

Appendix “B”

GREATER SUDBURY
HOUSING CORPORATION



SOCIÉTÉ DE LOGEMENT
DU GRAND SUDBURY

Operational Policy and Procedure

POLICY: Rent Arrears Collection Policy

DATE: January 2012

PREAMBLE:

Greater Sudbury Housing Corporation is dedicated in continually working with our residents to help ensure they are successful in their tenancy and that all residents fully understand their rights and obligations under the tenancy agreement and the Residential Tenancies Act.

The monthly business process of collecting current tenant accounts is an ongoing activity throughout the tenant life cycle. The goal is to ensure that the collection processes are delivered fairly, transparently and equally to all tenants with a basic goal of eviction prevention.

The nature of program delivery implies that some tenants will default on their payment obligations. A neutral balance of tenant compassion and business judgment is required in the collection policy. It is recognized that each tenancy has its own set of unique circumstances. Therefore, procedures used to recover rental arrears should proceed in stages, and with a reasonable degree of flexibility. In **all** scenarios a reasonable, consistent and fair but firm approach will be adopted, using legislated landlord provisions and GSHC philosophies to attempt full recovery of overdue accounts and preserve the tenancy. In some circumstances however, termination of a tenancy for rental arrears regardless of the amount, may be the only available expedient course of action GSHC can take to end an otherwise undesirable tenancy.

The business objective is to ensure that collection processes are delivered fairly and equally to all tenants with a basic goal of eviction prevention while attaining the financial revenue targets and objectives of the Corporation. A further aim is to maintain low bad debts exposure by preventing arrears from accumulating to excessive amounts that make it difficult or impossible for tenants to recover.

PROCESS:

All tenants are expected to pay their rent-geared-to-income rent in full and on time. This expectation will be clearly communicated to all tenants before moving in and reinforced throughout the tenancy. Tenants will be given information at the time of the initial leasing as to when rent payments are expected, the amount of rent, acceptable methods of payment, who to contact if they encounter problems with rent payments or require rent-geared-to-income adjustments and other information in regard to the tenancy agreement and rent paying obligations.

When rent is not paid on time and in full, it is very important that personal contact be made with the tenant before the 7th working day of the month to determine the cause of the arrears. Rental arrears are usually a symptom of other problems confronting the household. Evaluating the tenant's reasons for not paying rent when due, is integral to maintaining eviction prevention philosophies and for assessing any individual supportive needs that may assist the tenant. This is an opportunity to discuss what can be done and to work with the tenant to assist them in improving the situation. It is imperative then that GSHC encourage and assist tenants to seek assistance from other appropriate community resources and services in an effort to address other factors affecting rent paying habits. A referral to government or social service agencies is an important link to community resources that may provide the tenant with the means to maintain rent payments.

Where appropriate and at the discretion of the Property Manager, payment plans may be negotiated depending on the circumstances that gave rise to the debt, the amount of the debt and the tenant's ability to pay. The objective of any payment plan is to return the rental account to a good standing position as soon as possible. However, no payment plan agreement will be made on current rent owing and no payment agreement will extend past a ten (10) month period. Repayment agreements will be recorded and monitored for compliance and appropriate action will be taken by the Property Manager in cases on non compliance.

When informal, non-legal action is unsuccessful, arrears collection will commence within the Residential Tenancies Act framework. The Landlord & Tenant Board is the governing body used to resolve disputes between residential landlords and tenants by providing education, mediation and adjudication services.

While preserving the tenancy is a factor in managing delinquent accounts, GSHC will exercise the landlord's rights by serving the required legal letters and notices and attending at all hearings and mediations at the Landlord & Tenant Board.

The first step is to serve a Notice to Terminate Early for Non-Payment of Rent (Form N4), which is typically hand delivered on or about the 7th-10th working day of the month. This action provides the tenant with approximately 20 business days to settle the account. Tenants who pay in full or opt into a payment plan with GSHC during this time will avoid a further legal action. However, the Persistent Late Monitoring Process (see attached) will reinforce the importance of paying rent on time and will communicate to the tenant what the possible consequences will be if they continue to pay rent late.

When the tenant has neglected the requirements of the N4 form and has not entered into a payment plan, GSHC will again attempt contact with the tenant by phone or in person, to try and determine the status of the tenancy and resolve the arrears problem. If this step is unsuccessful, a warning letter is hand delivered to the tenant advising that, if the arrears situation is not satisfactorily addressed, an Application to Terminate Tenancy for Non Payment of Rent and for Collection of Arrears of Rent Form L1 will be issued, initiating a Landlord & Tenant Board hearing for the specific purpose of mediating a payment settlement in a legal forum.

In the event the account remains unpaid, an application to terminate and end a tenancy for non payment of rent will be pursued via the Landlord & Tenant Board, with the objective of limiting the accumulation of rent owing to less than three (3) months depending on the Landlord & Tenant Board's schedule.

Throughout the course of any Landlord & Tenant Board tribunal activity, the tenant is provided ongoing opportunity to settle their account in full or through a negotiated payment plan in order to preserve their tenancy.

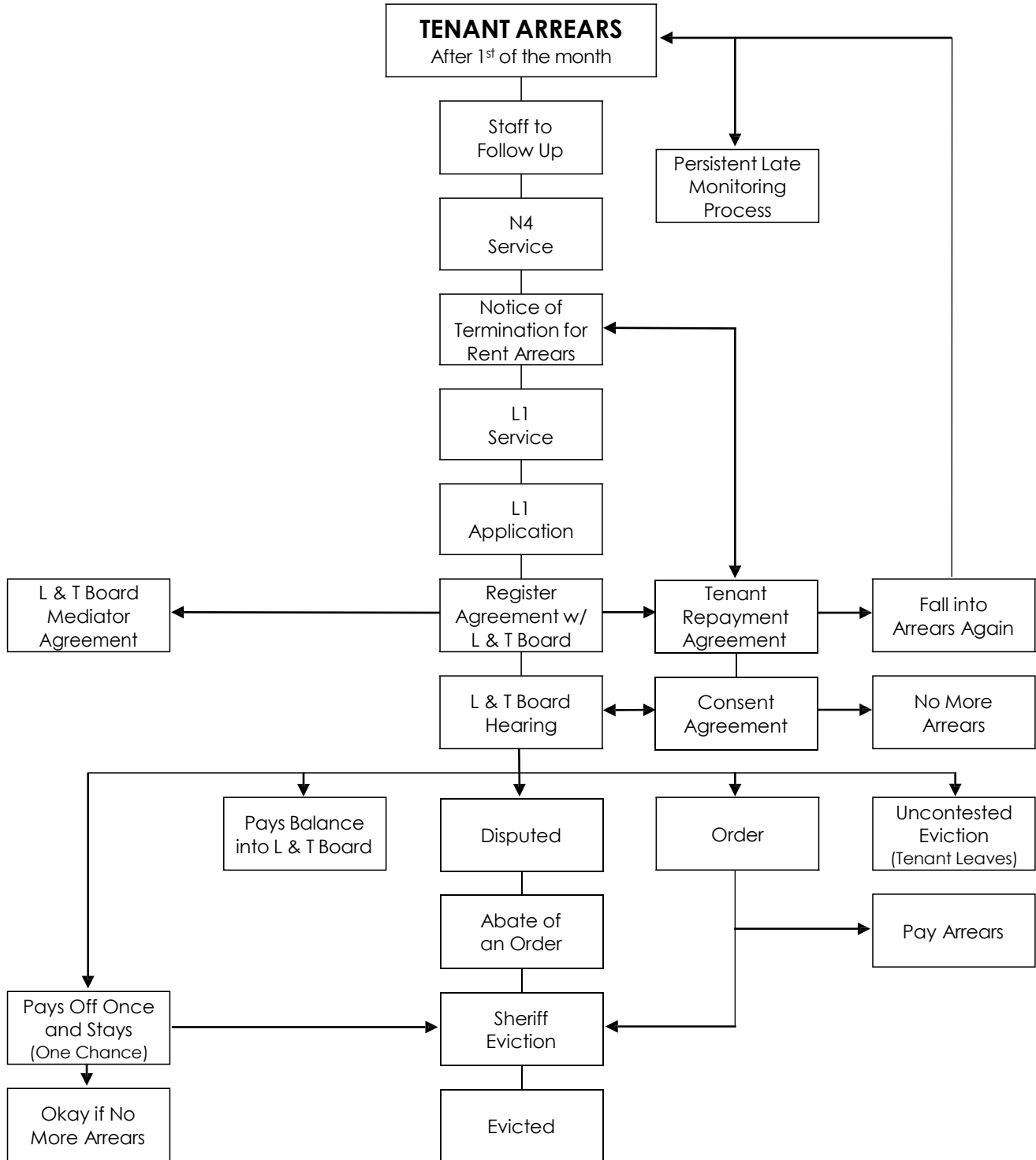
Cases of genuine hardship or complex situations affecting the tenant's ability to pay their account may require other remedial action which is discretionary in nature.

If GSHC is successful in obtaining an Order to terminate the tenancy for rental arrears, the Landlord & Tenant Board typically gives the tenant another opportunity to pay the outstanding balance before the Order can be filed with the Sheriff for enforcement. In an effort to avoid an eviction by the Sheriff, GSHC will also serve a final warning letter to the tenant before filing the Order with the Sheriff, indicating what arrears need to be paid to stop the eviction. Even after GSHC files the Order with the Sheriff, the Residential Tenancies Act allows a tenant to apply to the Landlord & Tenant Board one last opportunity to "pay and stay" before the Sheriff actually shows up at the unit to execute the Order.

Subsequent to all collection activities through non-legal and legal avenues, seeking eviction orders through the Landlord & Tenant Board may be the only recourse to avoid accumulating rent charges to excessive amounts. In the interest of fair and equitable treatment to other tenants who maintain their rent payments, termination of tenancy is viewed to be a final option in the GSHC collection strategies for current tenants.



Residential Tenancy Act Arrears Collection Process





Persistent Late Payment Monitoring Process

Good rent paying habits are essential in maintaining a successful tenancy. In an effort to work with tenants to help reinforce the importance of paying rent when it is due, Greater Sudbury Housing Corporation staff will monitor the rent paying habits of residents and will work with those tenancies that appear to be off track. For our internal rent collection and internal persistent late payment purposes only, a tenancy is considered to have paid rent late if they have been served an N4 – Notice of Termination for Rental Arrears under the Residential Tenancies Act. Any tenancy that has been served an N4 in three (3) out of the past six (6) months is considered to be a persistent late payer.

The following process will be used in monitoring households that are persistently late in paying rent and the following procedures and corrective action will be taken by staff to ensure a consistent and fair approach in dealing with these tenancies. Greater Sudbury Housing Corporation realizes that each tenancy is unique and therefore the Property manager has discretion in applying the following given all the circumstances involved:

- Arrears notices (N4s) are generally served between the 7th and 10th working day each month, (see Current Rent Collection);
- Community Relations Workers will prepare their own N4 Tracking Report from the N4 monthly Summary, to monitor which tenancies received an N4 three (3) times out of the last six (6) months;
- A persistent late payment warning letter is prepared for any tenancy receiving a third N4 in the past six (6) months. The warning letter will be a standard form letter applicable to all tenancies outlining the expectation that rent be paid when it is due and the consequences for not doing so;
- A final warning letter is sent to any tenancy that subsequently receives two additional N4s after the first warning letter;
- If the household receives another N4 after the final warning letter an N8 – Notice of Termination for Persistent Late payment (60 day notice of intent to terminate) is served to the household.

At this point the Property Manager determines a preferred course of further action in regard to the tenancy depending on the circumstances. Options include:

- Take no further action if the tenant makes the next three (3) monthly rent payments on time;
- File an L2 immediately with the Landlord & Tenant Board for a hearing, or wait to file until the month after the 60 day notice period expires, if there is a likelihood that the tenant will continue to pay their rent late (tenant has the option to move out on an N8 notice).

In the vast majority of persistent late payment applications to the Landlord & Tenant Board, the Property manager will utilize mediation prior to a hearing in an effort to work with the tenant and continue the tenancy, rather than seek eviction through the Landlord & Tenant Board hearing process. An exception to mediation may occur in cases where there are other problems with then tenancy besides the ability to pay rent when it is due and circumstances warrant terminating the tenancy.

The standard mediated agreement is a nine (9) month requirement for the tenant to pay rent “on or before” the first working day of each month, as well as to reimburse the landlord for the \$150 application costs. Should non-compliance of the mediated agreement occur during that nine (9) month period, the Property Manager will file an application with the Landlord & Tenant Board to seek termination of the tenancy or request the matter be re-opened and a new hearing be scheduled.