



A/R Interest for Real Estate Users

By Richard Berry, Klee Associates, Inc.

Editor's Note: Richard has been our regular Real Estate writer for the last year. In this white paper, he takes his article on A/R Interest from the May, 2003 issue of JDEtips and gives it a Real Estate spin. This combined with his previous article on Property Interest on Overdue Rent gives the reader an excellent summary of all available interest options in JDE®.

We mentioned in a previous article that JDE contains two interest modules, one in AR and the other in the Real Estate suite. We also compared the relative functionality of the two modules and came up with this comparison:

Table 1: Functionality Comparison

Comparison of Functionality:				
	Accounts Receivable		Real Estate	
World	Finance Charges	<i>Poor</i>	Late Fees	<i>Good</i>
One World	Delinquency Fees	<i>Excellent</i>	Late Fees	<i>Good</i>

So, for a Real Estate customer using WorldSoftware™, there is no competition: the Real Estate interest module is definitely superior, actually quite good and functionally rich. For the OneWorld® user, though, there is a dilemma: which module would be best. Our previous article explained how the Real Estate interest module works. This white paper attempts to explain how the OneWorld “Delinquency Fees” module works.

Policies

Before you start to implement the Delinquency Fees module, you need to be clear about what your policies are. The first step in implementing this module is to set up specific policies. You may refer back to my previous article (Property Interest On Overdue Rent) in the JDEtips Document Library - for more examples of policies but here is a set of questions that may help you to identify yours:

1. If you have several companies in your group, do you have different policies for each company, or one group-wide policy?
2. Do you have several policies that can apply to different tenants? For example, do you distinguish between tenants who consistently pay late and those good tenants who may occasionally pay late?
3. Do your policies change from time to time?
4. Would you apply a different rate to a debt that was quite old compared to a debt that was more recent? For example, you may wish to apply a more penal rate to old outstanding invoices.
5. Do you give grace days? How do you use grace days? Do you treat grace days as simply an extension to your normal payment terms, or would interest apply retroactively to the original due date once the grace days had expired?
6. Do you charge interest in domestic currency only? Or would you charge interest also in foreign currency?
7. Do you have a minimum-amount test?



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8. Is interest charged on open amounts or would you wait until the tenant had fully settled before calculating interest?
9. Do you compute compounded interest?
10. Should interest charges be approved first by the collection manager before releasing the invoice to the tenant?

As we go through, we should be able to address some of these policies.

Setting Up Interest Policies

Interest policies may be set up in the Accounts Receivable system on menu G03B411 “Define Delinquency Policies”.

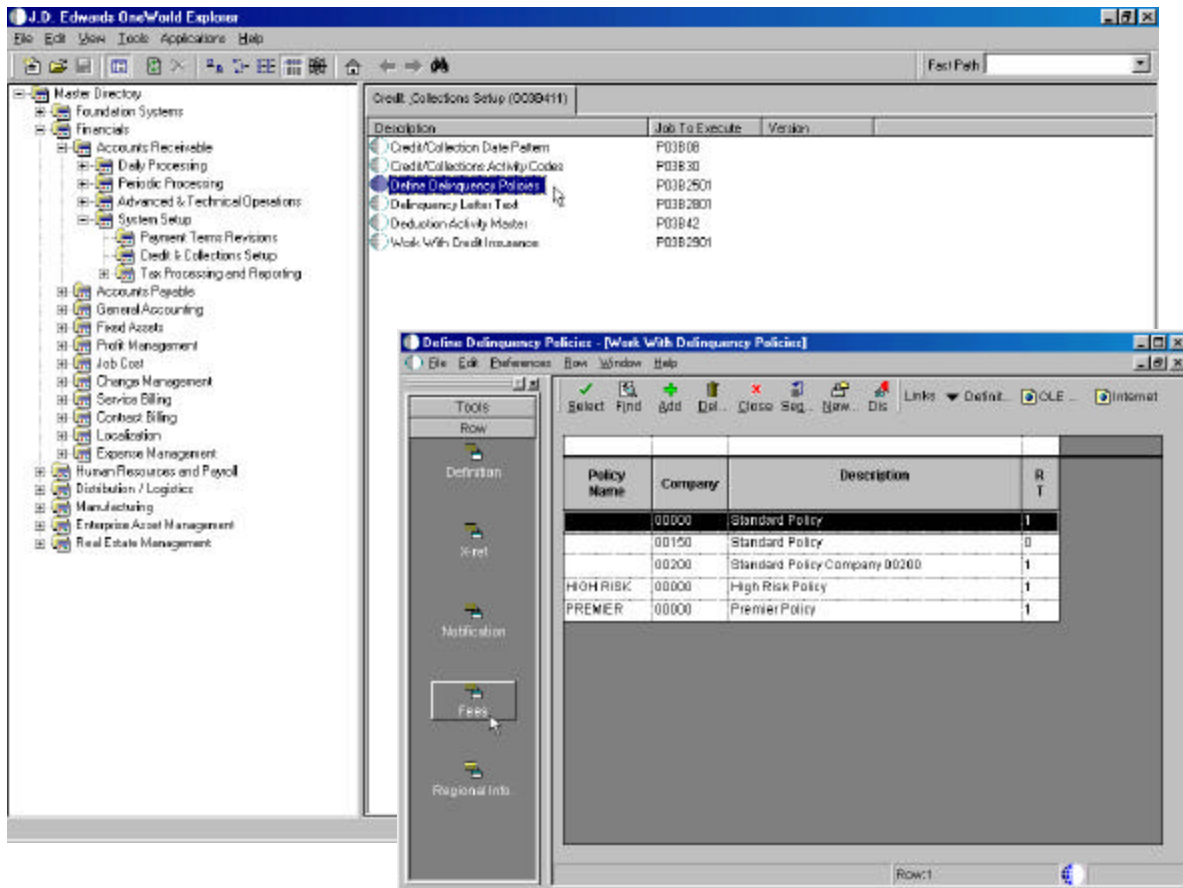


Figure 1: OneWorld Explorer path with inset of Define Delinquency Policies screen

Policies are used to set rules for both reminders (or “notifications”) and overdue interest (or “fees”).

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