

IBM TRIRIGA  
Version 10 Release 5

*Lease and Owned Property  
Contract Management  
User Guide*



**Note**

Before using this information and the product it supports, read the information in "Notices" on page 67.

This edition applies to version 10, release 5, modification 0 of IBM TRIRIGA and to all subsequent releases and modifications until otherwise indicated in new editions.

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## Chapter 1. Managing leased and owned property contracts

In the IBM® TRIRIGA® Real Estate Manager application, you can manage real estate contracts and asset lease contracts. You can store contract documentation, conditions, clauses, options, and financial transactions in one central repository. The application contains automated notifications and alerts about upcoming lease expirations and other critical dates. The application also shows required actions and contract options to avoid overpayment and late fees. You also use the application tools to create financial reports, maintain payment processes, and satisfy regulatory requirements in lease accounting and allocations.



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## Chapter 2. Overview of contract management

With the IBM TRIRIGA Real Estate Manager application, you can configure the application process flow to fit your business process flow. You can also configure the application roles, form templates, and default settings to fit your real estate contract and asset lease contract management needs.

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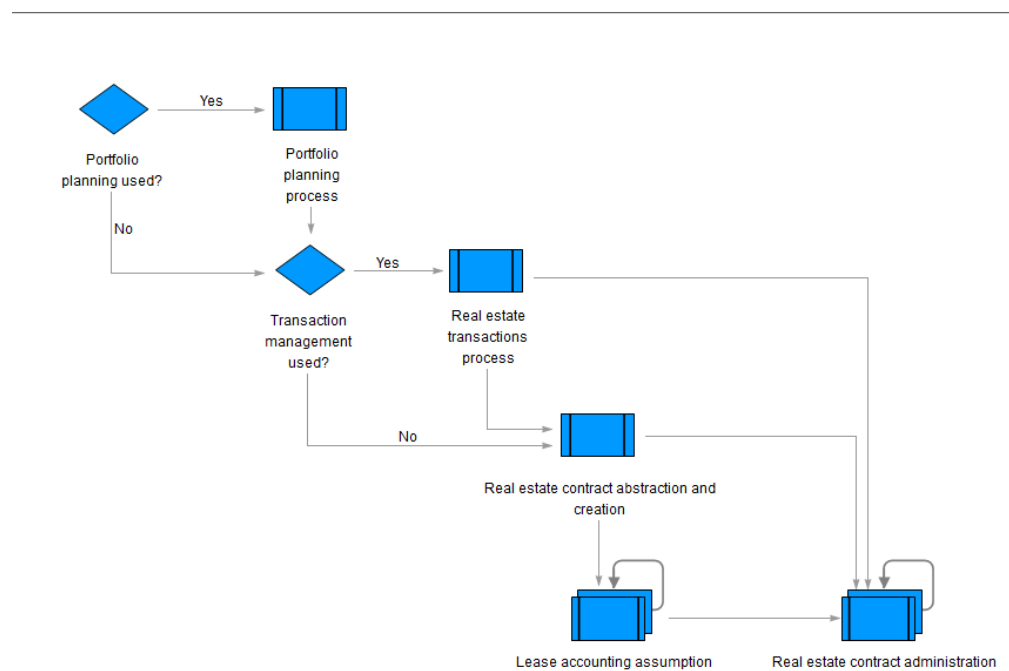
### Contract process flows

After you purchase a real estate property or lease an asset, you can begin to document the contract in the application, maintain amendments, and track payments. These activities represent the contract management and lease accounting processes that occur after the planning process ends.

The business process flow in your organization might not perfectly match the business process flow or application process flow that is delivered with the IBM TRIRIGA application. In the IBM TRIRIGA Application Platform building tools, you can modify the process flows to meet your company standards and policies.

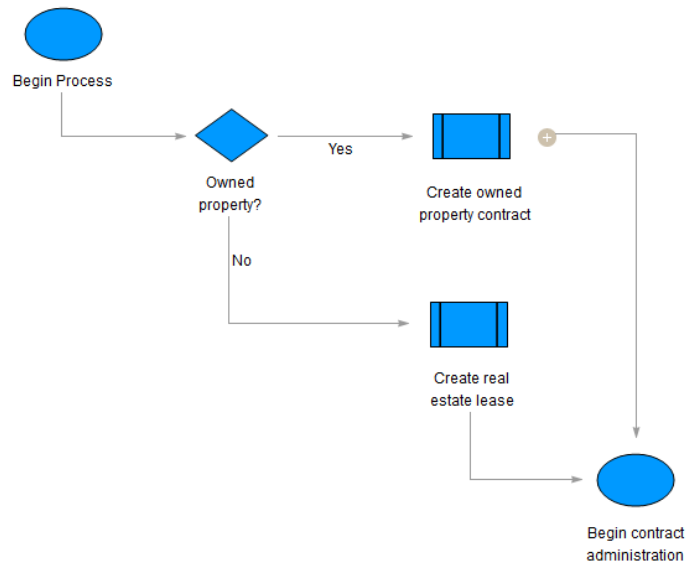
### Real estate overview

The real estate overview flowchart describes the high-level overview of the real estate process as delivered by the IBM TRIRIGA application. The first phase identifies the real estate portfolio planning. The second phase identifies the real estate transactions. The third phase identifies the real estate contract abstraction and creation. The fourth phase identifies the real estate contract administration and maintenance. Meanwhile, related to the fourth phase, the lease accounting assumptions review is conducted as defined by the contract administration and maintenance.



## Real estate contract abstraction and creation

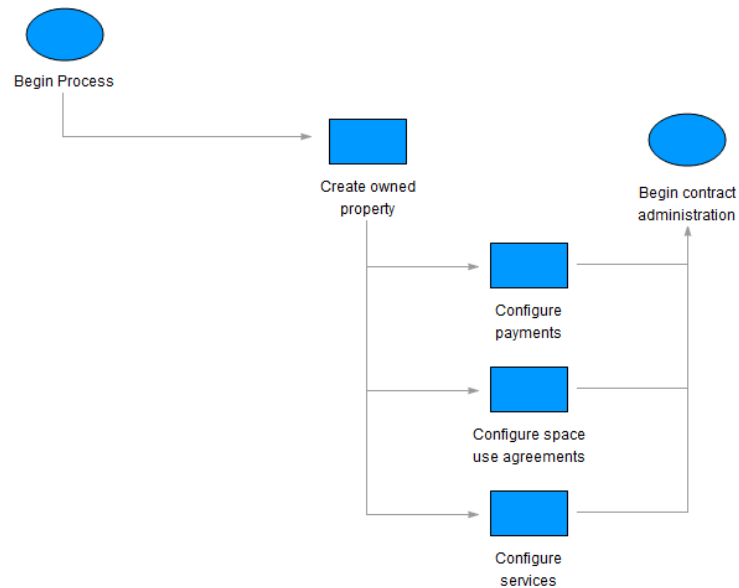
This flowchart describes the overview of the real estate contract abstraction and creation process in TRIRIGA. Depending on the property, you can create an owned property agreement or a real estate lease contract.



### Create an owned property contract:

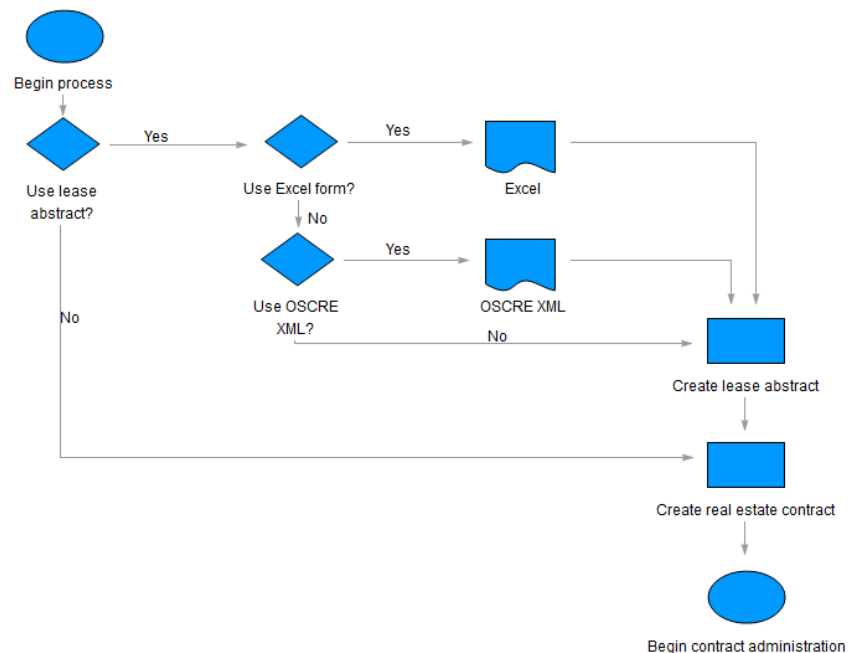
This flowchart describes the process of creating an owned property agreement in TRIRIGA. This process includes the configuration of payments, space use agreements (SUA), and services that are associated with the property. After the agreement is created, contract administration can begin.





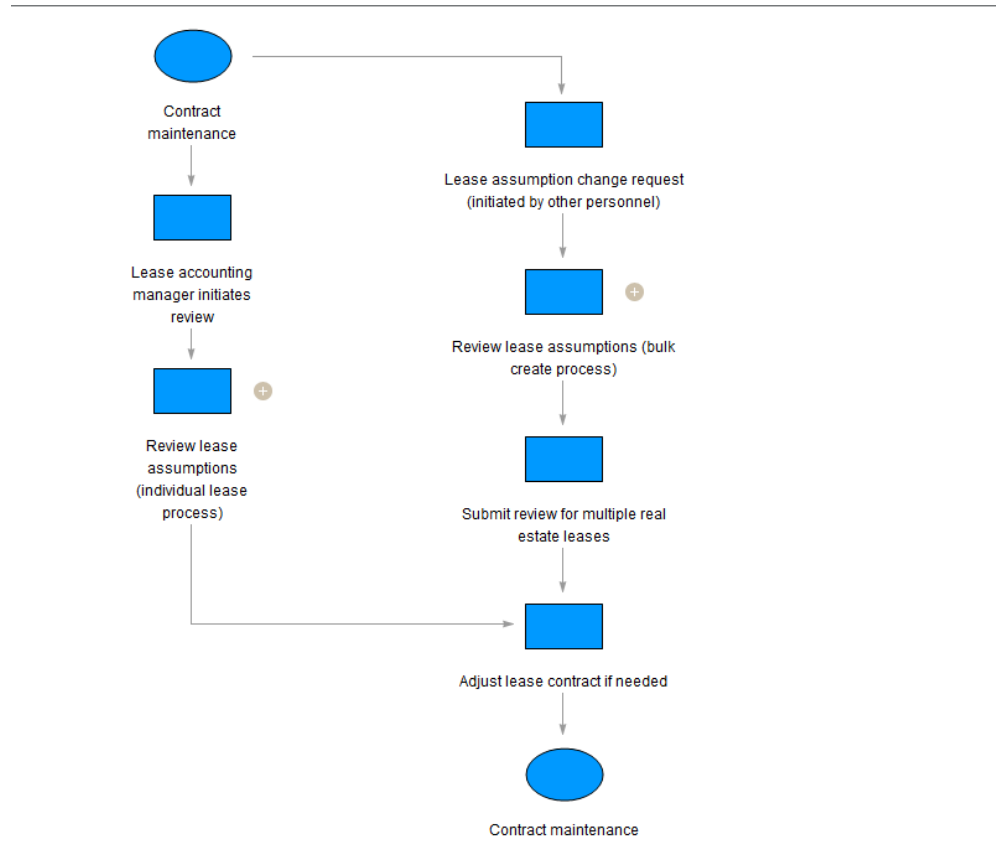
### Create a real estate lease:

This flowchart describes the process of creating a real estate lease in TRIRIGA. Depending on the real estate property, you can create the lease from a lease abstract that is formatted in Microsoft Excel or OSCRE XML, or directly without an abstract. After the lease is created, contract administration can begin.



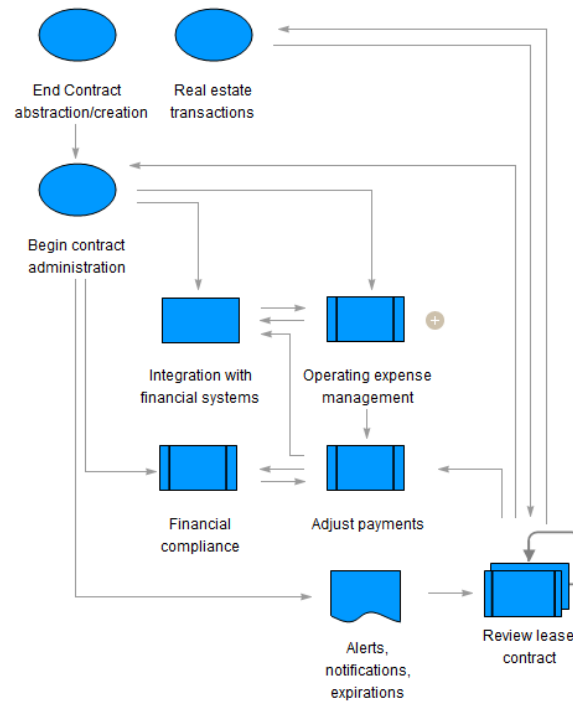
## Lease accounting assumption review

This flowchart describes the process of reviewing the lease accounting assumptions for a lease in TRIRIGA. Based on the joint FASB-IASB standards, the assumptions that are used in amortization schedule calculations include the incremental borrowing rate, percent growth assumptions, and rent component assumptions. If the review triggers a change in the assumptions, then a separate review or reassessment of the current lease or contract can also be initiated.



## Contract administration

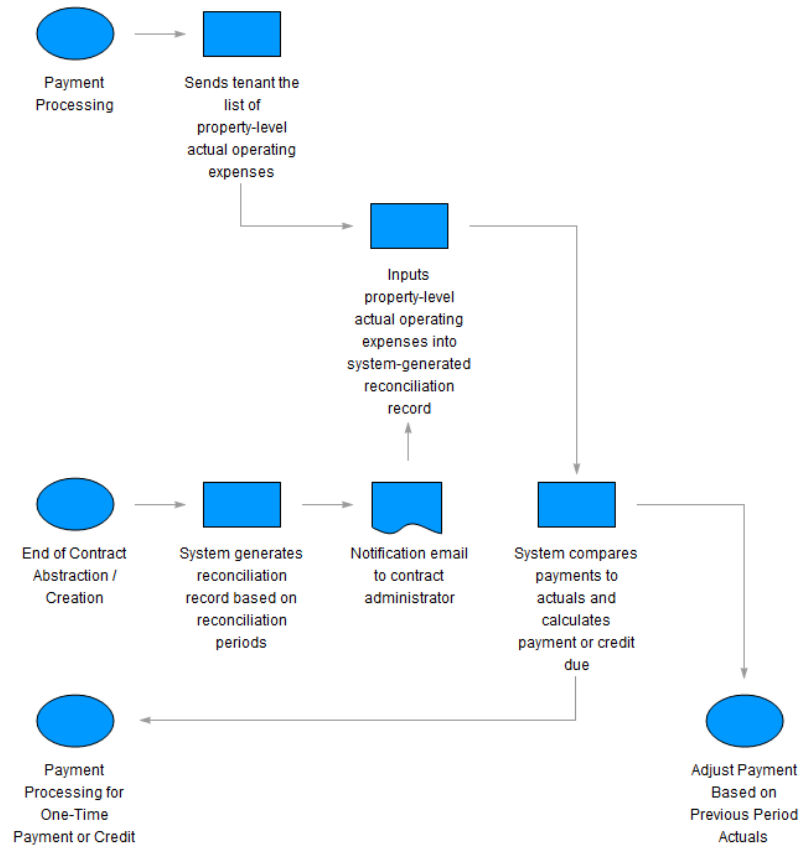
This flowchart describes the overview of the real estate contract administration process in TRIRIGA. This cyclical process includes payment processing or integration with financial systems, operating expense (OPEX) management, financial compliance, and payment adjustments. Meanwhile, any alerts, notification, or expirations as defined by the contract can trigger a review or reassessment of the current lease or contract, which can also affect payment adjustments or financial compliance.



### Payment processing:

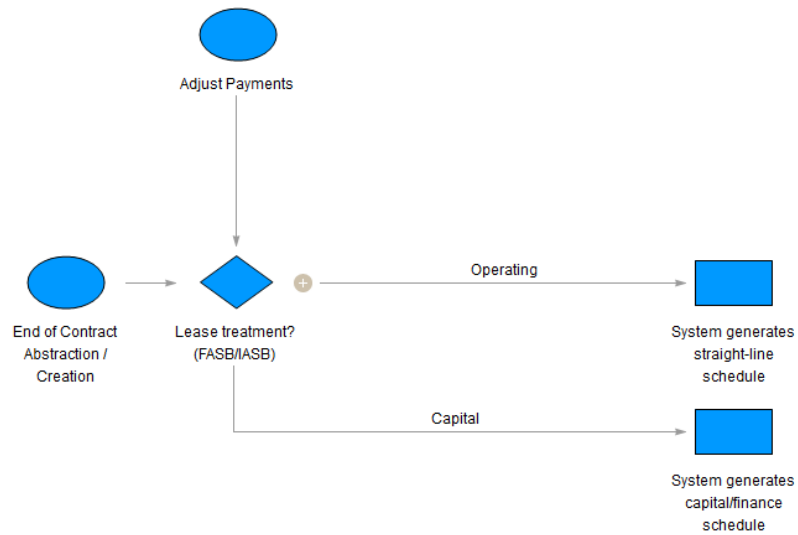
This flowchart describes the process of processing real estate payments in TRIRIGA. This process includes identifying whether payments are scheduled, whether payments are accounts payable (AP) or accounts receivable (AR), and whether payments are recurring. Depending on the conditions, you can process a receipt, make a payment, or generate a credit.





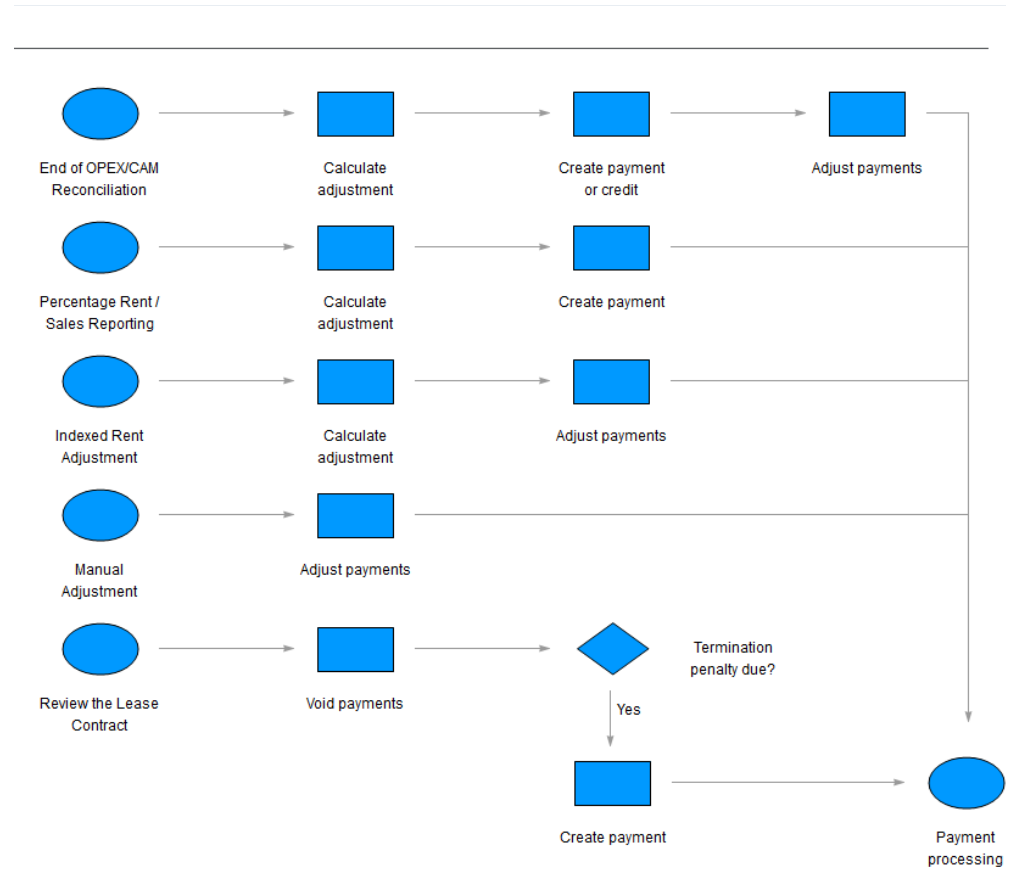
### Financial compliance:

This flowchart describes the process of complying with financial or lease accounting standards in TRIRIGA. You can apply an operating lease treatment to generate a straight-line schedule or a capital lease treatment to generate a capital or finance schedule.



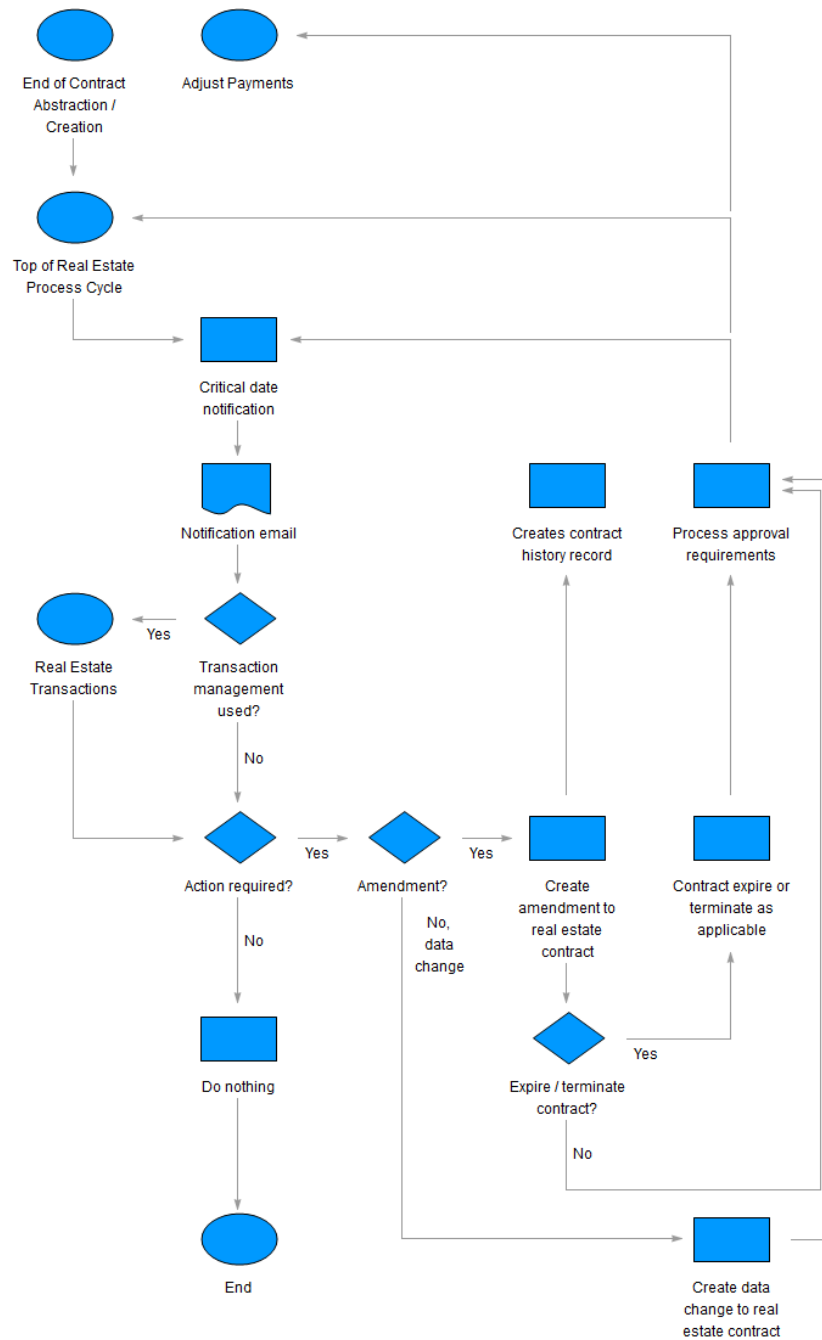
#### **Adjust payments:**

This flowchart describes the process of adjusting real estate payments in TRIRIGA. This process includes adjustments as a result of OPEX or CAM reconciliation, percentage rent, sales reporting, indexed rents, and reviews or reassessments of the current lease or contract. In turn, payment adjustments can affect payment processing and financial compliance.



### Review the lease contract:

This flowchart describes the process of reviewing or reassessing the current lease or contract as a result of alerts, notifications, expirations, or other defined events in TRIRIGA. This process includes amendments to the lease, and changes to the lease data, which can also affect payment adjustments or financial compliance.



## Contract roles

When you sign into the application, you are taken to your home page. Your home page is your entrance into the application. From your home page, you can review your home portal or use the menu system to open the process portals available to your role. Use your menu bar to open other available portals. Based on your role, your application might consist of one or many portals.



The setting of the IBM TRIRIGA home page is set in the Default Portal section of your profile record. Your home portal or process portals might vary, based on your role in the company and your security and license access. However, your portals contain a combination of the components and section types described in this discussion.

In turn, each portal consists of portal sections. Each portal section serves a specific function and shows the information that applies to your business role. The portal sections in your portal are configured by your application administrator for your role in the system.

## **Application administrator**

The application administrator is the user role that typically sets up and configures the application.

The primary responsibility of the application administrator is to manage the IBM TRIRIGA application for the company. This responsibility includes creating and managing licenses and security groups, setting up user access, and maintaining system-level and application-level standards such as classification and list values.

When you sign in as an Application Administrator role, the home portal is the Application Administrator portal. An example of the Application Administrator portal includes the following portal sections:

- Reminders – Application Administrator
- Last Visited
- Application Administration
- License and Security
- Application Administration - Utilities

## **Real estate abstractor**

The real estate abstractor or abstractor manager is the user role that typically summarizes the real estate (RE) contract details for data entry into the application.

The primary responsibility of the real estate abstractor is to summarize or abstract real estate leases for the company. Other responsibilities include interpreting the lease language, and translating that information into the application. The lease abstracting task might also be conducted by an external abstractor-role resource.

When you sign in as a Real Estate Abstractor role, your home portal is the Real Estate Abstractor portal. An example of the Real Estate Abstractor portal includes the following portal sections:

- Related Links – RE Abstractor
- Work in Progress Lease Abstracts

## **Real estate contract manager**

The real estate contract manager or contract administrator is the user role that typically monitors the contract details and activities for real estate (RE) properties.

The primary responsibility of the real estate contract manager is to manage real estate leases and owned property agreements for the company. This responsibility includes verifying that payments are made, options are exercised, and renewals are evaluated. Other responsibilities include interpreting the lease language, checking

building data, abstracting leases, and translating that information into the application. The lease abstracting task might also be conducted by an external abstractor-role resource.

When you sign in as a Real Estate Contract Manager role, your home portal is the Real Estate Contract Manager portal. An example of the Real Estate Contract Manager portal includes the following portal sections:

- Reminders – RE Contract Manager
- Performance Metrics – RE Contract Manager
- Related Links – RE Contract Manager
- Last Visited
- Lease Obligations
- Lease Expirations
- Utilization Rate / RE Contract
- Area Per Person (Space Use Agreement)

## **Lease accounting manager**

The lease accounting manager or lease accountant is the user role that typically manages the accounting details and activities for real estate (RE) and asset leases.

The primary responsibility of the lease accounting manager is to manage the Financial Accounting Standards Board (FASB) data and International Accounting Standards Board (IASB) data. This responsibility includes verifying that assumptions are reviewed, options are planned, and renewals are evaluated.

When you sign in as a Lease Accounting Manager or Lease Accountant role, your home portal is the Lease Accounting Manager portal. An example of the Lease Accounting Manager portal includes the following portal sections:

- Reminders – Lease Accounting Manager
- Related Links – Lease Accounting Manager
- Last Visited
- Overdue Lease Assumptions
- My Lease Reviews
- Amortization Schedule Summary
- 10K Financial Report

## **Asset manager**

The asset manager is the user role that typically manages a defined class of assets such as computer equipment, office equipment, point-of-sale equipment, and furniture.

The primary responsibility of the asset manager is to identify and procure products within the budgetary constraints and quality standards established by the company. This responsibility includes managing the total cost of asset ownership and depreciation, managing asset lease agreements and warranties, and ensuring that purchased assets are appropriately maintained.

When you sign in as an Asset Manager role, your home portal is the Asset Manager portal. An example of the Asset Manager portal includes the following portal sections:

- Reminders – Asset Manager

- Related Links – Asset Manager
- Asset Value by Specification Class
- Last Visited
- Quick Find (Inventory)
- Quick Find (Installed/Assigned Assets by Type)
- My Purchase Orders



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## Chapter 3. Setting up contracts

Before the contract process begins, certain activities are necessary to prepare the application for your real estate contracts, asset lease contracts, or both. These setup activities focus on tailoring templates, classifications, lists, locations, and contacts for your organization. These activities also include establishing lease abstract defaults and configuring for the Open Standards Consortium for Real Estate (OSCRE) interface.

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### Setting up fields and records

To prepare the application for your real estate or asset lease contracts, you need to set up the classifications, lists, locations, and contacts for your organization.

#### Classifications

Classifications are records presented in a hierarchical fashion. If the field type is a classification, a record in the classification hierarchy can be chosen as the field value. Real estate and asset lease contracts have several classification fields that help to describe each record.

For example, a real estate lease includes the following classifications:

- Area type
- Clause section category
- Clause type
- Contract status
- Contract type
- Cost index
- Granted in lease
- Late fee type
- Lease class
- Lease type
- Maintenance priority
- Option type
- Organization type
- Pass through type
- Payment type
- Provider rating
- Responsible party
- Roles
- Time zones
- Year

The clause type classification contains a **Clause Category** field. Because the field values are defined by the Application Administrator, do not change or add new values. The field includes the following values:

- Allowance
- Commission

- Cotenancy or co-tenancy
- Default
- Fair market rate value
- Green provisions
- Insurance
- Landlord rights
- Legal and finance
- Other
- Parking
- Pass through
- Percentage rent
- Rent
- Responsibilities
- Rights
- Security deposit
- Tax
- Tenant rights
- Use and restrictions

The **Clause Category** field drives the show-and-hide logic on the clause form. If you add a clause type and set the clause category, then the form shows or hides the appropriate sections without a change in the workflow.

## Lists

The application provides lists of predefined values for many fields in its real estate and asset lease contracts. Because these lists contain valid data, you can select the required value from the list instead of typing the value. This method improves data integrity by restricting the field data to the approved list values.

The application supports the following types of lists:

- Radio-button lists,
- List-box lists of static values,
- Dynamic lists that are derived from values in the IBM TRIRIGA database, and
- Dependent lists in which the selection from one list passes a filter to another list.

For example, a real estate lease includes the following lists:

- Accounting type
- Calculation rule
- Conversion group
- Country
- Currency
- Lease service responsibility
- Note type
- Payment entry type
- Payment method
- Payment schedule
- Schedule type

## Locations

Each location that is used in the application must be defined in the location hierarchy. With lease abstract records, you can add a location in the hierarchy by clicking the **Create New Location** action in the Primary Address section.

The location hierarchy contains the following elements:

- Building
- External retail location
- Floor
- Land
- Location category
- Property
- Proposed retail location
- Proposed site
- Retail center
- Retail location
- Space
- Space group
- Structure
- Vertical shaft

## Contacts

Each real estate contract record or asset lease record includes information about the various contacts for that record. You can define these contacts beforehand, then select the contacts when you create or update a contract record. This method promotes data integrity by restricting the selection of contacts to a predefined set. You can also minimize your data entry by taking advantage of autocomplete or search.

To define these contacts beforehand, enter their contact information in the People portal of the IBM TRIRIGA application. The elements contained in the People portal include:

- Consultant
- Employee
- External contact

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## Setting up templates

You can use templates to quickly create records, avoid redundant data entry, and maintain consistency across many records. For example, you can quickly add data that is commonly reused across multiple records, such as internal contacts, clauses, terms, and conditions. When the template is applied, the details that are entered in the template are replicated in the new record.

## Creating templates

You can build templates as a foundation from which to quickly create records. The process of building a template is similar for all templates. The following example uses the lease clause template.

## Before you begin

You must sign in as an Application Administrator or Real Estate Contract Manager.

## About this task

The templates that are used in the management of real estate contracts include:

- Lease abstract template
- Lease clause template
- Option template
- Owned property agreements template
- Real estate lease template

Meanwhile, the templates that are used in the management of asset lease contracts include:

- Asset lease clause template
- Asset lease template
- Option template

## Procedure

1. Select **Contracts > Set Up > Templates > Lease Clause**.
2. Click the **Add** action.
3. Specify the details.
4. Create the template.

## What to do next

The tabs, sections, and fields in the templates mirror the structure of the records that they represent. When building templates as a foundation for your contract management records, use standard IBM TRIRIGA templates as a model. In other words, instead of updating a standard template, copy it to build your new template from the original.

## Editing templates

As you build and save your templates, you can edit them as needed. The process of editing a template is similar for all templates. The following example uses the lease clause template.

## Before you begin

You must sign in as an Application Administrator or Real Estate Contract Manager.

## Procedure

1. Select **Contracts > Set Up > Templates > Lease Clause**.
2. Click the link for the lease clause template that you want to edit.
3. Specify the details.
4. Save the template.



## Deleting templates

As you build and save your templates, you can delete them as needed. The process of deleting a template is similar for all templates. The following example uses the lease clause template.

### Before you begin

You must sign in as an Application Administrator or Real Estate Contract Manager.

### Procedure

1. Select **Contracts > Set Up > Templates > Lease Clause**.
2. Select the check box for the lease clause template that you want to delete.
3. Delete the template.

---

## Setting up lease defaults

Many of the parameters that are used in various calculations and comparisons can be set in one place for the entire application. The lease default parameters can be set in the application settings record.

## Setting up lease abstract defaults

To enable certain actions in the lease abstract record, you can set the lease abstract defaults in the application settings record. These lease abstract defaults include the parent for an internal organization, external organization, and location.

### Before you begin

You must sign in as an Application Administrator.

### About this task

The lease abstract record includes the **Create New Location** action in the Primary Address section and the **Create New Organization** action in the Tenant, Landlord, Management Company, and Guarantor sections. These actions require the identification of the parent record in the hierarchy and automatically default to the parent record.

### Procedure

1. Select **Tools > System Setup > General > Application Settings**.
2. In the **General** tab, go to the Lease Abstract Defaults section.
3. Specify the settings.
4. Save the record.

## Setting up lease accounting defaults

To simplify the entry of information in the real estate or asset lease, you can set the lease defaults in the application settings record. These lease defaults include the review assumptions, lease growth assumptions, rent component assumptions, amortization periods, payment schedule time zone, and the financial accounting standard.

### Before you begin

You must sign in as an Application Administrator.

## About this task

You can also apply assumption review information to the initial assumption audit log when the real estate lease is created from the completed lease abstract.

### Procedure

1. Select **Tools > System Setup > General > Application Settings**.
2. In the **Lease Accounting Settings** tab, specify the settings.
3. Save the record.

---

## Setting up OSCRE tools

To use the lease abstract tools for the Open Standards Consortium for Real Estate (OSCRE), both your server and the third-party server must be configured. The configuration of the properties file, administrator console processes, and application settings record are typically completed by the application administrator.

## Overview of OSCRE process

Typically, two application servers communicate to send and receive lease abstract records under the Open Standards Consortium for Real Estate (OSCRE) standard. For example, assume that you employed a third-party abstractor organization to abstract leases into their own server. Assume that their application server is named "Abstractor Server" and your application server is named "Customer Server". The following overview describes the process.

### Configuration

After configuration, the IBM TRIRIGA application is ready to support all of the actions in the OSCRE lease abstract standard:

- Send lease abstract
- Accept lease abstract
- Reject lease abstract
- Request lease abstract clarification
- Provide lease abstract clarification

### Abstractor sends the lease abstract

The abstractor creates a lease abstract record on their IBM TRIRIGA server called "Abstractor Server". They save the record as an external draft, edit the record, and submit it for review. The record is approved. Then, they reopen the lease abstract record and send it to the incoming email account of your "Customer Server". In "Abstractor Server", the record updates to Sent status and the record is sent by email.

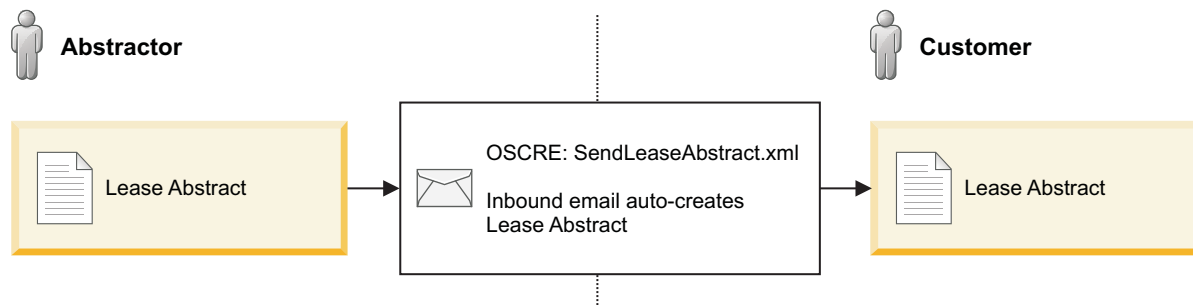


Figure 1. Flow diagram for sending the lease abstract under the OSCRE standard

## You receive the lease abstract

You receive the lease abstract record in Received status on your IBM TRIRIGA server called "Customer Server". You can open the record and accept it, reject it, or request clarification.

- If you accept it, the record updates to Accepted status. You can edit and activate the lease abstract record in your "Customer Server".
- If you reject it, the record updates to Rejected status.
- If you request clarification, the record updates to Pending Clarification status.

## You send the abstract status

Your "Customer Server" sends the record status to the incoming email account of "Abtractor Server".

- If the "Abtractor Server" receives an acceptance, the record updates to Accepted status.
- If the "Abtractor Server" receives a rejection, the record updates to Rejected status.
- If the "Abtractor Server" receives a request for clarification, the record updates to Clarification Requested status.

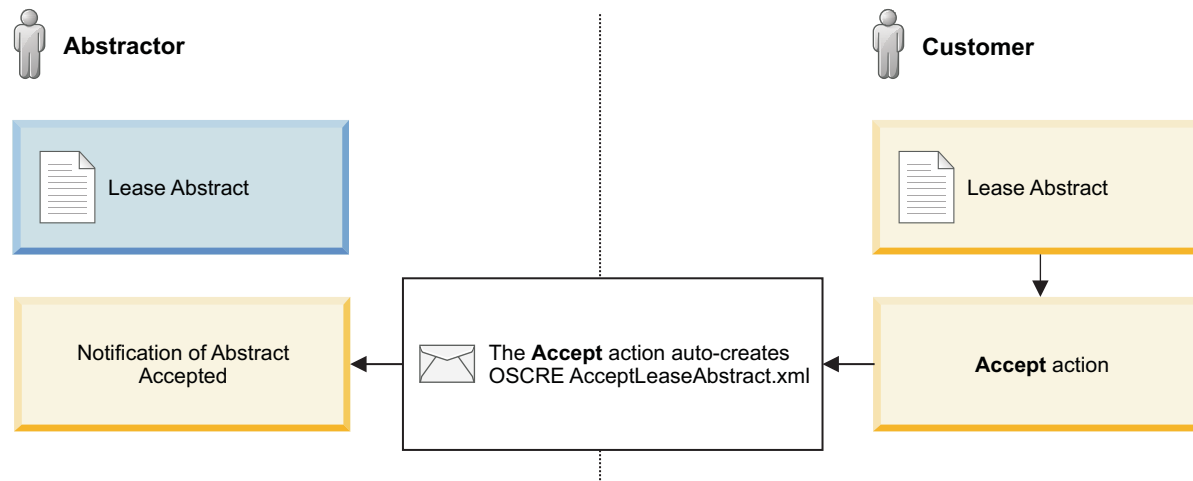


Figure 2. Flow diagram for sending an acceptance under the OSCRE standard

## Abstractor sends the clarification

When the abstractor decides to provide clarification, they reopen the clarification requested record, update it as needed, and send the record. The record updates to Clarification Provided status.

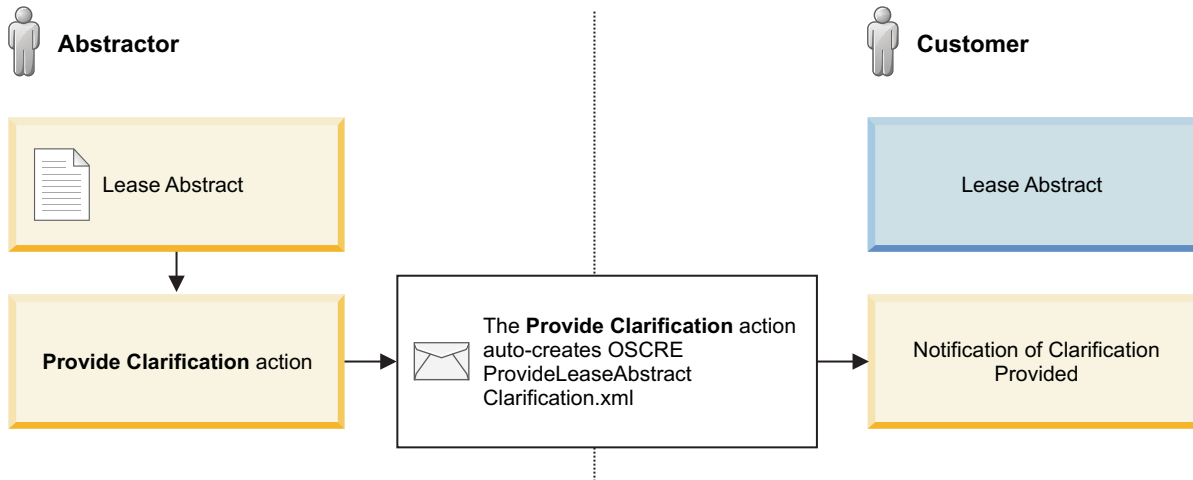


Figure 3. Flow diagram for providing clarification under the OSCRE standard

## You receive the clarification

When your "Customer Server" receives the provided clarification, the record updates to Clarification Provided status. You can decide to accept it, reject it, or request clarification again. The OSCRE processing for each lease abstract record might continue between the two IBM TRIRIGA servers until you decide to accept. After the lease abstract record is accepted, it can be edited or activated.

## Setting up the properties file

Several properties in the `TRIRIGAWEB.properties` file must be configured for the Open Standards Consortium for Real Estate (OSCRE). You must configure this properties file before you send lease abstract records or apply the OSCRE lease abstract tools for the first time.

### Before you begin

You must be an IBM TRIRIGA administrator.

### Procedure

1. Configure the following properties of the `TRIRIGAWEB.properties` file on your server:

Property	Description
<code>mail.smtp.host</code>	The simple mail transfer protocol (SMTP) mail server.
<code>mail.smtp.email.domain</code>	The Internet Protocol (IP) of the SMTP mail server.
<code>DATACONNECT_SLEEP_TIME</code>	The duration that the DataConnect tool waits before waking to check for more jobs to process. The default is 10 minutes.
<code>DC_HISTORY_RETENTION_DAYS</code>	The age of completed or obsolete jobs that the DataConnect tool clears away. The default is 5 days.

2. Configure the same properties on the third-party server.

## Setting up administrator processes

Several processes must be configured for the Open Standards Consortium for Real Estate (OSCRE). You must configure these processes in the administrator console before you send lease abstract records or apply the OSCRE lease abstract tools for the first time.

### Before you begin

You must be an IBM TRIRIGA administrator.

### Procedure

1. Use the IBM TRIRIGA administrator console to configure the following processes on your server:
  - a. The OSCRE .xml tools require the DataConnect and Incoming Mail agents to be running. Start them from the administrator console if they are not already started. You can also configure these processes in the TRIRIGAWEB.properties file to start automatically.
  - b. For more-detailed logging during OSCRE .xml processing, turn on the logging for DataConnect, Incoming Mail, "Extract, Transform, and Load" (ETL), or a combination of these options.
2. Configure the same processes on the third-party server.

## Setting up application settings

Several email and application settings must be configured for the Open Standards Consortium for Real Estate (OSCRE). You must configure these settings before you send lease abstract records or apply the OSCRE lease abstract tools for the first time.

### Before you begin

You must be an IBM TRIRIGA administrator.

### Procedure

1. Configure the following settings on your server:
  - a. Configure the Internet Protocol (IP) address and valid incoming mail account for the server.
  - b. Select the email address as the source or target system when you send a lease abstract, in the system configuration record. You can open this record from **Tools > System Setup > Integration > System Configuration**.
  - c. Configure the user groups to include the IBM TRIRIGA Real Estate Lease Abstractor role and IBM TRIRIGA Real Estate Lease Abstract Manager role as appropriate.
  - d. Configure the lease abstract notifications of accepted, clarification provided, clarification requested, received, and rejected for specific user roles. You can open and revise these records from **Tools > Approvals & Notifications > Notifications > Notification Requirements**.

- e. Verify that transformation content records exist for all OSCRE processes, such as accept, reject, send, request clarification, and provide clarification. You can create or open these records from **Tools > Data Utilities > OSCRE XML Import**.
  - f. Verify that all transformation content files exist for all OSCRE processes, such as accept, reject, send, request clarification, and provide clarification, in the application settings record. You can open this record from **Tools > System Setup > General > Application Settings**. The Lease Abstract Transformation section is found in the **General** tab.
2. Configure the same settings on the third-party server.

---

## Chapter 4. Creating lease abstracts

While digitally storing lease data can make updates and queries more efficient, inputting the full contents of a lease contract can also be time-consuming. Instead, you can create lease abstract records to summarize leases through manual data entry, Open Standards Consortium for Real Estate (OSCRE) .xml files, or offline forms.

---

### Lease abstract records

To reduce the time it takes to input lease contracts, you can abstract or summarize their full contents in lease abstract records. The lease abstract record can contain as much of the actual lease details as you want, based on the preferences and standards of your organization.

#### Contract creation process flow

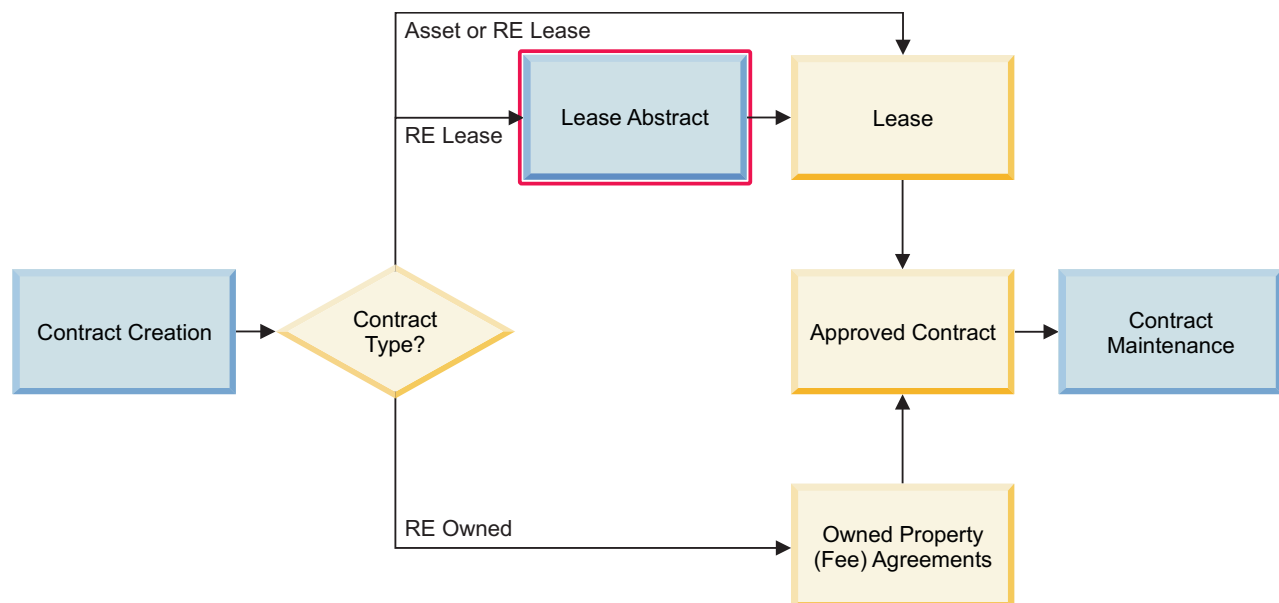


Figure 4. Flow diagram for creating the lease abstract

#### Lease abstract creation

As a lease abstractor, you can specify the entire lease contract and attach it as a file, or summarize key aspects of the lease contract. There are several data entry techniques:

- You can input lease abstract records into your IBM TRIRIGA system,
- A vendor abstractor (in another IBM TRIRIGA system) inputs lease abstract records, and sends them to you through Open Standards Consortium for Real Estate (OSCRE) .xml files,
- A vendor abstractor (outside your IBM TRIRIGA system) specifies lease abstract records with the offline form, and emails the form to you.

Upon mutual agreement, the lease abstract record serves as a formal real estate lease record. After the lease abstract record is activated, approved, and completed, it creates a real estate lease draft that is available for further transactions. As a result, the second record can separate security between outsourced and internal resources that are abstracting leases. In addition to these techniques, a lease abstract record can also be created upon the completion of a real estate lease project.

The tabs, sections, and fields in a lease abstract record have the same significance regardless of the method that is used to specify their data. Save the lease abstract record after you specify the data and before you move to the next tab.

---

## Creating lease abstract records

You can manually create lease abstract records to summarize the key details in lease contracts.

### Before you begin

You must sign in as a Real Estate Abstractor or Real Estate Contract Manager.

### Procedure

1. Add the lease abstract.

Role	Action
Real Estate Abstractor	In the Work in Progress Lease Abstracts portal section, click the <b>Add New Abstract</b> action.
Real Estate Contract Manager	Select <b>Contracts &gt; Leases</b> . In the Related Links – Contract Leases portal section, click the <b>Lease Abstracts</b> link. Click the <b>Add</b> action.

2. Specify the general details.
3. Create the draft.
4. Specify the details for the lease clauses, schedules, accounting, and other information.
5. Save the record.

## Setting default values for the index adjustments section

You can set the values of the Index Adjustments section in the **Rent** tab to be the default values for other tabs that also have this section.

### Procedure

1. Select the **Rent** tab.
2. For the **Lease Adjustment Type** field, select the index adjustment option.
3. Specify the values in the Index Adjustments section.
4. Save the record.

### Results

The values of the Index Adjustments section in the **Rent** tab are set as the default values for other tabs that also have this section.



## Populating default values for the index adjustments section

After the default values of the Index Adjustments section in the **Rent** tab are set, you can populate the values of this section in other tabs.

### Before you begin

Verify that the default values of the Index Adjustments section in the **Rent** tab are set.

### Procedure

1. Click the tab where you are creating a clause. For example, click the **Insurance** tab.
2. Select the **Includes Index Adjustment** check box.
3. Specify the remaining clause details.
4. Click the **Add Clause** action.

### Results

The tab shows the new clause in the clauses section. For example, the **Insurance** tab shows the new clause in the Insurance Clauses section. The values of the Index Adjustments section in the **Rent** tab also populate the values of this section in the new clause.

---

## Creating lease abstract records by sending offline forms

In some cases, the best option might be to send lease data through email attachments. As an alternative to directly specifying lease abstract records, you can email Microsoft Excel offline forms to a configured incoming email address. When the offline form reaches the target application, the data populates a new lease abstract record.

### Before you begin

You must obtain the Real Estate Lease Abstract offline form and target email address from the Application Administrator. The lease identifier (ID) of a lease abstract record must be unique. The target application rejects any imported lease abstract record with a lease identifier that matches a lease abstract record already in the database.

### Procedure

1. In Microsoft Excel, open the Real Estate Lease Abstract offline form for a lease abstract record.
2. Specify the lease information in the offline form.
3. When the offline form is complete, verify in your application that the **Lease ID** field value does not exist. If the **Lease ID** field value does exist, revise the ID.
4. Click the **E-Mail Offline Form** action.
5. Verify that the subject of the email is LEASE ABSTRACT FORM.

---

## Creating lease abstract records by sending OSCRE .xml files

In some cases, the best option might be to send lease data from your source application to the target application. As an alternative to directly specifying lease abstract records, you can transmit Open Standards Consortium for Real Estate (OSCRE) .xml files between applications.

### Before you begin

You must sign in as a Real Estate Abstractor or Real Estate Contract Manager.

### Procedure

1. Add the lease abstract.

Role	Action
Real Estate Abstractor	In the Work in Progress Lease Abstracts portal section, click the <b>Add New Abstract</b> action.
Real Estate Contract Manager	Select <b>Contracts &gt; Leases</b> . In the Related Links – Contract Leases portal section, click the <b>Lease Abstracts</b> link. Click the <b>Add</b> action.

2. Specify the details.
3. Click the **Create Draft External** action.
4. Click the **Start Abstract** action. The status of the record changes to In Progress.
5. Specify any other data and click the **Submit for Review** action. The status of the record changes to Review In Progress.
6. After the status of the record changes to Approved, open the lease abstract record.
7. Click the **Send** action. Specify the comment, source application, and target application.
8. Click the **Submit** action. The status of the record changes to Sent.

## Exporting lease abstract records by sending OSCRE .xml files

The .xml export tool for the Open Standards Consortium for Real Estate (OSCRE) is an alternative to clicking the **Send** action on a lease abstract record. For example, you might want to batch several records to send at a single time after they are submitted for review and approved. Typically, lease abstract records exported through OSCRE are received directly into the IBM TRIRIGA server through its incoming mail address.

### Before you begin

You must sign in as an Application Administrator.

In addition, verify that the lease abstract business object does not contain a field with a field name that includes any of following special characters:

~!#\$%&\*()\_+={}|[]\:";'<>?,./ Otherwise, if a special character is present, this process does not generate the OSCRE .xml file. If necessary, revise and republish the business object.

### Procedure

1. Select **Tools > Data Utilities > OSCRE XML Export**.
2. Click the **Add** action.

3. Specify the details.
4. Create the export record.
5. Process the export record.

## Importing lease abstract records by sending OSCRE .xml files

The .xml import tool for the Open Standards Consortium for Real Estate (OSCRE) is an alternative to receiving a lease abstract record through email from another server. For example, a lease abstract record can be sent as an attachment to your email address, instead of the incoming mail address of the IBM TRIRIGA server. You can later upload the attached .xml file into the server.

### Before you begin

You must sign in as an Application Administrator.

### Procedure

1. Select **Tools > Data Utilities > OSCRE XML Import**.
2. Click the **Add** action.
3. Specify the details.
4. Create the import record.
5. Process the import record. After you process the import record, the record shows one of the following statuses:

Status	Description
Waiting for DC Process	Indicates that the Extract, Transform, and Load (ETL) processing was successful. It also indicates that the .xml file is waiting to be processed by the IBM TRIRIGA DataConnect (DC) tool.
DC Process Complete	Indicates that DataConnect (DC) processing was successful, and the .xml file was imported.
ETL Failed	Indicates that the ETL processing failed. Look in the server log for more information.



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## Chapter 5. Creating leases

To make updates and queries more efficient, you can digitally store lease data by creating lease records. You can create real estate lease records through manual data entry, or by approving and completing lease abstract records. Meanwhile, you can create asset lease records through manual data entry.

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### Overview of lease creation

When you input and store lease records, the records are presented as lease forms, and the forms are organized into different tabs. These forms include the Real Estate Lease form and Asset Lease form. The form tabs include the **Clauses, Options, and Terms** tab and the **Accounting** tab.

### Real estate lease records

To digitally store lease data, you can input the contents into lease records. The real estate lease record can contain as much of the actual lease details as you want, based on the preferences and standards of your organization.

### Contract creation process flow

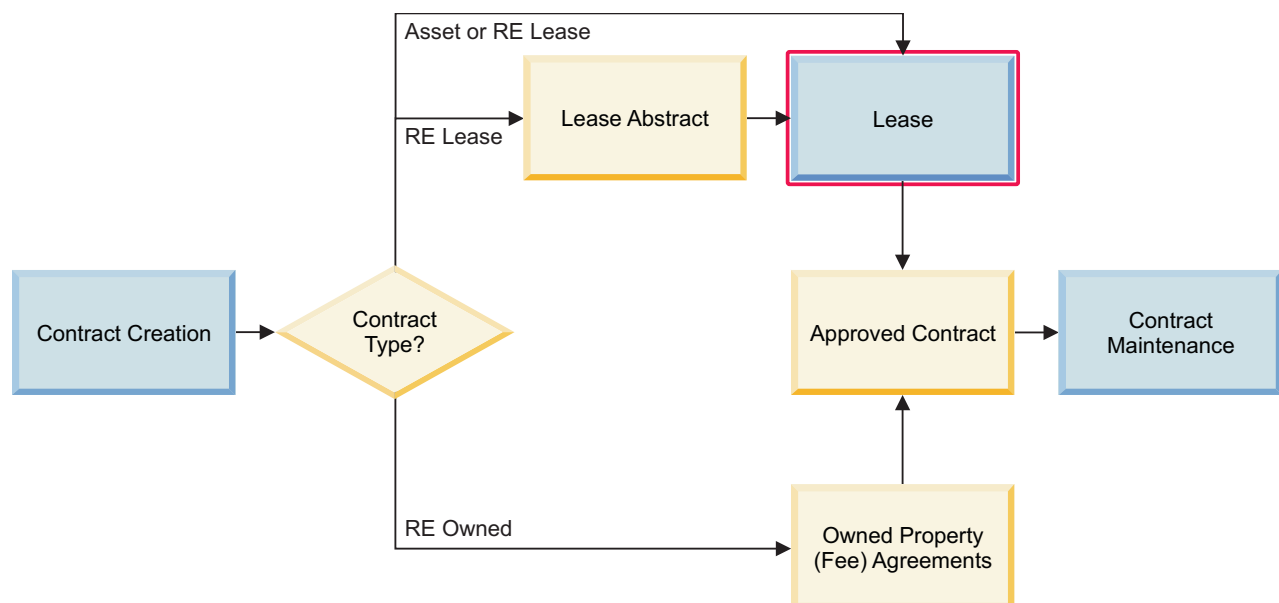


Figure 5. Flow diagram for creating the real estate lease

### Real estate lease creation

As a real estate contract manager, you can specify the entire lease contract and attach it as a file, or summarize key aspects of it. You can input real estate lease records into your IBM TRIRIGA application, or approve and complete a lease abstract record that is already in the application.

Upon mutual agreement, the lease abstract record serves as a formal real estate lease record. After the lease abstract record is activated, approved, and completed,

it creates a real estate lease draft that is available for further transactions. As a result, the second record can separate security between outsourced and internal resources that are abstracting leases.

The tabs, sections, and fields in a real estate lease record have the same significance regardless of the method that is used to specify their data. Save the real estate lease record after you specify the data and before you move to the next tab.

## Asset lease records

To digitally store lease data, you can input the contents into lease records. The asset lease record can contain as much of the actual lease details as you want, based on the preferences and standards of your organization.

### Contract creation process flow

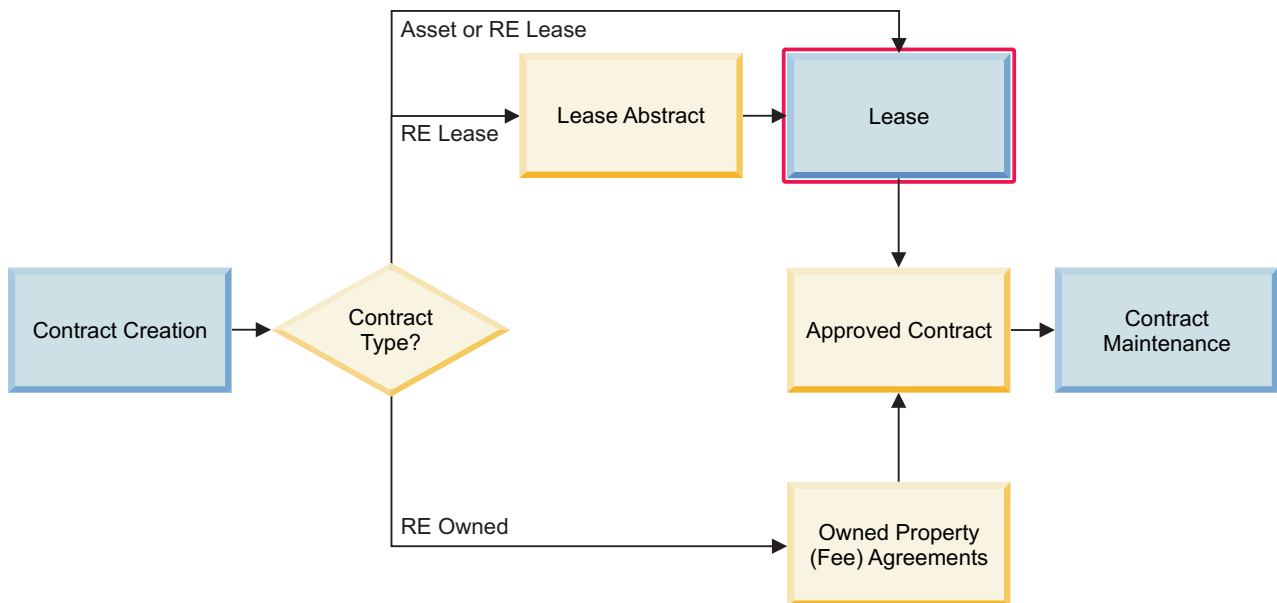


Figure 6. Flow diagram for creating the asset lease

### Asset lease creation

As an asset lease contract manager, you can specify the entire lease contract and attach it as a file, or summarize key aspects of it. You can input asset lease records into your IBM TRIRIGA application.

Save the asset lease record after you specify the data and before you move to the next tab.

## Accounting tab concepts

Use this tab of the lease form to specify the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) information. This information includes the accounting details, borrowing rate, growth assumptions, rent component assumptions, and likely term option. This tab also calculates the FASB-specific treatment of "Capital" or "Operating" for the lease. The form shows this tab only if you have access as a Lease Accounting Manager role with a Real Estate Manager license.

## Likely terms

Likely term is an important concept within the lease accounting standards of the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB). According to these standards, payments must be amortized for the entire likely term of a lease. This likely term amortization calculates a more accurate financial impact analysis for the leases in a business portfolio.

The likely term of the lease is a calculated duration from the start date to the end date of the likely term for the lease. The calculation is as follows:

- $(\text{End Date} - \text{Start Date}) = \text{Likely Term (Duration)}$
- The Start Date is represented by the **Commencement Date** field.
- The End Date is represented by the **Likely Term Expiration Date** field.

## Likely options

Based on contractual or non-contractual business reasons or unexpected economic conditions, you might be prompted to change the expected lease term. If that occurs, you can click the **Review Assumptions** action to identify the “likely option”, or the lease option that is most likely to be exercised.

The identified option determines the new end date for the likely term. The list of options is filtered to show only active selections, and only valid **Option Type** field selections are used to determine the likely term: renewal, termination, or purchase option.

When you select the “likely option” to be exercised, the application sets a new **Likely Term Expiration Date** based on the following logic:

- If you select the purchase option, then the application extends the amortization to the **Economic Life End** as the **Likely Term Expiration Date**.
- If you select the renewal option, then the application extends the amortization to the **Renewal Expiration Date** as the **Likely Term Expiration Date**.
- If you select the termination option, then the application extends the amortization to the **Likely Termination Execute Date** as the **Likely Term Expiration Date**.
- If none of the options are likely to be exercised, then the application uses the base lease **Expiration Date** as the **Likely Term Expiration Date**.

## Assumptions

Assumptions models are used in amortization schedule calculations to forecast the future “best estimate” of payment obligations for the likely term of the lease. Companies can use assumption models to determine the impact that leases have on their financial balance sheets.

The lease accounting standards by the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) define specific fields and processes for assumptions. For instance, any change to any type of assumption must be recorded in a log or history record. If a financial audit occurs, such logs can be provided. This record is called the assumption audit log.

Assumptions can be broken down into several main categories, all of which have an impact on amortization schedules and financial line-item generation.

## Incremental Borrowing Rate

The borrowing or discount rate is used to determine the discount of future estimated lease payments. This discount rate is used in net present value (NPV) along with straight-line rent per year to obtain the present value of rent.

## Percent Growth Assumptions

The percent growth assumptions have rules to determine whether an assumption applies to the lease. When a growth assumption that is based on an index or fair market rental value (FMRV) does not apply, the form hides the corresponding field.

For the index growth assumption, you can use any cost or price index, including the following examples:

- The Consumer Price Index (CPI) measures the average change over time in the prices paid by consumers for a market of consumer goods and services.
- The Construction Cost Index (CCI) is a business cycle indicator that shows the trend in the costs incurred by the contractor in the construction process.
- The Producer Price Index (PPI) measures the average change over time in the selling prices received by producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

## Rent Component Assumptions

The rent component assumptions deal with gross leases that combine lease components and services components together in rental payments. However, the FASB-IASB requires a cost breakdown of these payment components. This breakdown allows the lessee or tenant to exclude the service-related components from the amortization schedule (in fiscal line items) and from financial or liability reports.

Typically, for gross leases, the tenant pays a single amount that includes both the rent and operating expenses. However, the tenant needs to amortize only the rental portion of the amount, based on the percentage breakdown that is provided by the landlord. The portion of the payments for services is excluded from rent financial calculations.

These assumptions apply if the **Lease Category** selection contains the term "gross", such as full service gross or modified gross. If it is not a gross lease, the form hides the Rent Component Assumptions section.

## Amortization

Amortization is the process of paying off a debt over time through regularly scheduled payments. Lease payments are amortized for the likely term of the lease by using the straight-line method. The Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) require the lessee to determine the present value of the estimated likely lease payments.

There are many methods used in depreciating assets or leases. Generally, companies use the straight-line method for book purposes or financial purposes. The FASB-IASB requires rental expenses to be "recognized on a straight-line basis." This means that the same amount of expense must be recognized each month, regardless of the actual rent payment during the month.



The **Accounting** tab can be used to amortize over the shorter of (a) the lease term or (b) the economic life of the leased property. This amortization can be reflected in the profit and loss (P&L) as depreciation expense. This tab can also amortize the obligation to pay rent liability with the debt amortization method, and reflect that amortization in the P&L as interest expense.

Any time the Lease Accountant submits an assumption for a single lease or multiple leases (for bulk processing), the application does two things:

- Sets the **Amortization Recalc (Recalculation) Needed** field to true.
- Triggers a background process to generate or recalculate the amortization schedule for each lease.

There are two other ways that an amortization can be triggered in the application.

- Click the **Activate** action on a real estate lease or asset lease to generate an amortization schedule.
- Click the **Review Assumptions** action to review the likely term and assumptions on a real estate lease or asset lease, and generate an amortization schedule. The lease can be in Draft, Revision In Progress, or Active status.

### Fiscal line items

Fiscal line items (FLIs) track the amortization schedule values for each fiscal period. These FLIs are created or recalculated depending on your values for direct costs, one-time payments, partial payments, option types, or other values.

The application applies the following business rules to create or recalculate FLIs:

- If a lease has an **Initial Direct Costs** value in the **Accounting** tab, the value is included in the FLI for the first fiscal period.
- Any one-time payments within the likely term are spread equally across all the fiscal periods for the likely term.
- Any partial first and partial last payments are included in the fiscal period to which they belong. The application looks for the **Expected Date** to be in the fiscal period.
- If the **Lease Category** contains the term "gross", the lease components and services components are separated based on their values from the Rent Component Assumptions section.
- If a likely term includes a likely option with an **Option Type** selection of purchase or termination, the following logic updates the FLI.
  - If the selection is the purchase option, then spread the purchase price evenly across the life of the lease. The price is reflected under the Other Rent Obligations section on the FLI.
  - If the selection is the termination option, then sum the projected payment plus the penalty, and spread that total evenly across the life of the lease. This total is reflected under the Other Rent Obligations section in the FLI.
- Finally, on accounts payable (AP) leases, sum the AP payments minus the accounts receivable (AR) payments. On AR leases, sum the AR payments minus the AP payments. Meanwhile, on the FLI, the liability value, asset value, and net equity always decrease to zero.

### Straight line calculations

The rent expense values from multiple fiscal line items (FLIs) are summed to obtain the total rent expenses in the **Accounting** tab. This total value is used to calculate the straight-line rent per year. Future estimated lease payments are

discounted by the incremental borrowing rate of the lessee. This discount rate is applied to the net present value (NPV), along with straight-line rent per year, to calculate the present value of rent.

For the current Generally Accepted Accounting Principles (GAAP) standard by the FASB, any tenant improvement lease incentives are treated separately from the rental expense values. Lease incentives are recognized as reductions of the rental expense by the lessee on a straight-line basis over the term of the lease.

### Lease abstract to real estate lease process

When the completed lease abstract generates a real estate lease, the Financial Accounting Standards Board (FASB) or International Accounting Standards Board (IASB) information might be absent. This information is optional and might not be available to the lease abstractor or lease administrator when the process begins. In these cases, the application provides the necessary default information.

The following business rules apply to the likely term option:

- If a likely term option is selected on the lease abstract, then the application populates the **Likely Term Expiration Date** field based on that selection.
- If a likely term option is not selected on the lease abstract, then the application retrieves the **Lease Expiration Date** value to populate the **Likely Term Expiration Date** field.

The following business rules apply to the assumption review information and the initial assumption audit log that is generated when the real estate lease is created:

- If the lease abstract has data in any assumption field, then the application maps this data to the lease.
  - The application also creates an initial assumption audit log from this data with the **Review Type** field set to "Other".
  - Meanwhile, the **Review Comments** field is set to "Assumption Audit Log was auto-created from data entered on the Lease Abstract".
- If the lease abstract does not have data in any assumption field, then the application maps the data from the application settings to the lease.
  - The application also creates an initial assumption audit log from this data with the **Review Type** field set to "Other".
  - Meanwhile, the **Review Comments** field is set to "Assumption Audit Log was auto-created from Application Settings since assumption data was not provided on the Lease Abstract".
  - You can access the application settings by selecting **Tools > System Setup > General > Application Settings** then clicking the **Lease Accounting Settings** tab.

---

## Creating real estate lease records

To input lease data into lease records, you can manually create real estate lease records.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### Procedure

1. Select **Contracts > Leases**.

2. In the Related Links – Contract Leases portal section, select **RE Contracts > Leases**.
3. Click the **Add** action.
4. Specify the details.
5. Click the **Contact Details** tab.
6. Click the **Contract Administrator** role.
7. In the Contact section, click the **Find** action, select a name, click **OK**, and save the role.
8. Create the draft.

---

## Creating asset lease records

To input lease data into lease records, you can manually create asset lease records.

### Before you begin

You must sign in as a Real Estate Contract Manager. The Real Estate Contract Manager role can create both asset lease records and real estate lease records.

### Procedure

1. Select **Contracts > Leases**.
2. In the Related Links – Contract Leases portal section, select **Asset Leases > Asset Leases**.
3. Click the **Add** action.
4. Specify the details.
5. Click the **Contact Details** tab.
6. Click the **Contract Administrator** role.
7. In the Contact section, click the **Find** action, select a name, click **OK**, and save the role.
8. Create the draft.



---

## Chapter 6. Creating owned property agreements

To make updates and queries more efficient, you can digitally store owned agreement data by creating owned agreement records. You can create owned property agreement records through manual data entry.

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### Owned property agreement records

To digitally store owned agreement data, you can input the contents into owned agreement records. The owned property agreement record can contain as much of the actual agreement details as you want, based on the preferences and standards of your organization.

#### Contract creation process flow

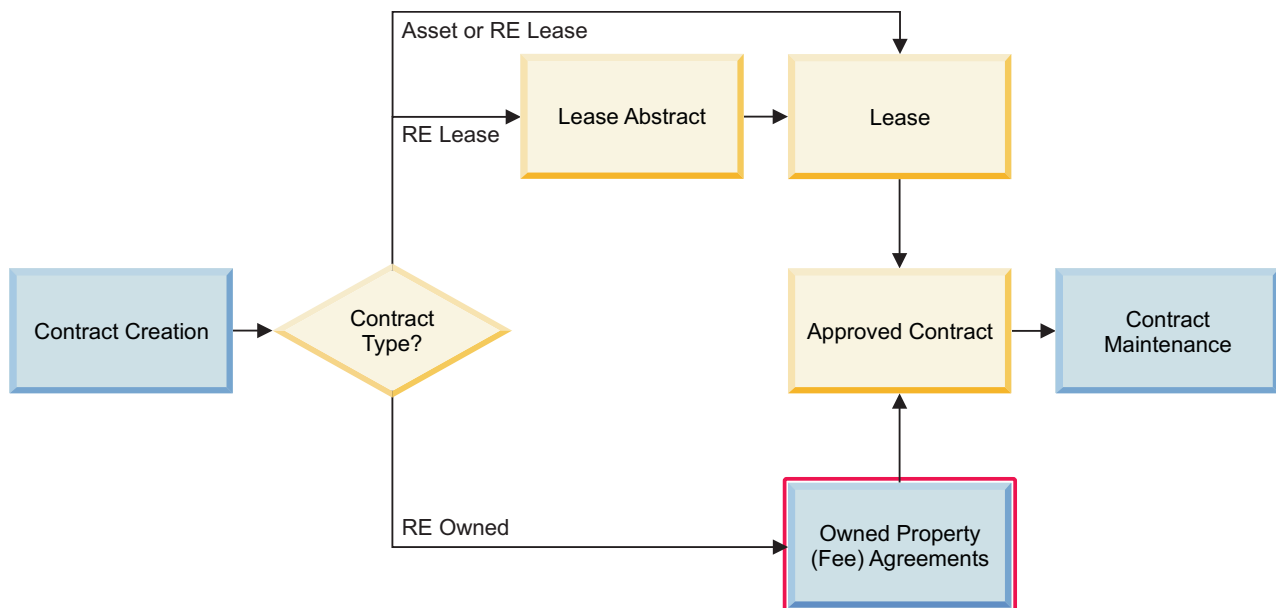


Figure 7. Flow diagram for creating the owned property agreement

#### Owned property agreement creation

As a real estate contract manager, you can specify the entire owned property agreement and attach it as a file, or summarize key aspects of it. You can input owned property agreement records into your IBM TRIRIGA application.

Save the owned property agreement record after you specify the data and before you move to the next tab.

---

### Creating owned property agreement records

To input owned agreement data into owned agreement records, you can manually create owned property agreement records.

## Before you begin

You must sign in as a Real Estate Contract Manager.

### Procedure

1. Select **Projects > Real Estate**.
2. In the Related Links – Real Estate portal section, select **Contracts > Owned Property (Fee) Agreements**.
3. Click the **Add** action.
4. Specify the details.
5. Click the **Contact Details** tab.
6. Click the **Contract Administrator** role.
7. In the Contact section, click the **Find** action, select a name, click **OK**, and save the role.
8. Create the draft.

---

## Chapter 7. Maintaining contracts

To maintain the accuracy and efficiency of your contracts, you can send and receive notifications about upcoming dates, and revise each contract through proposed changes.

---

### Overview of contract maintenance

The overall contract process consists of the contract creation, contract maintenance, and payment management phases. The contract maintenance phase includes sending and receiving notifications about upcoming dates, and revising each contract through proposed change requests and amendments. With these notifications and change requests, you can maintain the accuracy and efficiency of your contracts.

#### Contract maintenance

To ensure the accuracy of your contracts, you can revise each contract through proposed change requests and adjustments.

#### Contract maintenance process flow

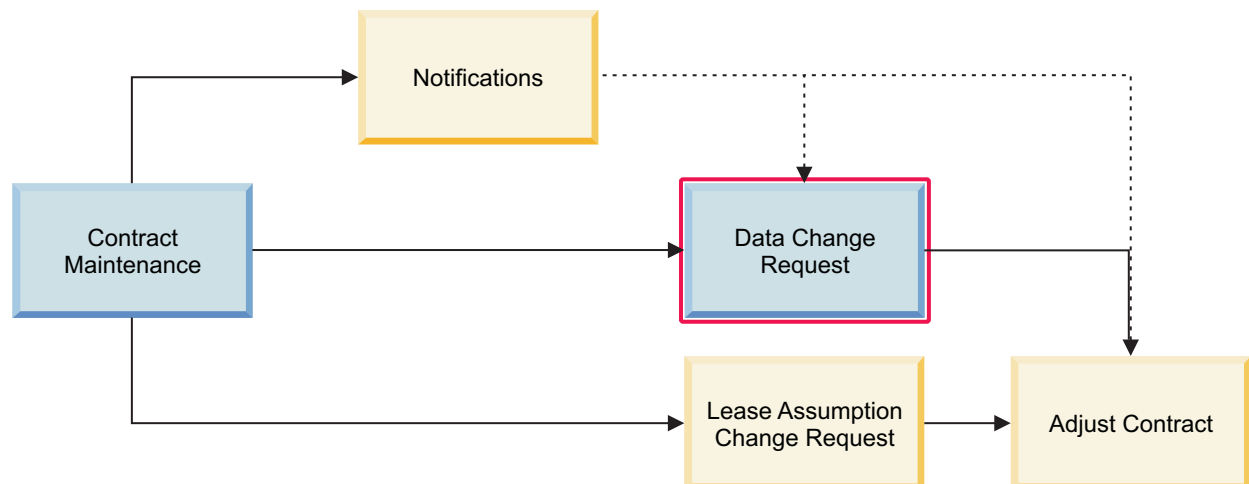


Figure 8. Flow diagram for requesting data changes

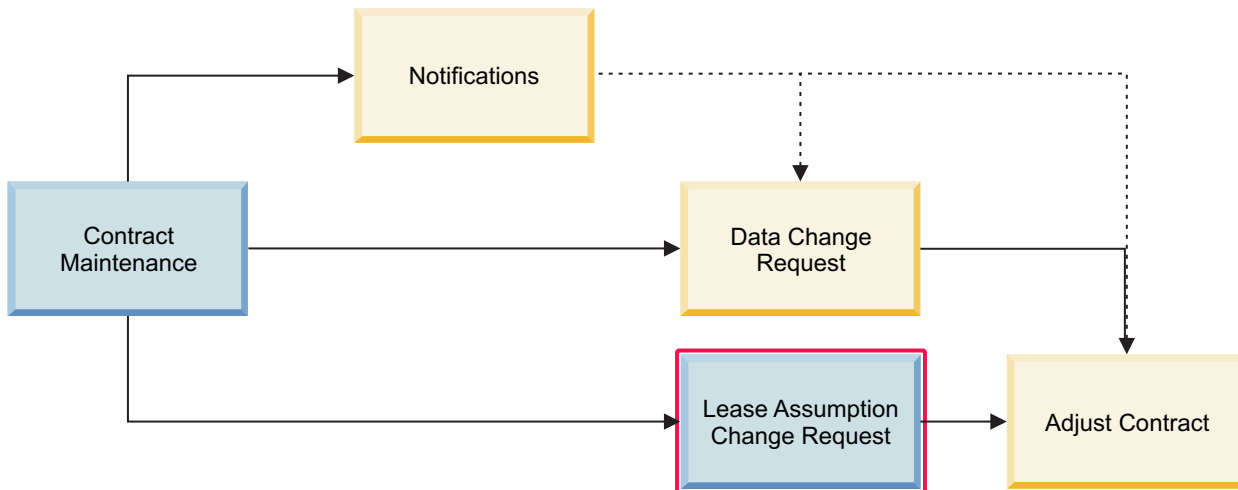


Figure 9. Flow diagram for requesting lease assumption changes

## Real estate contract maintenance

In the application, real estate contract maintenance includes the following elements:

- Contract notifications that can be sent to any number of defined roles,
- Real estate data change requests that are sent to the Contract Administrator role,
- Real estate lease assumption change requests that are sent to the Lease Accountant role, and
- Adjustments to the real estate contract that might be necessary after these events.

## Asset lease contract maintenance

In the application, asset lease contract maintenance includes the following elements:

- Contract notifications that can be sent to any number of defined roles,
- Asset lease data change requests that are sent to the Contract Administrator role,
- Asset lease assumption change requests that are sent to the Lease Accountant role, and
- Adjustments to the asset lease contract that might be necessary after these events.

## Contract notifications

To ensure the efficient update or adjustment of your contracts, you can send and receive notifications about upcoming dates.



## Contract maintenance process flow

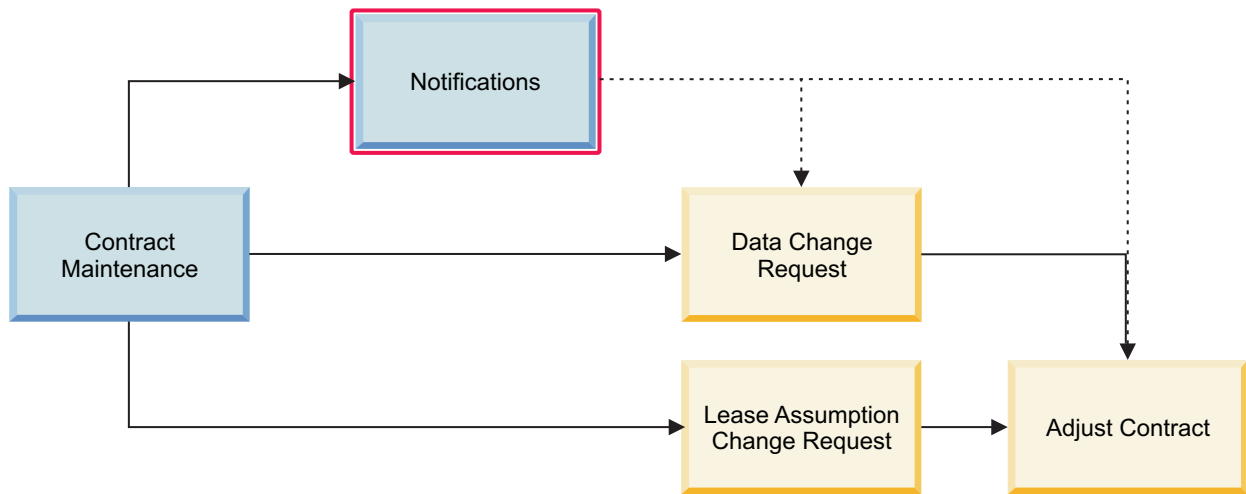


Figure 10. Flow diagram for sending contract notifications

### Creating contract notifications

In the application, creating contract notifications includes the following elements:

- Use the Contract Notification form to specify when and to whom to send notifications for the lease or agreement. You can open this form from the Lease Notifications section of your lease, or the Contract Notifications section of your agreement.
- For leases, when you activate the lease, the notifications for the lease expiration, legal notice, option dates, and option reminders are automatically scheduled and generated.
- For leases and agreements, you can manually create other notifications.

### Receiving contract notifications

In the application, receiving contract notifications includes the following elements:

- You receive notifications in your home page.
- Each notification requests an action and often contains an escalation if you do not respond within the time allotted.
- After you complete the activity that is directed by the notification, an adjustment might be made to the contract.

---

## Requesting real estate data changes

You can create and submit a request for a data change to a real estate (RE) lease or agreement. After approval, the change request is sent to the Contract Administrator of the selected real estate lease or agreement for review. After review, a revision or amendment to the lease or agreement might be necessary.

### Before you begin

You must sign in as a Request Central role or Real Estate Contract Manager.

## Procedure

1. Open the change request.

Role	Action
Request Central role	In the Request Central portal section, select <b>Contract &gt; RE Contract Change Request</b> .
Real Estate Contract Manager	Select <b>Requests &gt; My Requests</b> . In the Request Central portal section, select <b>Contract &gt; RE Contract Change Request</b> .

2. Specify the details.
3. In the General section, select whether the request is for you or someone else.
4. In the Real Estate Contract section, click the **Find** action, select a lease, and click **OK**.
5. Create the draft.
6. Submit the request.

---

## Requesting asset lease contract changes

You can create and submit a request for a contract change to an asset lease. After approval, the change request is sent to the Contract Administrator of the selected asset lease for review. After review, a revision of the lease might be necessary.

### Before you begin

You must sign in as a Request Central role or Real Estate Contract Manager.

## Procedure

1. Open the change request.

Role	Action
Request Central role	In the Request Central portal section, select <b>Contract &gt; Contract Change</b> .
Real Estate Contract Manager	Select <b>Requests &gt; My Requests</b> . In the Request Central portal section, select <b>Contract &gt; Contract Change</b> .

2. Specify the details.
3. In the General section, select whether the request is for you or someone else.
4. In the Contract section, click the **Find** action, select a lease, and click **OK**.
5. Create the draft.
6. Submit the request.

---

## Requesting lease assumption changes

You can create and submit a request for an assumptions change to a real estate (RE) lease or asset lease. After approval, the change request is sent to the Lease Accountant or Lease Administrator of the selected lease for review. After review, a revision or amendment to the lease might be necessary.

### Before you begin

You must sign in as a Request Central role or Real Estate Contract Manager.

## Procedure

1. Open the change request.

Role	Action
Request Central role	In the Request Central portal section, select <b>Contract &gt; Lease Assumption Change Request</b> .
Real Estate Contract Manager	Select <b>Requests &gt; My Requests</b> . In the Request Central portal section, select <b>Contract &gt; Lease Assumption Change Request</b> .

2. Specify the details.
3. In the General section, select whether the request is for you or someone else.
4. In the Identify Leases to Update section, click the **Find** action, select a lease, and click **OK**.
5. Create the draft.
6. Submit the request.



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## Chapter 8. Managing payments

To manage the various forms of payments over the lifetime of your contracts, you can set up scheduled payments, one-time payments, pass-through payments, and payment adjustments. You can also create invoices for "accounts payable" (AP) and "accounts receivable" (AR).

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### Managing invoices

To itemize the payments that a tenant or lessee owes to the landlord or lessor, you can create invoices for real estate contracts or asset leases. You can also create these invoices for "accounts payable" (AP) or "accounts receivable" (AR).

#### Creating real estate invoices

To input billing data into invoice records, you can manually create real estate invoice records.

##### Before you begin

You must sign in as a Real Estate Contract Manager.

##### Procedure

1. Select **Contracts > Payables > Invoices > Real Estate**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.

#### Creating asset invoices

To input billing data into invoice records, you can manually create asset invoice records.

##### Before you begin

You must sign in as a Real Estate Contract Manager. The Real Estate Contract Manager role can create both asset invoice records and real estate invoice records.

##### Procedure

1. Select **Contracts > Payables > Invoices > Asset**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.

---

### Managing payables

If you are the tenant or lessee, you can manage the obligations that you owe (or must pay) to the landlord or lessor. You can process payments, reconcile expenses, and calculate adjustments. These "accounts payable" (AP) are also known as "payables".

## Processing payments

To process payments, you can manually create and issue process payments records. After the issued record is approved, each selected payment line item is marked as paid.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### About this task

The application accepts the full payment, not a partial payment, of a payment line item (PLI). Partial values might yield unexpected results.

### Procedure

1. Select **Contracts > Payables > Payments > Process Payments**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.
5. Issue the record.

## Releasing payments

To release or disburse payments, you can manually create and submit payment release records. After the released payment is approved, the payment release record is marked as issued.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### Procedure

1. Select **Contracts > Payables > Payments > Release**.
2. Click the **Add** action.
3. Specify the details.
4. In the **Invoices** tab, specify your invoices.
5. Create the draft.
6. Issue the record.

## Voiding payments

To void payments, you can manually create and submit void payments records. After the voided payment is approved, each selected payment line item is marked as void.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### Procedure

1. Select **Contracts > Payables > Payments > Void**.
2. Click the **Add** action.
3. Specify the details.

4. Create the draft.
5. Void the payment.

## Stopping payments

To stop payments, you can manually create and submit stop payments records. After the stopped payment is approved, each selected payment line item is marked as stopped.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### Procedure

1. Select **Contracts > Payables > Payments > Stop**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.
5. Stop the payment.

## Reconciling operating expenses

To reconcile operating expenses (OPEX) or common area maintenance (CAM) expenses, you can open and submit payment reconciliation records. After the issued record is approved, the application creates a one-time payment for the amount due or credit owed.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### About this task

If a lease contains a clause with the **Payment Auditable** check box selected, the clause shows the Audit Details section. When the lease is activated, the application sends scheduled notifications to the Contract Administrator for payment reconciliation. The notification schedule is based on the **Reconciliation Frequency** pattern and **Reconciliation Start** date.

After the reconciliation is issued, you can review the payment line items (PLIs) that are created from the reconciliation. Return to the lease. In the **Payments** tab, go to the Payments section and select the **Payments - Projected (AR)** related report. The section shows the PLIs from the reconciliation and other accounts receivable (AR) items.

### Procedure

1. Select **Contracts > Payables > Real Estate Transactions > My OPEX/CAM Reconciliations**.
2. Open a record.
3. Specify the details.
4. Issue the record. You can find the issued record by selecting **Contracts > Payables > Real Estate Transactions > All Scheduled OPEX/CAM Reconciliations**.

## Calculating index adjustments

To calculate adjustments that are based on your current cost index, such as the consumer price index (CPI), you can open and submit index adjustment records. After the issued record is approved, the application creates a payment adjustment for the payment line items affected.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### About this task

If a lease contains a clause with the **Includes Index Adjustment** check box selected, the clause shows the Index Adjustments section. When the lease is activated, the application sends scheduled notifications to the Contract Administrator for index adjustments. The notification schedule is based on the **Adjustment Frequency** pattern and **First Adjustment Date** value.

### Procedure

1. Select **Contracts > Payables > Real Estate Transactions > My Index Adjustments**.
2. Open a record.
3. Specify the details.
4. Issue the record. You can find the issued record by selecting **Contracts > Payables > Real Estate Transactions > All Scheduled Index Adjustments**.

## Calculating percentage rent reports

To evaluate or recalculate reports that are based on your percentage rent, you can open and submit percentage rent report records. After the issued record is approved, the application creates a one-time payment for the amount due to the landlord or lessor.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### About this task

If a lease contains a clause with the **Clause Type** of percentage rent, the clause shows several sections for percentage rent. When the lease is activated, the application generates percentage rent report records. The reporting schedule is based on the **Reporting Frequency** pattern and **First Reporting Period Start Date** value.

### Procedure

1. Select **Contracts > Payables > Real Estate Transactions > My Sales Reporting**.
2. Open a record.
3. Specify the details.
4. Issue the record. You can find the issued record by selecting **Contracts > Payables > Real Estate Transactions > All Scheduled Sales Reporting**.



---

## Managing receivables

If you are the landlord or lessor, you can manage the obligations that you are owed (or must receive) by a tenant or lessee. You can process lease invoices and lease receipts. These "accounts receivable" (AR) are also known as "receivables".

### Processing lease invoices

To generate and process lease invoices for your accounts receivable (AR) leases, you can manually create and submit invoice-processing records. After the processing record is approved, the application creates a draft lease invoice for each selected AR lease.

#### Before you begin

You must sign in as a Real Estate Contract Manager.

#### Procedure

1. Select **Contracts > Receivables > Generate Lease Invoices**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.
5. Process the record.

### Processing lease receipts

To generate and process lease receipts for the accounts receivable (AR) payments from tenants or lessees, you can manually create and submit receipt-processing records. After the processing record is approved, each selected payment line item is marked as paid. Every time another processing record is issued for the same contract, the application recalculates the current total of any overpayment or underpayment.

#### Before you begin

You must sign in as a Real Estate Contract Manager.

#### About this task

If the actual amount is less than the expected amount, the application processes the original payment line item and creates a second payment line item. The new payment line item contains the same due date and other details from the original payment line item. However, the expected amount of the new payment is set to the difference between the actual and expected amounts of the original payment.

#### Procedure

1. Select **Contracts > Receivables > Receive Lease Receipts**.
2. Click the **Add** action.
3. Specify the details.
4. Create the draft.
5. Issue the record.

---

## Examples of managing payments

At Company ABC, IBM TRIRIGA Real Estate Manager is being used to manage real estate leases and track lease payments. Users can adjust or change details of payment schedules and payment line items after a lease is activated and its payments are scheduled.

### Calculating partial payments

At Company ABC, IBM TRIRIGA Real Estate Manager is being used to manage real estate leases and track lease payments. When a payment must be made for a partial period, for example if the start or end date of the lease does not coincide with the start or end of a payment period, users can specify how to calculate the partial payment.

#### Overview of partial payments calculations

You can calculate the amount of a partial payment for any of the following payment frequencies:

- Monthly
- Quarterly, which functions the same as Modern Quarter
- Specific Quarterly (Location Specific), which has the options of Traditional English Quarter or Traditional Scottish Quarter
- Semi-Annually
- Annually

To determine how the partial payments will be calculated, you can select the pro rata basis and whether the calculation method to be used is Daily or Monthly-Daily. The Daily option uses the total number of days that are included in the payment period for which you must pay and calculates by using a daily rate. The Monthly-Daily method calculates any complete months using a monthly rate and then adds additional days using a daily rate. The daily rate is based on the annual amount divided by the selected pro rata basis. If you have selected a pro rata basis of Actual Quarter day, the daily rate is calculated based on the amount for the quarter divided by the number of days in quarter.

You can also select if the payment is due on the first day of the period, the last day of the period, or on a specific day of the period, such as the 5th day of the period.

#### Important:

If you select a period start day of the 29th, 30th, or 31st of the month, the payment schedules generate with an incorrect number of quarters in a year, resulting in incorrect payment dates and payment amounts when you activate the lease.

For example, if you select a quarterly frequency with a payment start date of 07/31/2013, a payment end date of 07/30/2013, a period start date of 07/31/2013, the amount per quarter to be paid of \$1000, a pro rata basis of 365, and a daily rate of (\$4000/365), you do not expect a partial payment at the end.

However, when you activate the lease, the following quarters are generated:

- 07/31/2013 - 10/30/2013 - Q1 --- \$1000
- 10/31/2013 - 01/30/2014 - Q2 ---- \$1000
- 01/31/2013 - 04/29/2014 - Q3 ----- \$1000

- 04/30/2014 - 07/29/2014 - Q4 -----\$1000
- 07/30/2014 - 10/29/2014 - Q5 ----> This resulted in a 07/30 (payment end date) appearing in the 5th quarter with a partial of one day. Additionally, this will result in a extra payment of \$10.96 for the partial day. The total in this case would be \$4010.96, as compared to the expected annual amount of \$4000.00.

## Example background

Paulina is a real estate contract manager at Company ABC. She is managing a new real estate lease for Lessee XYZ, with a two-year lease term, a quarterly payment frequency, and a quarterly payment of \$4000 USD. She wants to accurately generate the payment schedules in IBM TRIRIGA. Company XYZ uses a traditional quarter schedule with the first quarter beginning on January 1st, but the new lease will start on January 15th. She must enter the correct payment parameters so that the first partial payment line item that is generated will be accurate.

### Step 1: Revise the active real estate lease

Paulina opens the IBM TRIRIGA Real Estate Manager application and opens or creates the Lessee XYZ lease. If needed, she revises the lease to make it editable.

### Step 2: Generate the payment schedules, including the partial payment

On the **Payments** tab, Paulina clicks **Generate Payment Schedules**.

- She fills in general information about the payment schedule to be generated.
- In the Payment Parameters section, she sets the **Frequency** to Quarterly.
- She sets the **First Payment Date** to January 15, 2013.
- She sets the **Period Start Date** to January 1, 2013.
- She sets the **Pro Rata Basis** to 365 Day Basis.
- She sets the **Calculation Method** to Daily.
- For **Amount Per Basis** she enters the quarterly amount due of \$4000.
- She sets **Payment Due On** to First Day of Period.
- When the information is completely entered, she clicks **Generate Schedule(s)** and then click **Create Schedule(s)**.

### Results

She can now view the payment schedules that were generated on the **Payments** tab of the lease record. The payment schedules that are generated include a partial payment for the first quarter that begins on January 15 and is less than the payments for the subsequent full quarters.

## Calculating partial payments when generating payment schedules for straight line calculations

IBM TRIRIGA Real Estate Manager users who need to generate payment schedules that include partial payments at the start or end of the lease can specify how the partial payment amount is calculated. After the payment schedules are generated, any changes to the dates or amounts do not automatically trigger recalculation of the partial payments.

## Background

Paulina is a real estate contract manager at Company ABC. She is managing a new real estate lease for Lessee XYZ, with a two-year lease term, a monthly payment frequency, and a total rent of \$30,000 USD or \$1250 monthly. She wants to accurately generate the payment schedules in IBM TRIRIGA. The new lease will start on February 15th of 2015 and end on February 14th, 2017.

### Step 1: Revise the active real estate lease

Paulina opens the IBM TRIRIGA Real Estate Manager application and opens or creates the Lessee XYZ lease. If needed, she revises the lease to make it editable.

### Step 2: Generate the payment schedules, including the first and last partial payments

On the **Payments** tab, Paulina clicks **Generate Payment Schedules**.

- She fills in general information about the payment schedule to be generated.
- In the Payment Parameters section, she sets the **Frequency** to Monthly.
- She sets the **First Payment Date** to February 15th, 2015.
- She sets the **Period Start Date** to January 15, 2017.
- She sets the **Pro Rata Basis** to 365 Day Basis.
- She sets the **Calculation Method** to Daily.
- For **Amount Per Basis** she enters the monthly amount due of \$1250.
- She sets **Payment Due On** to First Day of Period.
- When the information is completely entered, she clicks **Create Schedule(s)**.

## Results

She can now view the payment schedules that were generated on the **Payments** tab of the lease record. The payment for the first month is calculated to begin on February 15 and so is smaller than the payments for the subsequent full months. The final payment is also prorated for the final partial month.

## Updating payment instructions to remit to a new payee organization

IBM TRIRIGA Real Estate Manager users might need to change the payment instructions to remit payment to a new payee organization.

## Background

Paulina is a real estate contract manager at Company ABC. She is managing a real estate lease for Lessee XYZ where the payee must change while the lease is active. Paulina needs to change the payment instructions to remit to a new payee organization and update the future payment schedules. IBM TRIRIGA Real Estate Manager provides a quick way to update all of the payment instructions with one change to the lease record.

### Step 1: Revise the active real estate lease

Paulina opens the IBM TRIRIGA Real Estate Manager application and opens the active Lessee XYZ lease. She revises the lease to make it editable.

## Step 2: Add the new remit to organization

Paulina opens the **Payments** tab of the lease record. On the **Payment Instructions** tab, she finds and selects the payment instruction that needs to be updated. She clicks the **Update Payment Instruction** action.

- She selects the payment instruction to change.
- In the **Start Date** field, she adds the date on which the change needs to take effect.
- In the **Payment Instruction** section, she changes the details, including the remit to organization, that are to take effect on the new start date.
- She clicks **Create Payment Instruction** and the new payment instruction appears in the **New Payment Instructions** section.

## Step 3: Process the adjustment

When Paulina is finished, she clicks the **Process Payment Instruction** action. The IBM TRIRIGA Real Estate Manager application updates the affected payment schedules with new payment instructions.

**Tip:** If the lease is still in Draft status, the **New Payment Instructions** section does not appear. You can change the payment instruction directly. Some changes are not allowed and, if this information is entered in error, you must delete the payment schedule and create it again with the correct information.

## Adjusting the start date of a payment schedule

IBM TRIRIGA Real Estate Manager users who need to make a minor change to an active lease payment schedule, such as a start date change, can adjust the schedule.

### Background

Paulina is a real estate contract manager at Company ABC. She is managing a real estate lease for Lessee XYZ, with a two-year lease term, a monthly payment frequency, and a monthly payment of \$1000 USD. However, due to recent changes to the contract, she must update the payment start date from January 1, 2013 to January 1, 2014. The payment end date remains on December 31, 2014.

### Step 1: Revise the active real estate lease

Paulina opens the IBM TRIRIGA Real Estate Manager application and opens the active Lessee XYZ lease with its scheduled payments and active payment line items. She revises the lease to make it editable.

### Step 2: Adjust the payments

Paulina opens the **Payments** tab and clicks the **Adjust Payments** action.

- She selects the affected payment schedule.
- She changes the start date from January 1, 2013 to January 1, 2014.
- She keeps the same end date as December 31, 2014.
- She keeps the same monthly amount as \$1000 USD.
- She enters the adjustment reason.
- She keeps the **Update Action** to be **Update or Split Payment Schedules**.

### Step 3: Process the adjustment

When Paulina is finished, she clicks the **Process Adjustment** action. The IBM TRIRIGA Real Estate Manager application generates the following two payment schedules:

- First schedule from January 1, 2013 to December 31, 2013 at \$1000 USD.
- Second schedule from January 1, 2014 to December 31, 2014 at \$1000 USD.

The adjusted payment line items are dissociated from the original payment schedule and associated to the new schedule.

## Adjusting the start and end dates of a payment schedule

IBM TRIRIGA Real Estate Manager users who require a more complex change to an active lease payment schedule, such as a multiple date and payment change, can adjust the schedule. More complex date changes to the original payment schedule might generate as many as three schedules.

### Background

Paulina is a real estate contract manager at Company ABC. She is managing a real estate lease for Lessee XYZ, with a two-year lease term, a monthly payment frequency, and a monthly payment of \$1000 USD. However, due to recent changes to the contract, she must update the payment start date from January 1, 2013 to June 1, 2013, and update the payment end date from December 31, 2014 to December 31, 2013. For this new period, she must also raise the monthly payment from \$1000 to \$2000 USD.

### Step 1: Revise the active real estate lease

Paulina opens the IBM TRIRIGA Real Estate Manager application and opens the active Lessee XYZ lease with its scheduled payments and active payment line items. She revises the lease to make it editable.

### Step 2: Adjust the payments

Paulina opens the **Payments** tab and clicks the **Adjust Payments** action.

- She selects the affected payment schedule.
- She changes the start date from January 1, 2013 to June 1, 2013.
- She changes the end date from December 31, 2014 to December 31, 2013.
- She changes the monthly amount from \$1000 to \$2000 USD.
- She enters the adjustment reason.
- She keeps the **Update Action** to be **Update or Split Payment Schedules**.

### Step 3: Process the adjustment

When Paulina is finished, she clicks the **Process Adjustment** action. The IBM TRIRIGA Real Estate Manager application generates the following three payment schedules:

- First schedule from January 1, 2013 to May 31, 2013 at \$1000 USD.
- Second schedule from June 1, 2013 to December 31, 2013 at \$2000 USD.
- Third schedule from January 1, 2014 to December 31, 2014 at \$1000 USD.

The adjusted payment line items are dissociated from the original payment schedule and associated to the new schedule. Although Paulina is not required to

keep the third schedule, she chooses to not void the schedule just in case another adjustment becomes necessary in the future.





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## Chapter 9. Viewing reports

To view the various forms of reports throughout the application, you can find them in several places. You can find reports in the Home portal, in the My Reports portal, or in the **Reports** tab of a particular record.

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### Home portal

You can view various forms of reports throughout the application. One place you can find them is in your Home portal. You must sign in as a Real Estate Contract Manager. From your Home portal, locate the report.

Depending on your security access as a Real Estate Contract Manager, you can find the following reports in your Home portal:

- Lease Abstract – Abstracts for Review
- Lease Abstract – My Abstracts
- Lease Abstract Summary Abstractor
- Leases Expiring within a Year
- My Draft Real Estate Contracts
- My Leased and Owned Properties
- My Proposed and Draft Real Estate Contracts
- My Rejected RELs and OPs (Real Estate Leases and Owned Property Agreements)

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### Viewing my reports portal

You can view various forms of reports throughout the application. One place you can find them is in the My Reports portal. Depending on the report, you must specify the query parameters and prompt values to access the report.

#### Before you begin

You must sign in as a Real Estate Contract Manager.

#### About this task

Depending on your security access as a Real Estate Contract Manager, you can find the following reports in the My Reports portal:

- Accounts Payable History
- Contract Payment Details
- Contract Payment Summary
- Contract Summary
- Future Rent Obligations Detail
- Lease Critical Dates
- Line Item Master
- List of Lease Abstracts
- Option Master
- Portfolio Summary

- Tenant Payment Aging

### Procedure

1. Select the **My Reports** portal.
2. Click the **Community** tab.
3. Specify the title of the report in the **Title** filter. You can use additional filters to locate the report.
4. Click the **Apply Filters** action. The report is shown in the list.
5. Click the **Run Report** icon beside the report. Depending on the report, the report opens. If the report does not open, continue with the next step.
6. Specify the query parameters and click the **Submit** action.
7. Specify the prompt values and click **OK**. The report opens.

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## Viewing the reports tab

You can view various forms of reports throughout the application. One place you can find them is in the **Reports** tab of a particular record. Depending on the record, you must select the title of the report or specify the data in the report filters to access the report.

### Before you begin

You must sign in as a Real Estate Contract Manager.

### About this task

The record that you open can be an owned property agreement, payment reconciliation, percentage rent report, process payment, real estate invoice, or real estate lease record. Depending on your security access as a Real Estate Contract Manager, you can find the following reports in the **Reports** tab of the related record:

- AR RE Contract Payment Summary (Accounts Receivable Real Estate Contract)
- Owned Property Abstract
- Owned Property Record
- Payment Reconciliation Invoice
- Percentage Rent
- Real Estate Invoice
- Real Estate Invoice Record
- Real Estate Invoice Summary Bulk Print
- Real Estate Lease Abstract
- Real Estate Lease Record

### Procedure

1. Open a particular record and review the form.
2. Click the **Reports** tab. Depending on the record, the report opens. If the report does not open, continue with the next step.
3. Select the report title. Depending on the record, the report opens. If the report does not open, continue with the next step.
4. Specify the data in the report filters and click the **Submit** action. The report opens.

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## Chapter 10. Reviewing lease assumptions

You can review the likely term and assumptions for an individual lease or for multiple leases. These leases can include real estate (RE) leases and asset leases.

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### Overview of assumptions review process

The review assumptions process can review the likely term and assumptions of a lease on a regularly scheduled basis, and on an as-needed or as-requested basis. Whether the review is regularly scheduled or unscheduled, the Lease Accounting Manager can review the likely terms and assumptions for an individual lease or multiple leases.

The Lease Accounting Manager role is responsible for reviewing the likely term and assumptions on a lease, and processing the necessary changes with either method. When a review results in necessary changes, the Lease Accounting Manager must specify the type of review, review comments, and other review data. The application automatically logs this data along with the actual changed values for historical-tracking and financial-auditing purposes.

In other cases, a review might not result in a necessary change to the likely term or assumptions. Nevertheless, whether the Lease Accounting Manager specifies a change or no changes, all reviews are recorded as log records for auditing purposes.

### Individual lease process

The Lease Accounting Manager role can open the Assumptions Audit Log form to review and update the likely term and assumptions on an individual lease record.

The following approval process applies to the review assumptions process for an individual lease:

- The Lease Accounting Manager opens the Assumptions Audit Log form with the **Review Assumptions** action on an individual lease record. The **Review Assumptions** action is shown when the lease record is in Draft, Revision In Progress, or Active status.
- The form is pre-populated with the current lease assumption data. The Lease Accounting Manager enters the required review information, edits the likely term or assumptions, and submits the form.
- Upon submit, the application routes the assumption audit log from the Lease Accounting Manager to the specified contact role, if an approval process is configured. Otherwise, the application applies the changes to the lease record as entered by the Lease Accounting Manager.
- Upon approval, the application applies the changes to the lease record as entered by the Lease Accounting Manager. The assumption audit log record captures the changes to the likely term and assumptions. Afterward, the lease record stores the assumption audit log in its **Accounting** tab.
- Otherwise, upon rejection, the application applies no changes to the lease record. The assumptions audit log record changes to Returned status.
- You can use the **Revise** action to edit the record and resubmit for approval.

The application also enforces the following rules when the lease is storing assumption audit log records:

- An assumption audit log cannot be altered after it is logged. The log remains read-only.
- An assumption audit log cannot be added manually outside the review assumptions process.
- An assumption audit log cannot be removed manually.
- An initial assumption audit log is generated when the real estate lease is created from a completed lease abstract.

## Bulk create process

Not only the Lease Accounting Manager role, but other personnel can submit a request to review the likely term and assumptions for one or more leases. These other personnel can include financial executives, financial managers, and store managers. After the request is received, the Lease Accounting Manager can open the Bulk Create Review Assumptions Request form to update multiple leases.

The following approval process applies to the review assumptions process for multiple leases:

- The Lease Accounting Manager opens the Bulk Create Review Assumptions Request form from one of several places in the application, including the menu and portal. For example, this form can be opened with the **Update Lease Assumptions** link on the Lease Accounting Manager home portal.
- The form is not pre-populated with the current lease assumption data. Instead, after the draft is created, the Lease Accounting Manager can enter or select an existing lease assumption change request. Then, the application populates the form with the change request data.
- The same rules that apply to updating an individual lease also apply to bulk-updating multiple leases. The Lease Accounting Manager enters the required review information, edits the likely term or assumptions, and submits the form.
- Upon submit, the application routes the bulk create review from the Lease Accounting Manager to the **Requested For** person, if an approval process is configured. Otherwise, the application applies the changes to the lease records as entered by the Lease Accounting Manager.
- Upon approval, the application applies the changes to the lease records as entered by the Lease Accounting Manager. Afterward, each lease record stores an assumption audit log in its **Accounting** tab.
- Otherwise, upon rejection, the application applies no changes to the lease records. The change request record changes to Retired status. Similarly, the bulk create review record changes to Returned status.
- You can use the **Revise** action to edit the record and resubmit for approval.

The application also enforces the following rules when the lease is storing assumption audit log records:

- An assumption audit log cannot be altered after it is logged. The log remains read-only.
- An assumption audit log cannot be added manually outside the review assumptions process.
- An assumption audit log cannot be removed manually.
- An initial assumption audit log is generated when the real estate lease is created from a completed lease abstract.

---

## Reviewing an individual real estate lease record

You can review and revise the likely term and assumptions for an individual real estate (RE) lease. After the submitted review is approved, the application applies the changes to the lease record. In addition, the lease record stores the assumption audit log in its **Accounting** tab.

### Before you begin

You must sign in as a Lease Accounting Manager.

### Procedure

1. Select **Contracts > Leases**.
2. In the Related Links – Contract Leases portal section, select **RE Contracts > Leases**.
3. Open the real estate lease record.
4. Click the **Review Assumptions** action.
5. Specify the review type and your review comments.
6. If necessary, edit the assumptions and likely term details.
7. Submit the review.

---

## Reviewing multiple real estate lease records

You can review and revise the likely terms and assumptions for multiple real estate (RE) leases at the same time. After the submitted review is approved, the application applies the changes to each lease record. In addition, each lease record stores the assumption audit log in its **Accounting** tab.

### Before you begin

You must sign in as a Lease Accounting Manager.

### Procedure

1. In the Related Links – Lease Accounting Manager portal section, click the **Update Lease Assumptions** link.
2. Specify the details.
3. Specify the review type and your review comments.
4. If necessary, edit the assumptions and likely term details.
5. Create the draft.
6. Submit the review. You can find the submitted review by returning to the Related Links – Lease Accounting Manager portal section, and clicking the **Review Lease Assumptions** link.

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## Reviewing an individual asset lease record

You can review and revise the likely term and assumptions for an individual asset lease. After the submitted review is approved, the application applies the changes to the lease record. In addition, the lease record stores the assumption audit log in its **Accounting** tab.

## Before you begin

You must sign in as a Lease Accounting Manager.

### Procedure

1. Select **Contracts > Leases**.
2. In the Related Links – Contract Leases portal section, select **Asset Leases > Asset Leases**.
3. Open the asset lease record.
4. Click the **Review Assumptions** action.
5. Specify the review type and your review comments.
6. If necessary, edit the assumptions and likely term details.
7. Submit the review.

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## Reviewing multiple asset lease records

You can review and revise the likely terms and assumptions for multiple asset leases at the same time. After the submitted review is approved, the application applies the changes to each lease record. In addition, each lease record stores the assumption audit log in its **Accounting** tab.

## Before you begin

You must sign in as a Lease Accounting Manager.

### Procedure

1. In the Related Links – Lease Accounting Manager portal section, click the **Update Lease Assumptions** link.
2. Specify the details.
3. Specify the review type and your review comments.
4. If necessary, edit the assumptions and likely term details.
5. Create the draft.
6. Submit the review. You can find the submitted review by returning to the Related Links – Lease Accounting Manager portal section, and clicking the **Review Lease Assumptions** link.

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