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## Arrears Management Policy & Procedure INFO SHEET

***We have a zero-tolerance policy to rent arrears & we require our rent arrears policy & procedure to be implemented without fear or favour.***

### ***When is Rent Due?***

A tenant/s rent is due on the first day of each calendar month, meaning that the rent must be received in full in our account by the 1st. The only exceptions to this rule are where landlords have an alternative 'arrangement' or 'agreement' with a tenant. As a rule we discourage such 'arrangements'.

In terms of our mandate with our landlord clients we are obligated to take action when the rent is not received in full on the due date and we do this without fear or favour.

### ***Step 1 – Email reminder***

If the full payment due is not received on time, the 1st step we take is to send the tenant an email or SMS reminder as we have learnt from experience that, despite the best planning, things do sometimes go wrong.

Our company policy is that the reminder is sent on the 2nd business day\* of the month.

### ***Step 2 – Lawyer's Letter of Demand***

If the outstanding amount is not settled in full within 1 business day\* of the email reminder, the matter is handed over to our rental attorneys, [Marlon Shevelew & Associates Inc.](#) who then deals with the matter further by sending a formal Letter of Demand (LOD).

In most cases (where the tenant is a 'natural person', as defined under the Consumer Protection Act (CPA), the LOD states that:

- if the tenant does pay the outstanding amount in full within 7 days the landlord has the right to pursue the matter further by issuing summons for recovery of the outstanding amount, and
- if the debit is not settled in full within 20 business days, the landlord has the right to opt to cancel the lease agreement, as per the Consumer Protection Act.

Where the lessee is a juristic entities, e.g. trusts, CC's, etc, the 20 business days is not applicable and the LOD will warn the tenant that the landlord can opt to cancel the lease after 7 days. In all cases the lessee is liable for the cost of the LOD and will be invoiced as soon as it is sent.

### **Step 3 – Cancellation of the Lease**

The 3rd and last step when rent remains in arrears, despite the above steps being taken, is to cancel the lease agreement with immediate effect.

Please note that steps 1 and 2 above are implemented in all cases of arrears – step 3 is at the discretion of the landlord.

In addition to the above steps, we also retain the right to register late, part or non-payment of rent and other amounts due in terms of the lease, with TPN.

\*excluding Mondays because of inter-bank transfer delays