



Temporary Use of Security Deposit Funds

Property Management Solutions for Over 30 Years

Overview

This procedure is for cases where the owner wants to (and is allowed to by the RE Commission in your state) use the tenant's security deposit to pay bills.

Be sure you have a SD Held by Owner account code set up:

One Time - Setting up the Account Code and Charge Code

1. Go to <<Setup, Charge Codes>>
2. Click the <New> button
3. Type in an ID of Dep HBO
4. Type in a long description of Security Deposit HBO or Deposit Held by Owner
5. Click on the flashlight button for [Account]
6. Type in an ID of Dep HBO
7. Type in a long description of Security Deposit HBO or Deposit Held by Owner
8. Type in a [Ledger code], e.g.9999
9. Select an [Account Type] of Other Income or Taxable Income
10. Click <Save> to go back to the Charge Code record
11. Mark the checkbox [Use to Track Deposits]
 - a. With this box marked, the amount of the security deposit will show in Tenant History in the Deposits box and will appear on the Security Deposit report. This is a convenient method to determine what deposits are being held in total. To break out those deposits that are being held by the owner, set up a category of Deposit HBO, assign it to each tenant and run the Security Deposit report limited to that category.
12. Click <Save>

The screenshot displays two overlapping windows from the software. The top window is titled "Security Deposit HBO [Account]" and contains the following fields: ID (DEP HBO), Security Deposit HBO (description), Ledger Code (9999), and an Active checkbox. Below these are sections for "Account Type" (with a dropdown menu set to "Other Income" and checkboxes for Bank, Checking, Escrow, and Impound accounts) and "Account Sections" (with dropdowns for "CURRENT YR: Current Year Earnings" and "INCOME OTH: Other Income"). The bottom window is titled "Security Deposit HBO [Charge]" and contains: ID (DEP HBO), Security Deposit HBO (description), an Active checkbox, an Account dropdown (set to "DEP HBO: Security Deposit HBO"), a Payoff Priority dropdown (set to "Normal"), and a list of checkboxes including "Use to Track Deposits" (which is checked), "Subject to Late Charges", "Subject to Management Fees", "Taxable", "Earns Interest as a Deposit", and "Pay Management Group".

Each Time Give to Owner

- Go to <<AR, Release Deposit>> and release the amount needed. That puts the money in Open Credits.

Released Deposits	\$250.00
Interest	
Total Released	\$250.00

4/30/2018	Security Deposit	\$1,150.00	Release	\$250.00	<input type="checkbox"/> Pay Interest
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- Go to <<AR, Charge Tenant>>. Charge the tenant for SD HBO for the amount released. That will maintain your record of the amount you should be holding for the tenant. Be sure the open credits are used to pay off that charge. The money is then available to the owner.

Charge	DEP HBO: Security Deposit HBO	Amount	\$250.00
Memo			
Comment			
		<input checked="" type="checkbox"/> Deposit	<input type="checkbox"/> Taxable
		<input type="checkbox"/> Pay Management Group	

Move money from security deposit bank to owner bank (if the SD money is kept in a separate bank account)

- The money that goes to the owner must be moved from the security deposit bank account to the checking bank account.
- Go to <<AP, Transfer Check>>.
 - Mark [Handwritten] if you don't want PROMAS to print the check.
 - Double click in the [Reference] field to enter today's date or type in a Reference memo.
 - [Write Check From Bank] - choose the security deposit bank
 - [Deposit into Bank] - choose the checking bank account
 - If the check is handwritten you must enter a [Check Number]
 - The [Payee] is the management group
 - The [Ledger] is the owner of the unit (owner or property)
 - The [Bill Code] is Security Deposit Transfer
 - The [Amount] is the amount of money being moved.
- <Post> the transaction.

4. <Print> the check.
5. The money will be taken from the escrow bank account and put in Deposit Receipts for the checking bank account. All you need to do is put it on a deposit slip and post, then take it to the bank.

The money is then in the owner funds and can be used to pay bills.

Reinstate

- Go to <<AR, Release Deposit>> and release the SD HBO that was posted above. That will take the money away from the owner and put it in the tenant's open credits.

Date	Description	Amount	Action	Pay Interest
4/30/2018	Security Deposit	\$900.00	Release	<input type="checkbox"/>
5/6/2019	Security Deposit HBO	\$250.00	Release	<input type="checkbox"/>

- Go to <<AR, Charge Tenant>> to post a charge for Security Deposit. The open credits should be used to pay off the charge.

NOTES:

- If the tenant has other unpaid charges, you will need to go to <<AR, Tenant Receipt>> and use the open credits to pay off the security deposit charge.
- If you keep the security deposits in a separate bank you will have to move the money from the Checking bank to the Escrow bank.

Move money from owner bank to security deposit bank

1. The money that goes to the tenant must be moved from the owner bank account to the security deposit bank account.
2. Go to <<AP, Transfer Check>>.
 - a. Mark [Handwritten] if you don't want PROMAS to print the check.
 - b. Double click in the [Reference] field to enter today's date or type in a Reference memo.
 - c. [Write Check From Bank] - choose the owner bank
 - d. [Deposit into Bank] - choose the security deposit bank account
 - e. If the check is handwritten you must enter a [Check Number]
 - f. The [Payee] is the management group
 - g. The [Ledger] is the owner of the unit (owner or property)
 - h. The [Bill Code] is Security Deposit Transfer
 - i. The [Amount] is the amount of money being moved.
3. <Post> the transaction.
4. <Print> the check.
6. The money will be taken from the checking bank account and put in Deposit Receipts for the security deposit bank account. All you need to do is put it on a deposit slip and post, then take it to the bank.