

# **Legal Fees and Collection Fees**

**Property Management Solutions for Over 30 Years** 

## Overview

This document explains how to process funds from a collection agent when fees have been deducted.

Situation: A tenant moved out with unpaid rent charges. You turn the account over to collection. You receive the net proceeds from the collection agent.

### **One Time**

Create an Account code called Legal Fee or Collection Fee

- Go to <<Setup, Account Code>>
- Click <New>
- Enter the [Short ID] and [Description] of Collection Fee.
- Enter a [Ledger Code].
- Choose Expense as the [Account Type].

#### **Each Time**

Go to <<AR, Adjust Open Credits>>

- Select the [Tenant]
- The Increase Tenant Balance radio button will be marked.
- Enter the [Amount] deducted / charged by the collection agent.
- Enter the [Account Code] of Collection fee or Legal fee.
- Enter a memo describing the situation.
- Click <Post> to increase the tenant open credits.

## Go to <<AR, Tenant Receipt>>

- Select the [Tenant].
- Enter the amount received from the collection agent.
- Verify the payoff. Notice that the open credits will be used to pay off the full amount of money received by the collection agent, not just the net amount sent to you.
- Click <New> or <Post>.

If there are charges remaining you can reverse them (optional) and make the tenant status Past Inactive.

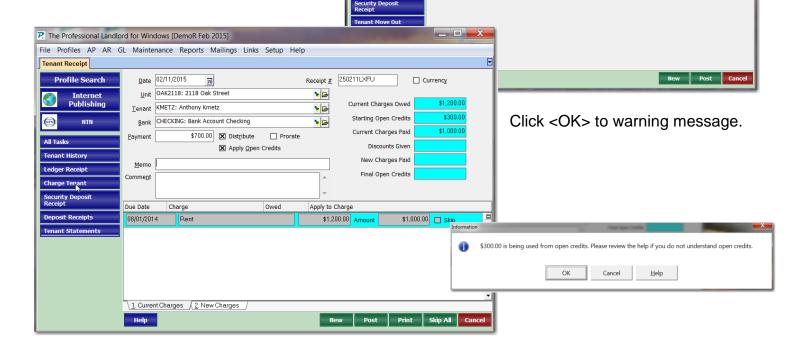
The end result is that the tenant gets full credit for the amount given to the collection agent, the owner gets the correct amount of taxable income, and the Management Group gets the correct management fee.



\$1,000 rent sent to collection agent. Collection agent keeps \$300, sends \$700 to Management Company.

<<AR, Adjust Open Credits>>

<<AR, Tenant Receipt>>



The Professional Landlord for Windows [DemoR Feb 2015]

Adjust Open Credits

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<u>D</u>ate 02/11/2015

Unit OAK2118: 2118 Oak Street

O <u>De</u>crease Tenant Credits

collected \$1000, fee \$300

Tenant KMETZ: Anthony Kmetz

Account COLLECTION: Collection Fee

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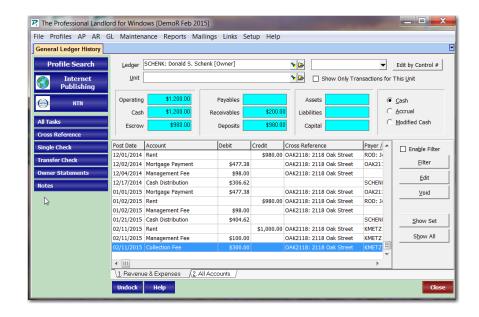
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Starting Open Credits

Amount Transferred Final Open Credits Unpaid Charges

\$300.00 Transfer To or From Management Group

<<GL, General Ledger History>>



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