

HOAMCO – Best Practices



Collection Policy

A formal collection policy is the foundation of a successful program for maintaining necessary cash flows of an association and serves as a systematic approach to delinquencies. Although most associations serviced by HOAMCO are operating under a formally adopted policy, it is highly recommended that managers be familiar with each policy and if it is discovered that one does not exist, see your respective CFO or Accounting Director to get one drafted and presented to the board for approval. As with any new policy, as a good rule of thumb, the ownership should be notified of the policy 30 days prior to implementation, unless dictated otherwise per the governing documents.

Further, pay close attention to the monthly Delinquency Report and double-check with the accounts receivable department to ensure that the collection policy is being administered. Although the accounts receivable department follows an automatic process, it is critical that the manager follow-up as a precautionary measure.

Below are benefits to having an established Collection Policy:

- An established policy educates owners about their obligations.
- An established policy provides a checklist and a road map to guide a board and a manager.
- Consistent enforcement avoids or answers charges that the association is proceeding in a selective or discriminatory way.
- An established policy preserves harmony among owners.