

# Canadian APARTMENT Magazine

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# BLAZING NEW TRAILS

Starlight Investments: A Team on a Mission

**Technology Issue:**  
Electronic payment processing  
Tankless water heaters  
Contemporary laundry equipment

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# Chequing Out

Electronic Payment Processing is Moving in



By Chris Seepe

Cheques are a type of “bill of exchange” with a long, enduring history dating back to the First Persian Empire in 6th Century BCE. The modern pre-printed version of the cheque came into service with the Bank of England in 1717. In recent years, public availability of the Internet has seen consumers and businesses move to online payments, generally called electronic payment processing (EPP). This is no surprise, of course—the 2013 *Canadian Internet Registration Authority Fact Book* reports that nearly eight in ten Canadians are online, and Canadians spend more time online than any other country at almost double the global average.

Yet landlords are among the last to embrace the many benefits of EPP.

This is surprising for many reasons. First of all, cheque collection and mail have labour and material costs. Cheque processing has been a convenient (or desperate) excuse for centuries for delaying or not making payments, and collecting late payments incurs additional expense and lost productivity. Add in itemizing the deposit slip and running to the bank. Then all the handwritten information must be recaptured by the bank, adding costs that are passed on to you. Some are held temporarily, which makes managing your cash flow as much a multi-disciplinary art form as a science.

EPP requires less time, eliminates material costs, and is much more secure and private than cheques. So, why are many landlords still using them?

The simple truth is, often just getting tenants (or landlords) to switch to something new can be a challenge. Technology must be designed for the near-lowest common denominator to be adopted and consistently used properly.

The solution must be simple, easy-to-use, and convenient.

Also, a growing concern for landlords is their legal obligation to protect personal information, especially under federal legislation to combat identity theft. Accidental (or intentional) disclosure of a tenant's personal information could have serious consequences, so minimizing that risk exposure is a highly desirable benefit.

Reporting, accounting, accountability, and security are also key influencing factors. The 2013 AFP (Association for Financial Professionals) Payments Fraud and Control Survey reported that 61% of North American corporations experienced payment fraud, of which 87% was attributed to paper cheques, and 28% of companies suffered a financial loss.

#### Paying by credit

Not surprisingly, all EPP solutions are not the same. Credit card and e-commerce offerings are different in that they charge a percentage of each transaction. Even one per cent can be a notable annual expense. The credit card is a private

financial instrument of the bank offering the service. Not every financial institution will accept every credit card. Credit card processors require three to five business days to process a transaction, and most require tenants to reveal personal and credit information. Credit card services can claw back rent money paid to you by the tenant if the tenant submits a case to have the money refunded. A debit card benefit is that the tenants can only pay rent with funds that are actually in their accounts. This eliminates NSF charges and the holding of funds, instantly changing your A/R cycle from net ten-to-thirty to net one-to-two. EPP also provides instant notification of receipt of tenant payments. However, the downside is that consumers using online debit must reveal their PIN to a third party, which can be compromised.

#### TenantPay

TenantPay is a payment portal or clearing house that collects your rent money from various sources, aggregates it (saving individual deposit fees), and then delivers it to your chosen bank account within thirty

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hours. This service stands out because of its low per-transaction fee, no training costs, and no hidden setup or monthly fees. TenantPay is not a bank or financial institution. It is a banking instrument accepted by every financial institution across Canada.

Some banks offer a low-cost EPP service designed for low-volume transactions from the customer to the vendor. However, there is no data aggregation so landlords must be vigilant about checking their accounts for every payment, a burden that escalates with each additional unit. TenantPay automatically authenticates each payment and notifies you of each "block" of payments received. On the second of each month, you can check TenantPay for any missing payments, send emails or make phone calls to tenants who haven't paid, and send an N1 to those who don't reply by the third day.

Because tenants have no obligation to pay landlords electronically, or even to provide postdated cheques, landlords should consider absorbing the per-transaction cost in order to have everyone convert. The upside is that your tenants will be making their own deposits, and they'll be protected by law from paying a convenience fee.

#### How to convert your tenants

Write a letter to each tenant extolling the virtues of your chosen EPP service. Highlight the security and convenience; explain that paying rent would be the same process as if it were a utility bill. In the case of TenantPay, you can collect any kind of payment—deposits, rent, laundry, parking fees, etc. Multiple tenants residing

in the same suite can use the same TenantPay number, making tracking payments easier. Parents can make payments from any province and setup recurring monthly payments for their children attending school.

It takes only seconds for a tenant to add TenantPay to their bill-paying list. Since the rent changes only once a year (if that), they can schedule automatic payments—meaning no more excuses about forgetting to pay the rent. A tenant can't transfer funds they don't have so you'll never get another NSF notice or the associated costs. While not encouraged, it's super-convenient for tenants to pay in parts too if they don't have all the money at once. They can pay early, which some of my tenants do, and if a tenant is late, they can instantly include the late payment fee with their rent.

If a tenant doesn't have Internet access or an online account, they can go to their bank to make the payment; use their bank's telephone payment service or ATM; or use a cheque-cashing retail service.

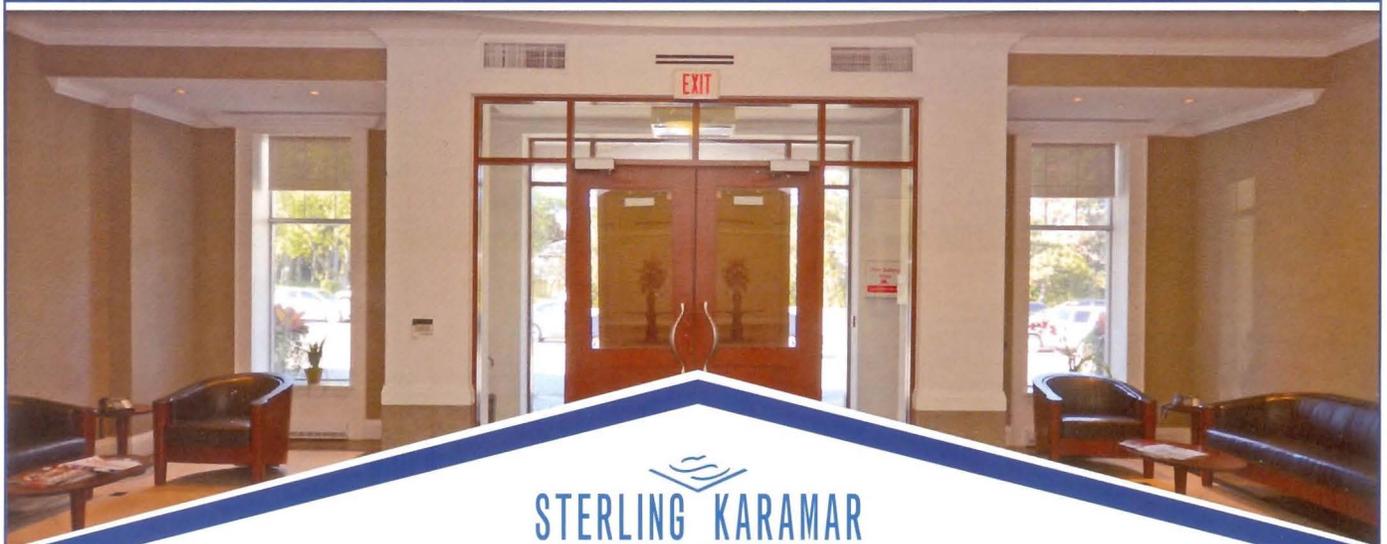
It's only a matter of time before EPP will replace cheques, and for you, the landlord, the benefits are endless. You'll be eliminating the cost of materials and postage; reducing the risk of privacy exposure; boosting your organization's productivity; and providing the simplest, most convenient, flexible and secure payment solution available for your tenants.

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