



Property Interest on Overdue Rent

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The Real Estate Management suite in JDE contains an interest module. This may be found in both WorldSoftware™ and OneWorld® software. Although the screen shots shown in this article come from OW, the same screens are found in WorldSoftware and the functionality is essentially the same in both World and OneWorld.

In WorldSoftware, the Property Interest module is vastly superior to the interest feature in World Accounts Receivable. World AR "Finance Charges" is an extremely simplistic feature; what the Real Estate Module offers World users is much better.

In OneWorld, however, JDE has significantly enhanced the Interest features in AR and the "Delinquency Fee" module now looks extremely good. In fact, you could say that OW AR Delinquency Fees module has better functionality than the original Real Estate Interest module. Unfortunately for a OneWorld user, this poses a dilemma: Which module should he use? AR Delinquency Fees or Real Estate Late Fees?

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>

To answer this question completely, I will need to examine the functionality of AR Delinquency Fees more fully with particular emphasis on Real Estate issues. This will be done in a later White Paper. This White Paper will concentrate on the Real Estate Late Fees module.

Interest Policies

Before you start setting up the JDE Real Estate Late Fees module, you will need to sort out what your interest policies are. This will involve answering a few questions:

1. Does the company have a standard policy that applies to all tenants?
2. Or, do you have different policies that apply to certain tenants?
3. Do some types of billing attract charges, and others not? For example, overdue rent may attract interest but overdue service charges may not.
4. Do you have some tenants that are not charged interest at all? For example, do you have some related companies that are also your tenants?
5. How do you calculate overdue charges?
 - a) Interest?
 - b) Fixed penalty amount or administration charge?Or do you charge *both* interest *and* penalty?



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6. Do you simply use the threat of interest only and then waive the interest once the tenant promises to pay?
7. Do you have a minimum threshold interest amount? For example, if interest is less than \$10, then don't bother to charge. Recalculate interest next month, and if the cumulative interest then exceeds \$10, proceed to charge.
8. Do you temporarily or permanently exempt certain invoices from charging? This may apply to invoices under dispute.
9. Do you charge interest on a daily basis or a monthly basis? Using the daily basis will ensure that the interest is exactly accurate, but the monthly method may be simpler to calculate.
10. What happens if the tenant pays in the period?
 - a) Charge no interest for the whole period?
 - b) Treat it as if the invoice had been outstanding for the whole period?
 - c) Calculate interest on the average balance during the period?
11. How often do you change interest rates? Is interest based on a floating rate?
12. Do you give grace days? How do you use grace days?
 - a) Retrospective interest. For example, if the tenant pays up within 14 days from the due date, charge him no interest. If he pays on the 15th day charge him interest from the due date, that is, 15 days interest.
 - b) Use grace days as additional payment terms. For example, if the tenant pays on the 15th day charge him interest from the 15th day onwards.
13. Do you calculate interest only when the invoice is finally settled? This cuts down on administration, but it means that an invoice may remain unsettled for a long time before interest is calculated.

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