

# Director of Accounting System Manual



## Purpose Statement:

To improve the lives of real estate investors and residents through property management solutions.

Systems Manual: Director of Accounting (DA)

KRA's – Key Result Areas

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- 1. Drive the Collection Of Current Delinquent Rents – p5
- 2. Close Monthly Rentvine Software Accounting Cycle – p9
- 3. Paperwork Review – p13
- 4. Other – p20

**Templates:**

**1. Accounting**

- a. Payout Owner Funds – folder
- b. Owner Reserve Adjustments – folder
- c. Havana Invoicing Sheet
- d. Broker Advance Funds Policy
- ~~dd. GM Loan Process~~
- e. Trust Bank Recs – folder
- f. Positive Pay Business Acct

**2. Office Docs**

- a. Behavioral Values
- b. Office Policy
- c. Letterhead

**3. Owners**

- a. Late Rent Note to Owner (Rentvine letter)
- b. Monthly payment notes
- c. Evicting Resident Notification EM (Rentvine letter)
- d. Evicted Affidavits – folder
- e. W9 Forms – folder
- f. Nettrour Ownership List
- g. Nettrour Payments
- h. Nettrour Invoice Backup
- i. Owner Name Change Process

**4. Residents**

- a. Rent Credit Invoice
- b. Rental Assistance Guide – English
- bb. Rental Assistance Guide – Spanish
- c. Eviction checklist
- d. Aged Receivables
- e. EM Sent with Credit on Account
- f. NSF Notice

**6. Other**

- a. Performance Evaluation – DA
- b. MISC Payment Form
- c. Reoccurring Monthly Calendar
- d. Password list

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## **Position Overview – Director of Accounting (DA)**

The DA will report to the Vice President of Operations. It is imperative that the DA understand that while we need to be consistent and follow all processes as much as possible, they will also need to have a level of logic and understanding when they need to not follow the process, rather consult directly with the PM to know what best steps to take and work as a collaborative group.

## **System Manual Overview:**

The system shall run the business, and the team members shall run the system.

Systems are simply road maps or instructions that allow the Grace Management processes to be repeated and easily duplicated.

Property management done on a large scale is an extremely complex business with many moving parts. For Grace Property Management to be successful, it must be consistent.

The purpose of the system manual is to provide a consistent and specific way of doing business, and to ensure that each property, resident, owner, and as much as possible, each situation, are treated the same. Also, to define HOW Grace Property Management will do property management.

The System Manual will provide each team member with specific KRA's (Key Result Areas) for which they are responsible and a specific measure of success for each KRA, so that each team member always knows whether they are succeeding or not.

Team members should always refer to their specific system manual to determine the answer to a question before bringing that question to the VP of Operations.

Any deviation outside of the system must be recognized as an exception to the system. While exceptions are necessary from time to time, each exception is by nature inefficient, and should therefore be avoided.

Each team member shall constantly work to improve the system. One purpose of the monthly Performance Evaluation meeting with the Director of Operations is to ensure that on-going system improvements are suggested, discussed and implemented.

## 1 – Drive The Collection Of Current Delinquent Rents

### **Measure of Success: Collect 98% of all rents due by the last day of each month**

1. Residents who are delinquent on their rent are most likely delinquent with other creditors also. (ie-phone company, credit card bills...) They have a limited amount of funds and will pay these limited funds to those collectors who “bother” them the most. Therefore, the DA should be diligent with these collection procedures and continually “follow-up” with the resident. You cannot have too much contact with a delinquent resident.
  - a. It is also imperative that the DA understand that while we need to be consistent and following the below collection process as much as possible they will also need to have a level of logic and understanding when they need to not follow the process, rather consult directly with the PM to know what best steps to take and work as a collaborative group.
2. Throughout the collection process contact delinquent residents a minimum of one time per week (phone, email, or text via Rentvine). Note ALL contact and attempted contact in Rentvine. Include any messages left for resident(s), messages from resident(s), and payment arrangement made.
  - a. If a resident has made a payment arrangement note the specifics of the arrangement. Be sure to include as much detail as possible. Specific payment information (Date, Time, Payment, Type) will allow quick payment lookup with minimal amount of research. For example: Resident is to pay on Friday at 12:00 noon online.
3. Once all rent demand notices has been posted per the Administrative Accountant, the following collection process should be followed:
  - a. Immediately contact the resident to notify them the rent demand notice has been served and the total balance owed. It is VERY important to explain to the resident what is happening and what their options are. We want the resident to understand the urgency, the seriousness, and our firmness during this situation but still work with them, so that they can pay and stay.
  - b. Ask them how quickly they can pay the rent BEFORE you tell them what their payment options are.
  - c. If a resident states ‘they would like to pay, but don’t have the money’ or something to that effect. Template 4D is a resource list of rental assistance agencies, that may be provided to any resident who wishes to obtain rental payment assistance.
  - d. The DA is authorized to waive up to ½ of the total late fee charged for a resident, one (**and only one**) time per year of their tenancy. When agreeing to waive any late fees the DA should personalize this as much as possible such as, “Because you have a good history and we value you as a resident, I am able to waive ½ of your late fee this one time.”

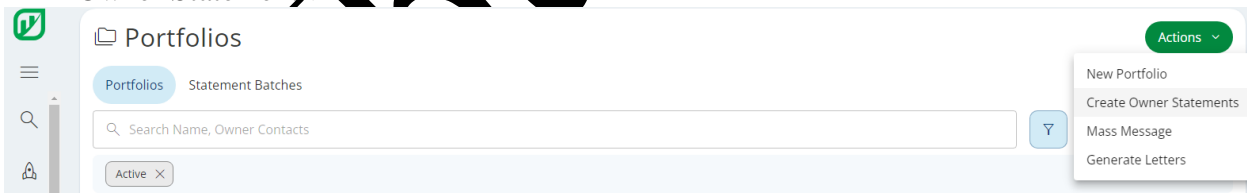
- e. If the DA feels that it is appropriate to waive more than ½ of the late fee, or if the resident is being unreasonable, or overly argumentative, the DA should inform the resident that they are not authorized to grant such a request, and then transfer them to their PM.
  - f. When the DA is communicating to a resident who had an NSF, they can use the late fee as a bargaining chip. Normally if a payment comes back as an NSF the system will see this as unpaid rent and therefore charge the resident a late fee. However, the DA can give the resident a reasonable deadline to make that repayment to avoid the late fees. The NSF fees will apply, however.
4. If the resident DOES want to make a payment arrangement the DA can negotiate using the below arrangement with the resident.
    - a. Pay at least ½ of the total amount owed per the demand notice by the 15th of the month. Then repost resident on the 16<sup>th</sup> (this would include an additional posting fee) AND have the full remaining balance paid no later than the 25th of the month.
  5. If the resident does NOT make a payment arrangement after the rent demand notice has been served and if DA suspects the resident has skipped out, the DA should notify the PM immediately. The PM may physically inspect the property for verification.
  6. Once a payment is collected (even if it is a partial payment), immediately pull the rent demand from the delinquent stack that the Administrative Accountant provided.
    - a. Indicate Reason for non-payment, place a line through the 10-day notice and file the notice in the storage boxes (we have a copy in Rentvine if needed for review). We only need to scan the signed demands into Rentvine if we plan to file it with the attorney.
    - b. Partial payments should only be accepted up until the 15<sup>th</sup> of the month. Upon accepting a partial payment, be sure to explain to the resident that the full balance would need to be paid by the 25<sup>th</sup> of the month and that they will be re-served, and another posting fee will be charged.
    - c. Also inform them that the portal will only accept full payment after the resident has been reserved.
      - i. Be sure to edit the tenants page in Rentvine to require full amount only via their portal.
    - d. On the 16<sup>th</sup> day of the month, all accounts that have made partial payments and have a rent balance over \$100.00, will immediately need to be redemand (by completing a new rent demand) and charged an additional posting fee.

7. Each Wednesday at the Delinquency meeting, review all properties that are delinquent 30+ days & that might be less than 30 days but are currently at the attorney with PMs. This meeting is meant to be a high-level look at these accounts only.
  - a. Pull an aged receivables list from Rentvine for all properties with a Rent balance of over \$100.00 and a current Delinquency report. Use these reports information and enter it as needed into Aged Receivables document template 4 D. Email & print reports for the VPM, VPO & PR.
  - b. This printed aged receivable list should be generated right before the meeting, so that they will reflect the accounts currently delinquent.
  - c. PMs receive an automated scheduled report each Wednesday via RV listing their delinquent accounts. If you need to consult with the PMs regarding a delinquent account reach out to them individually after this meeting.
  
8. If at any time during the collection process the PM instructs the DA to file for court eviction with the attorney' the DA will begin the eviction process and work checklist (template 4e). Otherwise, accounts will be sent to the attorney as stated below.
  - a. If a demand for rent has expired and no payment has been made and the above arrangement hasn't been made, send the account to the attorney to begin the eviction process. Work the eviction checklist (template 4e). Around the 16<sup>th</sup> of the month.
  - b. On the 25<sup>th</sup> of the month, review accounts again and send to the attorney as needed to start the eviction process.
  - c. Under NO circumstances will Grace Management allow a resident to carry a balance over \$388.00 from one month to the following month. If a resident has a balance and pending rent demand notice for any amount over \$388.00, that rent demand notice MUST be sent to the attorney before the end of the month. Any exceptions must be approved by the PM.
  - d. For balances under \$388.00, the DA will review the account with the PM to determine if it needs to be sent over to the attorney or held.
  - e. This applies only to residential properties. The eviction timing process for commercial properties will be directed by the CPM to the DA.
  
9. Once the account is sent to the attorney, payments must be made in FULL and in certified funds ONLY. To cancel the eviction, the resident would need to pay the full balance due per the demand notice and or what is posted to their ledger (meaning if next month's rent is currently due at the time of attempted payment, we do need to collect that amount as well to cancel). Note, the attorney fee (\$388.00) may be paid the following month.
  
10. If at any time during our collection process a payment is made that we do NOT want to accept as it's not in full, we can and should return that payment.

## **2 – Closeout Monthly Accounting Cycle in Rentvine**

### **Measure of Success: Accurately close out the Client Trust & AM LLC accounts per monthly close schedule.**

1. Misc. Transfers (VPO Provides to DA per the close out schedule) these need to be done prior to the owner loans being completed.
2. Avoiding Shortages/Loans to Owners:
  - a. Prior to closeout, the DA will determine where a brokerage firm advance may be appropriate by pulling a balance list.
  - b. Negative ledger balances are not permitted. In some cases, the DA will advance brokerage firm funds to ensure that no negative ledger balance occurs. The DA will coordinate a short-term loan from GM to the owner's account to cover any potential negative ledger balance. Post these funds to the owner's account. These amounts will need to be repaid by the owner ASAP. The VPM will assist the PM as needed to recover these funds back from the owner. This is the high level of this process; however, the DA follows the steps listed in their KRA #4 (Other). Refer to template 1D for GM's policy.
3. Using Template 1B (Owner Reserve Adjustments) update owner escrow balances according to the spreadsheets for the last 2 months (current close-out month sheet + prior months close-out sheet).
4. Load Owner Email provided by either VPO or PR into the Email Templates under Monthly Owner Statement in Rentvine.



- a. Change Subject Name with the correct month.
  - b. Check the formatting and make sure all hyperlinks work as intended.
  - c. Send a copy of the link to VPO for Approval
5. Pay owner Dave Nettrour and his family members, use template 3.G
    - a. Enter approved payments in Rentvine using the Pay Owner Function for payments 1-3. <https://help.rentvine.com/how-to-pay-owners>
    - b. For payment 4 listed on this template, enter approved payments in Rentvine using the Bill function. Attach to this bill the edited backup, template 3.H