



## GOOD COLLECTION PRACTICES

### For Landlords

1. When receiving a rental application have applicants bring to you the following:

- a) Social Security Card
- b) Driver's License
- c) COPY OF MOST RECENT CHECK STUB WITH YEAR TO DATE EARNINGS.

Make copies of the above and put in Tenant Folder. The check stub will give you employee #, confirm earnings, etc. It will often list any garnishments. A collection agency will LOVE you if you provide this information. As a landlord, the check stub confirms applicant's earnings.

- a) For Self Employed – 2 years of Tax Returns
- b) For new hires – Letter of hire from new employer  
HOWEVER require them to bring you a copy of check stub with earnings listed as soon as possible.
- c) For retirees – copies of deposit slips, retirement funds, SS benefit check stub, etc.

2. Have a detailed Rental Agreement listing fees and rent amounts tenant is required to pay – Non-refundable cleaning fee or pet fee, Security Deposit.

3. Make sure there is wording in the Rental Agreement that litigation over the tenancy will take place in the County the unit is located.

4. Screen all adults/lease holders.

5. Move-in Move-out Form. **BEFORE tenant moves-in OR moves-out** - Make sure the form is dated and all paragraphs initiated by tenant and owner/landlord, signed by both parties at time of each walk through. Take photos of unit or better yet, video the rooms and outside BEFORE move-in and AFTER move-out. Photos and video do not lie!!!

6. All adults should sign the lease. The more people who earn money the better your chances of getting paid on debts owed.

7. All co-signers should sign lease. If they won't, then have them sign a strongly worded Co-signer Agreement. Screen Co-signers – Qualification: 5 X's rent amount and perfect credit.

8. During tenancy - when communicating with Tenants put it in writing. Keep copies! Send same communications to co-signers.

9. When serving Pre- eviction Notices, make sure you include all the Lease-holders and Co-signer if there is one. **LEARN THE RULES ON HOW TO SERVE NOTICES TO CO-SIGNERS.**

10. If an eviction takes place – **LEARN THE RULES OF INCLUDING CO-SIGNER** if there is one.

11. Ledger Card – keep good books. When tenant pays make sure to apply current moneys paid to the **OLDEST DEBT.**

12. When tenant is late on rent – go after them as described in the rental agreement. Serve notices within the described due dates, etc. Do not let them stay without paying rent. You then demonstrate that this is a legitimate **BUSINESS TRANSACTION** by following the agreement as written.

13. A collection agency will usually take an account for the rent due and owing but only when a lease agreement has been signed.

14. Copies of all documents describe above should be turned over to the collection agency.

15. When rent is still owing and tenants move out – use the Security Deposit first for damages (holes in wall, soiled carpet, etc.). Secondly, subtract the past-due rent. In small claims court it is easier to get a judgment on past-due rent because you have the Rental Agreement to back up your claim. Damages can be most difficult.

16. Damages are a he said/she said mess. Collection agencies won't take them unless you already have a judgment. So, if you want money owed for damages you take the ex-tenant to small claims for a judgment.

17. If you go to Small Claims Court for damages then include the rent due and owing if any. It is better to have a judgment that includes all money owing.

18. Important: When going to Small Claims Court do your homework. Take a copy of the RCW code that backs up your claim. Most judges at Small Claims Court do not know the Landlord Tenant Law. You need to "educate" them. Give them a copy of the law so they can rule correctly and hopefully in your favor. If required to Mediate take a copy of the RCW code to back up your claim.

19. Do everything in your power to keep track of where the tenants have moved to and/or are working. The most difficult problem facing a Collection Agency is finding the tenants. It can be expensive.

20. Give the Collection Agency all of your pertinent paperwork relating to the tenancy with a clear and concise Ledger Card. Include a copy of the Rental Application with the SS#, etc. listed.

21. Let them do their work. Landlord collections have the lowest Recovery Rate. If the tenants thinks so little of taking care of life's essentials such as paying for **housing** then they often are irresponsible in other areas of their lives— No stable job.

22. What the Collection Agency can do for you (that you can count on) is to list debts on the tenants credit report. If you have a judgment and the ex-tenant goes to buy a house or inherit money they will have to first pay off Judgments listed on the credit report.

## Orca wishes you a Happy New Year

### 2012



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### EMPLOYEE THEFT

#### What if I'm a Victim?

- Contact your attorney, accountant, & insurance carrier.
- Hire a Certified Fraud Examiner.
- Discuss removal of employee with an attorney versed in employment law.
- Take actions to show employees you are serious about fraud.
- Learn from the situation.
- Do not procrastinate!

#### Corruption/Bribery Prevention

- Create whistleblower hotlines.
- Educate employees on known vendors who engage in bribes.
- Do a "good" background check on vendors.

#### Corruption/Bribery Red Flags

- Watch employee's lifestyle changes.
- Monitor vendor purchase patterns.
- Monitor Contracts awarded to same bidders.
- Lack of competitive bids?
- Bids that are grossly under/over stated.

*Source: 2008 ACFE Report to the Nation on Occupational Fraud and Abuse*

### Small Businesses— <100 Employees (342 Cases)

Scheme	Cases	Percent
Billing	98	28.7%
Check Tampering	87	25.4%
Corruption	79	23.1%
Skimming	71	20.8%
Expense Reimbursement	53	15.5%
Cash on Hand	53	15.5%
Cash Larceny	52	15.2%
Non-Cash	51	14.9%
Payroll	48	14.0%
Fraudulent Financial Statements	42	12.3%
Register Disbursements	12	3.5%

### **ORCA ♦ WISDOM ♦** **TEAMWORK**

**Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishment toward organizational objectives. It is the fuel that allows common people to attain uncommon results.**  
- Unknown

### Managers Don't Trust Pre Employment Test: Why?

Would you hire a candidate if he agreed with the following statements during the interview?

- I am usually satisfied with work that is "good enough."
- It is not necessary to do more than enough work to get by.
- My anger frightens other people.
- Sometime you have to lie a little to protect yourself.

Would it surprise you to find out that many managers do say yes. If so, you wouldn't be alone. Thousands of managers make that decision every day; ignoring the results of pre-employment tests and allowing their egos and gut instinct to rationalize very clear signs of employee behavior danger.

Pre-employment tests have a love-hate relationship with managers. Some managers live and die by the results of a pre-employment assessment test in screening out candidates. Others despise the notion that a simple questionnaire might second guess a hiring manager's gut feeling about how well a candidate might fit into a job. The fact is that both approaches are flawed.

First of all, both parties must consider moderation when using pre-employment tests. The die-hard advocates must put the results of these tests in context. No test should be used as the sole determinant in screening out or selecting candidate. The best formula for hiring is one-third interview and experience, one-third reference and background checks, and one-third pre-employment assessment tests.

Alternatively, ignoring employment tests as part of the employee selection process ignores a powerful ally in the search for the right candidate. A valid assessment offers an objective third party view of a candidate, often exposing character flaws as well as unidentified potential.

Then we have situations where the assessment results paint a clear picture of a risky hire and the manager's opinion is called into question.

For instance, I received a phone call just the other day from a manager questioning the results of candidate's honesty and integrity report. A candidate revealed during the interview that he had been picked up twice during the last year for driving without a valid license. The candidate explained this away by saying he had a mortgage to pay and a family to support. "I couldn't afford to lose my job," he said.

The employer interpreted that commitment to his family as a positive value. He questioned why the pre-employment test would raise red flags about this individual's character when he was such a good father and husband. He rationalized away that driving despite a suspended license was still illegal no matter what the reason. He ignored how this candidate might respond again if he lacked the money to pay his mortgage, to put food on his family's table, or to purchase medications for his children. Would he resort to "borrowing" money from his employer without the employer knowing it? That's exactly what many employees caught embezzling fund say when caught – "I wasn't stealing because I meant to pay it back." What lies would he be willing to tell to protect his family?

If you think I'm exaggerating, consider what lengths one employee working for a Wisconsin business went to, "just to keep her husband happy." (Hint: She had systematically stolen more than \$600,000 from the business over five years.)

While not absolute, the pre-employment test prompts red flags in areas of conscientiousness, hostility, and honesty. The responses on a valid assessment clearly indicate how a potential candidate like the one described above might react if given a choice between family and the law. And yet employers choose to doubt what they read in the candidate's report despite numerous confirming statements about questionable integrity.

Pre-employment tests can offer valuable insight into a candidate's integrity, work attitude, and qualifications. They are effective and reliable indicators of future performance. Ignorance is not bliss when hiring employees and pre-employment assessment tests can help managers hire smarter.