



Management Fees

Property Management Solutions for Over 30 Years

Overview

This document explains the options and setup for taking management fees.

Management fees can be based on Tenant Payments and Not on Tenant Payments. If multiple units are owned by a Property Profile, the Management Fee can be Reconciled monthly to a percentage or fixed dollar amount.

There are also options for Adjusting management fees once taken.

Usually one thinks of rent being subject to a management fee. PROMAS allows any charge to be subject to a management fee. For purposes of this discussion Rent will be used. The fee can be deducted from the owner or property ledger, whichever the unit is assigned to. For purposes of this discussion, the owner will be used.

Management Fee - On Tenant Payment

When Tenant Payment is the basis for management fees the amount can be entered as a fixed dollar amount or as a percent of collected rent. If you put a fixed amount in, the program will convert that number to a percentage. Therefore, if half the rent is paid, half the management fee is due (and collected).

The fee basis is set at the time the rent is charged and as that rent amount is paid off the fees due are deducted from the owner's balance and given to the management group. Changes made to the management fee structure after the rent is charged have no effect on that rent charge - only charges done after the charge.

Whenever any charge subject to management fees is posted the fee basis is established per the current management fee associated with that unit profile.

Management Fee - Not On Tenant Payment

When Not on Tenant Payment is the basis for the management fee the amount can be represented by a % of Actual Rent (in the tenant profile); % of Market Rent (from the unit profile); or a fixed dollar amount. No fee is taken when the rent is paid. These fees are taken when the function in <<AR, Scheduled Receivables, Management Fees Not on Tenant Payment>> is run.

The fees are tracked by the month they are posted. After selecting the [Schedule Through] month and compiling a list of management fee candidates are listed. Editing the line item gives a detailed breakdown of the basis for the fee, last month's fee, this month's fee (if one was taken) and any vacant or leasing fee that is scheduled to be taken.

Date	Unit	Leasing Fee	Management Fee	
6/30/2018	FAIR436: 436 Fairway Drive		\$75.00	<input type="checkbox"/> Skip
Owner & Fees GOLDEN: Harrison S. Golden STD: 8.75 collected				
Actual Rent	\$1,140.00	Last Month Mgmt Fees		Status Leased
Market Rent	\$1,125.00	Last Month Leasing Fees		Vacant Mgmt Fee \$45.00
Active Tenants	1	This Month Mgmt Fees		Leased Mgmt Fee \$75.00
New Tenant Rent		This Month Leasing Fees		Leasing Fee
6/30/2018	MAIN212: 212 Main Street		\$75.00	<input type="checkbox"/> Skip
6/30/2018	ROCK9317: 9317 Rockport		\$45.00	<input type="checkbox"/> Skip

If this month's fees were already posted, those on the compiled list will have the [Skip] checkbox marked. The line item breakdown will also have an amount in [This Month Management Fee] field.

When Vacant

If When Vacant is the basis of the management fee, the amount can be represented by a fixed dollar amount or a percentage of market rent. A unit is considered vacant when there are no tenants with a current status.

These fees are taken when the function <<AR, Scheduled Receivables, Management Fees Not on Tenant Payment>> is run. When posted the amount of the fee is deducted from the owner ledger and given to the management group ledger.

Date	Unit	Leasing Fee	Management Fee
6/30/2018	ROCK9317: 9317 Rockport		\$45.00 <input type="checkbox"/> Skip

Owner & Fees: LEBENSON: Ira C. Lebenson STD: 8.75 collected

Actual Rent		Last Month Mgmt Fees		Status	Vacant
Market Rent	\$1,075.00	Last Month Leasing Fees		Vacant Mgmt Fee	\$45.00
Active Tenants		This Month Mgmt Fees		Leased Mgmt Fee	
New Tenant Rent		This Month Leasing Fees		Leasing Fee	

Buttons: Help, Post, Report, Cancel

Adjusting Management Fees

Management fees are deducted from the owner's balance and added to the Management Group balance either when rent payments are received or when the <<AR, Scheduled Receivables, Management Fees>> function is run. These are recorded based on the Management Fee profile assigned to the unit at the time rents are charged.

- If the management fee was taken using <<AR, Scheduled Receivables, Management Fees Not on Tenant Payment>> you can void the management fee in the management or owner ledger and use <<AR, ProRated Rent>> to take another.
- To record a new fee use <<AR, ProRated Rent>>.
- To decrease or increase amounts taken automatically when rent payments are posted see the Alternative below or use <<AR, ProRated Rent>>.

Give Back Fees Taken

1. Go to <<AR, ProRated Rent>>
 - a. The fields on the right are for information only.
 - b. The fields on the left govern what will be posted.
2. Select the [Tenant] or [Unit]
3. Set the [Posting Date] to the day the management fee should show in the owner's ledger.
4. Enter the amount in the [Management Fee] field as a negative.
5. The [Rent] and [Leasing Fee] fields should be blank.
6. Click <Post>.

Take More Fee

1. Go to <<AR, ProRated Rent>>
 - a. The fields on the right are for information only.
 - b. The fields on the left govern what will be posted.
2. Select the [Tenant] or [Unit]
3. Set the [Posting Date] to the day the management fee should show in the owner's ledger.
4. Enter the amount in the [Management Fee] field.
5. The [Rent] and [Leasing Fee] fields should be blank.
6. Click <Post>.

Alternative

If you have changed the management fee profile after rents are received and the payment has already been put on a deposit slip, follow the procedure for [Payment Recorded in Error](#). At the receipt screen pay off a new charge of rent instead of the current rent charge. After posting, go to <<AR, Tenant History>> and void the old unpaid rent charge.

Reconciling Management Fees

When fees are collected based upon tenant payments for a property and the management agreement contains a minimum and/or a maximum for the property, any adjustments will be based on these parameters.

The screenshot displays the 'Property Profile' window for 'NUZIG Inc. [Property]'. The interface includes several sections: 'Statements' with a dropdown for 'MULTI: Multiple unit owner' and a 'Tax Rate' field; 'Check Writing' with fields for 'Base Reserve' (\$0.00), 'Distribution Reserve' (\$4,000.00), 'Minimum Distribution' (\$1,000.00), and 'Maximum Distribution', along with checkboxes for 'Enforce Base' and 'Statement on Check Stub'; 'Distribution Check Memo' with a text area; 'Distribution Check Override Address' with a list of addresses and a 'ZIP...' field; and 'Monthly Management Fee Reconciliation' with fields for 'Percentage', 'Minimum Fee', and 'Maximum Fee'. A red arrow points to the 'Monthly Management Fee Reconciliation' section. The bottom navigation bar shows tabs for '1. Owners', '2. Management', '3. Accounting & Distribution Rules', '4. Statements & Checks', '5. Categories', and '6. Documentation'.

In the Property Profile, enter the percentage of the income is expected for management fees. You can also enter a Minimum and Maximum. To assign a fixed fee, leave the percentage field blank and just enter a Minimum and Maximum.

The reconciliation is done using the GL, Reconcile Property Management Fees function. The total amount of income subject to management fees for the period will be calculated and the percentage applied. If below the minimum, the minimum amount will be used. If above the maximum, the maximum will be used. That amount is then compared to the total of the management fee transactions and the necessary journal transfer adjustment will be posted.

From the Compile screen you can click on the Calculation button to see how the amount was arrived at.

Date	Payer	Transfer Amount
8/9/2019	NU: NUZIG Inc.	\$177.20

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Paid By: NU: NUZIG Inc.
Paid To: PM LEDGER: Property Management

Calculations
-----
to      8/1/2019  Period Start
to      8/31/2019 Period End
-----
=                31  Days in Period
-----
          $4,430.00  Rent
-----
=          $4,430.00  Subject to Management Fee
-----
          $4,430.00  Subject to Management Fee
%                11  Percentage
-----
=          $487.30  Monthly Management Fee
-----
          $487.30  Monthly Management Fee
-          $310.10  Management Fee Expense from General Ledger
-----
=          $177.20  Reconciled Management Fee
  
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