

*American Seniors Housing Association
Institute of Real Estate Management
National Apartment Association
National Assisted Housing Management Association
National Association of REALTORS®
National Leased Housing Association
National Multi Housing Council*

January 2, 1996

Honorable John M. McHugh
Chairman, Postal Service Subcommittee
Government Reform and Oversight Committee
U.S. House of Representatives
B-349C Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman McHugh:

The undersigned organizations, which represent owners and managers of multifamily rental property, wish to express our concern about H.R. 1963, the Postmark Prompt Payment Act of 1995. The legislation provides that the payment of a bill, invoice, or statement of account due, if made by mail, shall be considered made on the date on which the envelope is postmarked. We foresee many costly and unintended consequences associated with this measure which will ultimately harm consumers by increasing costs and eliminating existing consumer conveniences.

Creditors and other payment recipients are aware that payments sometimes are delayed in the mail. Under current practice, most property managers establish a formal due date for receipt of payments -- often the first of the month -- but allow a grace period to accommodate postal delays and minor lapses by tenants. H.R. 1963 would, in effect, indefinitely and uncontrollably extend grace periods. The resulting uncertainty could have the unintended effect of forcing property managers to altogether end the practice of allowing grace periods -- a practice that currently benefits both parties.

Real estate professionals and their staff responsible for administering payments received in the mail would be forced to closely examine postmarks to determine their payment date. As a practical matter, postmarks are often missing or illegible rendering this task nearly impossible. Owners and managers of large and multiple properties would have to invest in expensive equipment capable of reading postmark dates. Canceled envelopes would need to be retained creating additional recordkeeping requirements. Well-established and effective lease agreements and landlord-tenant codes regarding late payments and eviction procedures would be rendered obsolete.

Thank you for your consideration of our concerns regarding H.R. 1963 and please do not hesitate to contact Michael Mini (202) 383-1259 of IREM or Patrick Dober (202) 659-3381 of NMHC/NAA should you have any questions or comments about our position on this issue.

Sincerely,

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