🎯 Learning Objectives

- Set up automated rent collection for both PadSplit and self-managed properties

- Understand weekly vs. monthly payment structures

- Create systems for tracking payments and handling late payers

- Choose the right payment tools for your situation

- Reduce friction and increase on-time payment rates

💡 Why Payment Systems Matter

Cash flow is king in real estate. But cash flow only works if you actually collect the rent. The best property in the world is worthless if tenants don't pay.

Your payment system should accomplish three things:

1. **Make it easy to pay** — Remove friction, offer multiple options

2. **Make it automatic** — Recurring payments mean less chasing

3. **Make it trackable** — Know instantly who paid and who didn't

PADSPLIT Payment System

If you're using PadSplit, payment collection is largely handled for you:

How PadSplit Payments Work

- **Weekly payments:** Members pay every week (better cash flow, lower default risk)

- **Automatic collection:** Members set up payment method on file; charged automatically

- **Instant notifications:** You're notified of successful payments and failures

- **Direct deposit:** Funds deposited to your bank account weekly

- **Late fee handling:** PadSplit charges late fees and manages collections

Your Responsibilities

- Ensure your bank account info is correct

- Monitor the dashboard for payment issues

- Respond to PadSplit if they escalate a non-payment situation

PADSPLIT PAYMENT TIP

Weekly payments mean smaller amounts are easier for tenants to manage. A $650/month room is ~$162/week—much more manageable for hourly workers who get paid weekly or bi-weekly.

SELF-MANAGED ## Payment Setup

Recommended Payment Stack

TOOL	BEST FOR	FEES	PROS/CONS
Zelle	Primary collection	Free	Instant, no fees, most banks support it
Venmo	Backup option	Free for bank transfer	Popular with younger tenants
Cash App	Backup option	Free for bank transfer	Easy to use, instant transfers
RentRedi	Full automation	$12/mo or free w/ paid plan	Auto-reminders, tracking, reporting
Avail	Full automation	Free tier available	Integrated with screening/ leases

Setting Up Your System

1. **Primary method:** Set up Zelle with your dedicated rental bank account

2. **Backup method:** Create Venmo or Cash App account for tenants who prefer it

3. **Tracking:** Use a spreadsheet or RentRedi to track all payments

4. **Reminders:** Set up automated reminders (RentRedi) or manual calendar alerts

Weekly vs. Monthly Payments

Weekly Payments

- Smaller amounts = easier for tenants
- Faster detection of payment issues
- Better cash flow alignment
- More administrative work

Best for: Hourly workers, lower-income tenants

Monthly Payments

- Less frequent tracking
- Simpler accounting
- Standard expectation
- Higher default risk if tenant loses job

Best for: Salaried professionals, stable tenants

⚠️ Handling Late Payments

Prevention First

- Screen for income (2.5x rent minimum)
- Set clear expectations at move-in
- Send reminders 2-3 days before due date
- Make paying easy (multiple options)

When Payments Are Late

Day 1-3: Friendly Reminder

"Hi [Name], just a reminder that rent was due on [date]. Please send payment today to avoid a late fee. Let me know if you have any questions!"

Day 4-5: Late Fee Notice

"Hi [Name], your rent payment is now [X] days past due. Per your lease, a $[X] late fee has been applied. Total due is now $[X]. Please pay immediately to avoid further action."

Day 6+: Formal Notice

Issue a formal "Pay or Quit" notice per your state's requirements. This starts the legal clock for eviction if needed.

KNOW YOUR STATE LAWS

Eviction timelines and notice requirements vary by state. In Georgia, you can issue a demand for possession after rent is late and proceed to court if unpaid. Research your state's specific requirements.

✅ Action Steps

1. **If using PadSplit:** Verify your bank account info and understand the payment timeline

2. **If self-managing:** Set up Zelle and one backup payment method

3. **Complete the Rent Collection Setup guide** (linked below)

4. **Create a payment tracking system** (spreadsheet or software)

5. **Draft your late payment policy** and include it in your lease

📌 Key Takeaways

- PadSplit handles payments automatically; self-managed requires your own systems

- Zelle is the best free option for self-managed rent collection

- Weekly payments reduce default risk for workforce housing tenants

- Prevention (screening, reminders) is better than collections

- Have a clear, documented late payment policy

- Know your state's eviction timeline before you need it

💰 Set Up Your Payment System

Use the Rent Collection Setup guide to configure your systems.