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OnSite

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Online Rent Payment Service

It seems like common sense to me," said 20-year-old Kevin Hoy, a resident of the Spring Garden Apartments in SW Portland when asked about Payclix, an on-line rent payment system recently implemented at the property. "I pay all my bills on-line," said Kevin. "The only bill I couldn't pay was my rent. It was particularly difficult for my roommate who is a pedestrian," he continued, "because he would have to walk blocks to a store, stand in line for a money order, then hand it in at the office by the time rent was due."

"I was surprised it took until 2005 to be able to pay rent online," said Hoy.

When it was explained to Hoy that this was the only apartment complex in Portland that offered this service, he was speechless and a look of bewilderment came over his face. Then he smiled and said, "Wow. I know that the free wireless internet offered here is a big reason why my roommate and I chose to live here," he continued. "The online rent payment seemed to fall right in line with the wireless connection we get here."

According to Hoy's roommate, he thought the Payclix system was, "Awesome. No more trips to Fred Meyer to buy money orders."

Hoy has a checking account but he never uses checks. In fact, the checks he has are so old they have his previous address printed on them. "I got 'em, said Hoy, "but I never use them."

"Time is important," Hoy said. "I don't know anyone who won't pay a convenience fee to pay bills online. I have a credit union and there aren't many ATM's nearby," said Hoy. But he does use his debit card and pays electronically whenever possible. He said his friends do the same thing.

Online banking and other forms of paying bills electronically is fast becoming not only highly acceptable, but in demand.

So why not pay rent online?

According to Ed Hall, co-owner and creator of what appears to be the first feasible online rent payment service in the Western United States and perhaps the entire country, "previous attempts to pay rent online did not include the crucial element of a payment acceptance loop that our service provides. Others," Hall continued, "simply transferred money from the tenant's account to the landlord's account. Once the landlord's bank received the payment, regardless of the amount, rent was legally and technically 'paid,'" he said.

Of course this opened a huge can of legal worms in areas where this method of payment was used. When asked what

resulted in such transactions Hall shook his head and said, "The landlords suddenly found they had unknowingly ceded legal rights to the tenants."

A CPA and self-professed 'recovering serial entrepreneur' Ed Hall is both a landlord and co-owner of what may be one of the most innovative services this industry has seen in a long time.

Payclix is a service offered to the rental housing and commercial real estate industry which could revolutionize how rents are paid and accounted for. In fact its so innovative that Hall's company has applied for a patent covering the technology. Here's how it works:

The landlord enters into an agreement with Payclix to offer the service of receiving, online, rental fees, application fees and deposits from tenants. Payclix then acts as the agent for the tenant by collecting payment using Mastercard, Visa, debit cards and electronic checks. When a tenant makes a payment, Payclix sends a confirming e-mail to the tenant that their rent is being processed. A similar e-mail goes to the landlord or their onsite manager asking if they accept or reject the payment. If the payment is rejected, there is the ability for the landlord or manager to explain directly to the tenant why the payment was not accepted. If the payment is accepted, Payclix sends a receipt to the tenant thanking them for their payment. According to Hall, "The tenant pays a service charge, just like using Fandango or Ticketmaster."

"The accept or reject response is critical to our service," said Hall. "Other attempts at online rent payment did not make this critical distinction and many landlords were stuck with having legally received a partial rent payment. This step" he continued, "provides the landlord with the control to accept or reject the payment based on many factors, including how much rent is due. If the tenant is paying too little or late, the landlord can reject the payment," said Hall. "The landlord has total control and can reject a late or partial payment while not impairing their right to proceed with the FED process."

"It is also great for the tenant," said Hall. The tenant need not leave the comfort of their home to pay the rent. "The date/time stamp is crucial for the tenant as well," Hall continued. "If the rent is due on the first of the month and there is a four day grace period, so long as the date/time stamp indicates 11:59 pm or earlier on the fourth day, the rent is not considered late and the tenant has proof of payment."

In addition, Hall says the system improves overall cash flow. "The days of waiting for a check to clear or bounce are over with Payclix."

Because it is all electronic, funds are verified immediately and they are either available or not. As soon as the landlord accepts a Payclix payment, the funds are immediately transferred into their account.

E-mails of the transactions are sent to the respective parties and everyone has an accounting of the transaction.

"Many landlords begin to panic," said Hall, "when their mortgage payments are due and the rents have yet to clear the bank conventionally. Our service," he continued, "clears the funds in 24 hours. Sometimes it even happens the same working day."

Workload and money-management stresses are reduced for the onsite manager as well.

"I love it!" Said Mickala Duprey, onsite manager for Spring Garden Apartments. "It is great for a variety of reasons," she said. At first the obvious things came to mind such as a person being home sick in bed. "They can still be home sick but can pay the rent on the computer and not leave their homes," said Duprey. Other examples include travel, tenant working hours, etc. "They can pay their rent from work, out-of-town, late at night, early in the morning, or simply last minute because they are busy people. Tenants can even sign-up for the autopay service that automatically pays their rent. How neat!"

"It really helps to avoid 'conflicts' or potentially embarrassing situations," said Duprey. "For example," she continued, "it is embarrassing for everybody if I have to confront a tenant about a bounced check or a late payment."

It also helps onsite managers by having less interaction with tenants who may be potentially abusive or violent. In addition, Payclix sends out e-mail reminders to tenants a few days before rent is due to prompt them to use the system.

"It gives us so much more control and flexibility," said Duprey, "which allows us more time to do our jobs better."

Duprey projects that Payclix saves her approximately one day per month in trips to the bank, filling out paper receipts (Payclix e-mails payment receipts to landlord and tenant alike) and journaling transactions. Payclix allows her more "onsite" time to better serve her tenants. She also added that she must make banking a priority because legally she must deposit fees and rents immediately. "With Payclix," she said, "I am in the office more and no one has to wonder where I am or

what I am doing. Perception is important," she continued, "because my tenants may not realize I have to go to the bank or the home office which takes me off the property. They might think I'm just slacking," she added, "when I am really spending a lot of time in bank lines."

Duprey also stressed how much it has helped her in the application process.

"When I tell people who are interested in our building," she said, "but

don't have their check book for the application fee, that they can use

Payclix here in my office

to secure their 'spot' in line according to fair housing laws, they say, 'Wow!' and then I show them how easy the process is."

It takes about three minutes to sign-up with Payclix and about a minute and one-half to process a credit card or debit card payment. She can also get the screening process underway immediately, which helps fill her property with high-quality tenants. Duprey said it is much easier for people from out-of-state to apply.

"We don't have the problem waiting for out-of-state funds to clear with this system," she said. "We do not have to worry about violating fair housing laws when we can verify funds this quickly. There is less chance of error when we apply the rule of acceptance," she continued, "in order of application date and time when we can collect the application and approve the funds immediately. This electronic method," she concluded, "streamlines the entire process. It also saves me another trip to the bank!"

"We see this as a win-win situation for landlords and tenants alike," says Hall. He understands that ours is quickly becoming a cashless society. Using Kevin Hoy as an example, in the next five years tenants will be expecting properties to include such "basic necessities" as electronic rent payment and Wi-Fi. Hall intends to add Interactive Voice Response (IVR) to the Payclix service in the near future so tenants can even pay their rent by phone if they prefer.

"Offering such services as Wi-Fi and Payclix enhances our quality of tenants," said Hall. "Soon tenants will be 'expecting' these added services to be available. We intend to have that service in place and ready as the demand hits the industry."

To learn more about this online rent payment system, visit www.Payclix.com or call 1-866-PAYCLIX.

