

New solutions boost expense recovery calculations, Part 2

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In contrast, today's software solutions easily create a single point of entry for lease abstract data for all leases in a property and automate the complex CAM tenant recovery calculations. This allows full integration with receivables, ledgers and financials. Owners and managers no longer have to endure the risk of costly errors associated with using outdated spreadsheet programs to recover each tenant's CAM portion, nor do they need to engage consultants to make the calculations.

Steadfast ramps up reconciliations

One recent example that illustrates how the recovery calculation process can be significantly improved involved Steadfast Companies of Newport Beach, Calif. Steadfast, seeking to improve expense reconciliation at its large retail malls, collaborated with Yardi Systems, its asset management software provider, on a four-week examination of reconciliation worksheets.

Upon reviewing the complex, 28-page spreadsheet used in previous years, the team identified solutions for four areas:

- * calculating a pro-rata percent share that varies depending on expense pool;
- * adjusting the s/f area for participation in expenses;
- * adjusting expenses to account for various levels of anchor deductions; and
- * calculating additional management fees.

The team established a recovery system that incorporates standards set by the Building Owners and Managers Assn. and addresses Steadfast's complex retail mall lease management needs more precisely.

"One thing we had lacked was the ability to handle anchor tenants and tenants that needed to be excluded from calculations," said John Alshuler, Steadfast vice president of commercial property management. "Now we can create multiple denominators and exclusions. The great aspect about our software suite is its ability to generate CAM reconciliations tied to the general ledger and the tenant database without requiring a spreadsheet."

Once it became possible to handle its sophisticated retail leases within the newly implemented Yardi Voyager system, Steadfast canceled its contract with a third-party service that performed the company's annual expense reconciliation.

With the right software solution, recovery calculation tasks that were once diabolically complex, time-consuming and error-prone, can now be performed quickly, easily, and accurately. That's a blessing for commercial and retail owners and managers who want to spend their time concentrating on growing and improving their core business rather than wandering through accounting labyrinths.

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