



Owner Commission Handling with Maestro TC Module Quick Reference Guide

Overview

Maestro requires the ability to calculate the commissionable amount of a reservation to the unit owner when the owner has placed the unit into the rental pool, and the unit is rented to a hotel guest. Commission amount will be calculated on a percentage specified on the owner unit record tcownunit based on the room revenue generated from the reservations folio(s), less any fees calculated as noted in this document.

There will be n number of rental pools based on floating unit ownership. If the property sells unit types instead of actual units then there will be a rental pool for every unit grouping type (a group of room types).

Maestro will allow commissions to be paid on either room revenue or a configurable set of posting codes. This setup will be grouped together under a commission category (see commission category below).

Maestro will calculate deductions from commissions (fees) based on either room revenue or a configurable set of posting codes. Fee can also be deducted based on non posting code based calculations (for items such as housekeeping, travel agency fees and credit card fees).

The reservation which occupies the timeshare owned room must have a guest type which is different than the Special Names Maintenance Timeshared Type guest type or the Special Names Maintenance Co-Owners Type. If there is no record in Special Names Maintenance the Owner Commission processing will not run.

In Owner Management Maintenance, under Setup, under Global Setup, the Owner Management System On flag must be set to Y.

The commissions will be calculated on either a net or gross basis. The calculations based on gross means the commission percentage is applied to the gross room revenue from the non-owner occupied reservation. Commissions calculated on a net basis means the room revenue will have the service charges applied to the room revenue first and the commission percentage will be applied to the net amount after the service charges.

Calculating charges on a net or gross basis is set within each service charge or commission. This allows maximum flexibility for when to calculate the management fee and which deductions should take place prior to the management fee calculation.

Commissions can also be calculated on a floating room ownership basis. If the owner does not own a particular unit but they own a particular type of unit for a fixed time frame the commission can be calculated and then distributed to all owners that own the same type of unit for the same time frame.

All Commissions, service charges and reservation fees will only be charged/credited if the owner has indicated that they want their unit in the rental pool. If the owner has not indicated anything than the default reservation status will dictate whether the unit is in the rental pool or not. The Reservation Status codes are maintained in Owner Management Maintenance under Codes, under Owner Reservation Status Codes.



To indicate what the owner is doing with their unit is within Owner Management, Profile, Owners, Owner Units. The program Owner Reservations will allow the user to indicate what the owner is doing with their unit for every day of ownership for that particular unit.

Added with Maestro version 4.18 is the ability to split complimentary room rates. This will take the rate that could have been charged to a complimentary room and split that charge across other owners so the complimentary revenue is shared. This split is done on a month by month basis so the total complimentary room revenue for each day is shared among all owners in the rental pool for that month. This is assuming the processing of commissions is done on a monthly basis. If the processing is done on a weekly basis then the split will be done on a weekly basis.

Commission Processing

Each commissionable reservation will be processed with commission and charges posted to a single folio on the owners account representing the financial transaction of that reservation (split across owners if the commission is shared). This will allow any disputes to be traced to a specific folio and reservation.

The main data to identify this will be in gbfol_head as follows:

```
Gbfol_head.source_module = tc
Gbfol_head.source_id = fdcustres.reservation_number
```

E.g. If a \$100.00 total reservation is paid by Visa (and management fees to owner is 40% and charges for credit cards are 3%) the owners folio would show:

Room Revenue Commission	\$100.00
Management Fees	\$ 40.00-
Credit card charges	\$ 3.00-
Housekeeping charge	\$10.00-
RCI Res fee	\$ 1.00-
 Total Revenue to Owner	 \$46.00

Existing Summary Table – FDREVSHARE

The total of the rental commission and associated fees will match the output in fdrevshare. The fdrevshare table will continue to exist and be updated to match any new rules undertaken in this development effort. Any back-dating which is done will not be updated within FDREVSHARE. Any postings to a reservation after the reservation has checked-out will not be updated within FDREVSHARE.

Commission Payable to Owners

Commissions are not paid (and charges not incurred) when the unit is owner occupied (or occupied on behalf of the owner – e.g. by friend or family), or when the owner has placed the unit up for exchange).

Commission will accumulate on the owner’s account. A separate process to print owners’ checks resides within the Accounting pull-down of the Owner Management Module.

The owner statement will reflect all owner related commissions, fees, and other transactions related to the owners account.



ResEze

The ability to view owner statement data online has been added to Maestro version 4.16. The owner will be able to login to ResEze and view statements which have been printed and some time has passed allowing the property to verify them before they are made available on-line.

The owner is also able to make on-line Owner reservations for their unit.

Commission Processing

The calculation of the commissions and charges can be performed during the night audit (at the same time as FDREVSHARE is calculated). All commissions, charges and fees relative to a specific reservation will be posted to the same owner folio.

The processing of commissions can also be done on a month by month (or any timeframe) basis. This has the advantage of including any adjustments that were done to a reservation on departure day. If the processing is done during the night audit, any adjustments done on the day of departure are not picked up.

The calculation of which owner should be credited/charged with a reservation will have to consider occupancy dates for arrival/departure and the day the revenue is effective.

Commissions are calculated on a gross or net basis. Calculating on a gross basis means the commissions, service charges and fees will all be calculated on the actual amount of the charge. Calculating on a net basis will mean that the charge (presumably the room revenue) will have the service charges applied to it before the commission percentage is applied.

The net vs gross switch is within each Service Charge/Reservation Fee setup record. Each service charge setup and each reservation fee will be identified if it is charged before the management fee is calculated (Net) or after (Gross).

A simple example of Commissions based on Gross vs Net revenue.

A guest occupies an owned unit and stays for 1 night at \$120.00 per night.

There is a service charge configured for credit card fees on at 2.5% and a flat rate housekeeping charge of \$35.00. The management fee is 40%.

The calculation for the commission on a Gross basis is as follows:

$\$120.00 \times 100\% = \120.00 room revenue (settlement posting code)

$\$120.00 \times 2.5\% = \3.00 Credit Card fee

\$35.00 flat rate for Housekeeping

$\$120.00 \times 40\% = \48.00 management fee charge (charge posting code)

The owner will be credited \$120 and debited \$3.00, \$35.00 and \$48 so the total the owner will receive for commission will be $\$120 - \$35 - \$3 - \$48 = \$34.00$

The owner's folio will show all 4 of these transactions.

The calculation for the commission on a Net basis is as follows:

$\$120.00 \times 100\% = \120.00 credit (settlement posting code)

$\$120.00 \times 2.5\% = \3.00 Credit Card fee

\$35.00 flat rate for Housekeeping

$(\$120.00 - \$35 - \$3) \times 40\% = \32.80 charge

The owner will be charged a management fee of \$32.80 because the credit card fee and the housekeeping were deducted from the room revenue Before the 40% management fee was applied. The owner folio will show all 4 transactions. The net effect is the owner is credited \$49.20

Commissions are also credited based on Length of Stay. In the setup there can be multiple posting codes to be credited based on multiple Length of Stays. The Length of Stay in the Commissions table will be chosen based on the length of the reservation. The greatest Length of Stay which is less than the length of the reservation (or the length of the ownership) will be chosen. If there are 2 length of stays the same but different length of stay units, the length of stay with the smallest number will be given priority. That is, if there is a length of stay of 1 week and also 7 days, the 1 week will be given priority. If there are no length of stay records which are less than the length of stay of the reservation then no Commissions will be credited.

Commission processing will also take into consideration groups. If a group member is staying in an owned unit then the same rules apply to their reservation. If the Group has the Group Post indicator set to Y so all charges are posted to the group master then the Commission processing will investigate the charges for the particular room on the group master and credit commissions accordingly.

As well commission processing can be calculated based on floating units. This is where the owner does not own a particular unit but they instead own a unit grouping type for a given interval. In this situation, it is not one room that is taken into consideration. The process will take all rooms that are owned as floating units and add the commissions, service charges and fees together. All rooms for a given unit grouping type will be grouped together. The totals for commissions, service charges and fees will be added together and then divided by the number of owners that are in the rental pool. Each owner's portion of the commissions, service charges and fees will be posted to the individual owner's folio. This process will also take the Net vs Gross method of calculating commissions into consideration.

NOTE: If the property has a mix of floating unit ownership and fixed unit ownership, for one given Unit Grouping Type, there can only be one kind of ownership. If a Unit Grouping Type has floating owners within it, then no owner may own a fixed unit within that same Unit Grouping Type.

Travel Agent, Tour Operator and GDS Processing

To charge owners for travel agent fees, tour operator fees or GDS fees there is a screen which allows configuring amounts per each type of reservation. The "Reservation Travel Agent Charges" allows configuring amounts and percentages based on the type of reservation. These charges can be charged based on the occurrence of certain posting codes found on the non-owner occupied room reservation folio. Or, the charges can be based on the room revenue for the day being processed.

The charges can be net or gross charges, meaning they can be taken off of the room revenue commission before the management fee is calculated or after.

In 4.18 a new field was added. The field "T/A Actual Y/N", allows charging based on the actual amount that the Travel Agent will receive in commission for that night's revenue. So, if a reservation has multiple travel agents attached, the commission process will add up all travel agent charges and charge the owner the actual travel agent charge amounts. These charges are applied to the owner on a day by day basis based on the room revenue of the day.

These charges are attached to an owner through the commission category code.

Service Charge Processing

The owners can be charged service charges on a posting code or reservation basis. This means that the user can setup charges that will post charges to the owner's folio based on a posting code. These charges to the owner can be based on different frequencies. The charge can be on arrival only or every occurrence of the charge. All of these frequencies are based on the reservation occupying the owners room and having a certain posting code charged to the reservation.



Each of these charges are marked for either Net or Gross commission calculations. The Net service charges will be applied to the room revenue before the management fee percentage is calculated.

Special logic exists to handle credit cards. If the service charge is setup for a posting code that is also a credit card and the service charge is setup to charge using the room revenue then the reservation will be checked to see if the credit card for this service charge matches their settle by method. If it does then the service charge amount will be applied to the room revenue for the night the reservation is being processed. If the service charge is a credit card posting code and the room revenue flag is set to No, then the regular logic for service charges will apply and the process will only charge the service charge percentage on the actual amount of the credit card amount when it is posted.

If the reservation occupying the room crosses multiple owners then the arrival day and departure day are considered to be the starting day or last day of ownership.

For all service charges that are marked for use 'Room Revenue', then the frequency must be 'E' to ensure the days room revenue will be applied. If the frequency is 'A' for Arrival date only and the Room Revenue flag is set to Y, then the system will charge this service charge once on the room revenue of the arrival night.

NOTE: All day of departure charges will be charged to the owner who owns that room starting from that day.

Reservation Fee Processing

Fees can be charged on a per reservation basis. This can be used for one time charges. The fees are charged based on a length of stay and type of reservation occupying the room. Different fees can be charged based on whether the reservation has a Travel Agent or Tour Operator or whether it is a GDS reservation.

The fee is a flat rate.

In the Reservation Fees setup there can be multiple posting codes to be charged based on multiple Length of Stays. The Length of Stay in the Reservation Fees table will be chosen based on the length of the reservation. The greatest Length of Stay which is less than the length of the reservation (or the length of the ownership) will be chosen. If there are 2 length of stays the same but different length of stay units, the length of stay with the smallest number will be given priority. That is, if there is a length of stay of 1 week and also 7 days, the 1 week will be given priority. If there are no length of stay records which are less than the reservation then no Reservation Fees will be charged.

Reservation fees are also marked as Net or Gross. The Net Reservation Fees will be calculated on the room revenue before the management fee.

Complimentary Room Rate Splitting

The ability to split complimentary rooms across multiple owners is added to Maestro version 4.17.

There is setup within Global Setup within Owner Management Maintenance. There are several flags and fields pertaining to Splitting Complimentary Room Rates. These fields are defaulted to "No, Do not split rates" as a result of the conversion from version 4.16. Please review these settings to be sure they are completed properly.

The rate that could have been charged will be maintained with all of the other rates within Rate Type Maintenance. The complimentary rate will be determined by using the room type of the complimentary room and the rate type found in the Global setup in the field "Contracted Minimum Rate Type". The owner of the unit involved will have commission granted on the basis of the Contracted Minimum Rate Type.

The complimentary rates will be grouped together and split either by:

- a) entire property
- b) group reservation or
- c) unit grouping type

If they are grouped and split by group reservation than the complimentary rooms within a group reservation will only be shared within that group reservation. All complimentary rooms that are not part of a group reservation will be shared with the rest of the property not involved in group reservations.

If they are grouped and split by unit grouping type then the complimentary rooms within each unit grouping type will be shared with the rest of the units within that unit grouping type. If the complimentary rooms are shared by group reservation then they cannot be shared by unit grouping type as well.

If they are not grouped and shared by either group reservation or by unit grouping type then the complimentary rooms are shared within the entire property or properties.

The complimentary rate split can be split by either net or gross room revenue amount. If the property is performing their commission calculations based on a Net calculation (expenses come off before the management fee is calculated), then the same net value used in the management fee calculation will be the amount used for the splitting of revenue. If the property is performing their commission calculations based on a Gross calculation then the full room revenue will be split across all rooms involved.

Complimentary rates that are split are done so by applying a pro-rating calculation that charges more to rooms which are of a higher revenue. This means that if one room is rented at \$100 and another room is rented at \$200, the \$200 room will be charged a complimentary charge code twice that of the \$100 room. This is done by using the formula $(\text{room_revenue} / \text{total_room_revenue} * \text{total_comp_revenue})$. The room_revenue is the amount of revenue for the particular room being processed. The total_room_revenue is the total room revenue for all rooms within the group (either for the group reservation, the entire unit grouping type or all properties). The total_comp_revenue is the total complimentary room revenue, based on the "contracted minimum rate" for the same group of rooms. This amount will be posted to each owner involved using the posting code setup in Owner Management Maintenance within Global Setup.

Owner Statement Summary Report

This report provides a summary of the activity for owners.

To get revenue to populate into the 'Revenue' column, the posting codes used for revenue must have a rate category of 'REV'.

To get management fees to populate into the 'House Com' column, the posting codes used for management fees must have a rate category of 'MGTFEE'.

To get the cheques written to the owner to populate into the 'Misc Cheque' column, the posting codes used for cheques must have a rate category of 'CHEQUE'.

Table Considerations

Tables will allow setup of commission to be paid to an owner and charges to be charges against the commission. Both flat rate and percentage calculations are supported. The commission/charge category will be assigned to a specific owner unit, allowing one owner with multiple units to earn commission and be charged at different levels based on the unit owned or deal made with the developer.

Tables to handle tracking commission earned by owner

TCRESCOMMH

*commission_category // attached to ttownunith
 *property_code
 description

TCRESCOMMD – Reservation Commission (to define how much commission will be paid by the hotel to the owner based on a reservation with certain attributes)

*Commission_category //as defined in tcrescommh
 *property_code //property for m/p use
 *los_flag //length of stay flag Daily, Weekly, Monthly
 *los_units //minimum los units, # days, weeks, months
 *posting_code //posting code on which to pay commission
 *suffix_no //to allow multiples
 net_gross_flag // g=gross, m=management fee charge
 room_revenue_flag //charge on room revenue amt instead of posting_code
 direct_amount //if res is made directly with hotel, pay this flat rate
 direct_percentage //percentage for above
 ta_amount //if t/a is involved with reservation what amt is paid
 ta_percentage //percentage for above
 to_amount //if tour operator involved with reservation what amt is paid
 to_percentage //percentage for above
 gds_amount //if reservation source is gds what amount is paid
 gds_percentage//percentage for above
 post_as_code //posting_code to use to post this commission to the owner folio. This should be a posting type 2 posting code.

In the above table amount refers to a flat rate and percentage refers to a percentage of the posting_codes value posted to the folio(s).

This table allows an owner to be paid commission on 4 types of reservations, direct, travel agency, tour operator and gds. Only one of direct, ta, to or gds would apply (but both of the amount and percentage may be calculated within one of those 4 categories).

The process of identifying what type of reservation was made is as follows:

Travel Agency – a reservation that has a record in fdres_ta_h

Tour Operator – a reservation that has a value in fdcustres.billing_client_code and fdcustres.billing_client_code has a record in matour.client_code.

GDS – a reservation that has a record in fdint_crs.cr_pms_reservation_num

Direct – a reservation that has none of the above.

Note: In the unlikely event that a reservation has 2 or more combinations of the above, the lowest percentage/flat rate will be used to calculate the commission earned.

Tables needed to process floating units. In a floating unit situation there are no individual owners but a group of owners. All units that are non-owner occupied will have their commissions, service charges and fees grouped together by unit grouping type and the total of each charge will be divided by the owners in the rental pool.

TCFLCOMMH – Commission totals by unit grouping type
*sba_date // date of calculations
*unit_grouping_type // grouping type of calculations
*posting_code // posting code of comm./svc chg/fee
*posting_type // 1 = settlement, 2 = charge
*res_svc_chg_flag // c=commission, s=svc chg, f=fee
amount // amount for above

TCFLCOMMD – Commission details by unit grouping type
*sba_date
*unit_grouping_type
*posting_code
*posting_type
*res_svc_chg_flag
*suffix_no
reservation_number
amount



Tables to handle service charges to owners against commission based on posting code

A service charge may be charged to owners to handle services the hotel may absorb on behalf of the guest. A service charge may be applied against a charge or settlement posting code e.g. charge a \$5 housekeeping fee on ROOM posting code, and charge a 2.5% admin fee on credit card settlement VISA posting code.

TCRESCHGH

*Service_charge_code // attached to tcownunith
*property_code
description // description of service charge

TCRESCHGD

*Service_charge_code // attached to tcownunith
*property_code
*suffix_no // to allow multiples
*posting_code // may be charge or settlement posting code
net_gross_flag // 'n'et or 'g'ross service charge
room_revenue_flag // charge on room revenue amt instead of posting_code
frequency // post on 'A'rival, 'F'irst Occurance or 'E'veryday
amount
service_charge_percentage
post_as_code //posting_code to use to post this charge to the owner folio. This should be a posting type 1 posting code.

If frequency is set to Arrival and is a percentage, apply a charge to the first occurrence of the posting code posted on the arrival date of the reservation. If frequency is set to Arrival and is a flat amount, apply it once only. If frequency is set to Every Occurrence, apply the amount/percentage for each day of the guest stay and for each time the posting code is found charged on the occupied reservation. An example of an everyday every occurrence charge may be a credit card posting code. If the property is charged 3% of all VISA transactions then this cost can be passed onto the owner by having a reservation service charge posting code of VISA a frequency of 'E' and a service charge percentage of 3%.



Tables to handle fees charged to owners against commission without posting code

An additional services category table will be required to allow the developer to charge flat rate fees per reservation to address such items as fixed housekeeping fee.

TCRESFEEH

```
*fee_category // attached to tcownunith
*property_code
description //description of fee category
```

TCRESFEED

```
*fee_category // attached to tcownunith
*property_code
*los_flag // length of stay flag Daily, Weekly, Monthly
*los_units // minimum los units, # days, weeks, months
net_gross_flag //n'et or 'g'ross
direct_amount //if res is made directly with hotel, charge this flat rate
ta_amount //if t/a is involved with reservation what amount is charged
to_amount //if tour operator is involved, what amount is charged
gds_amount //if reservation source is gds what amount is charged
post_as_code //posting_code to use to post this charge to the owner folio. This should be a posting type
1 posting code.
```

This table allows an owner to be charged a fee on 4 types of reservations, direct, travel agency, tour operator and gds. Only one of direct, ta, to or gds would apply (but both of the amount and percentage may be calculated within one of those 4 categories).

The process of identifying what type of reservation was made is as follows:

Travel Agency – a reservation that has a record in fdres.ta_h

Tour Operator – a reservation that has a value in fdcustres.billing_client_code and fdcustres.billing_client_code has a record in matour.client_code.

GDS – a reservation that has a record in fdint_crs.cr_pms_reservation_num

Direct – a reservation that has none of the above.

Note: In the unlikely event that a reservation has 2 or more combinations of the above, the highest percentage/flat rate will be used to calculate the fees charged.

Tables to handle splitting complimentary rates

WKTCSPLITH

*group_reservation
*unit_grouping_type
*sba_date
comp_room_revenue
room_revenue

WKTCSPLITD

*group_reservation
*unit_grouping_type
*sba_date
*reservation_number
*building_code
*room_type_code
*room_code
folio_number
percentage_owned
comp_room_revenue
room_revenue

These tables are to track the complimentary room amounts. The header table wktcsplith will be totals for the group_reservation or the unit_grouping_type. The room revenue amount will not include the complimentary room revenue amount.

The detail table, wktcsplitd, will keep revenue totals by room. The folio_number will be the folio_number for the owner who owns the particular unit. The room_revenue amount will not include the comp_room_revenue.

These tables will be built as the commission processing is posting commissions, reservation and service charges. The posting of the split charges will be the last posting that is performed by the commission calculation process.

These tables will be cleared before the commission processing starts. The field sba_date is only necessary when running the processing for multiple days.

Workorder System Enhancements

The workorder system will have to be modified to allow maintenance performed on a room to be optionally billed back to the owner account based on some percentage of the workorder total. There should be a setup flag on the owner unit record indicating if workorders can be charged to the unit. These would be posted to a single folio representing the work performed.

Percentage of workorder to be charged will be controlled by the workorder system.

See workorder document for details on this project.

Changes to existing tables:

Add to tcownunit:

Charge_workorder x(1) – indicates if workorders may be charged.

Add commission_category to tcownunit

Add fee_category to tcownunit

Owner Statement

The owner statement is essentially an accounts receivable style statement that outlines the activity that the guests owned units enjoyed. Commission earned, charges and fees paid, and dates of occupancy should be highlighted. See attached samples.

This statement will be available to be produced from the forms system which exists and will be modified to meet user requirements.

1099 Annual Form (report of earned income)

In the USA, hotels must send their owners a government form called a 1099, which reflects commission revenue earned. This form will need to be produced either as a form or as a Crystal report.

Data: IRS required fields.

Search Options: Unit number, owner.

Wish list: To have the ability to pull up 1099 information at any point and re-print as necessary.

1099 Owner Summaries

Data: All summarized unit activity for fiscal year.

Search Options: Unit number, owner.

Wish List: Ability to gather information based on fiscal or calendar year. Ability to pull up summary information for any given year at any given time.

To be decided

How to handle posting of g/l entries. Do we need to offset commission paid to owners from hotel revenues?

Some Maestro clients may not have a direct interface to a gds system and will manually enter these reservations. We will need some alternate mechanism besides fdint_crs to denote a gds reservation. Perhaps a source of business and/or sub_source of business. If so (recommended), then a field will have to be added to a setup file OR alternately another table similar to the TCRESCHG table could be developed but based on source of business/sub source of business instead of posting code.