# Tech Solutions to
# Assessment Collection Challenges

**By Lance E. Williams**

## External Challenges

Perhaps one of the most difficult challenges associations face is the collection of delinquent assessments. During this pursuit, associations encounter resistance from delinquent homeowners, unfair attacks from the media, increasing legal requirements under state and federal debt collection laws, and sometimes threats of lawsuits from consumer protection attorneys. Meanwhile, courses are being taught to debtors on how to hide assets to avoid payment of debts. Bankruptcies and first lien foreclosures occasionally thwart even the most effective and time-tested remedies we employ.

Nevertheless, boards continue to demand quick and successful collection action. Boards expect management and attorneys to keep them fully informed of the status of delinquencies and to deliver this information to them at the appropriate time so that they can make swift and intelligent business decisions regarding collections. Time delays are unacceptable. The traditional monthly or quarterly status report will soon be a relic of the past as boards begin to demand real-time information about their delinquencies.

Who can blame them for this attitude about collections? Assessments are the lifeblood of their community. These challenges to assessment collection require boards, managers, and attorneys to work together to overcome these challenges. Communication, whether in the form of real-time status reports or instant notification of changes in delinquent owner information, is the key. Those associations where the boards, managers, and attorneys communicate more reliable information more efficiently will have a better chance of overcoming these challenges.

## Internal Challenges

At the same time we are trying to overcome the external challenges facing us in assessment collection, managers and attorneys must still be profitable. How is this possible where these challenges suggest that even more resources must be committed to this endeavor? The traditional business approach is identified by overburdened staff, slow turn-around, outdated and untimely reports, high overhead, frequent mistakes, and unmet client expectations. Adding more staff to an already inefficient process may temporarily solve one or more of these problems, but inevitably the inadequacies of the process will re-emerge. Timelier reporting, faster turn-around, fewer mistakes, additional legal requirements, and increasing number of delinquencies all suggest that profits will be squeezed to the point where collection services will be offered only as a "necessary evil" to the other array of services being offered to our boards.

This doesn't have to be the case, of course. Many aspects of assessment collection can be made more efficient and profitable through the use of the right technology. There are several technology options available in the market which may help managers and attorneys meet one or more of the challenges to assessment collection. We will explore some of these technologies and discuss what we believe to be the future of assessment collection in our industry.

## Database Applications

One of the easiest ways to improve your assessment collection process is through the use of database applications. A database application is simply a collection of data arranged for ease and speed of search and retrieval functions. There are a myriad of potential uses of a database application in the assessment collection process. The most obvious use is to store all of your association and management contact information, including contact information regarding the delinquent owner, in one centralized location. Maintaining a centralized location for this type of information is critical for ensuring that collection notices are being sent to the correct address. In addition to contact information, a database application may contain information regarding the charges that a particular association may levy, due dates of assessments, the last step taken on a delinquent account, and the next step required to be taken on a delinquent account.

External database applications are also useful tools in the collection process. Many jurisdictions now maintain their tax and deed records online, which can be used for verification of property ownership. In some jurisdictions, the post office also maintains records of certified mail receipts on-line which can be used to verify receipt of collection notices.

While database applications allow you to easily search and retrieve information, these applications are not very robust. The information contained in these applications is only as good as the last time the database was updated. Information which changes daily, such as the status of a delinquent account, requires daily updates to make the information useful to boards and managers.

## Virtual Private Network

One technology that is being used more and more frequently in collections is Virtual Private Network (VPN) technology which allows attorneys to gain access to a management company's accounting database through a network – typically, the Internet. The obvious benefit is that it speeds up the collection process by eliminating the need for the manual or electronic transmission of a delinquent owner's account information to the attorney, thus freeing the manager from this time demand. Attorneys can quickly provide debt verification, deliver

account payoff information to delinquent owners or proceed with the next collection step armed with the latest account information. A VPN generally does not require the user to install additional hardware. The management company, however, must install a VPN server to allow access through the Internet. While a VPN can help avoid delays in the collection process and improve communication, it is not a complete solution to the challenges facing attorneys and managers in assessment collection.

## Voice Recognition Technology

A relatively new technology that may have some useful application to the collection industry is voice recognition technology. This technology converts audio or audio files into text or wave (sound) files which can then be sent to a designated location. One potential use of this technology is in the conversion of voice messages to text or wave files which can then be used in a variety of applications. For instance, the text or wave file could be forwarded via e-mail to the attorney or manager, or sent to a database application for inclusion in the delinquent owner's account history.

## Web-based Applications.

The last form of technology which has the greatest possibility for meeting and exceeding the expectations placed upon attorneys and managers in assessment collection is the use of a Web-based software application offered through an Application Service Provider (ASP).

An Internet based system allows board members, managers, and attorneys to access a robust application program in real time and in concert across a network protocol – typically, the Internet. The application program may contain a myriad of applications, anything from a database application to a calendar application and word processing applications. Through the assignment of different levels of authority and access to potential users, the ASP model affords each user with a unique privilege to perform specified tasks on the system. For example, a board member may only be able to view the real time status of a delinquent account, while a manager may be able to instantly update owner information or assessment amounts. At the same time, the attorney can access the Web based application to generate form collection notices populated from the centralized database, with each step in the collection process being stored and tracked in the account histo-

ry of each delinquent owner. Collection periods can be tracked on a shared calendar so that time delays in processing collection actions can be minimized. With multi-user access, the use and dissemination of information is instant and available 24/7 wherever the user has access to the Internet.

By keeping important information in a centralized location available to multiple users, everyone can quickly and easily search and retrieve information regarding a particular account whenever it is convenient for them to access the information. Imagine sitting at your board meeting and accessing the Internet with your PDA or laptop and running real-time reports for your board. To address privacy concerns, delinquent owner account information can be protected through the use of individual passwords and privacy policies established by the ASP. A Web based application is highly configurable and requires no additional hardware or software to the user. The only requirement is access to the Internet from any location where Internet access is available.

## Conclusion

There are many possible technology options available to attorneys and managers to assist in their assessment collections. While some offer partial solutions to the challenge of improving communication between board members, managers, and attorneys, the ASP model offers a comprehensive solution to the greatest challenge we face – improving the lines of communication so that the most cost-effective collection strategy can be successfully pursued on the association's behalf. ⬛

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