

October 2019 Newsletter

Everything You Didn't Want To Know About Collections (And Really Didn't Want To Ask)

Part Four – What You Should Be Looking For in a Collection Agency

In April's newsletter I explained the what and why as it relates to the difference between an HOA collection agency and a traditional third party collection agency. The differences are significant, so it is important that an HOA consider carefully their choice for an HOA collection agency.

1. You should be looking for a collection agency that actually follows the collection timeline that is used in the industry. Failure to follow the collection timeline will result in less money being recovered for the HOA and will cause significant delay in receiving funds from the agency. This seems like a no brainer, but I can assure you that this is a “hit and miss” with many HOA collection entities (using “entities” as attorneys are in the collection game too).
2. One of the reasons that the collection timeline is a “hit and miss” is the fact that many collection entities do not possess the collection software system to effectively move accounts through the collection timeline as well as the efficiency needed to recover the money that is owed to an HOA. You need to ask about the collection software system being used and obtain verifiable proof of said system. If the collection entity is using a software system designed by Fred Flintstone or worse, using a manual system, you do not have to be a rocket surgeon to know that the collection results are going to be less than good. You need to make sure the collection entity has the tools needed for the job.
3. You should be looking for a professional collection entity. Collections are a profession. Collections should not be a part-time gig done on the side as part of a larger enterprise. Your accounts shouldn't be sitting in a virtual pile waiting for someone to get to them once perceived other priorities are completed. Your collection entity should be steeped in experience and knowledge.
4. You should be looking for a collection entity that has integrity and shows compassion for your homeowners. Because of the no cost model in Nevada, homeowners pay the collection fees and the collection fees go up dramatically as the account moves through the collection process. This means that a collection entity stands to make more money in the later stages of the collection process. In other words, make sure that the collection entity is trying to resolve the debt as quickly as possible with compassion for your homeowners.
5. You should be looking for a collection entity that is following federal and state laws. Say what? I know of at least one collection entity in the state of Nevada that routinely breaks the law and brags about it. Do not assume that your collection entity cares about compliance or that because the collection industry is so heavily regulated that all laws are being followed. Having been in the collection industry in one form or another for almost 30 years, I could tell you some horror stories that would turn your stomach.

Collections should be conducted with honesty, integrity and compassion.