RE80: Create Lease Contract for Non-Road Reserve Transaction Guide

This guide shows you how to use RE80 (Real Estate Navigator) to create a lease for a non-Road Reserve Property. Use either the quick-step procedure below or the detailed procedure with screen shots which follows.

This transaction is used to create a lease for a non-road reserve Property record and is part of the PM7.1 Lease Property process.

Access the **RE Navigator** initial screen through either:

- the transaction code **RE80**, or
- the menu path: **Real Estate Management > Master Data > RE Navigator**.

Prerequisites

The property must already have been set-up as a Property record (Architectural Object) in SAP and have the User Status of MGMT – Held for Management. Use the RE80 (Update Property Status) transaction guide to do this.

Quick-step procedure

Follow the steps below to complete this transaction.

Step	Action
1.	Select **Object Overview** in the Navigation area.
2.	Select **Real Estate Contract** from the drop-down list, and then click the **Create** icon.
3.	Complete the following fields in the **Create Real Estate Contract** dialog box and then click the **Enter** icon (tick): • Contract Type (e.g. Residential Lease). • Company code (e.g. 1000). **Result**: The **REC *<Type of Lease>* Lease <NEW> Create**: **General Data** screen opens in the right-hand pane with the default **General Data** tab displaying. (Note that the last part of the screen name changes as you move between the tabs.)
4.	Enter the Name of the Lessee and the property address (e.g. Buck Arnold 125 Taylor Terrace Wellington) in the **Contract Name** field of the **Contract** section.
5.	Click the **Change Authorization Group** icon in the **Authorization Group** section and do the following: • click the **Search** icon in the **Authorization Group** dialog box • select the required Authorisation Group (e.g. Wellington) from the list that displays, and • click the **Enter** icon twice.
6.	Select the **Partners** tab and do the following: • Click the **Assign new partner** icon. • Select the relevant option from the drop-down list (e.g. Contract Partner – the mandatory partners required are Contract Partner, Property Management Company, and Property Manager). • enter search terms (e.g. Name1/LastName, Street or City) in the **Business Partner Search** dialog box. • click the **Enter** icon.

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Step	Action
7.	If the partner: • displays in the search results list (i.e. is an existing Business Partner), then select them and click the **Enter** icon. Go to step 10. • does not display in the search results list (i.e. is a new Business Partner), then close the search and go to step 8.
8.	Select either Person or Organization. (Select **Person** if the Business Partner is an individual person, for all other entities select **Organization**.) **Result**: The **Create** ***<Person/Organization>***: **Role Contract Partner** screen is displayed.
9.	Complete the details of the Business Partner, and then click the **Back** icon once you have entered all relevant details. Refer to the RE80 (Create Business Partner) transaction guide for more detail. **Note**: For a Business Partner created for a property lease, the following should be done: • the Authorization Group selected should be ‘8800 Property General’, and • the new business partner’s bank account details are loaded. **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected in the Lease agreement, is used to clear open items. **Result**: The REC *<Type of Lease>* Lease <NEW> Create: Partners screen is displayed. **Note**: The Business Partner ID no. is not assigned until the new Real Estate Contract is saved.
10.	Complete the Start relnship. (e.g. 10.05.2013) field on the **Details** section. **Note**: Ensure that these fields are completed for all partners, and that all dates align.
11.	Repeat steps 6 to 10 to add all relevant partners (i.e. Contract Partner, Property Management Company, and Property Manager). **Note**: If you click the **Save** icon without selecting the required partners, the system displays an error message at the bottom of the screen prompting you to add them.
12.	Complete the following fields on the **Term** tab, and press Enter: • Contract start Date (e.g. 01.05.2013). • Cash Flow From (e.g. 11.05.2013) if different to contract start date. • 1st Contract end (e.g. 11.05.2014) Leave this field blank if the lease is open-ended. • First Posting From (e.g. 20.05.2013) if required. **Result**: In the **Term Information** section, the Current Status is updated (e.g. Term from 01.05.2013 Open-ended), along with the following fields: • Poss. Partner Notice (e.g. 07.06.2013). • Possible Own Notice (e.g. 15.08.2013).

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Step	Action
13.	On the **Objects** tab, select **REC <NEW>** under the **Object Hierarchy** list. **Note**: This is where you link the contract to the Property record (Architectural Object) and the Property WBS element.
14.	Click the **Assign** icon.
15.	Select either **AO (Architect. Object)** or **WBS (WBS Element)** from the **Object Type (1)** dialog box that displays and click the **Enter** icon. **Note**: Both of these options need to be assigned.
16.	Enter the search criteria for the object you have selected in the **Restrict Value Range (1)** dialog box displayed and click the **Find** icon (Binoculars).
17.	Select either the property record the lease is for (e.g. 88000158 Gregor 125 Taylor Terrace) or the WBS (e.g. 88000158) in the **Restrict Value Range (1)** dialog box and click the **Enter** icon. **Note**: The Property Management WBS must be used, which has the prefix 88******.
18.	Complete the Relnship Valid From (e.g. 01.05.2013) field on the **Object** section and click the **Enter** icon.
19.	Repeat steps 13-18 until both the WBS and Architectural Object have been linked.
20.	Click on the **Posting Parameters** tab, and on the **Posting** tab, complete the **Bank Det. Inc.** field (e.g. 001). **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected here, is used to clear open items for this lease agreement. For the bank account(s) details to be available they must be set-up in the Business Partner record.
21.	Select **Frequency** from the list on the **Posting Parameters** tab.
22.	Complete the following fields on the **Frequency** tab and press Enter: • Number (e.g. Fortnightly is standard for residential leases, and Monthly is standard for commercial leases). • Frequency and “in” (e.g. “14” in “Days” described fortnightly rent payments) • FrequencyStart (e.g. Custom). • User-Def. Start (e.g. 01.06.2013). This field only displays if ‘Custom’ is selected in the FrequencyStart field. • Prorated (e.g. Contract or Rental Object Start and End, Pro Rata). • Amt. Reference (e.g. Cyclical Amount). • Calc. Method (e.g. Exact Days). • Payment form (e.g. In Advance). • Due date (+/-) (e.g. Standard). • Start/end (e.g. Move Due Dates at Start and at End).
23.	Click on the **Conditions** tab, and then click on the **Insert Conditions** icon. **Note**: If the **Choose Calculation Object for Condition** dialog box displays, select the **WBS element** (e.g. 88000158) and click the **Enter** icon.

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Step	Action
24.	Place a tick in the box to the left of the Condition Type Name field (e.g. 100 Rent Residential) in the **Condition Type 9 Entries** dialog box and click the **Enter** icon. **Result**: The **Condition** screen displays.
25.	Enter the amount (e.g. 600) in the **Unit Price** field and press Enter. **Result**: The Conditions are updated, showing the fortnightly rental amount. **Note**: The **Valid From** date must not be before the **Frequency Start Date** identified in the **Posting Parameters** tab.

26.	Click the **Simulate** button the check the postings for the dates entered on the **Terms** tab.
	
	Result: The simulation shows the rent payments for a fixed term residential rental agreement.
	
	Notes:
	• Always use Simulation to check that the conditions entered are correct. If the posting are not expected, check the following dates are entered correctly on the **Terms** tab:
	  ○ contract start and end (if required)
	  ○ cash flow start, and
	  ○ postings.
	• Simulations can be run again and again to check different entries.
	• To go back to the **Conditions** tab, click the **To Conditions** button.

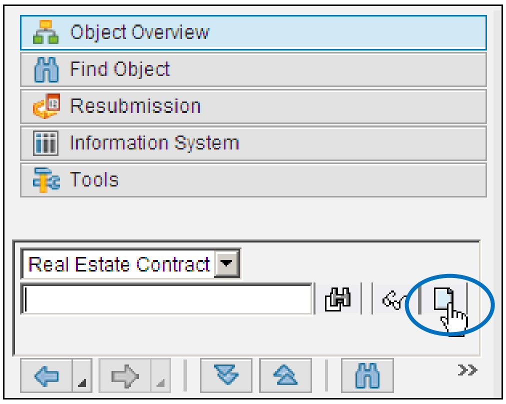
27.	Once all required details are entered on the tabs, click the **Check** icon on the menu bar to verify the data and correct any errors.
28.	Once there are no errors, click the **Save** icon. **Result**: At the bottom left-hand side of the screen, the message 'Real Estate Contract no. <1000/1*****> has been created' is displayed.
29.	Click the **Activate** icon to activate the lease.
30.	Click **Yes** in the **Execute Activity** dialog box that displays. **Result**: At the bottom left-hand side of the screen, the message 'Status is changed' is displayed.
31.	Click the **Save** icon again to confirm.
32.	The Real Estate Contract has been set-up, linked to the Property Record (Architectural Object), and activated. Now the Contract Partner (Business Partner) must be linked into the Financial Accounts by creating a Contract Account. Use the CAA1 (Create Contract Account) transaction guide to do this.
33.	Once the Contract Account has been set up for the Contract Partner, display the Real Estate Contract and check the **Contract Acct** field on the **Partners** tab. **Note**: The Contract Account that you have just created should be displayed. A Contract Partner may have more than one Contract Account, but each Contract Account is unique to a particular Real Estate contract.

Detailed procedure

Follow the steps below to complete this transaction.

1. Select **Object Overview** in the Navigation area.

2. Select **Real Estate Contract** from the drop-down list, delete any contract numbers in entry box, and then click the **Create** icon (circled below).

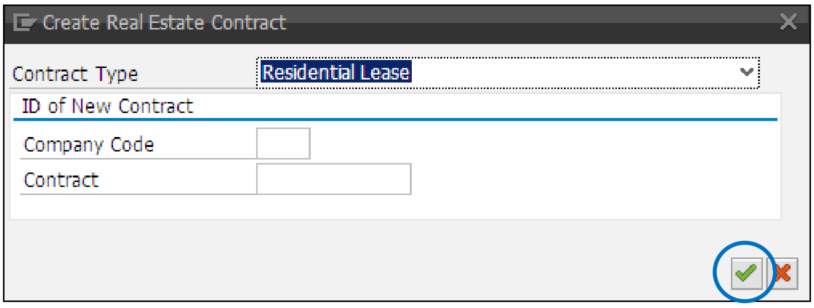


3. Complete the following fields in the **Create Real Estate Contract** dialog box that displays and then click the **Enter** icon (circled below):

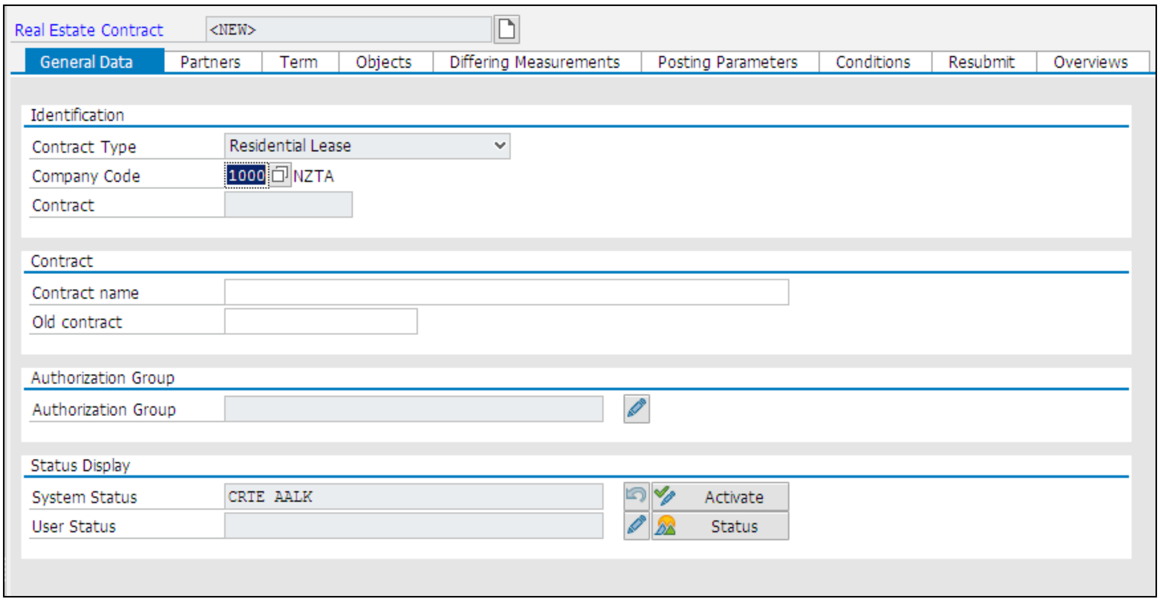
Field	Description

Contract Type	The contract type (e.g. Residential Lease) controls:
	• the purpose served by the real estate contract, for example: Lease-in, Lease-out, Security deposit agreement, Purchase, Sale, Service contract, and
	• how the real estate contract behaves during certain processes, for example if it:
	  ○ is an external, internal, or G/L account contract
	  ○ is an occupancy or non-occupancy contract
	  ○ handles commercial real estate or residential real estate processes, and/or
	  ○ is for offering or using objects or services from the viewpoint of the company code in which the real estate contract was created.

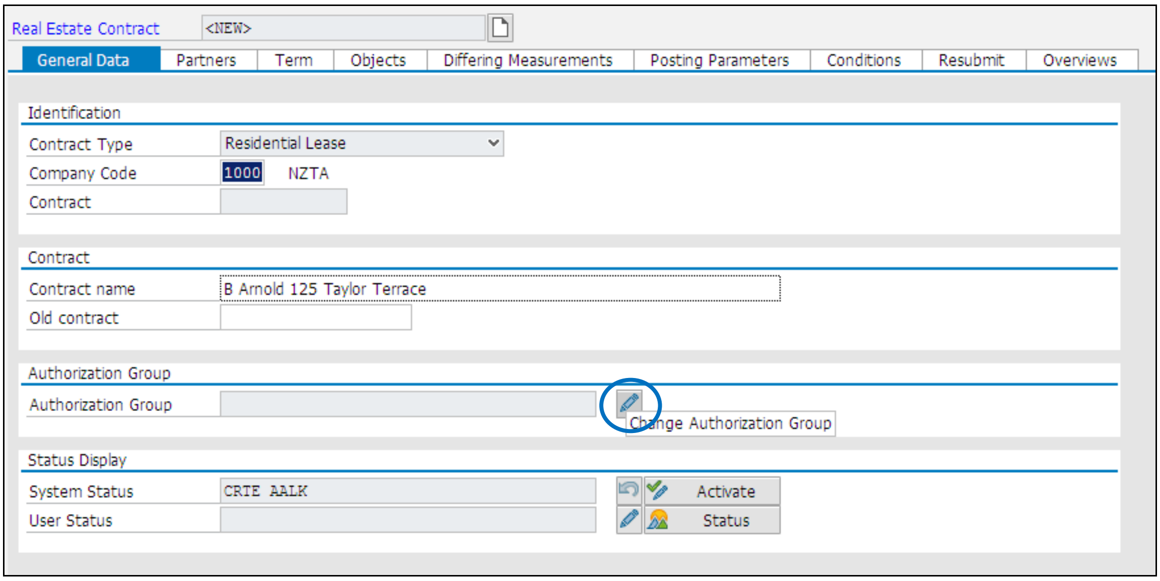
Company code	The code of the company (e.g. 1000 NZTA).



Result: The **REC *<Type of Lease>* Lease <NEW> Create**: **General Data** screen opens in the right-hand pane with the default **General Data** tab displaying. (Note that the last part of the screen name will change as you move between the available tabs.)

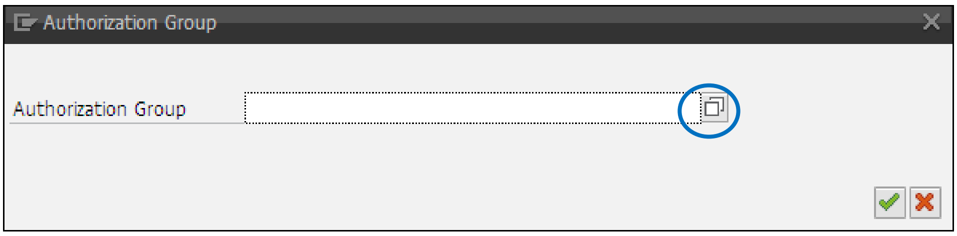


4. Enter the Name of the Lessee and the property address (e.g. Buck Arnold 125 Taylor Terrace Wellington) in the **Contract Name** field of the **Contract** section.



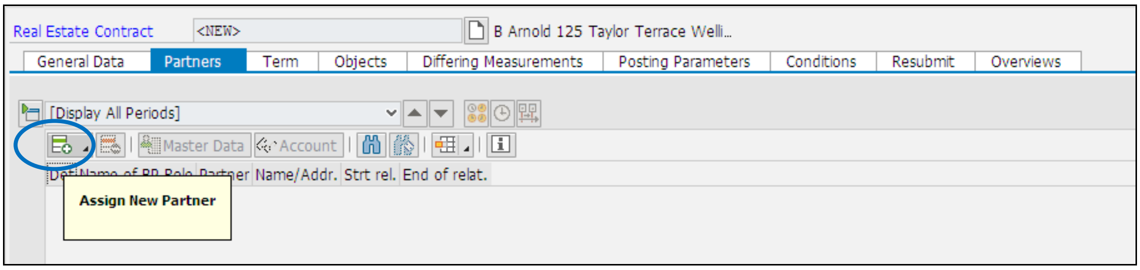
5. Click the **Change Authorization Group** icon In the **Authorization Group** section and do the following:

- click the **Search** icon in the **Authorization Group** dialog box
- select the required Authorisation Group (e.g. Wellington) from the displayed list, and
- click **Enter** icon twice.



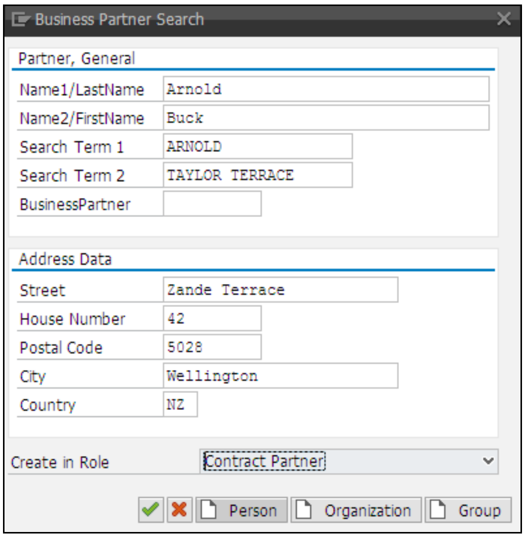
6. Select the **Partners** tab and do the following:

   - Click the **Assign new partner** icon (circled below).
   - Select the relevant option from the drop down list (e.g. Contract Partner – the mandatory partners required are Contract Partner, Property Management Company, and Property Manager).
   - Enter search terms (e.g. Name1/LastName, Street or City) in the **Business Partner Search** dialog box.
   - Click the **Enter** icon.



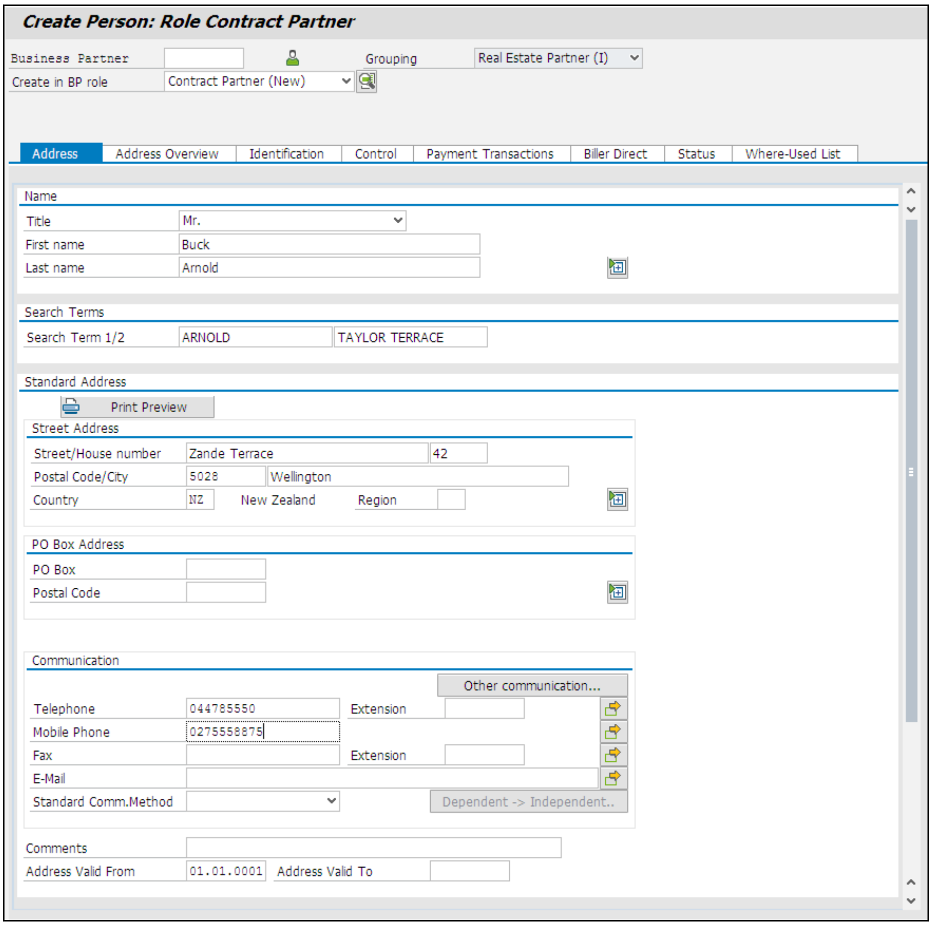
7. If the partner:

   - displays in the search results list (i.e. is an existing Business Partner), then select them and click the **Enter** icon. Go to step 10.
   - does not display in the search results list (i.e. is a new Business Partner), then close the search and go to step 8.



8. Select either Person or Organization. (Select **Person** if the Business Partner is an individual person, for all other entities select **Organization**.)

   Result: The **Create *<Person/Organization>***: **Role Contract Partner** screen is displayed.



9. Complete the details of the Business Partner, and then click the **Back** icon once you have entered all relevant details. Refer to the RE80 (Create Business Partner) transaction guide for more detail.

   Note: For a Business Partner created for a property lease, the following should be done:

   - the Authorization Group selected should be '8800 Property General', and
   - the new business partner's bank account details are loaded.

   Result: The **REC <*Type of Lease*> Lease <NEW> Create**: **Partners** screen is displayed.

   Note: The Business Partner ID no. is not assigned until the new Real Estate Contract is saved.

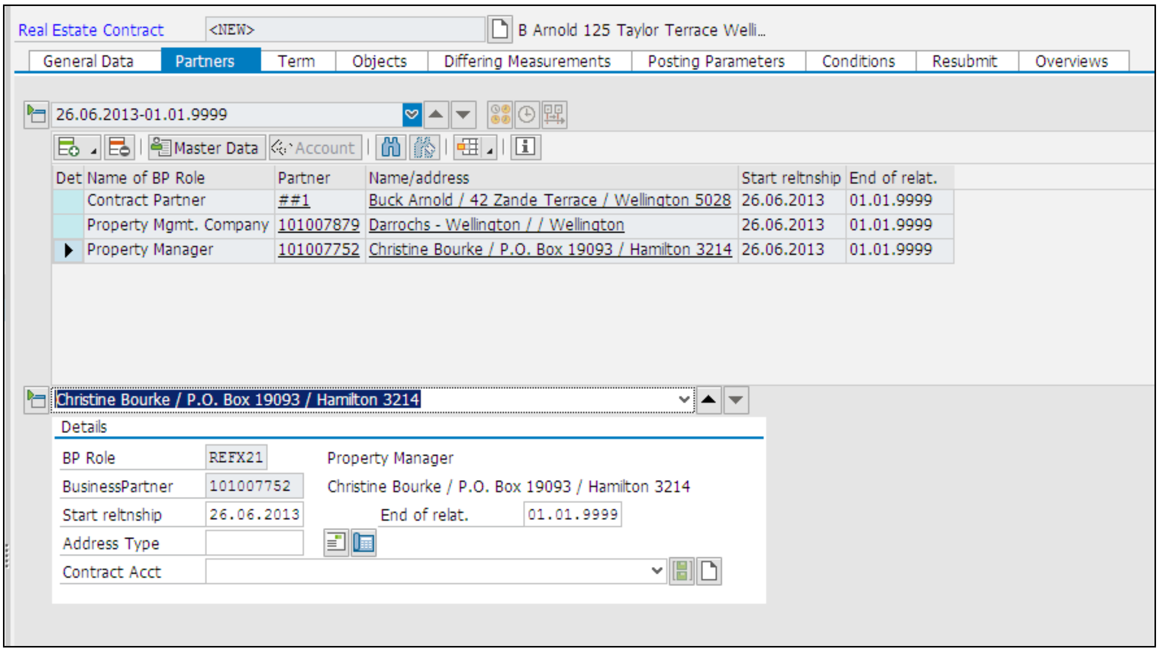
10. Complete the following field on the **Details** section:

Field	Description
Start relnship.	Date from which the relationship is valid (e.g. 10.05.2013).

Note: Ensure that this field is completed for all partners, and that the dates align.

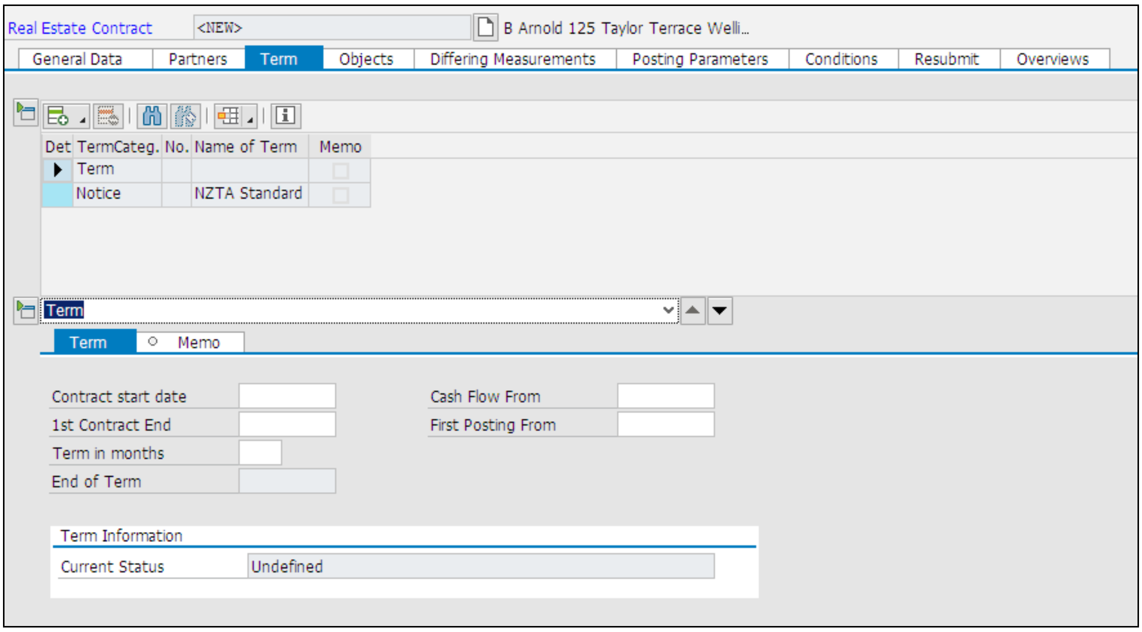
11. Repeat steps 6 to 10 to add all relevant partners (i.e. Contract Partner, Property Management Company, and Property Manager).

    Note: If you click the **Save** icon without selecting the required partners, the system displays an error message at the bottom of the screen prompting you to add them.



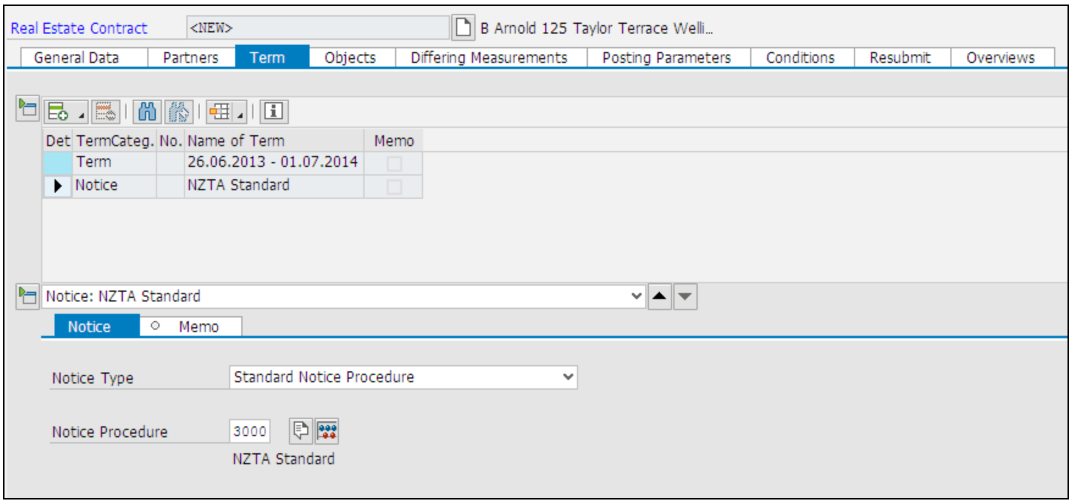
12. Complete the following fields on the **Term** tab and press Enter:

Field	Description
Contract start date	Start date of the contract (e.g. 01.05.2013).
Cash Flow From	Date starting on which the agreed conditions are considered during generation of the cash flow (e.g. 11.05.2013). **Note**: Generally cash flow starts from contract start date. Only use this field if different.
1st Contract end	Contract end date for a fixed-term contract, or for a contract with options and/or automatic renewals (e.g. 11.05.2014). **Note**: If the lease is open-ended (as is for most residential leases), leave this field blank.
First Posting From	This date is relevant for legacy data transfer (e.g. 20.05.2013). The date can be entered in the "Term Data" of the contract, in the "General Data" of the rental object, or in the conditions. The date in the condition is given priority over the date in the contract term data, assuming that one is entered.



Result: In the **Term Information** section, the Current Status is updated (e.g. Term from 01.05.2013 Open-ended), along with the following fields:

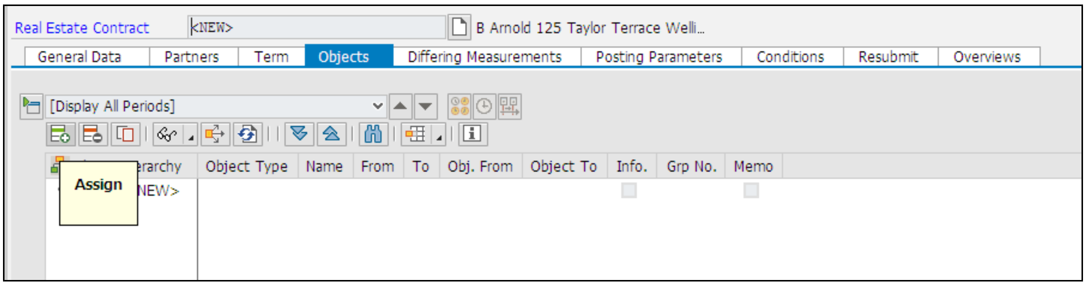
- Poss. Partner Notice (e.g. 07.06.2013).
- Possible Own Notice (e.g. 15.08.2013).



13. On the **Objects** tab, select **REC <NEW>** under the **Object Hierarchy** list.

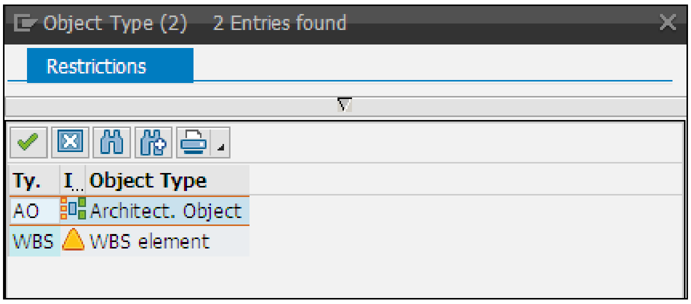
    Note: This is where you link the contract to the Property record (Architectural Object) and the Property WBS element.

14. Click the **Assign** icon.

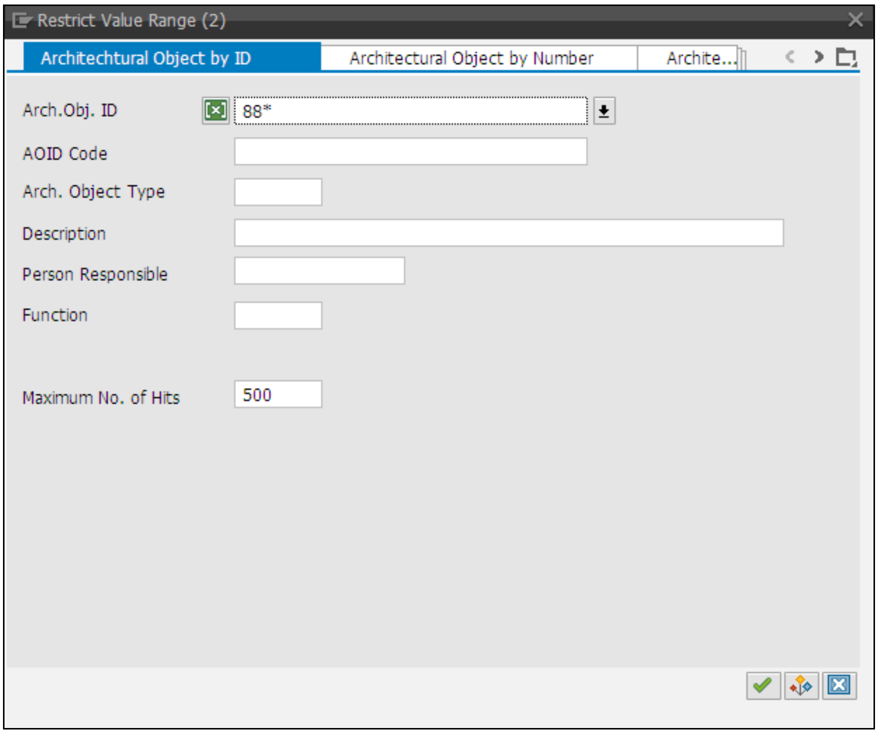


15. In the **Object Type (1)** dialog box that displays, select (so it is highlighted in blue) either the **AO (Architect. Object)** or the **WBS (WBS Element)** and click the **Enter** icon.

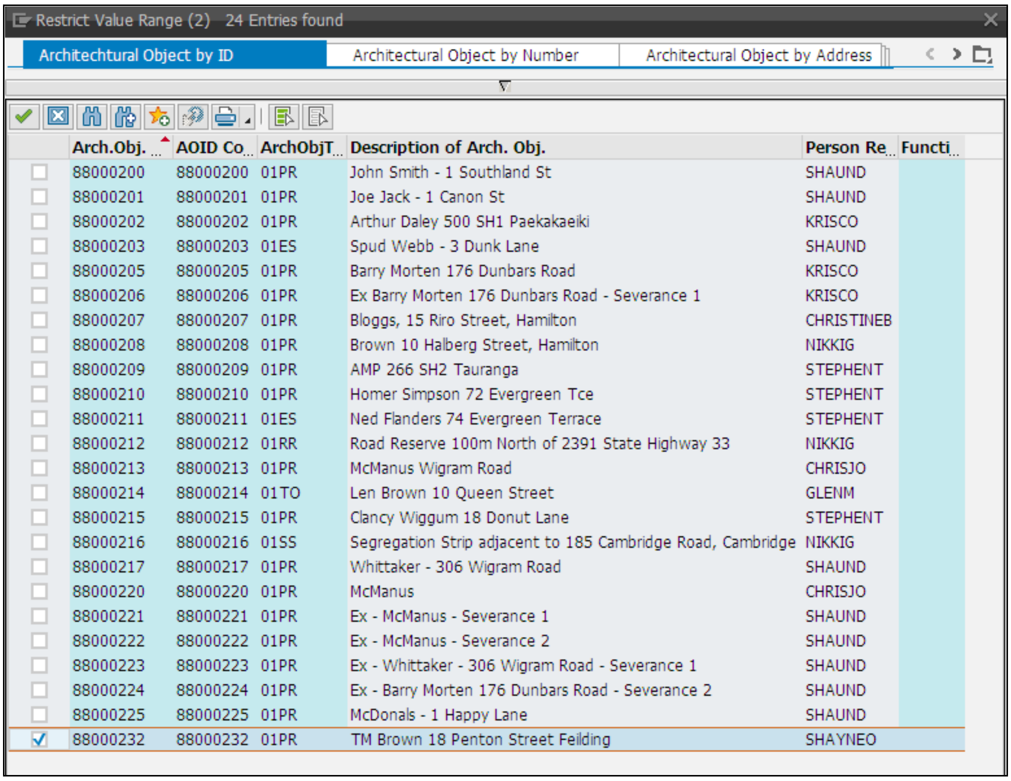
    Note: Both of these options need to be assigned.



16. Enter the search criteria for the object you have selected in the **Restrict Value Range (1)** dialog boxed displayed and click the **Find** icon (Binoculars).



17. Select either the property record the lease is for (e.g. 88000158 Gregor 125 Taylor Terrace) or the WBS (e.g. 88000158) in the **Restrict Value Range (1)** dialog box and click the **Enter** icon.

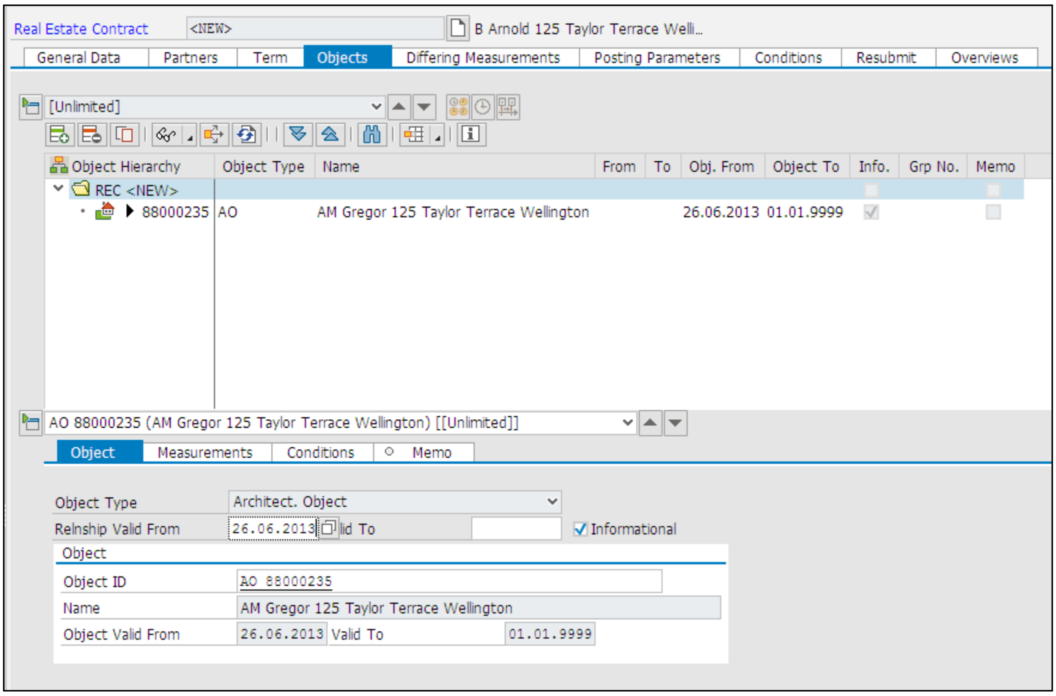


Restrict Value Range (2) 24 Entries found

Architechtural Object by ID | Architectural Object by Number | Architectural Object by Address

Arch.Obj.	AOID Co..	ArchObjT..	Description of Arch. Obj.	Person Re..	Functi..
88000200	88000200	01PR	John Smith - 1 Southland St	SHAUND	
88000201	88000201	01PR	Joe Jack - 1 Canon St	SHAUND	
88000202	88000202	01PR	Arthur Daley 500 SH1 Paekakaeiki	KRISCO	
88000203	88000203	01ES	Spud Webb - 3 Dunk Lane	SHAUND	
88000205	88000205	01PR	Barry Morten 176 Dunbars Road	KRISCO	
88000206	88000206	01PR	Ex Barry Morten 176 Dunbars Road - Severance 1	KRISCO	
88000207	88000207	01PR	Bloggs, 15 Riro Street, Hamilton	CHRISTINEB	
88000208	88000208	01PR	Brown 10 Halberg Street, Hamilton	NIKKIG	
88000209	88000209	01PR	AMP 266 SH2 Tauranga	STEPHENT	
88000210	88000210	01PR	Homer Simpson 72 Evergreen Tce	STEPHENT	
88000211	88000211	01ES	Ned Flanders 74 Evergreen Terrace	STEPHENT	
88000212	88000212	01RR	Road Reserve 100m North of 2391 State Highway 33	NIKKIG	
88000213	88000213	01PR	McManus Wigram Road	CHRISJO	
88000214	88000214	01TO	Len Brown 10 Queen Street	GLENM	
88000215	88000215	01PR	Clancy Wiggum 18 Donut Lane	STEPHENT	
88000216	88000216	01SS	Segregation Strip adjacent to 185 Cambridge Road, Cambridge	NIKKIG	
88000217	88000217	01PR	Whittaker - 306 Wigram Road	SHAUND	
88000220	88000220	01PR	McManus	CHRISJO	
88000221	88000221	01PR	Ex - McManus - Severance 1	SHAUND	
88000222	88000222	01PR	Ex - McManus - Severance 2	SHAUND	
88000223	88000223	01PR	Ex - Whittaker - 306 Wigram Road - Severance 1	SHAUND	
88000224	88000224	01PR	Ex - Barry Morten 176 Dunbars Road - Severance 2	SHAUND	
88000225	88000225	01PR	McDonals - 1 Happy Lane	SHAUND	
88000232	88000232	01PR	TM Brown 18 Penton Street Feilding	SHAYNEO	

Note: The Property Management WBS must be used, which has the prefix 88******.



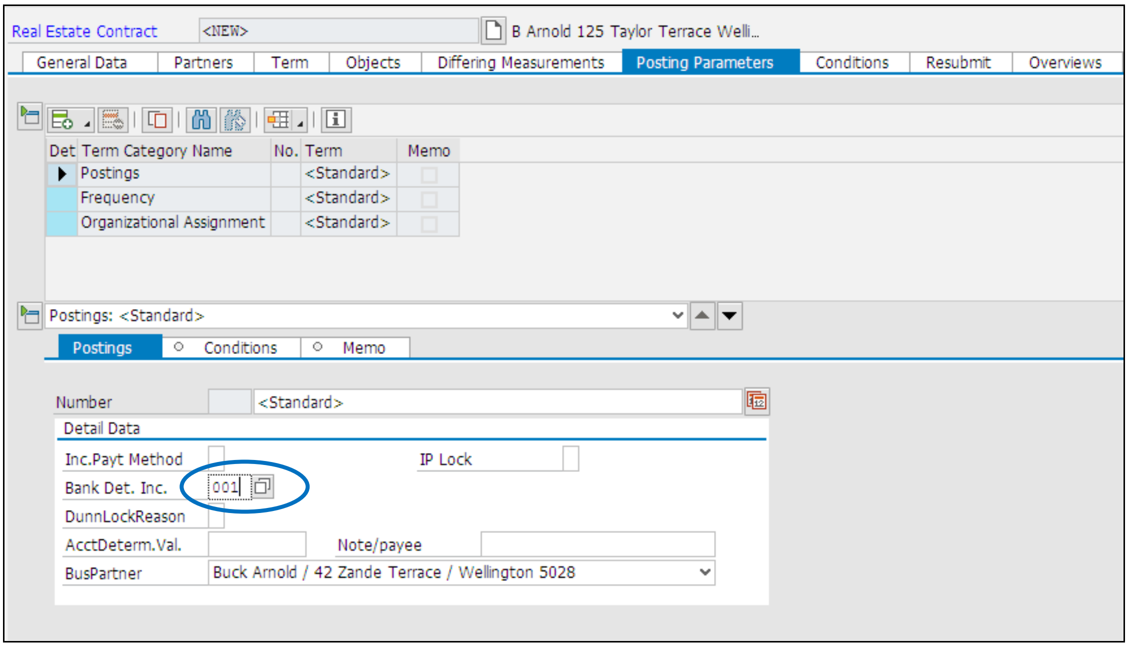
18. Complete the following field on the **Object** section, and press Enter:

Field	Description
Relnship Valid From.	Date from which the relationship is valid (e.g. 01.05.2013).

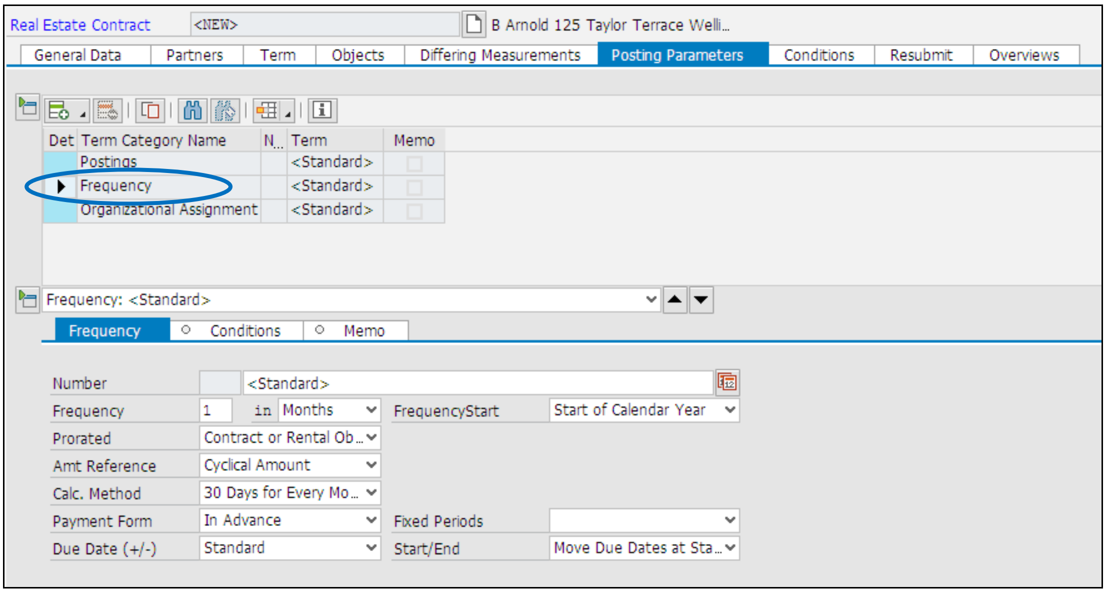
19. Repeat steps 13 to 18 until both the WBS and Architectural Object have been linked.

20. Click on the **Posting Parameters** tab, and on the **Posting** tab, complete the following field:

Field	Description
Bank Det. Inc.	ID of the bank account the business partner uses to clear open items (e.g. 001). **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected here, is used to clear open items for this lease agreement. For the bank account(s) details to be available they must be set-up in the Business Partner record.

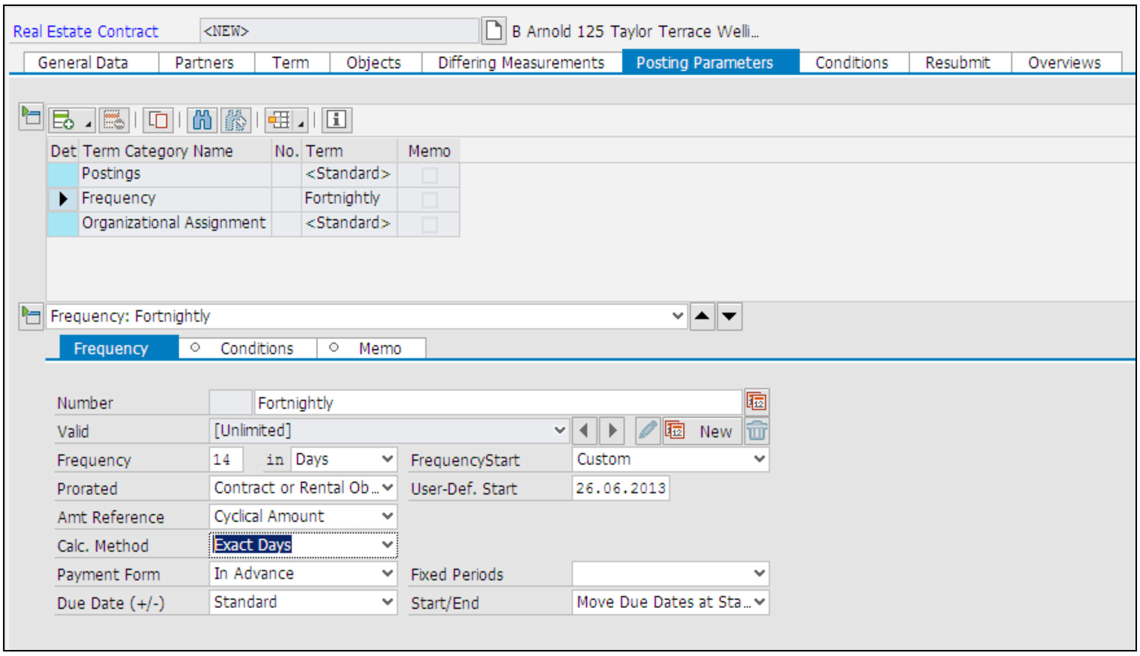


21. Select **Frequency** (circled below) from the list on the **Posting Parameters** tab:

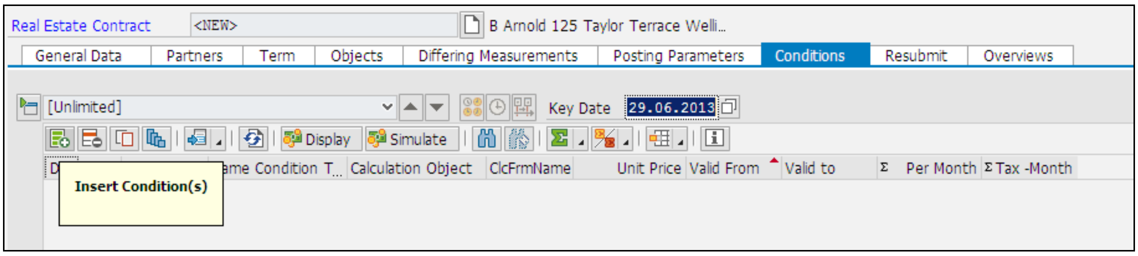


22. Complete the following fields on the **Frequency** tab:

Field	Description
Number	Leave the number field blank but in the field to the right which shows <Standard>, overtype this with the frequency of the rent, as this will appear on the invoice statement (e.g. Fortnightly is standard for residential leases, and monthly is standard for commercial leases).
" Frequency" and "in"	This describes the frequency with which the rent is due (e.g. "14" in "Days" described fortnightly rent payments).
FrequencyStart	For daily, monthly, or annual frequencies, defines the start of the frequency interval (e.g. Custom).
User-Def. Start	(e.g. 01.06.2013). This field only displays if 'Custom' is selected in the FrequencyStart field.
Prorated	Specifies how the system handles posting of condition amounts (e.g. Contract or Rental Object Start and End, Pro Rata). If the: • Contract or rental object start date is not at the beginning of the period. • Contract or rental object end date is not at the end of the period.
Amt. Reference	Specifies how a condition amount should be understood in relation to time (e.g. Cyclical Amount). Using this attribute you can, for example, set up annual amounts with monthly posting on the condition item.
Calc. Method	The calculation method specifies whether 30 days or the actual number of days in the month are used for making calculations proportional to the whole month (e.g. Exact Days).
Payment Form	The payment form specifies the date within a period on which the payment is due (e.g. In Advance).
Due date (+/-)	Defines how the due date is corrected/moved (e.g. Standard).
Start/end	Either: • Move Due Dates. If this indicator is not set, then the determined due date is used, even if the contract start date or rental object start date is in the middle of a period. • Start and at End. If this indicator is not set, then the determined due date is used, even if the contract end date or rental object end date is in the middle of a period.

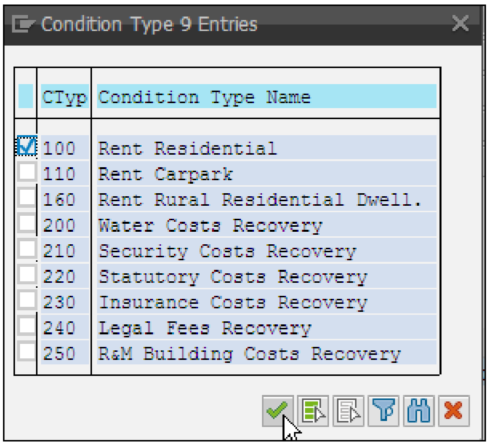


23. Click on the **Conditions** tab, and then click on the **Insert Conditions** icon (see below):

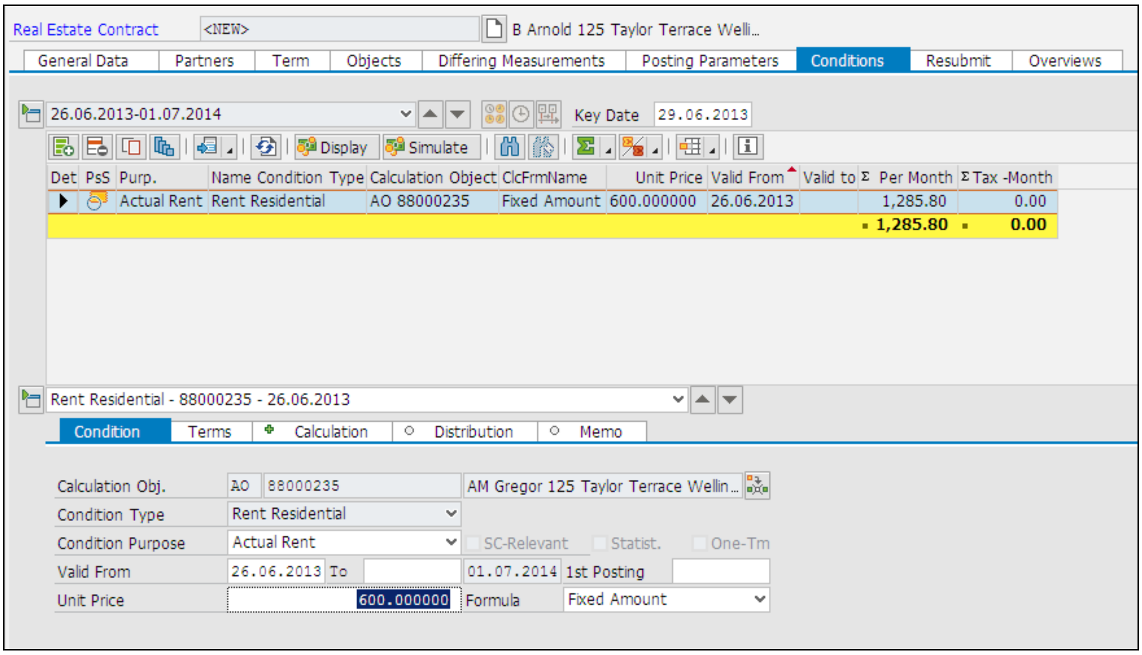


Note: If the **Choose Calculation Object for Condition** dialog box displays, select the **WBS element** (e.g. 88000158) and click the **Enter** icon.

24. Place a tick in the box to the left of the **Condition Type Name** field (e.g. 100 Rent Residential) from the **Condition Type 9 Entries** dialog box and click the **Enter** icon.



Result: The **Condition** screen displays.



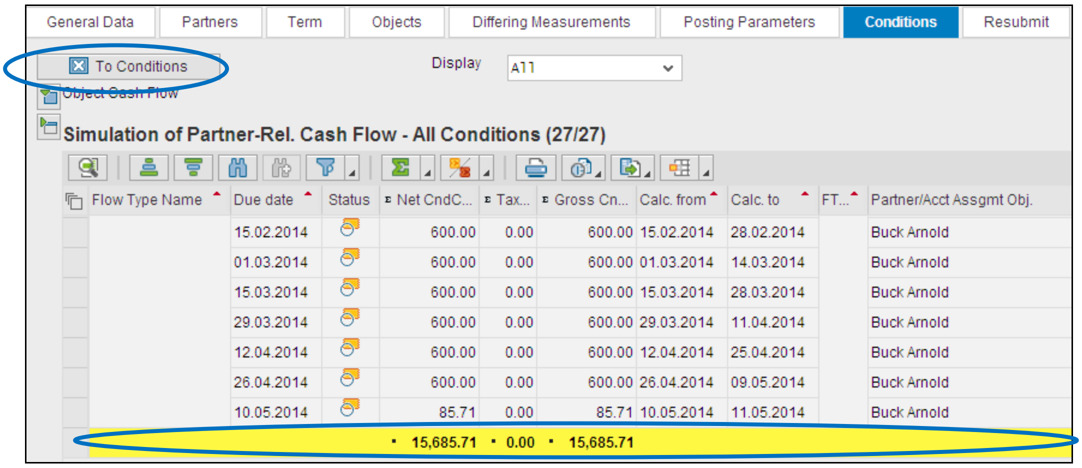
25. Enter the amount (e.g. 600) in the **Unit Price** field and press Enter.

    Result: The Conditions are updated, showing the fortnightly rental amount.

    Note: The **Valid From date** must not be before the **Frequency Start Date** identified in the **Posting Parameters** tab.

26. Click the **Simulate** Simulate button the check the postings for the dates entered on the **Terms** tab.

    Result: The simulation shows the rent payments for the fixed term residential rental agreement. In the example shown below, it shows the rent of $600 starting on the 11.05.2013 and being paid every 14 days (fortnightly) and reduced amount for the final payment 10.05.2014 where the rental agreement ends on the 11.05.2014 (circled below).



Notes:

- Always use Simulation to check that the conditions entered are correct. If the posting are not as expected, check the following dates are entered correctly on the **Terms** tab:
    - contract start and end (if required)
    - cash flow start, and
    - postings.
- Simulations can be run again and again to check different entries.
- To go back to the **Conditions** tab, click the **To Conditions** button (circled below).

27. Once all required details are entered on the tabs, click the **Check** icon to verify the data and correct any errors.

28. Once there are no errors, click the **Save** icon.

    Result: At the bottom left-hand side of the screen, the message *'Real Estate Contract no. <1000/1*****> has been created'* is displayed.

29. Click the **Activate** icon to activate the lease.

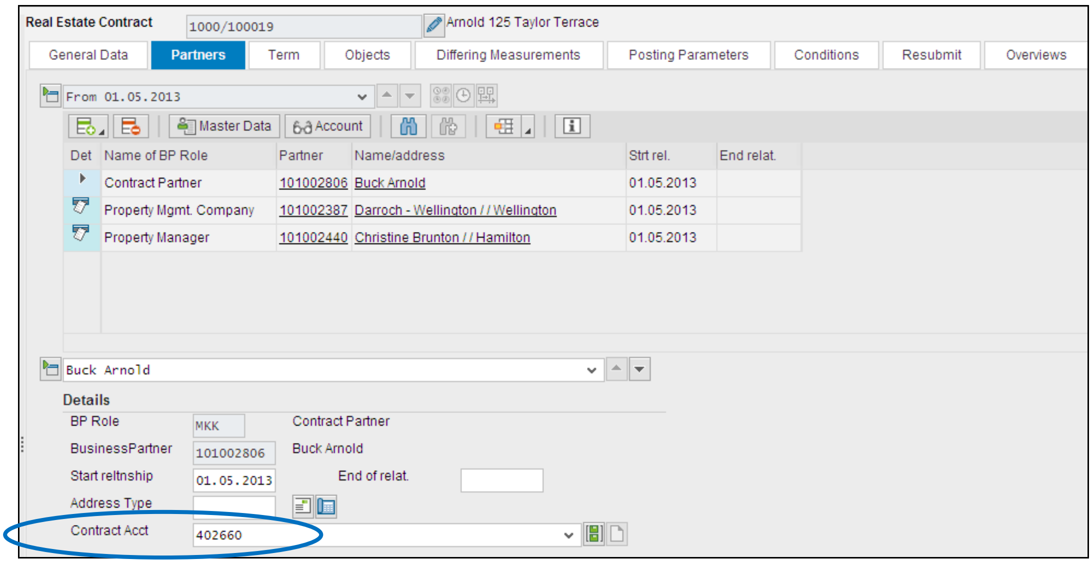
30. Click **Yes** in the **Execute Activity** dialog box that displays.

    Result: At the bottom left-hand side of the screen, the message 'Status is changed' is displayed.

31. Click the **Save** icon again to confirm.

32. The Real Estate Contract has been set-up, linked to the Property Record (Architectural Object), and activated. Now the Contract Partner (Business Partner) must be linked into the Financial Accounts by creating a Contract Account. Use the [CAA1 (Create Contract Account)] transaction guide to do this.

33. Once the Contract Account has been set up for the Contract Partner, display the Real Estate Contract and check the **Contract Acct** field (circled below) on the **Partners** tab.



Note: The Contract Account that you have just created should be displayed. A Contract Partner may have more than one Contract Account, but each Contract Account is unique to a particular Real Estate contract.