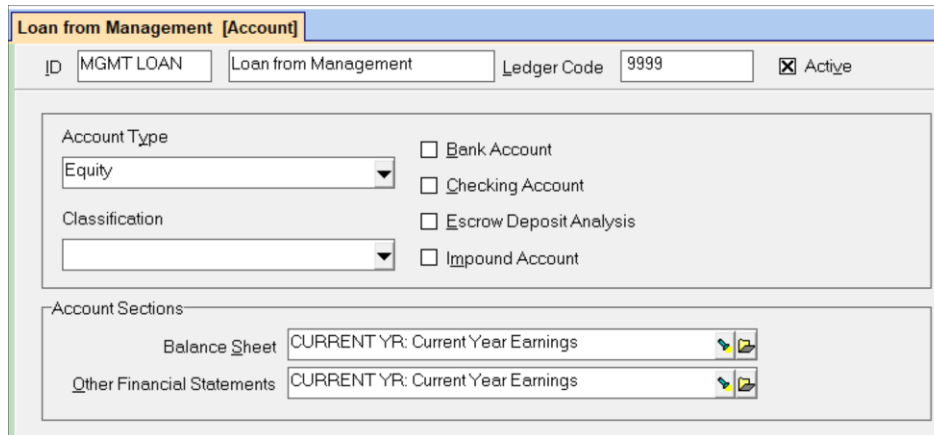# Management Loans Money to Owner

## Overview

Occasionally you may want to lend money to an owner or ledger so you can pay the bills or because a tenant's rent payment came back NSF after the owner's distribution check was sent. If you choose to do this, create an account code for the loan. Then post a journal transfer to move the money from management to owner. When the owner pays you back, receive the money into the owner's ledger and post a journal transfer to repay the money to management.

For NSF checks, see alternative method on page 3.

## Posting

<u>One Time - Create Account Code</u>
1. Go to <<Setup, Account Codes>>
2. Click the <New> button
3. Type in an ID of Mgmt Loan
4. Type in a long description of Loan from Management or Management Loan to Owner
5. Type in a [Ledger code], e.g.9999
6. Select an [Account Type] of Equity
7. Click <Save>

Each Time - Journal Transfer

1. If you do not keep enough money in your Management Group ledger to fund the loan, do a ledger receipt into the Management Group for the money you will need. Use an account code of Misc Income.
2. Go to <<GL, Journal Transfer>>
3. Choose the [Bank Account]
4. Choose Mgmt Loan for the [Account]
5. Choose the owner in the [Ledger] field
6. Enter the [Amount]
7. Click in the open area below the first line item to create the second
8. Choose Mgmt Loan for the [Account]
9. Choose the management group in the [Ledger] field
10. The [Amount] should fill in as a negative amount
11. <Post>

## Method 1 - Paying Loan Back and Tracking with Work Orders

This method uses journal transfer and work order as the best method of tracking the loan - keeping the owner apprised of the loan balance and being able to run reports showing the outstanding loans or just the amount still outstanding.

Paying Loan Back - Once the owner's ledger has enough money
1.  Go to <<GL, Journal Transfer>>
2.  Choose the [Bank Account]
3.  Choose Mgmt Loan for the [Account]
4.  Choose the owner in the [Ledger] field
5.  Enter the [Amount] as a negative
6.  Click in the open area below the first line item to create the second
7.  Choose Mgmt Loan for the [Account]
8.  Choose the management group in the [Ledger] field
9.  The [Amount] should fill in as a positive amount
10. <Post>



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## Tracking

The best way to track the loan is to use the work order function. The work order can be an addition to the bottom of the owner statement to keep the owner apprised of the loan amount.

1. After posting the journal transfer moving money from management to owner, go to <<Maintenance, Work Orders>> and click <New>
2. Enter the pertinent information about owner and unit.
3. Choose a status. You might want to choose one that you use only for tracking loans to owner like In Progress or Assigned.



4. On the Vendor Assignment tab assign the company or management group as the vendor
5. Enter the amount of the loan in the Estimate field.  This will assure that money doesn't get sent to the owner before paying back the loan.



6. As the owner pays you back you can reduce the [Estimate] on the work order after posting the Journal Transfer.
7. When the loan is fully paid off, reduce the [Estimate] to zero and change the [Status] to Resolved or delete the work order.
8. To get a report of outstanding loans, go to <<Maintenance, Work Order Reports>>

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9. Choose the Reported Work Order Summary
10. In the [Limit to Status] field choose the status you selected in the work order above for loans
11. Click <Compile>
12. For a report just on the amount of loans you have not yet recovered you can run either a Revenue & Expenses or Income Summary for the management group. The account Mgmt Loan will zero itself out when you have been fully reimbursed.

## Method 2 - Paying Loan Back with Invoice

Another way to track the loan and pay the loan back is to use invoices. The unpaid invoices can be an addition to the bottom of the owner statement to keep the owner apprised of the loan amount. The disadvantage is that you cannot easily reconcile what you have loaned with what you have been paid back because the transaction paying back the management group is not in the management group ledger.

1. Go to <<AP, Invoice>>.
2. Enter an invoice payable to the management group for the amount of loan. Use a [Bill Code] of Mgmt Loan.
3. The invoice check will not be processed unless the owner has enough money in the ledger to cover the amount. PROMAS will reserve that amount of money from the owner's distribution check.
4. To track outstanding loans, go to <<Reports, Vendor Reports>>. Choose Unpaid Payables Details. Restrict it to the Management Group.

**Loan Tenant Money for NSF**

When the loan is for an NSF check from the tenant, you may choose to loan the money to the tenant instead of the owner and charge the tenant payable to management. Should the tenant not pay you back, you can take the money from the owner at that time.

One Time
1. Follow One Time instructions on page 1.
2. Also create a [Charge Code] for Mgmt Loan.

Each Time
1. If you do not keep enough money in the management group ledger for the loan, do a ledger receipt into management for the money needed to cover the loan. Use an account code of Misc Income.
2. Go to <<AR, Adjust Open Credits>>. Choose the appropriate tenant.
3. The [Increase Balance] radio button should be marked.
4. Enter the amount of the loan. Mark the [Transfer To or From Management Group] checkbox.
5. Choose Mgmt Loan for the [Account].
6. Click <Post>



7. Go to <<AR, Charge Tenant>>.
8. Choose Mgmt Loan for the [Charge Code].
9. Enter the amount. Mark the checkbox that says [Pay Management].
10. Click <Post>.



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