# All About Fees

**Property Management Solutions for Over 30 Years**

## Overview

There are four primary types of fees taken in property management and they are management fees, late fees, NSF fees and leasing fees. In this document these fees will be addressed on how to set them up, how to take them and some other useful information along the way.

## Related Documents

To learn how to give tenants a discount for paying rent early, see the Early Payment on Rent Help Document. To learn how to fix a receipt already posted on a deposit slip, see the Payment Recorded in Error Help Document.

## Quick Links to Individual Topics

# 1. Management Fee

Management fees can be based on Tenant Payments and Not on Tenant Payments. Fees based on Tenant Payments are posted when the tenant pays. Fees Not on Tenant Payments are posted separately. 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.

## A. Management Fee Profile Setup

The Management Fee profile defines the various fee structures for management fees. If you have only one management fee rate, then only one profile is required. A management fee is associated with each unit. An Additional Management Fee can be defined for a tenant's lease in the tenant profile.

**Percent of Actual  [Management Fee]**

ID `10% A`     `Percent of Actual`

**1. Management Fee on Tenant Payment**

A. Fixed Dollar Amount `[          ]`     Note: Will be converted to a percentage of Actual Rent

B. Percent of Collected Rent `[        10]`

**2. Management Fee Not on Tenant Payment**

C. Fixed Dollar Amount `[          ]`

D. Percent of Market Rent `[          ]`

E. Percent of Actual Rent `[          ]`

**4. Leasing Fee**

H. Percent of First Month's Rent `[          ]`

I. Replaces Management Fee ☐

**3. Management Fee When Vacant**

F. Fixed Dollar Amount `[          ]`

G. Percent of Market Rent `[          ]`

**5. Other Fees**

J. Owner Percentage of Late Fees `[          ]`

K. Invoice Discounts to Owner ☐

**6. NSF Fees**

L. NSF Charge `NSF: NSF Check Fee`     **M.** ☐ Pay to Owner

**What should I name my Management Fee?**
It is good practice to name the management fee in a way that is easily identifiable when choosing a management fee on the Unit Profile screen. For example, if your management fee is a flat or fixed 10%, you could name the fee 10% of Actual.

1. **Management Fee on Tenant Payment:** When a tenant payment is processed this percentage of the amount recorded will be deducted from the owner/property ledger balance and added to the management group ledger balance for any charge code that is subject to management fees. The account codes used for these transactions are set in the Posting Table (Setup > Posting Table > Edit Posting Table > Tab 3 Income and Tab 4 Expenses > Management Fee). When the rent charge is posted it creates a payable in the owner/property ledger and a receivable in the management group ledger. The fee amount is determined at the time rent is charged even though it is not deducted from the owner/property ledger until the rent payment is received.

    A. **Fixed Dollar Amount (on tenant payment):** If the fee is a fixed amount taken at the time rent is paid, enter that amount in the Fixed Dollar Amount. The program will compute the percentage so that if only a partial rent is paid, only a partial management fee will be taken.

    B. **Percent of Collected Rent:** This percentage of the rent receipts is deducted from the owner or property ledger and given to the management group when rent receipts are posted. The field accommodates up to four decimal places.

2. **Management Fee Not on Tenant Payment:** The management fees set up here are taken when the AR > Scheduled Receivables > Management Fees NOT on Tenant Payment function is run. This fee structure can be in lieu of or in addition to management fees on collected rent. The amount or percentage entered will be deducted from the owner/property ledger and given to the management group when the Management Fees NOT on Tenant Payment function is run.

    C. **Fixed Dollar Amount:** The amount entered here is deducted from the owner/property ledger when the Management Fees NOT on Tenant Payment function is run.

    D. **Percent of Market Rent:** Enter a percent (up to four decimal places) of the market rent (defined in the Unit Profile) that you wish taken when the Management Fees NOT on Tenant Payment function is run.

    E. **Percent of Actual Rent:** Enter a percent (up to four decimal places) of the actual rent (defined in the Tenant Profile) that you wish taken when the Management Fees NOT on Tenant Payment function is run.

3. **Management Fee When Vacant:** The management fees set up here are taken on vacant units when the Management Fees NOT on Tenant Payment function is run. The amount or percentage entered below will be deducted from the owner/property's ledger and given to the management group.

    F. **Fixed Dollar Amount**: Enter the dollar amount of the management fee taken when a unit is vacant.

G. **Percent of Market Rent**: Enter the percent of the market rent taken when a unit is vacant.

4. **Leasing Fee**

   H. **Percent of First Month's Rent**: Enter the percent of the first month's rent that is taken as a leasing fee. The leasing fee can be taken through AR > Scheduled Receivables > Management Fees NOT on Tenant Payment if the Lease Start Date is in the same month as the Scheduled Thru date on the Scheduled Receivables screen.

   I. **Replaces Management Fee**: Mark this checkbox if you do not want to take a management fee on the first month's rent.

5. **Other Fees**

   J. **Owner Percentage of Late Fee**: This percentage of the late fee will be credited to the owner/property's ledger when late fees are collected. (Note: If the owner/property receives none of the late fee his ledger will not show any late fee transactions.)

   K. **Invoice Discounts to Owner:** If you receive discounts from a vendor you can choose to give the discount to the owner or the management group. Check this box if the owner receives invoice discounts. In either case, the check will be written for the discounted amount and the owner/property ledger will be debited the full invoice amount. If you choose to give the discount to the owner, the discount amount will be credited back to him. If you choose to give the Management Group the discount, the management group ledger will be credited with the discount amount.

6. **NSF Fees**

   L. **NSF Charge:** Enter the charge code to use when posting an NSF check charge to the tenant's account. The actual NSF charges are entered in Setup, Account Codes when you set up the bank account information.
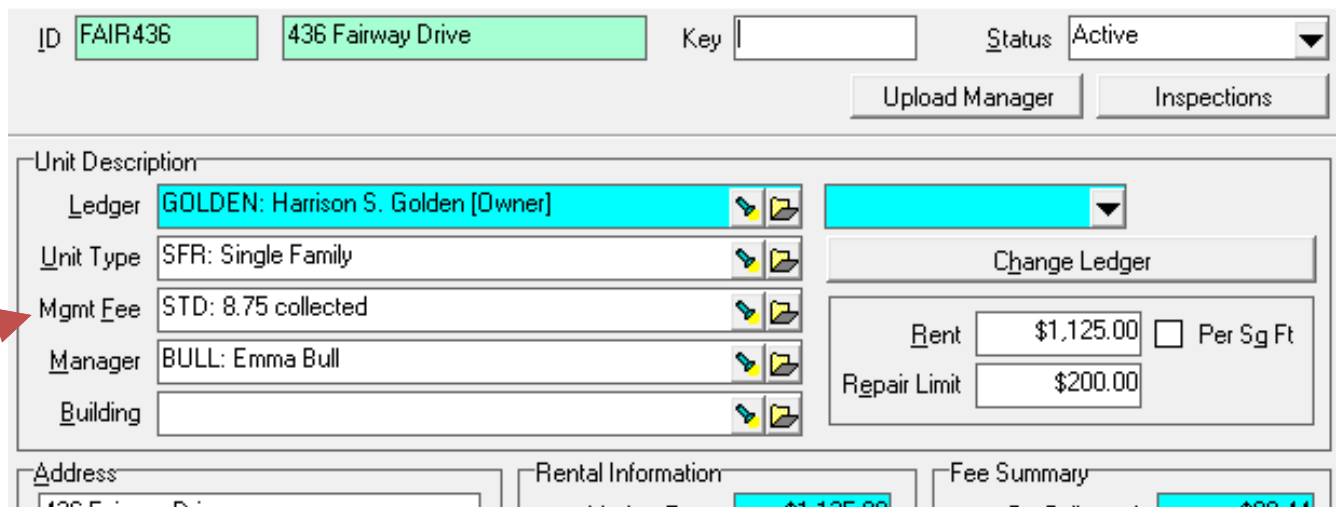
   M. **Pay to Owner:** Mark this checkbox if the above fee should be paid to the owner/property ledger rather than the Management Group. (Note: If the owner receives none of the NSF fee his ledger will not show any NSF fee transactions.)

**Non-Fee Based Manager**

If you are a non-fee-based manager, set up a profile with a Record ID of No Fee. The only entry required in the profile is the NSF Fees field. Select the appropriate Charge Code and mark the checkbox Pay to Owner. Also set the Owner Percentage of Late Fees to 100% and mark the Invoice Discounts to Owner checkbox.

## B. Assign Management Fee in Unit Profile

In order to take a management fee, the management fee profile must be assigned to each unit. This is done under Profiles > Unit > Select / Edit the Unit > Tab 1 Unit Description > Mgmt Fee. Here you can see unit 436 Fairway Drive has been assigned the management fee titled 8.75 collected.
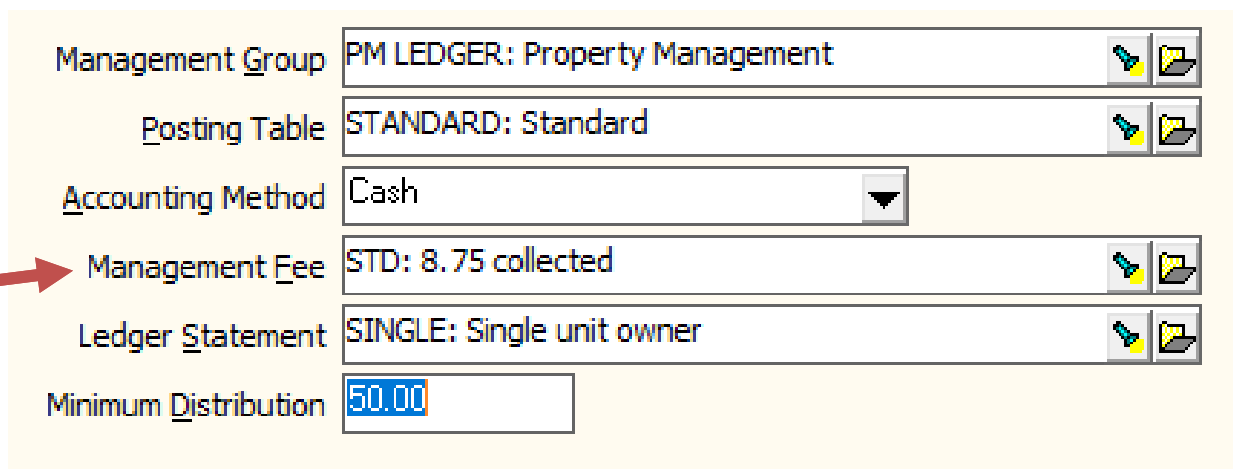


## C. Processing Defaults

When creating new unit profiles, the default management fee can be set so it is auto filled. This is found under Setup > Processing Defaults > Tab 1 New Profiles > Management Fee.

# D. Taking Management Fees
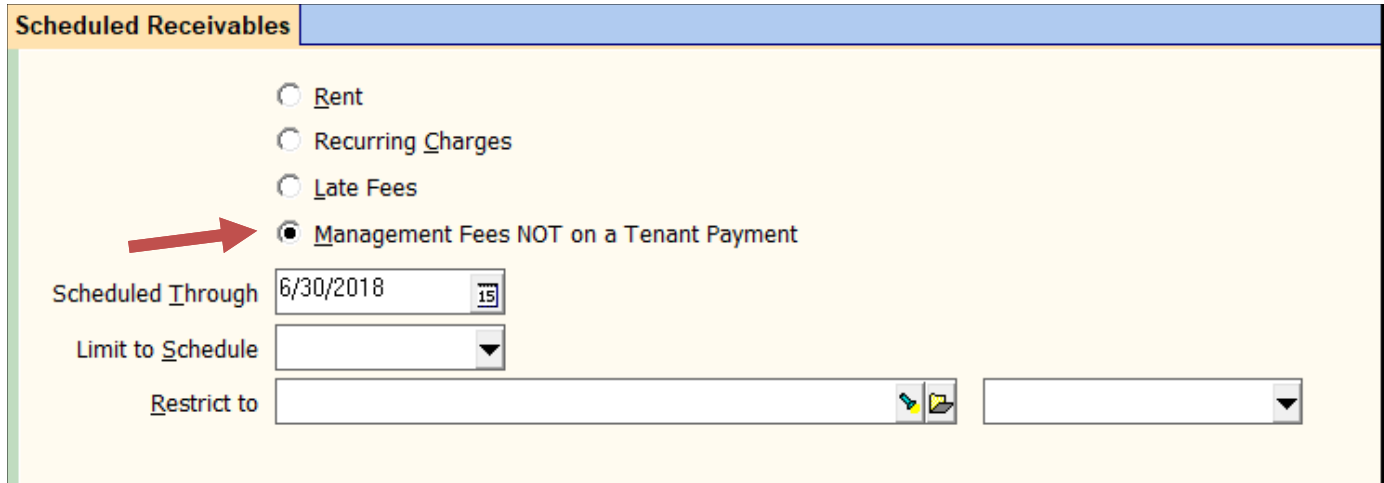
## Management Fee - On Tenant Payment

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 the current rent charge - only on future rent charges.

Whenever any charge subject to management fees is posted the fee basis is established per the current management fee associated with that unit profile. In other words, if the charge is posted before a management fee change, even if the charge has not been paid, the fee will not be altered on the charge.

## Management Fee - Not on Tenant Payment

When Not on a 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 a 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.

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 a Not on Tenant Payment is run. When posted the amount of the fee is deducted from the owner/property ledger and given to the management group ledger.



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## 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.
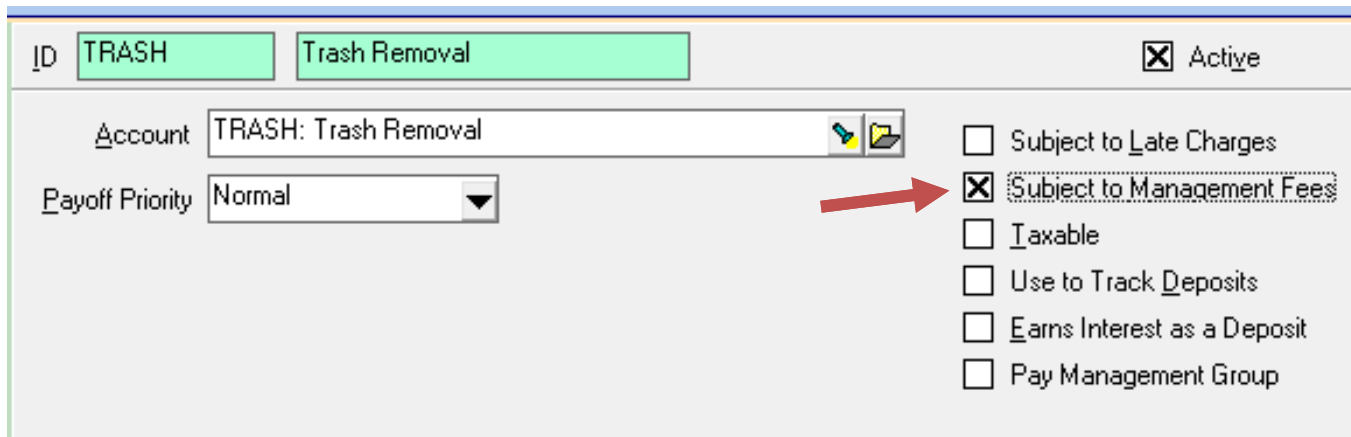


1. Go to AR > Pro Rated Rent
   a. The colored fields on the right are for information only.
   b. The white fields on the left govern what will be posted.
2. Select the Tenant or Unit.
3. Set the Posting Date to the day the management fee should show in the owner/property's ledger.
4. Ignore the Due By, Start Date, End Date, Days Rented and Days in Rental Period boxes.
5. Skip down to Rent and change any amount listed to zero (0) OR set Days in Rental Period to zero (0).
6. Enter the amount under Management Fee. To take a management fee, enter a positive amount (i.e. 75). To give back a management fee, enter a negative amount (i.e. -75).
7. 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.


# E. Charge Codes Other than Rent Subject to Management Fee

By default, rent will be subject to management fees. Charges other than rent can also be subject to managements by marking 'Subject to Management Fee' in the charge profile. This is found under Setup > Charge Codes.

# 2. Late Fees

A payment is determined to be late and subject to late fees by adding the Grace Period defined below to the Date Assessed in the Tenant Profile. Assuming the date assessed is the 1st and the grace period is 5 days, a payment is late starting on the 7th. The late fee amount can be fixed or a % of the balance late or the sum of both. In addition, a per day late fee may be applied. The owner may be credited with any percent of the collected fees.

## A. Late Fee Profile Setup

Late Fees are set up under Setup > Late Fees. There is no limit on the number of late fees created. Each late fee profile can be assigned to any number of tenant profiles as needed. A default late fee can be auto filled in when creating new tenants by going to Setup > Processing Defaults > Tab 2 Tenant Profiles > Late Fee (Second from bottom) after the late fee profile has been created.



**What should I name my Late Fee?**
It is good practice to name the late fee descriptive enough, so it is easily identifiable when choosing on the Tenant Profile screen. For example, if your late fee is a flat or fixed $25, you could name the fee Fixed $25.

**Who Gets the Late Fee?**
By default, all late fees collected go to the Management Group ledger directly (not through the owner/property's ledger). For this to happen, a Late Fee profile must be defined in Setup > Late Fees and selected in the Tenant profile. The late fee can be split between the owner and the management group by setting the Owner Percentage of Late Fees in the Management Fee profile defined in Setup > Management Fees. The Owner/property ledger and Management Group ledger each reflect their portion of the collected late fee.

A. **Grace Period in Days:** This field defines the number of days after rent is due that it is not considered late (This can be overridden by putting a grace period in the Tenant Profile). The grace period plus 2 is the day late fees can be charged. So, if the rent will be late on the 6th, the grace period is 4. (due on day 1; grace on days 2,3,4,5; late on day 6). Another way to arrive at your number of Grace Days is to work it backwards, take the day you want late fees charged on and subtract 2 (for example, 6-2=4, so if late fees are charged on the 6th, type 4 in Grace Period in Days).

B. **Fixed Dollar Amount:** Enter a dollar amount if the late fee is fixed rather than based on rent.

C. **Percent of Balance Late:** When defined as a percent, the late fee is calculated based on the Balance Late field under Late Fee Calculation Methods.

D. **Charge Per Day Late:** This amount accumulates and is calculated based on the number of days between the date when the late fees began, and the Scheduled Thru date chosen when compiling late fee candidates. This per day amount continues to accumulate. It is not subject to the options that are selected under Balance Late (explained below).

E. **Late Charge:** This is the charge code used when charging the late fee. It is filled in by default from Setup > Processing Defaults > Tab 2 Tenant Profiles > Late Charge (second from top).

F. **Base Fee** - Select the base fee from the Find List.
   - **Flat Fee plus Percentage** - can be a flat fee, a percentage or a combination.
   - **Greater of Flat or Percentage** - whichever amount is greater, the flat fee or the amount calculated using the percentage.
   - **Lesser of Flat or Percentage** - whichever is less, the flat fee or the amount calculated using the percentage.

G. **Balance Late:** This is the amount that will be used to calculate the late fee. Select from the Find List:
   - **All Charges** - all unpaid charges will be taken into consideration
   - **New Charges** - all unpaid charges since the last late fee was charged
   - **Rent Only** - only unpaid rent charges will be considered
   - **All Charges, Cap at Rent** - consider all unpaid charges but not more than the monthly rent amount
   - **New Charges, Cap at Rent** - consider all unpaid charges since the last late fee, but not more than the monthly rent amount

- **Rent Only, Cap at Rent -** consider only unpaid rent, but not more than the monthly rent amount
- **All Charges, Set at Rent -** all unpaid charges will be taken into consideration when determining if tenant is late, but the percent will be calculated on the base rent amount.
- **Current Charges, Set at Rent -** consider all unpaid charges since the last late fee, calculate late fee percent on the base rent amount.
- **Rent Only, Set at Rent -** consider only unpaid rent, calculate late fee percent on the base rent amount.

H. **Schedule:** The schedule for charging late fees can be never, daily or almost anything in between. Select the schedule from the Find List. A monthly schedule means that a month must have passed before another late fee can be charged.

I. **Day of Month:** When AR > Scheduled Receivables > Late Fees are compiled after the day of month entered here; they will still post the next month on that Day of Month.

J. **Minimum:** If the calculated late fee charge is less than the minimum, the late fee candidate will be marked skipped.

K. **Late Charge:** Enter the charge code that will be used on the late fee charge. This code is defined in Setup > Charge Codes. You can type in the code or use the Find List to select it.

L. **Discount for Early Payment of Rent:** This section lets you enter information to calculate early payment discounts on rent. See the Early Payment on Rent Help Document for an explanation of how they are calculated. Discount processing can be turned on and off in Processing Defaults.

M. **Maximum Days after Due Date:** Enter here the maximum number of days after the rent due date that you offer a discount or credit on the rent.

N. **Fixed Dollar Amount:** If the discount is a fixed dollar amount enter the amount here.

O. **Percent of Rent:** If the discount is a percent of the rent amount enter the percentage here.

## B. Assign Late Fee in Tenant Profile

In order to take a late fee, the late fee profile must be assigned to each tenant. This is done under Profiles > Tenant > Select / Edit the Tenant > Tab 2 Lease > Late Fees. Here you can see tenant Joseph Bruno has been assigned the late titled Fixed $25.



## C. Processing Defaults

When creating new tenant profiles, defaults can be set so they are auto filled. This is found under Setup > Processing Defaults > Tab 2 Tenant Profile. The second field down is Late Charge which is the charge code filled in when creating new Late Fee Profiles. The second from the bottom is Late Fee which is the Late Fee Profile filled in when creating new tenants.



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## D. Charging Late Fees

1.       Select AR > Scheduled Receivables.



2.       Click on the radio button for Late Fees.
3.       The Scheduled Through date defaults to today's date. Change the Scheduled Through date to the day for determining late charges.
4.       Click the Compile button. A list of tenant late fee candidates will display.
          Clicking anywhere on the line item will allow you to edit the late fee amount. It will bring up several lines of information including the Record ID for the tenant profile, the record ID for the unit, the days late.



5.       You can sort the list by Tenant or by Unit using the radio button on the bottom left.
6.       You can review the candidates and make any changes necessary.
7.       Print a report by clicking the Report button. It will print in the order displayed on the screen.

8.      Click the Post button to record the charges. The tenant ledger for each tenant charged now reflects the amount charged as a late fee. You can view or edit these in AR >Tenant History.

Other information displayed includes:

- Balance Due - the total of all unpaid charges
- Balance Late (as of the Scheduled Through date)
- Days Late - calculated from the oldest unpaid charge
- Times Late - based on prior late fee charges over the past 12 months
- Last Charged - the most recent late fee charge
- Last Amount - the most recent late fee charge amount
- Base Charge - calculated based on the Late Fee Profile
- Per Day Charge - calculated based on the Late Fee Profile
- Total Charge - the total late fee based on the base charge and the per day charge

To zero out or change the late fee amount, either mark the Skip checkbox or click in the amount field and enter the new amount.

**Who gets charged a late fee?**
Tenants who have unpaid charges that are subject to late fees and are beyond the grace period.
- Tenant must be assigned a LATE FEE PROFILE
- There must be unpaid charges with charge codes marked Subject to Late Fees
- Tenant cannot have a late fee charge within the late fee schedule time period
- Unit must have an active status

**How often can a late fee be charged?**
It depends on the schedule.
- If the Schedule is monthly a fee cannot be automatically charged more than once every 30 days.
- If the Schedule is daily, they can be automatically charged at any time so long as they meet the charge criteria.

**Give Late Fee to Owner, Take Management Fee on Late Fee Instead**
The same management fee percentage as taken on collected rent can be taken on a late fee under the following circumstances:
1. The Tenant Profile has no Late Fee selected.
2. In Setup, Charge Code > Late Fee the Subject to Management Fee checkbox is marked.
3. In Setup > Management Fees the Percent of Collected Rent should be the percent to be given to the Management Group.

The Owner/property ledger will show the total amount of late fees collected as income and the Management Fee as expense.  The Management Group ledger will show only the management fee amount.
NOTE: The function AR > Scheduled Receivables > Late Fees will not consider tenants with no Late Fee selected in their profile. Thus, all late fees must be manually charged in AR > Charge Tenant or in AR, Tenant Receipt > New Charges.

*Troubleshooting:*

If there are tenants who have unpaid charges yet don't show up on the list of candidates, check the following.

- Check the rent charge code in Setup, Charge Codes to see if the Subject to Late Fees check box is checked.
- Do the tenants have a Late Fee Profile selected in their Tenant Profile on the Lease tab?
- Have the tenants been charged a late fee in the last 30 days? If the Late Fee schedule is monthly, it must be 30 days since the last late fee charge. Check the Late Fee Profile for schedule and Tenant History for the last late fee charge.
- Is the tenant charge within the grace period? Check the Late Fee Profile in Setup and the Tenant Profile, Grace Period field.
- Is the tenant status other than current or future?
- Is the unit status active?
- Is there a percentage or flat fee amount in the late fee profile?

## E. Charge Codes Other than Rent Subject to Late Charges

By default, rent will be subject to late charges. Charges other than rent can also be subject to late charges by marking 'Subject to Late Charges in the charge profile. This is found under Setup > Charge Codes.
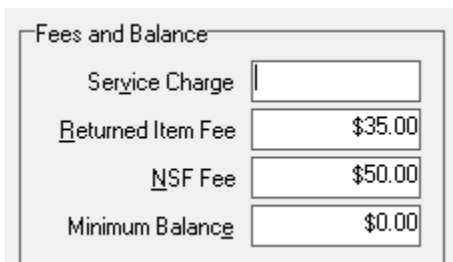
# 3. NSF Fees

To handle a check that is returned by the bank for insufficient funds, you go to Receipt History (for an owner NSF) or Tenant History (for a Tenant NSF) and locate (highlight) the transaction. Click on the NSF Action Button. Edit the NSF parameters as necessary and post.

## A. Setup NSF Fees

While NSF fees don't have their own profile, there are two locations that set the parameters of how NSF fees work; how much is charged to tenant, how much your bank charges you and who gets the NSF from the tenant.

The first two (how much is charged to tenant and how much your bank charges you) are setup under Setup > Account Codes > Choose your Bank Account > Tab 2 Checking Account Setup.
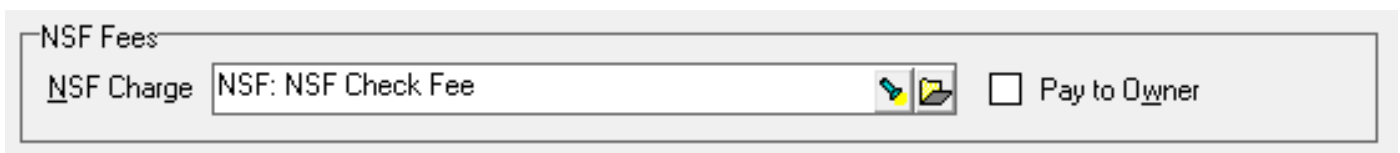
Here you can enter the Returned Item Fee (what your bank charges you) and the NSF Fee (what you charge the tenant).



In this example, it is set as though the bank is charging $35 and the tenant is being charged $50.

The last (who gets the NSF fee) is in the management fee profile which gets assigned to each unit. This means with some owner's you may agree that the management group gets the fee and with other owners they get the fee.



By marking the box "Pay to Owner" this means the owner or property will receive the NSF fee. If the box is not marked, the management group will receive the NSF fee.

## B. NSF a Receipt

1.  Go to AR > Receipt History or AR > Tenant History
2.  Locate the receipt and highlight it
3.  Click on the NSF button
4.  Verify the NSF parameters (bank fees, NSF fee charged to tenant, etc)
5.  Post



The following will happen:
- The tenant will be charged the NSF fee
- The management group (or owner - per the management fee profile) will be charged any applicable NSF bank fees
- A bank withdrawal will be posted to the bank account
- All charges paid off by that receipt will become unpaid
- Any money credited to the owner (or partnership or management group) will be taken away
- Any management fees taken will be returned

*NSF a payment that was Open Credits*

If the payment went into open credits and was subsequently used to pay off charges, you must manually void the payoff.  A warning message will display when you NSF a receipt that went into open credits.

- If you are not already there, go to AR > Tenant History and choose the tenant
- Go to the Open Credits tab
- Void the Apply Open Credits line item

## C. How to Void an NSF

**Get the details of receipt that was mistakenly marked NSF**

1. Go to AR > Tenant History
2. Choose the tenant and go to the Receipts tab
1. Click the <Filter> button, mark the Filter Active and Show if Voided checkboxes
2. Save
3. Edit the receipt marked NSF: Payment Received.
    a. Note the date, amount, memo and items paid off
4. Close

**Repost the Receipt**

1. Go to AR > Tenant Receipt
2. Choose the tenant
3. Change the date to match the original posting date of the receipt
4. Enter any memo from the original receipt you edited above
5. Pay off whatever was paid off or should be paid off
6. Post

**Fix the Deposit Slip and void the NSF receipt**

1. Go back to AR > Tenant History
2. Choose the tenant and go to the Receipts tab
3. Highlight the receipt named NSF: Payment Received
4. Click Edit
5. Click on Deposit Slip
6. Unmark the checkbox "Disable Marking When Row Clicked"
7. Unmark the original NSF receipt
8. Mark the new receipt
9. Post the deposit
10. Highlight the NSF: Payment Received transaction
11. Click on Void
12. Double click in the [Void Date] field to put in the posting date
13. Click Post - that voids the receipt
14. Void any bank service charges that were part of the NSF
15. Void any NSF charges to the tenant

# 4. Leasing Fees

## A. Leasing Fees

When you post using either method below, the owner/property ledger balance will be decreased immediately with a transaction dated with the selected posting date. If you use the recommended method, you will be warned if the owner balance is being drawn below $0.

**Recommended Method**



1. Go to AR > Prorated Rent
   a. The fields on the right are for information only. 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 leasing fee should show in the owner/property's ledger.
4. Clear the Days in Rental Period field using Shift / Backspace or enter 0.
5. Enter the amount in the Leasing Fee field.
   a. The Rent and Management Fees should be blank prior to posting.
   b. Type in a memo if appropriate.
6. Click Post.

**Alternate Method**



1.    Go to GL > Journal Transfer.
      a.  Set the Date to the day the leasing fee should show in the owner/property's ledger.
      b.  Select the Bank.
2.    First Line Item
      a.    Select the Account for Lease Fee.
      b.    Select the Ledger (unit, owner or property)
      c.    Enter the Amount.
3.    Click in the open area below the line item to create a second line item of information.
4.    Second Line Item
      a.    Select the Account for Lease Fee Income.
      b.    Select (change) the Ledger to the management group.
      c.    The Amount should automatically be filled in. Enter the amount if it is not filled in.
5.    Click Post.

# 5. Any Other Fees

## A. Take Fees with Journal Transfer

Any other kinds of fees taken from the owner and given to the management group can be taken with GL > Journal Transfer.



New account codes can be created under Setup > Account codes.