



Pay Commission to a Third Party

Property Management Solutions for Over 30 Years

Overview

This document covers the steps to pay a commission to property managers, agents and others based upon income to a unit.

Our example is for paying 2 different people for a unit, which could be two property managers, two agents, a property manager and an agent, etc. If you only have one, simply ignore the second set of instructions. If you have more than two, set up as many as you need.

The process involves determining the commissionable amount from the owner/property ledger, applying the percentage and then posting expense to the management group ledger assigned to the owner/property, and posting the income to the management group set up for the third party. The Recurring Transfer function is used to calculate and post the transactions to transfer the commissions. Recurring Transfers are set up under <<Setup, Recurring Transfer>> and taken under <<GL, Scheduled Journal Entries>>.

Our Example

The instructions below assume a property manager and an agent who each get a percentage of the management fees on collected rent. The property manager gets 2% and the agent gets 1.5%. If the rent is \$800 and the management fees is 9%, the management group gets \$72 and gives \$16 to the property manager and \$12 to the agent. Payment is done on the 10th of the month for the previous month.

One Time

1. Create a Category, under <<Setup, Categories>> for the Property Manager.
2. Create a Category for the Agent.

Agent: John Doe [Category]

Name: Agent: John Doe Sort Position:

Section:

Category Type: General Category is a Label:

Alert Type: None Category is a Ngte:

Reminder Type: None Profile Specific:

Hero PM Code:

Comment: 1.5% of collected rent

Comment is a Template for New Categories:

Undock Help Delete New Previous Next Save Close

Property Manager Jane [Category]

Name: Property Manager Jane Sort Position:

Section:

Category Type: General Category is a Label:

Alert Type: None Category is a Ngte:

Reminder Type: None Profile Specific:

Hero PM Code:

Comment: 2% of collected rent

Comment is a Template for New Categories:

Undock Help Delete New Previous Next Save Close

- Assign the Agent and/or Property Manager category to each unit profile for which it is applicable.

The screenshot shows a software window titled "327 Cedar Lane [Unit]". At the top, there are input fields for "ID" (CEDAR327), "327 Cedar Lane", "Key", and "Status" (Active). Below these are "Upload Manager" and "Inspections" buttons. A tabbed interface shows "General" selected, with other tabs including "Comment", "Emergency", "Inspection", "Listing", "Maintenance", and "Welcome". The "General" tab content is highlighted in cyan and lists: "Agent: John Doe", "1.5% of collected rent", "Property Manager Jane", and "2% of collected rent". At the bottom, there are navigation buttons: "Help", "New", "Previous", "Next", "Save", "Report", and "Close".

- Create 2 Account Codes: Commission Income with an account type of Income, and Commission Expense with an account type of Expense.

The screenshot shows a software window titled "Commission Income [Account]". It has input fields for "ID" (COMM INC), "Commission Income", "Ledger Code" (9999), and a checked "Active" checkbox. Below these are sections for "Account Type" (Income), "Classification", and "Account Sections". The "Account Sections" section includes "Balance Sheet" (CURRENT YR: Current Year Earnings) and "Other Financial Statements" (INCOME: Income). There are also checkboxes for "Bank Account", "Checking Account", "Escrow Deposit Analysis", and "Impound Account".

The screenshot shows a software window titled "Commission Expense [Account]". It has input fields for "ID" (COMM EXP), "Commission Expense", "Ledger Code" (9999), and a checked "Active" checkbox. Below these are sections for "Account Type" (Expenses), "Classification", and "Account Sections". The "Account Sections" section includes "Balance Sheet" (CURRENT YR: Current Year Earnings) and "Other Financial Statements" (EXPENSE: Expenses). There are also checkboxes for "Bank Account", "Checking Account", "Escrow Deposit Analysis", and "Impound Account".

5. Create an Account Code of Pay Commission with an account type of Expense, and a Bill Code with the same name, pointing to that account code. It will be used to pay the commission.

The image shows two overlapping software windows. The top window is titled "Pay Commission [Account]". It has fields for ID (PAY COMM), Name (Pay Commission), and Ledger Code (9999). The "Account Type" is set to "Expenses". There are checkboxes for "Bank Account", "Checking Account", "Escrow Deposit Analysis", and "Impound Account", all of which are unchecked. Below this, there are fields for "CURRENT YR: Current Year Earnings" and "EXPENSE: Expenses". The bottom window is titled "[Bill Code]". It has fields for ID (PAY COMM), Name (Pay Commission), and "Account" (PAY COMM: Pay Commission). There is an empty "Charge" field.

6. Set up a Management Group for the Property Manager. Click <Yes> to the warning.

An "Information" dialog box with a blue information icon. The text reads: "Most users only require one management group for a database. If you are creating a second management group, please confirm with technical support that this is correct for your management situation." There is an "OK" button at the bottom.

7. Set up a Management Group for the Agent.

The image shows two overlapping software windows. The top window is titled "Agent Commission [Management Group]". It has fields for ID (AGENT COMM), Name (Agent Commission), and Status (Active). The "Remittance Address" field contains: "PROMAS", "311 Maple Ave West", "Vienna, VA 22180", and "22180". There are checkboxes for "Foreign" (unchecked) and "ZIP" (checked). The "Accounting" section has "Posting Table" set to "STANDARD: Standard", "Accounting Method" set to "Cash", and "Start of Year" set to "01/01/2015". The bottom window is a smaller version of the same "Agent Commission [Management Group]" window, showing the same data.

8. Create a Recurring Transfer record under <<Setup, Recurring Transfers>> with the parameters for the property manager commission. (For example, if you want to pay the commission for last month on the 10th of this month, set the Delay to 9 and the Next Scheduled to the 1st of this month.)
9. Create a Recurring Transfer record under <<Setup, Recurring Transfers>> with the parameters for the agent commission. (For example, if you want to pay the commission for last month on the 10th of this month, set the Delay to 9 and the Next Scheduled to the 1st of this month.)

PM Commission-Jane [Recurring Transfer]

ID: PM COMM PM Commission-Jane Used for Tax Collection

Schedule
 Schedule: Monthly
 Next Scheduled: 03/01/2015
 Schedule Expires:
 Delay in Days:
Transfer Amount
 Percentage: 2
 Minimum:
 Maximum:
 Round to Nearest Dollar
 Include if No Calculated Amount

Posting Information
 Debit Account: COMM EXP: Commission Expense
 Credit Account: COMM INC: Commission Income
 Alternate Payee: PM COMMISSION: PM Commission
 Reference: PM Commission Transfer From Management Group
 Memo:
 Source Account: RENT: Rent
 Source List:
 Limit to Category: Property Manager Jane

Agent Commission-John [Recurring Transfer]

ID: AGENT COMM Agent Commission-John Used for Tax Collection

Schedule
 Schedule: Monthly
 Next Scheduled: 03/01/2015
 Schedule Expires:
 Delay in Days:
Transfer Amount
 Percentage: 1.5
 Minimum:
 Maximum:
 Round to Nearest Dollar
 Include if No Calculated Amount

Posting Information
 Debit Account: COMM EXP: Commission Expense
 Credit Account: COMM INC: Commission Income
 Alternate Payee: AGENT COMM: Agent Commission
 Reference: Agent Commission Transfer From Management Group
 Memo:
 Source Account: RENT: Rent
 Source List:
 Limit to Category: Agent: John Doe

EachTime - Transfer the Amount

1. Go to <<GL, Scheduled Journal Entries>>.
2. Mark the Radio Button for Recurring Transfers.
3. Click <Compile>.

Scheduled Journal Entries

Recurring Journal Entries
 Recurring Transfers
 Reconcile Property Management Fees
 Tax Collections

Scheduled Through: 03/09/2015

Limit to Schedule: [Dropdown]

Restrict to: [Text Field]

4. The appropriate candidates should come up on the screen. Click the <Calculate> button to see details of the calculations.

Date	Payer	Transfer Amount	
03/01/2015	PM LEDGER: Property Management	\$10.35	<input type="checkbox"/> Skip
03/01/2015	PM LEDGER: Property Management	\$13.80	<input type="checkbox"/> Skip
Payee	PM COMMISSION: PM Commission		Edit Source
Source	PM COMM: PM Commission-Jane		Calculations

5. Click <Post>.

The Recurring Transfer will calculate the rent posted to the ledgers from the appropriate units for the time period. It will debit the ledger's Management Group and credit the Agent Management Group the appropriate amount.

Calculations

Calculated for CEDAR327: 327 Cedar Lane [Unit]

```

to      02/01/2015  Period Start
to      02/28/2015  Period End
-----
=                28  Days in Period
-----
=                $690.00  Rent
-----
=                $690.00  Source Amount
-----
%                $690.00  Source Amount
%                2      Percentage
-----
=                $13.80  PH Commission-Jane
    
```

OK Cancel

Each Time - Write the Check(s)

1. Go to <<Reports, Management Group Reports>>.
2. Compile the Income Summary or Income Details reports for the time period. The report will list the amount transferred for each agent or property manager.

Income Details			
March 1, 2015 to March 9, 2015			
Agent Commission			
Date	Description	Amount	Balance
03/01/2015	Beginning Balance		\$0.00
Income			
Commission Income			
03/01/2015	Commission Income to Agent Commission for 327 Cedar Lane	\$10.35	
	Total Income	\$10.35	
	Net Income (Loss)	\$10.35	
	Net Balance Change	\$10.35	
03/09/2015	Ending Balance		\$10.35

Income Details			
March 1, 2015 to March 9, 2015			
PM Commission			
Date	Description	Amount	Balance
03/01/2015	Beginning Balance		\$0.00
Income			
Commission Income			
03/01/2015	Commission Income to PM Commission for 327 Cedar Lane	\$13.80	
	Total Income	\$13.80	
	Net Income (Loss)	\$13.80	
	Net Balance Change	\$13.80	
03/09/2015	Ending Balance		\$13.80

- Go to <<AP, Single Check>>. Post and print a check to each agent or property manager for their amount. The Payee is the agent/property manager (management group), the Bill To is the agent/PM management group, the Bill Code Pay Commission.

The screenshot shows the 'Write Check' window with the following details:

- Posting Date: 03/09/2015
- Invoice #: MARCH 9, 2015
- Payee: AGENT COMM: Agent Commission [Management Group]
- Bank: CHECKING: Bank Account Checking
- Check Number: [Redacted]
- Discount (%): [Redacted]
- Discount (\$): [Redacted]
- Bill To: AGENT COMM: Agent Commission [Management Group]
- Bill Code: PAY COMM: Pay Commission
- Amount: \$10.35
- Undiscounted Total: \$10.35
- Total Discount: [Redacted]
- Discounted Total: \$10.35

If the checks to the individuals must be printed from the company books instead of the property management books, make the payee the company and list the line items for each agent or property manager.

The screenshot shows the 'Write Check' window with the following details:

- Posting Date: 03/09/2015
- Invoice #: MARCH 9, 2015
- Payee: [Redacted]
- Bank: CHECKING: Bank Account Checking
- Check Number: [Redacted]
- Discount (%): [Redacted]
- Discount (\$): [Redacted]
- Bill To: PM COMMISSION: PM Commission [Management Group]
- Bill Code: PAY COMM: Pay Commission
- Amount: \$13.80
- Undiscounted Total: \$13.80
- Total Discount: [Redacted]
- Discounted Total: \$13.80