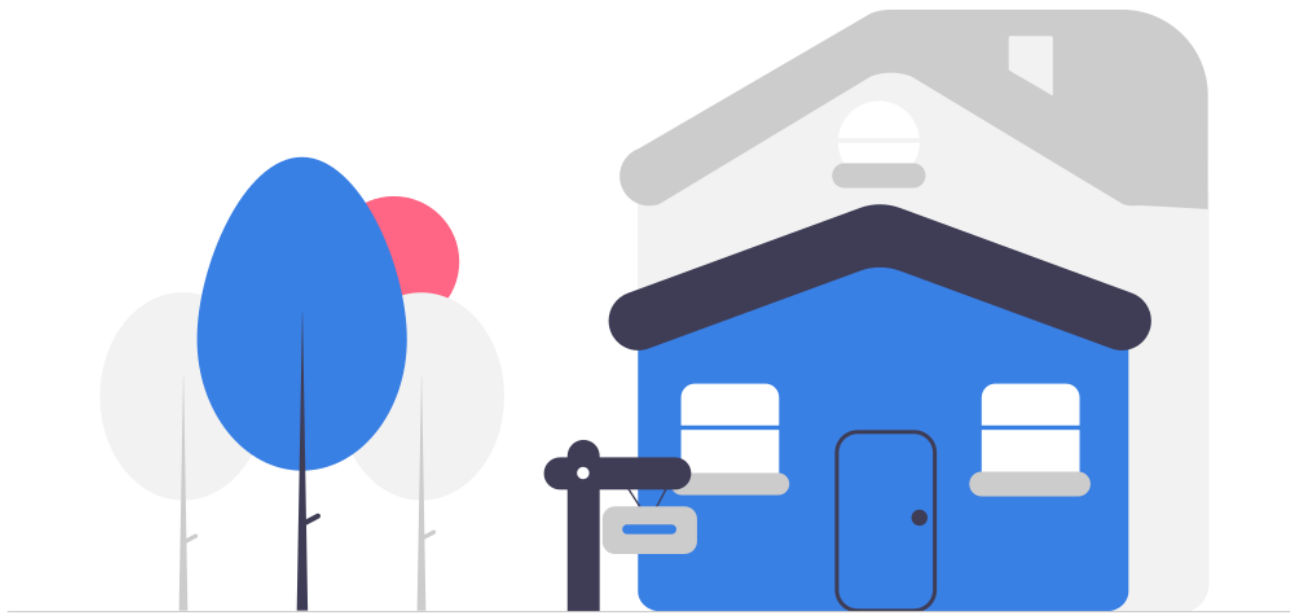
Dealing With Rent Disputes

One of the most common causes of disputes between a landlord and a tenant is late rent. Often it is an innocent case of forgetfulness. However, tenants that don't pay rent on time, whatever the reason, cause several issues, from financial stress to legal trouble.

Neglecting to pay rent is a serious breach of contract and as with many things, it is a problem best avoided. There are several actions that a landlord can take to avoid missed or late rent payments. From efficient tenant screening practices to sending regular reminders.

If however, a dispute over the rent still arises, as a landlord you may need to pursue an eviction. An eviction should be a last resort which both parties will want to avoid at all costs. Before going down this avenue try and work things

out with the tenant in person. If there is a reason they are refusing to pay the rent, for example, they're arguing that important maintenance work hasn't been carried out make sure to ascertain the validity of their complaints fully and if necessary resolve them.



Part 2: First Month's Rent And Security Deposits

When to Collect the First Months Rent

Most landlords like to collect rent on the first of each month. This coincides with paychecks and makes it more likely that the tenant will have enough money in their account on the day the rent is due.

When it comes to collecting the first month's rent though you'll want to collect it on the move-in day or slightly before. If the tenant is moving in in the middle of the month you can still have rent payments due on the first of each month going forward by prorating the rent amount.

What Is Prorated Rent?

Prorated rent is simply the way to work out how much rent is due when a tenant hasn't been in the lodgings for the full billing cycle. For example, they

move into your property on the 14th of the month but the billing cycle begins on the 1st of the month. You have to work out how much rent they owe for the 16/17 days remaining in that billing cycle.

Why Do You Need To Prorate Rent?

You will need to calculate prorated rent to accurately reflect the amount of time your tenant has stayed in your property. If a tenant had moved into the property halfway through a monthly lease period, this calculator is useful to figure out how much the tenant needs to pay.

Manually Calculating Prorate Rent

While it's easier to simply use a prorate calculator, you can use some basic math to manually determine prorated rent. We have included these equations below to help give you an idea as to how calculating prorated rent works. Knowing how to calculate it manually will allow you to check any online calculator you might use.

The most basic method is to calculate rental costs per day. Once you've worked that out you multiply by the remaining days left in the billing cycle.

$$\text{Monthly Rent} / \text{Days of Month} = \text{Daily Rate}$$

$$\text{Days of Month} - \text{Date tenant moves in} + \text{move-in day} = \text{Days left in Billing Cycle}$$

$$\text{Daily Rate} * \text{Days left in Billing Cycle} = \text{Prorated Rent}$$

Setting, Collecting, and Managing Security Deposits

The security deposit is a refundable deposit tenants give landlords before moving into a property. Proper security deposit accounting is vital, giving landlords protection from potential damages as well as offering an incentive for tenants to take care of the property. It is also a way for landlords to protect themselves financially should the tenant stop paying or attempt to skip rent.

While not every landlord does require a deposit it is recommended that you collect one before allowing the tenant to move in.

Every state, and some cities, have different laws around deposits so landlords must research their state-specific laws before collecting a deposit to ensure they are within their rights and the bounds of the law.

State policy varies specifically around the following factors:

- The amount you can charge for a security deposit.
- What you are allowed to deduct from a security deposit.
- How quickly you must return the security deposit once the tenant vacates.
- Whether you have to return interest earnings with the deposit.
- If unpaid rent can be taken from a security deposit.
- Requirements around how accounts are set up to track security deposits.

Setting Your Security Deposit Amount

Around half of the states in the US have set limits on the amount that you are allowed to charge as a security deposit. These are state-specific, so again when setting your deposit amount be sure to first research what this limit is dependent on the location of your rental. In states with limits, the amount varies widely from between 2 weeks rent to 3 months rent. There might also be additional rules and regulations depending on your municipality.

In those states which don't have set limits, such as Florida and Texas you still need to take some care to ensure you are setting a fair and useful deposit amount. You don't for example, want to set it too high and put off prospective tenants, nor do you want to set it so low that it won't cover any damages that may occur to the property.

On average, the security deposit is equal to one month's rent. Many landlords require the security deposit and first month's rent (and sometimes last month's rent too) before move-in.

When Can You Keep The Tenant's Security Deposit?

This again can vary state by state. In general, however, the security deposit can be used to cover costs of damages to the property or unpaid rent. These damages, for example, could include stains in the carpet which need to be professionally removed, broken appliances, or holes in the wall.

A security deposit is NOT to be used to pay for normal wear and tear on the property.

To make the deductions legally most states requires an itemized bill of repairs and deductions. This is one reason landlords need a quality accounting solution for their rentals.

Bad security deposit accounting can result in a number of problems from being unable to make deductions, meaning repairs will come out of your pocket, to facing lawsuits from tenants. This could be especially problematic should you be unfortunate enough to need to begin the eviction process.

The landlord or property manager must then return the deposit or give the tenants written notice of claimed damages within the time allowed by each state.



Part 3: All About Late fees And Grace Periods

Late rent fees are a way for landlords to motivate tenants to ensure they pay rent on time and in full every month.

To help encourages on-time rent payments, first of all, have a very clear policy on how you are going to collect rent. Whether that's online with a system like Landlord Studio, in cash, or by check in the mail. Make sure your tenants know what is expected of them.

About Late Rent Fees

A late rent fee is exactly what it sounds like, it is a fee charged to the tenant in the scenario where they don't pay rent by the due date, as stipulated on the [lease agreement](#).

A late rent fee has two purposes. First and foremost it is to encourage tenants to pay on time, this isn't a way for landlords to make extra money off their tenants, rather a way to ensure rent is paid on time and in full every single month.

The second purpose is to compensate the landlord for the time spent managing the back-and-forth communication, as well as an increased risk, for the landlord to now collect those late payments.

If rent is due on the first, landlords can apply a late fee on the second unless there is a grace period detailed in the lease or mandated by state or local laws.

Grace periods are quite common, especially a 3-5 day grace period. They provide tenants extra time to pay rent before the landlord can legally charge the late fee.

Are late rent fees legal?

Late fees are legal. However, they have to be written into the lease signed by both parties. To ensure legal compliance we recommend that landlords write into their lease both the late fee amount as well as when it will be charged.

Should you have late rent fees?

The main purpose of late fees is to encourage on-time payments and compensate landlords for the extra hassle and risk of a tenant paying late.

Whilst it's often considered a good idea to have a late rent fee, it's also worth noting that many landlords never actually have to charge these late rent fees.

Be clear about the amount, the due date, and exactly when a late fee will be incurred. This makes tenants less likely to pay late as they know you are serious about on-time rent payments and you will be chasing them if they are late.

How do you set late rent fees?

The most common late fee amount is between \$20 and \$50.

You can also choose to set the late fee as a percentage of your rental price. However, make sure you check with your local and state laws to determine the laws are around late fees amounts

For example, do a quick search online like "New York late rent fee limit" to determine whether your city has limits on the late fee amount you can charge.

Ultimately, the late fee amount should:

- Compensate you for the inconvenience and risk of not receiving rent on time;
- Motivate the tenant to pay rent on time;

- Keep in mind that you don't want the fee to be so high that if the tenant falls behind on payments, he or she can't afford rent plus late fees, and becomes hopeless as a result.

Setting late rent fees with Landlord Studio

You can use [Landlord Studio](https://www.landlordstudio.com) to automatically set and track your late fees.

When you are adding your lease scroll to the bottom of the lease page and you'll see a section that reads late fees. If you don't log the payment as collected by the due date the software will automatically apply the late rent fee as owed income for that payment period.

About Grace Periods

A grace period is the legal amount of time the tenant has before you can charge a late fee.

For example, rent may be due on the first, but to give your tenant the best opportunity to get the rent to you you might have a five-day grace period. Meaning you wouldn't charge a late fee until the 6th of the month.

Should you have a grace period?

You can choose to write a grace period into your lease even if your state doesn't require you to. There are several reasons you may decide to write a grace period into your lease.

Here are three reasons why landlords choose to have a grace period:

- **The money is in transit.**

Not all payment methods are instantaneous. If a tenant pays rent by check in the mail or even online. The rent might take a few days to get to you. Landlords understand this and write in a grace period to allow for this time the money is in transit.

- **Often tenants live paycheck to paycheck.**

What this means is that they may not have sufficient funds to pay rent until their paycheck comes in. If they get paid on the first then having a couple of days to pay rent makes everyone's lives a lot easier.

- **Public Holidays.**

For those infrequent times where the tenant cannot pay rent on time – for no fault of their own (aside from lack of planning) a grace period is a life-saver. For example, sometimes rent days fall on public holidays.

As a landlord, you want to maintain a good ongoing relationship with your tenants. By giving a tenant a grace period you are giving your tenant the most opportunity possible to pay their rent, so that even if an unlikely scenario crops up they still have a couple of days to get the rent paid without having to worry about falling into arrears.

Does every state have a legal grace period?

Some states, but not all, have legal grace periods. States that require grace periods typically want to provide tenants extra time to deliver the payment because transferring money is not always instantaneous.

For example, a mailed check might take three days to be delivered and tenants can't always write the check-in advance.

The standard grace period is five days.

What if the tenant still doesn't pay after the grace period?

If the tenant still hasn't paid their rent after the grace period is up there are a few things you can and should do.

1. If stipulated in the lease, apply your late fee.
2. Formally warn them of late rent payments.
3. Begin filing for eviction.

Even if this is the first, and only time they pay rent late, they are violating the lease, a signed and legally binding document. If your tenant doesn't pay rent on time then you have the right to begin pursuing an eviction.

Typically, landlords don't want to evict their tenants. The process is long, arduous, and expensive. However, if a tenant isn't paying their rent at all for multiple months then you may want to pursue an eviction sooner rather than later so that you can get a court mandate for repayment of overdue rent as well as get new tenants into the property.

How Do You Determine If Rent Is Officially Late?

There are several different points when you might determine that rent is officially late. For example, if a tenant mails you a check before the rent is due but it doesn't arrive until after your grace period is over, is that rent late?

You should decide at what marker rent is determined as being late and make sure you communicate this to your tenants.

Here are three markers that you might choose to use to determine whether or not rent is late:

- The date payment is initiated;

This is the day the tenant schedules the payment or the tenant mails the check.

- When the payment is received;

This is when the money actually goes into your account or your physically receive the payment of a check or cash.

Be aware that as the landlord you determine the method for your tenants paying, so if you know that the process you've chosen takes an average of 3 days for you to receive it then bear that in mind and if you're going to use this marker, make sure your tenants know.

- When the payment has cleared;

This is often a sensible consideration as with certain payment types tenants can claw back their payment or in the case of checks, the payment might bounce. The money needs to successfully transfer into your bank account and be accessible to you before you can say that rent has been paid.

We recommend considering all three of these points when thinking about rent collection.

Our Tips for Handling Late Fees And Grace Periods

- **Be clear in your policy;**

Make sure your grace period and late fee policy are outlined and detailed legally in your lease. More than this, make sure your tenants understand how they need to pay rent, what the cut-off date is for rent payments as well as the consequences of late rent payments.

- **Be strict with enforcement;**

If your tenant is late and you don't enforce your late rent policy then there is no reason for them to believe you will the next time. In this way, the motivation the late rent fee provides is removed. Make sure you are strict and your tenants understand the seriousness of breaching the lease.

- **Be understanding;**

At the end of the day, you want your tenants to make their rent payments. So be understanding and communicative to help ensure they pay their rent on time.

- **Talk to your lender;**

You have bills to pay for your rental property, often due at the beginning of the month. You can also call your lender and ask to change the due date of your mortgage payments to the 15th of the month moving forward. This is a common way that landlords alleviate the stress of receiving rent payments on the first of the month, especially when there is a legal five-day grace period.



Part 4: Encouraging On-Time Rent Payments

Avoiding Late Rent Payments

There are several actions that a landlord can take to avoid missed or late rent payments. From efficient tenant screening practices to sending regular reminders.

Be Strict In Your Tenant Selection

Having clear guidelines and [a strict qualifying checklist](#) will help you select the best tenant from amongst the applicants. This should take into consideration things like income to rent ratio, credit history, previous landlord references, and eviction history.

While no amount of [tenant screening](#) can make you completely safe, you can drastically improve your chances of having tenants that consistently pay their rent on time and in full every month by first carefully vetting your applicants.

When you set your qualifying criteria to ensure that all criteria you set are legal under discrimination laws in your state. Also, always enforce criteria consistently among applicants.

Clearly Communicate Rent Details

Your lease should clearly state how much rent is due, when the rent is due, and how you expect them to pay. It's a good idea to also communicate these details upon move-in to ensure they are properly understood. Leave no ground for any misunderstandings or miscommunications.

Have a Late Fee Policy in Place

A late rent fee as we outlined in the previous chapter is a fee charged to the tenant if they don't pay rent within the established grace period.

The first reason to set a late fee is to incentivize timely rent payments from tenants. The Secondary reason to set a late fee is to compensate the landlord for the stress, time, and increased risk associated with chasing and collecting late rent.

The most common late fee amount is between \$20 and \$50.

Offer Early Payment Discount

This tool is the carrot to the late fee stick. What's more, it can be a way of getting around late payment rules that may have been put in place by the tenancy authority in your region.

For example, you could charge \$1200 in rent, with a \$50 discount for early payment. This effectively makes your tenant's rent \$1150, as long as they pay on time. If they don't pay early then the full rent amount effectively acts as a late fee.

This can cause some difficulties when it comes to advertising the unit, so make sure to prominently display the early payment discount in all your communications. You can then encourage your tenants to set up an automatic online payment method using a tool like Landlord Studio to ensure they always get the discount.

Automate Your Rent Reminders

Chasing tenants for rent payments is a time consuming and largely thankless task. However, it's also effective. With software like Landlord Studio, you can set up automated rent reminder emails to go out a set number of days before the rent is due. Our users have found that this increases timely payments from otherwise forgetful tenants.

Additionally, should your tenants still not pay you can automatically apply your late fee and send an automated follow-up email. Our email templates draw data from the lease and current tenancies and are completely customizable.

Set Up Online Rent Collection

There are many options for online rent collection from Zelle Pay to ACH and a few in between which we outline in the first chapter of this ebook. Online rent collection makes it easier and faster for tenants to pay rent and improves the likelihood of timely rent collection by tenants.

One of the key features you should look for when choosing software to enable you to collect rent online is the ability for your tenants to set up automatic payments. This means tenants can set and forget their rent, dramatically reducing the possibility of having no rent payments.

You can [use Landlord Studio to collect rent](#) from your tenants. Simply enable it when setting up the lease, link your tenant and they'll receive a link. They quickly create an account and can send rent whenever required.

Make It Easy For Your Tenants to Pay

If you are going to collect rent online you should make sure your tenants are aware of this and have this detailed in your lease. On top of this make sure you outline detailed instructions of how to get set up so that the tenant has no excuses to pay late.

Suggestions for Helping Less Able Individuals Set up Their Online Rent Payments Include:

Make sure you recognize those individuals with certain disabilities that might hinder their ability to pay online. Elderly renters, for example, may need more assistance to be able to complete online rent payments. Here are a couple of tips to help accomodate these less able individuals,.

- **Create step-by-step instructions:** This only needs to be created once and then given out to tenants when they each move in. It should be a clear and concise step by step guide to paying rent the way that you expect them to pay rent. Leave no room for error on their part.
- **Available assistance:** Make sure your tenant has the companies customer assistance details handy. For example, if you want them to use Landlord Studio, include our email address help@landlordstudio.com so that they can ask questions.
- **An introductory email:** Email them the companies set-up guide, with videos if possible. Each of these companies has extensive resources to help their customers use their products.
- **Accommodate protected tenants:** If you have a tenant that is disabled or elderly, see that they have a family member responsible for the payments.

What To Do If The Rent Is Late

If the tenant doesn't pay shortly after the rent due date and they have not communicated with you, then make sure you follow the procedure for late rent accurately and promptly. You may then need to begin eviction procedures, starting with a notice to pay or quit.

Make sure to follow the local or state laws, carefully document everything, and if your tenant believes you are doing anything unfair, refer to the lease to explain the procedure.

Document Everything

Keep an accurate and up-to-date record of when all payments are received and how much was received, as well as documenting all communications and actions taken.

Do not accept partial rent payments during an eviction process. If late rent results in an eviction, accepting any amount in partial payments, even an amount as small as \$1 can delay or halt the eviction process altogether.

Plus make sure to track when you receive payments and who they're from. Everyone on the lease should be responsible for the full amount being paid unless otherwise outlined in the lease. The same goes for guarantors and co-signers on the lease — it is legal to demand rent from any signee on the lease, and failing to pay rent is a breach of contract.

Communicate With Your Tenants

Once you've got your processes established, you need to communicate them to your tenants. For example, your lease should stipulate not only the rent amount, due date, and frequency but also how you expect rent to be paid, your late fee and grace period policy, and what happens should rent not be paid. Additionally, we recommend just reiterating these points clearly in a welcome email or letter.

If you are in any way uncertain it could be worth checking they fully understand the rent payment process in person.

How Can Landlord Studio Help Encourage Prompt Rent Payments?

At Landlord Studio we understand that late rent and partial rent payments are a serious issue. They make things harder for you as a landlord. Which is why we have made it easier.

Collect Rent Online

With Landlord Studio your tenants can easily and quickly pay their rent through our tenant portal directly into your bank account. The income will then automatically be recognised and logged in our income and expense tracking system.

Additionally, they can set up up automated recurring payments meaning they'll never miss a payment again. And when handling partial payments you have complete control over whether you will allow them through the system.

Use our Automated Rent Reminder Emails

Set up automated rent reminder emails in the app to automatically email tenants so you don't have to. These emails can be set to go out several days before the rent is due and as well as remind them after the rent due date of any remaining rent due.

Set Late Fees in the App

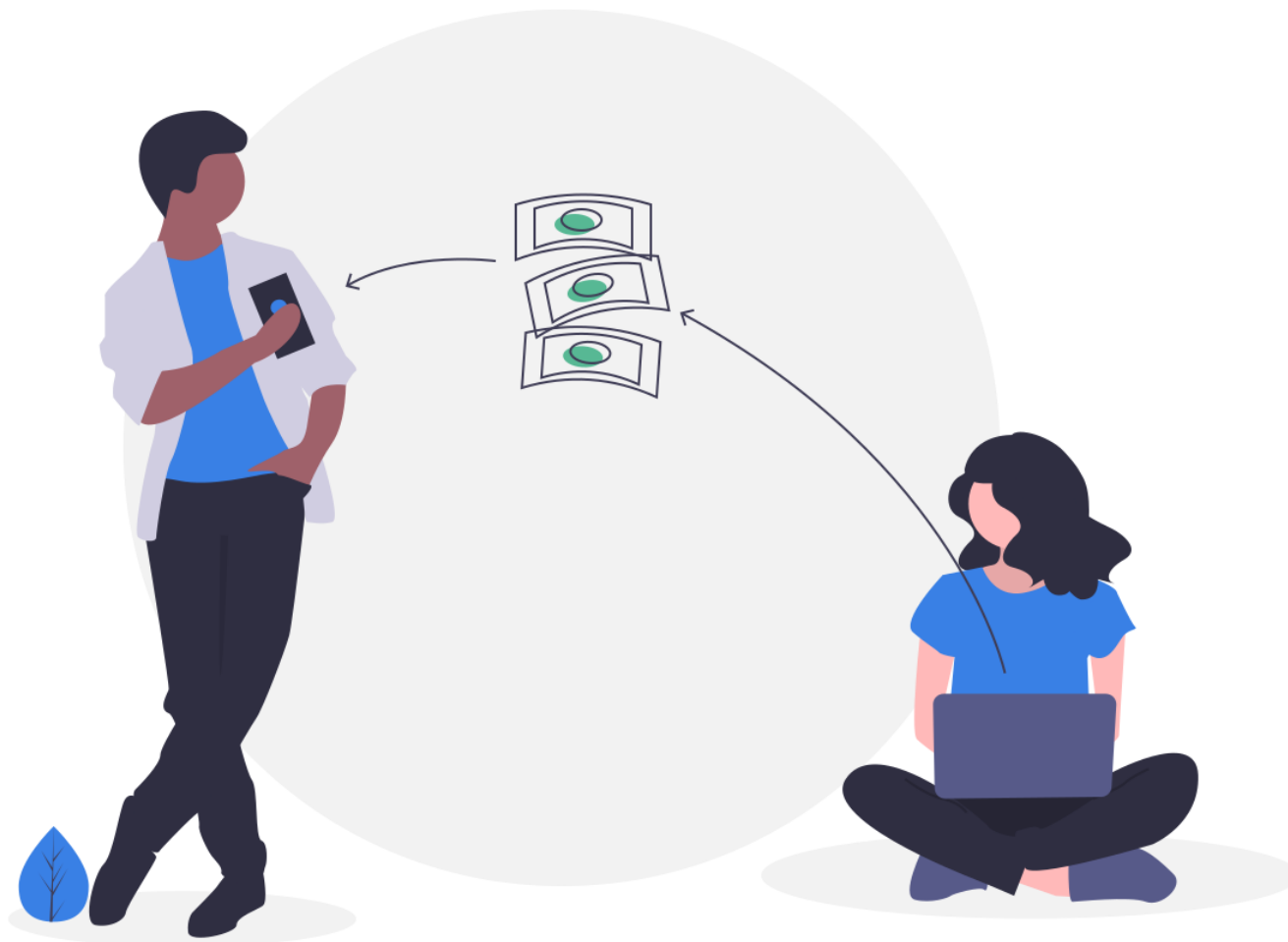
Set up your late fees in the app. These will automatically calculate how much your tenant owes in late fees if they don't pay on time. They will also calculate and automatically add this to the reminder emails if they are late.

Document Everything

Store all your documents in one place and add notes to properties, tenants, income, and expenses to keep everything organized.

Easily Keep Track of Income and Expenses

Use Landlord Studio to easily keep track of your rental income and all property associated costs at an organization, property, and unit level. Plus, you can instantly generate professional reports with a tap of a button to send to your accountant.



Part 5: How To Handle Partial Payments

Sometimes tenants will, as a sort of compromise, attempt to pay part of the rent instead of the full amount owed. There are no laws as to whether you have to accept or decline partial rent payments. If you do choose to accept a partial rent payment, you want to ensure the situation is handled correctly so that the result benefits both parties.

Below we answer some of the common questions that landlords have about partial rent payments.

What Do We Mean By “Partial Rent Payments”?

Very simply, a partial rent payment, as the name suggests, is when a tenant only pays a portion of the month’s rent. This could be for numerous reasons, they might not have the money for a complete month’s rent, or maybe they just don’t want to pay.

There could also be valid reasons, for example, they might believe that the property is no longer habitable and they are withholding rent until necessary maintenance work is completed. If this is the case they could be willing to go to court over this, and they may win. It’s best to resolve this issue quickly with your tenant and ensure the habitability of the property is compliant with regulation.

Partial Rent vs. Late Rent

If a tenant only pays part of the rent it still means that month’s rent is late, and as they are late, you are within your rights to begin the eviction proceedings after the grace period. It’s worth noting that in some states if you have already filed for eviction, then you should not accept partial payments as some states will make you restart the eviction process if you accept a partial payment after filing at court.

The Positives and Negatives

The majority of people don’t want to be in a position where there is a threat of eviction lingering over them. Circumstances though could put anyone in such a position. Even the best tenants might struggle with rent if they have large medical bills or family crises or the unexpectedly lose their job due to something entirely outside their control such as COVID-19. By accepting a

partial payment you can ease the stress and burden for the tenant and instead potentially implement a payment plan to help them catch up.

This being said, there are several drawbacks to accepting partial rent payments that you should bear in mind when considering allowing this option. The first is that it conveys a message of flexibility. If your tenants are allowed to partially pay the rent once, perhaps because they were in financial trouble one month, then they will expect this to be an option in the future. The more cynical of us can only help but see an opportunity for a tenant to abuse the situation.

Secondly, and perhaps more importantly, accepting a partial payment is seen as accepting a payment. As such accepting any payment may invalidate any eviction notices filed. The result is that if you had already started proceedings you would need to restart them after accepting a partial payment which will further drag out an already arduous process.

What's the Best Way to Handle a Partial Rent Payment?

If you do decide to accept partial payments the first thing you need to do is establish why they can't make a full payment.

You can combat the above drawbacks in a few ways:

1. Make it very clear that you expect the remainder of the due rent by a certain date.
2. Add your late fee to the amount owed to encourage prompt payments in the future.

3. You could even get the tenant to sign an "Agreement for Delayed or Partial Rent"
4. Document everything clearly (you can use the notes section in Landlord Studio, and upload the signed Agreement for Partial Rent into the system). This will help in case the tenant never pays the rest of the rent.

If you decide NOT to accept partial rent payments:

1. If you receive a check for a partial amount don't deposit it.
2. Communicate to the tenant beforehand that you don't accept partial rent payments and if they attempt to pay a partial rent amount refuse to accept it explaining why.
3. Communicate clearly that you expect the full amount of rent due by a certain date.
4. If the tenant is waiting for a paycheck before paying you might consider changing the date of the rent due date to avoid future late rent payments.
5. If they don't pay by the agreed-upon date then you will want to begin eviction proceedings.

Handling Partial Payments With Landlord Studio

If you choose to use Landlord Studio as your system for online rent collection then you will have complete control over whether or not to accept partial payments from your tenants.

By default, tenants will not be able to make any partial payments through Landlord Studio. However, if you choose to allow it, you can enable this feature in the general settings. Your tenant can then go into the tenant portal and adjust the amount of rent they will make for this particular month's payment.

The payment will then automatically be reconciled in the Landlord Studio system and the arrears calculated. Tenants will be able to see the rolling balance of rent due on the tenant portal and pay the remainder of their rent as soon as they are able.

Managing partial payments like this through Landlord Studio means you have complete control over if and when tenants can make partial payments, and both you and your tenant have an up to date rolling record of the rent arrears still owed.



Part 6: Raising the Rent and Rent Control

As a landlord raising the rent is often necessary to keep your property in line with current market rates. However, it's important to note that landlords can't just raise the rent whenever they want, and depending on where the property is located there may be caps on how much the rent can be raised at any one time or in any one year.

In this chapter, we take a look at when and how you can raise the rent, what you need to know to ensure the rent increase you implement is legal, and finally how you can properly manage your rent increase in the Landlord Studio system.

Average Rents

Many landlords increase the rent every year to keep their property in line with inflation. The average amount that landlords tend to increase the rent by is somewhere [between 3% and 5%](#). For example, if the rent amount is \$1,000 per month the rent increase would be between \$30 and \$50 per month.

This though is of course just an average. How much you should be increasing the rent is directly related to the location that the property is in. In some locations, for example, you might actually need to decrease the rent amount depending on the current market.

Average rent prices in the US in 2020

There has been a major shift in renter demand over the last year with COVID-19 changing what many tenants are looking for. More people are working from home than ever before and tenants are more willing to commute if they can have a more affordable rent with a little more space. Cities like Boise (+12%), Fresno (+11%), and Gilbert (+8%) saw their rent prices increase over the year while more expensive cities such as San Francisco saw dramatic drops in asking rents (-26%). ([Source](#))

Around Twenty states have average rent prices below \$1,000 a month. West Virginia has the lowest average rent in the United States of \$628 a month, followed by Montana with \$678 and Oklahoma with \$699. These are the only

three states with rents below \$700 a month. Wyoming and Kansas follow with \$706 and \$713.

Here are the 10 states with the highest average rent in 2020:

1. Hawaii (\$1,617)
2. California (\$1,503)
3. Maryland (\$1,392)
4. New Jersey (\$1,334)
5. Massachusetts (\$1,282)
6. New York (\$1,280)
7. Colorado (\$1,271)
8. Washington (\$1,258)
9. Alaska (\$1,244)
10. Virginia (\$1,234)

(Source)

Why Would You Choose to Raise The Rent?

As a landlord, you have many real estate expenses, from property taxes, landlord insurance, maintenance and repairs, and larger regular expenses such as mortgage payments. These expenses aren't static, and when expenses go up, so too should the rent in order to reflect these new costs

and ensure the property remains cash flow positive so that it can be well maintained and there is adequate financial cushion should the unexpected occur.

Additionally, you will want to make sure that your property stays at a fair market rate. If you make improvements to the property this also might be a reason to increase the rent. Landlords should adjust the rent up or down to be in line with like properties in the area. As such, it's recommended that you keep a careful eye on fluctuating rent amounts in the area where your property is situated.

A final reason you might choose to raise the rent is if you have historically been renting under market value. This might happen if you have a great tenant that stays a very long time and in order to keep them you agree to keep rent raises to a minimum. However, if they move out you will want to bring that rent up to the current market rate.

6 Tips For Setting Rents Confidently

1. Find some rent comps to give you a starting point

Check local apartment listings using the local newspaper, use online apartment guides, or websites like Craigslist to get a feel for the "going rents". Rentometer is an excellent resource to give you historical rent trends for the area and a good starting point. You can further refine the rent from there by using some of the suggestions listed below.

2. Stay up to date on the economic and business activity in the local market

(i.e. Is it thriving? Are stores closing down?). Economic activity is one of the key drivers of rental housing demand and it can impact the rental market in unique ways.

3. Check occupancy rates for your area.

Are the occupancy rates trending upward? Good! The stronger the desirability of a rental, or neighborhood, typically the higher the occupancy rate and higher market rent. It's a question of supply and demand.

Factors that can impact occupancy rates include the local millennial population, employment trends, housing supply, and new construction growth, rent prices, and the location & condition of the rental property.

4. Chat with a local real estate professional

Talk with an industry professional about their take on the market or a specific neighborhood. Local experts (property managers, brokers, agents, appraisers, and lenders) are especially good at identifying the drivers of housing supply and demand unique to your market – jobs, local ordinances, building permits, zoning for a new apartment building, etc.

5. Use “rent per square foot”

Whenever possible use square footage as a benchmark for searching rent comps. This allows you to encapsulate into a single number all the subjective variables of rent and provides you with a basis for comparison across different units, locations, amenities, etc.

6. Check your local apartment or rental housing association

These are great resources for research. They may provide information about local rent levels – past, present, and future. This is especially important for real estate investors and developers.

Making sure your property is renting at (or close to) fair market rent is as much of an art as it is a science. However, with good current and historical rental data and a thorough understanding of the local market and market conditions, you can set rents with confidence!

When And How Can You Raise The Rent?

There are several locations in the US that have strict [rent control such as New York City](#). This rent control is designed to help prevent rent amounts from spiralling out of control. As a landlord you need to be familiar with the laws regulating your area otherwise you might find yourself trying to implement an [illegal rent raise](#).

When you can raise the rent also depends on the type of lease you have. For example, if your lease stipulates the rent will be \$1,000 for the next year you can't raise the rent halfway through the lease. You will need to wait until the lease expires. If you decide to offer your tenants a lease renewal you will want to propose the rent raise at this time. If however, you have a month to month lease you can raise the rent by giving the proper notice period, in most states this notice period is 30 days.

On a final note, the rent increase notice must be in writing; in some states, certified mail is required. Oral notices are ineffective in most states and, unless both tenant and landlord specifically agree to the rent increase, it can be very hard to enforce.

Managing Your Rent Increase In Landlord Studio

With Landlord Studio it is easy to track your historical and expected rental income. Plus should you implement a rent change, you can adjust the rent amount in the system to seamlessly keep track of the change.

To adjust the rent amount in Landlord Studio you have two options:

- Either you can bring the current lease to an end by editing the lease end date. This is best if there are more details of the lease that are changing, such as the payment date, or if you are moving a new tenant in.
- The second method is to schedule a rent change. This can be done for tenants where the rent is changing during their tenancy, such as tenants on a month to month lease, or if they chose to stay with a lease renewal but with a rent change.

Benefits And Drawbacks Of Raising The Rent

If you do choose to raise the rent you need to clearly communicate this with your tenant, giving them an appropriate amount of notice. This communication should be in writing for both parties records.

In addition, it's a good idea to state the reason you are raising the rent to ensure that there are no misunderstandings. For example, if you have done extensive market research and found that similar properties in the area are renting at an average of 3% higher than your property currently is, then let them know this.

Not stating the reason for increasing the rent could lead to questions down the line as to the legality of the rent raise. You can't raise the rent in a discriminatory fashion, or in retaliation to a tenant exercising a specified legal right, eg. if they complain about defective conditions to a public agency. Being very clear then, as to the reason for the rent raise will help avoid any potential legal complaints.

Raising the rent is one of the principal reasons that a tenant might decide to move out. Moving is an expensive and stressful process with inherent risks for tenants. For landlords, it inevitably means a period of vacancy where no rent is being collected at all and incurs costs to market the property and find and screen applicants. As such, if you have good tenants it's worth being open to negotiation with them to get them to stay. This will reduce your vacancy time and associated costs, plus you get to keep a great tenant.

About Rent Control

Rent control is a government program that places a limit on the amount that a landlord can demand when leasing a home or renewing a lease. Rent control laws are usually enacted by municipalities, and the details vary widely. All are intended to keep living costs affordable for lower-income residents.

Rent control is not widespread in the U.S. According to a 2019 study by the Urban Institute, 182 municipalities in the U.S. have rent control regulations, and all of them are in New York, New Jersey, California, Maryland, or Washington, D.C. In fact, 37 states have laws that forbid local governments from enacting rent control measures. However, the issue of rent regulation has been revived in recent years, particularly in cities and states where spiralling costs of living combined with stagnant wages have created a housing affordability crisis for moderate-income residents and elderly people on fixed incomes.

The Advantages and Disadvantages of Rent Control

Rent control has always been controversial. The rent control regulations in cities today most commonly regulate price increases for lease renewals, not new tenants. That arguably has some benefits for landlords, who can charge whatever the market will bear on vacant apartments or, in the worst case, keep tenants who have every incentive to stay put and pay the rent on time.

The main arguments against rent control include:

- Rent control reduces the supply of decent housing, as landlords would rather convert a building to condos or adapt it to commercial use than abide by a law that limits their profits.
- Because of limited profitability investment in new rental housing come to a halt.
- Maintenance of buildings under rent control is lax or nonexistent because of the poor return on investment for landlords.

The main arguments for regulation include:

- Rental prices in many U.S. cities are rising far faster than wages for moderate-income jobs.
- Rent control enables moderate-income families and elderly people on fixed incomes to live decently and without fear of a personally catastrophic rent hike.

- Neighborhoods are safer and more stable with a base of long-term residents in rent-controlled apartments.

States With Rent Control Laws in Place

- [Oregon](#) - Oregon has statewide rent control in place.
- [California](#) - California has both statewide rent control caps in place with local city jurisdictions imposing city-specific rules.
- [New Jersey](#) - New Jersey has rent control with varying rules outlined by local jurisdictions.
- [New York](#) - New York has rent control with varying rules outlined by local jurisdictions.
- [Maryland](#) - Maryland has rent control in at least one city with varying rules outlined by local jurisdictions.

About Renting to Section 8 Tenants

Section 8 tenants are tenants on housing assistance programs. Before a section 8 tenant moves in the housing association will need to inspect the property to ensure it's habitable for the tenant.

The good thing about renting to section 8 tenants is that part or all of their rent will be covered by federal housing which guarantees that a set amount of the rent will come in on time every month. However, renting to section 8 tenants may also come with various downsides and landlords should consider whether renting to section 8 tenants suits their investment strategy.

Risks of renting to section 8 tenants

1. Yearly Section 8 Inspections

When you rent to a Section 8 tenant, you will have to deal with frequent inspections of your property. Your local Public Housing Authority will send a Section 8 inspector to your property once a year. This inspection has to be done even if there has been no tenant turnover.

The inspector is making sure your unit meets HUD's Housing Quality Standards. There are 13 areas the inspector will look at to determine if the unit meets HUD's safety and health standards. These areas include sanitary system, lead-based paint, water supply, electrical and smoke detectors.

The Section 8 program has very strict standards, so it is not unusual to fail a Section 8 inspection. If you do fail the inspection, you will be given a list of items that need to be fixed. Once you fix all items on the list, you can schedule a re-inspection with the Section 8 office. They will once again send the inspector to determine if all issues have been fixed.

2. Tenant Moves In Before You Collect Rent

A landlord traditionally collects rent before a tenant moves into the rental. Section 8 is different. You will typically not receive your first rent check from Section 8 until after the tenant moves into the property. There have even been cases where landlords have had to wait as many as three or four months to get paid by Section 8, but once you receive the first payment, you should expect consistent payment each month.

The delay in payment is something to keep in mind when considering renting to Section 8 tenants. If you are not financially able to wait a couple of months to receive rent, then Section 8 may not be the right choice for you.

3. Security Deposits Are Not Paid by Section 8

Section 8 provides housing vouchers that pay the tenant's monthly rent. These vouchers do not include an amount for the security deposit.

If a landlord wishes to collect a security deposit, he or she has to get this deposit directly from the tenant. This could be an issue because the tenant has already shown to have limited income by being approved for a Section 8 voucher in the first place.

As with any other tenant, you should never allow a Section 8 tenant to move in without first collecting a security deposit from them. The maximum amount you can collect is determined by your state security deposit limit.

4. Wear and Tear Concerns/Property Damage

Another risk of renting to a Section 8 tenant is the belief that Section 8 tenants can be more destructive. There have been horror stories about floors being destroyed, cabinets being pulled off the walls, toilets being cracked, garbage and filth everywhere and many more people living in the unit than are listed on the lease. Certainly, this can happen. However, these problems can happen with any tenant you rent to.

There are good Section 8 tenants and there are bad Section 8 tenants. This is why it is so important to screen all tenants, including Section 8 tenants, properly to a strict criteria.

5. Non-Section 8 Tenants May Not Want to Live at the Property

Tenants who do not collect rental assistance may be turned off by the fact that you allow Section 8 tenants in your property. They may believe that you

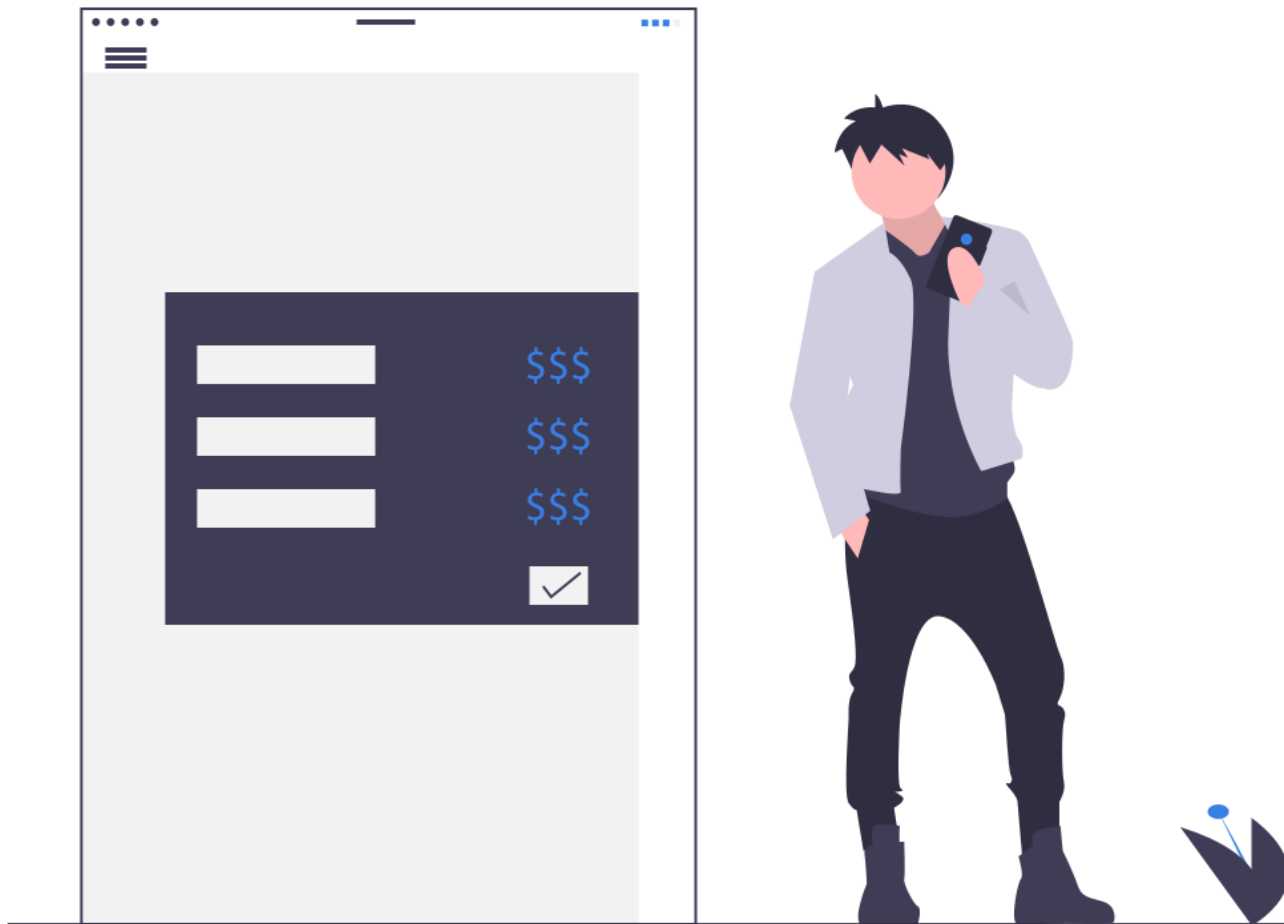
are a “slumlord,” that the property will be dirty or that the tenants will be disrespectful and noisy.

In these situations, the only thing you can do is make sure you place quality tenants in your property and that you keep up with property maintenance. If non-Section 8 tenants see that your property is quiet and in pristine condition, they may change their opinion about Section 8.

6. Section 8 Sets Rent Amount

The final risk of renting to Section 8 tenants is that there is a maximum amount that Section 8 will pay. Each year, HUD puts together a list of Fair Market Rents for over 2,500 areas of the country. The amount that you will receive from Section 8 will be calculated using the Fair Market Rent for your area based on the number of bedrooms you are renting out, such as a one bedroom or a two bedroom.

The amount of the housing voucher will be between 90 percent and 110 percent of the Fair Market Rent. Depending on the condition of your property and the Fair Market Rent HUD has calculated for your area, you may be able to rent your property for a higher amount to a non-Section 8 tenant.



Part 7: Why You Need To Be Collecting Rent Online

Benefits Of Online Rent Collection For Landlords

Reduce Late Payments

The major benefit of online rent collection is that it's easy and convenient for a tenant to make their payment, a fact which can dramatically reduce the chances of late or missed rent payments. With a system like Landlord Studio, tenants can set up automatic payments allowing them to set and forget.

Fast and Secure

ACH payments can take up to 5 days. However, some options allow for instant transfers. Plus because the funds go directly from bank to bank there is no chance of the money getting lost or being stolen. It's 100% secure.

More Convenient, Better Experience

It's a more convenient process for everyone. As such it improves tenant relationships – you no longer have chase payments. This in turn frees up time to concentrate on improved customer service and showing vacancies.

Saves you Time and Money

It lowers costs and removes the need for constantly chasing and processing payments. Plus, with Landlord Studio you can automatically track your rental income removing hours of admin every month for your income and expense tracking.

Accurate, Error Free Income Expense Tracking

With digital reconciliation through Landlord Studios [bank feeds](#) paired with automatic income tracking there is no chance of inputting a payment incorrectly, removing costly and time-consuming accounting errors.

Benefits Of Online Rent Collection For Tenants

Set up recurring payments

Allowing tenants to put their rent payments on auto-pay with recurring payments means they can simply set and forget their rent payments.

Avoid late fees

With easy online rent payments there really is no reason for tenants to pay late and accrue any late fees. This saves landlords stress and tenants money.

Don't have to deal with cash or checks

These days, most people get paid via bank transfers. Money comes into their account each month. Writing and posting a check or heading down to the bank to withdraw that month's rent is not only a hassle, but should the rent payment fall awkwardly around a weekend or public holiday it may delay their ability to pay, which means they unnecessarily accrue additional late fees. Removing cash and checks from the equation removes an unnecessary barrier to paying rent.

Have a clear record of rent payments made

Many online rent collection solutions including Landlord Studio allow for tenants to see and review upcoming and past payments. This is great if they ever want to double-check the payments they've made and any outstanding amounts.

Automating Rent Collection

By allowing your tenants to pay rent online using a specifically designed tool like Landlord Studio they will be able to set recurring payments, meaning they literally can't forget to pay their rent. If, for whatever reason you don't

receive the rent on time, you can set up automatic late fees, and rent reminder emails!

Plus with Landlord Studio your rent payments will be automatically recognized by our system and your income input and accurately tracked in our professional income and expense tracking system.

All you have to do is print a [report](#) at the end of the year for your accountant.

Using Landlord Studio for Online Rent Collection

One of the key features you should look for when choosing software to enable you to collect rent online is the ability for your tenants to set up automatic recurring payments. This means tenants can set and forget their rent, dramatically reducing the possibility of late rent payments.

You can [use Landlord Studio to collect rent](#) from your tenants. Simply enable it when setting up the lease, select the tenant and they'll receive a unique link to the tenant portal. They can then create an account and send rent when required.

Why Use Landlord Studio to Collect Rent

- Tenant's can easily set recurring rent payments.
- Payments received are automatically reconciled and tracked in Landlord Studio.
- Payments go straight into your bank account.
- Live tracking of payment processing.

- Connect and receive money into multiple bank accounts.
- Automate receipts and invoices.
- Easy in-app setup.

Setting up Online Rent Collection with Landlord Studio

1. Set up your property in Landlord Studio
2. Enable Online Rent Collection on your Lease
3. Link your bank account
4. Your tenant will receive an invite to set up their payments.

Once your tenants are set up they can review upcoming rent and either manually schedule payments or choose auto-pay to set recurring payments.

Learn More About Online Rent Collection

W: [landlordstudio.com](https://www.landlordstudio.com)

E: help@landlordstudio.com