	<b>Law Department Job Aid</b>	<b>No.</b>	<b>JA.L-04</b>
	<b>Title:  LEASE ARRANGEMENT RENT DELINQUENCIES WITH PHYSICIANS AND OTHER POTENTIAL REFERRAL SOURCES</b>	<b>Page:</b>	<b>1 of 3</b>
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		<b>Retires Job Aid Dated:</b>	<b>N/A</b>
		<b>Previous Versions Dated:</b>	<b>N/A</b>

**I. SCOPE:**

All Tenet Entities are required to diligently pursue collection of delinquent rent on Lease Arrangements with Physicians and other potential Referral Sources (collectively, “Referral Sources”).

**II. PURPOSE:**


The purpose of this Job Aid is to provide guidance regarding the responsibilities of the Lease Administrator, Hospital Administration and Operations Counsel for the collection of delinquent rent on Leases with Referral Sources.

**STEP 1: LEASE ADMINISTRATORS WILL MAINTAIN A MONTHLY AGING REPORT OF ALL LEASES WITH REFERRAL SOURCES.**

- A. Each Lease Administrator will maintain an up to date and accurate monthly aging report of all Leases with Referral Sources.
- B. On a regular basis, but no less than monthly, each Lease Administrator will share the monthly aging report of all Referral Source Leases with the applicable Tenet Entity CEO, CFO, HCO and Operations Counsel.

**STEP 2: LEASE ADMINISTRATOR ACTION ON LEASES WITH REFERRAL SOURCES WITH DELINQUENCIES LESS THAN 90 DAYS.**

- A. Upon identification of a delinquent Lease with a Referral Source, the Lease Administrator will immediately take reasonable action to collect delinquent rent and any applicable late fees, such as billing for the rent due, and in-person and telephone follow up with the Lessee or the Lessee’s representatives (collectively the “Lessee”).
- B. Collection efforts will include, but not be limited to, in-person visits or telephone communication with the Lessee, written communications or demand letters to the Lessee. The Lease Administrator must send the written communication (which may include e-mail) to the Lessee within 10 days of a late payment. The Lease Administrator will maintain accurate records of all collection efforts for delinquent rent.
- C. If the monthly aging report reflects a Lessee’s rent is more than 30 days past due (and no other extenuating circumstances exist or alternate payment arrangements have been made), the CFO will determine whether there are any other contracts with this tenant and notify Operations Counsel if so. Operations Counsel will review these contracts and determine whether any

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set off can be made to recover the past due rent and will instruct the CFO accordingly.


- D. If a Lessee vacates the space under the Lease prior to the expiration/termination of the Lease, the Lease Administrator will immediately report the issue to Operations Counsel.

**STEP 3: LEASE ADMINISTRATOR AND OPERATIONS COUNSEL ACTION ON LEASES WITH REFERRAL SOURCES WITH DELINQUENCIES MORE THAN 90 DAYS.**

- A. When a delinquency on a Lease with a Referral Source exceeds 90 days, the following steps will be taken:
  1. The Lease Administrator will immediately provide a copy of the Lease and any amendments, along with the aging report, and all related correspondence to Operations Counsel.
  2. Operations Counsel will issue a demand letter to the Lessee, to the notice address and via the delivery method set forth in the Lease. The demand letter will require the Lessee to fully pay all outstanding amounts within 2 weeks. A blind copy of the demand letter will be sent to the applicable Tenet Entity CEO and Lease Administrator.
  3. Operations Counsel will use reasonable judgment, based on state law, the amount of the delinquency, estimated collectability of the debt, and amount of the claim consisting of late fees, to determine whether to engage local, outside counsel, or pursue eviction, or other remedies to collect delinquent rent upon expiration of the 2 week period.

**STEP 4: OPERATIONS COUNSEL GUIDANCE WHEN CONSIDERING COMPROMISING OR SETTLING CLAIMS RELATED TO RENT DELIQUENCIES WITH REFERRAL SOURCES.**

- A. Operations Counsel will determine whether commercially reasonable circumstances exist which support compromising or settling a claim for delinquent rent. Operations Counsel will not take into account the value or volume of any actual or potential referrals from the tenant in making any compromise, settlement, or eviction determination.

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1. Operations Counsel will consider all relevant factors regarding the likelihood of successful collections when determining whether to compromise or settle a claim for delinquent rent. The relevant factors include the following:
  - (a) Lessee, or its principle, has filed for bankruptcy;
  - (b) Lessee provides demonstrable evidence of financial hardship which makes collection unlikely (e.g.: property foreclosure or forfeiture, execution of liens, affidavit supporting complete financial disclosure);
  - (c) Legitimate defenses to payment of the delinquent rent (e.g.: premises flooded and was unusable through no fault of Lessee, natural disaster left premises without power for extended period of time); or
  - (d) Other reasonable considerations, such as adverse state law or cost of litigation, which could justify a compromise or settlement with the Lessee.
2. Operations Counsel may approve waiver of late fees, and compromise of any amounts up to 10% of the delinquent rent (not including late fees). Compromise of amounts greater than 10% of delinquent rent require AGC approval.
3. If Operations Counsel determines it is appropriate to compromise or settle a claim for delinquent rent, the justification for the resolution, consistent with Step 4.A(1), shall be documented, along with the legal analysis and conclusion, and archived as part of the eCATS package for the Lease. The form of documentation shall be determined by the Operations Counsel. The resolution does not require eCATS approval.
4. All delinquency collections, waivers, or settlements will be promptly communicated to the Lease Administrator and the Tenet Entity CFO.

### III. REFERENCES:

- Administrative Policy A.D 2.14
- Law Department Policy L-4