

Demand Note

Last Modified on 02/09/2024 1:38 pm CST

Found at *Pay / Demand Note*, the Demand Note allows paying different rates of interest based on date ranges and gives the ability to distribute interest throughout the year without fear of overpayment. The Demand Note also gives the ability to withdraw both interest and principal.

The screenshot shows a software window titled "Demand Note". It contains several input fields and a table. The fields include "Select Stock Certificates" (set to "All"), "Check Date" (02/09/2024), "<Expense Account>" (6020000-00), "<Withholding Account>" (2220000-00), "<Checking Account>" (1010000-00), "Starting Check #" (51928), "Starting ACH #" (101), "Sort By" (Name selected), "Posting Options" (Accumulate Interest selected), and "Ignore Customer ACH Setting" (unchecked). A table with columns "Start Date", "End Date", and "Rate" contains one row: "1", "01/01/2024", "06/30/2024", "2.25". Buttons at the bottom include "Load Set", "Save Set", "Add Row", "Pre-Scan", "Post", and "Cancel".

| | Start Date | End Date | Rate |
|---|------------|------------|------|
| 1 | 01/01/2024 | 06/30/2024 | 2.25 |

- **Select Stock Certificates** – Choose **Select** to determine the Stock Certificates to be considered in the calculation of the Interest Checks. Only Stock Certificates marked as *Interest Bearing* are included.
Note: After choosing **Select**, filter for Stock Classes in the *Stock* filter area to only display Demand Note Certificates.
- **Check Date** – Enter the date the check is issued.
- **Sort By** – Choose to print checks by either the Patron’s last *Name* or Customer *ID*.
- **Expense Account** – Double-click to select the G/L account where the distribution should post. This is a required field.
- **Withholding Account** – Double-click to select the G/L account where the backup withholding tax posts. This is a required field.
- **Checking Account** – Double-click to select one of the checking accounts established on the *G/L* tab at *Accounting / Setup / Preferences*. The G/L account associated with the selected checking account is credited for the net amount of the check issued.

- **Starting Check #** – When the checking account is selected, this defaults to the next check number in sequence based on the *Last Check Used* on the G/L tab at *Accounting / Setup / Preferences*. This check number may be overridden by entering the desired check number.
- **Starting ACH #** – This defaults to the next ACH number in sequence based on the *Last ACH#* on the G/L tab at *Accounting / Setup / Preferences*.
- **Posting Options**
 - **Accumulate Interest** – Interest is accumulated based on each date range and rate entered.
 - **Write Check/Withdraw** – Interest is accumulated based on each date range and rate entered, then the flat amount entered in the box is deducted and a check is printed.
 - **Write Interest Check** – A check is issued for the amount of interest calculated based on the date range and rates entered.
- **Start Date** – Enter the date the accumulation of interest begins.
- **End Date** – Enter the date the accumulation of interest ends.
- **Rate** – Enter the rate to use in the interest calculation for each date range. The percentage is entered with an implied two decimals. For example, two percent is entered as 2 and not .02.
- **Add Row** – Select to populate another date range row in the grid.
- **Pre-Scan** – Selecting this option displays a summary report of the amounts to be printed or accumulated.

Pay Demand Note Posting Notes

Selecting **Post** begins the printing of the checks. When all checks have printed, a message appears asking *Did all checks print ok? Clicking Yes will Post the checks*. If for any reason the checks should not post, select **No**. No posting occurs and the *Demand Note* window displays. If **Yes** is selected, the following posting occurs:

- The check is saved.
- A Stock History entry is generated for each Stock Certificate used in the calculation of the interest payment.
- The Patron's *1099 Int YTD* is increased by the amount of the check.
- A General Journal Entry is posted to the current month for each Stock Certificate used in the calculation of the interest.

| General Ledger Entry | Debit | Credit |
|--------------------------------------|--|--|
| Total amount disbursed | Expense Account (selected at <i>Payout</i> window) | |
| Liability withheld for federal taxes | | Withholding Account (selected at <i>Payout</i> window) |
| Amount payable to Patron | | Checking Account (selected at <i>Payout</i> window) |

How to Pay Demand Note

1. Select the Stock Certificates. This defaults to all Certificates, but specific Stock Certificates may be selected if necessary.
2. Set the *Check Date* that is within the interest range.
3. Select an *Expense Account* where the interest distribution will post and a *Withholding Account* for the taxes withheld. Both are required fields.
4. Select a *Checking Account* if either the *Write Interest Check* or *Write Check / Withdraw* posting option is selected.

Note: *Check / Withdraw* amount must be a flat dollar amount.

5. Select from the *Posting Options*:
 - **Accumulate Interest** – Interest is accumulated for each date range entered based on the rates entered.
 - **Write Check / Withdraw** – Interest is first accumulated for each date range entered based on the rates, then the flat amount entered in the box is deducted and a check is printed.
 - **Write Interest Check** – A check is printed for interest calculated based on the date range and rates entered.

Note: Stock Certificates must be marked as *Interest Bearing*.

6. Select **Add Row** to add rows into the grid. Enter the date ranges and rates in the grid to be used in the calculation for accumulating interest.
7. Select *Pre-Scan* and choose **Post**. A report displays showing the checks to be printed.

Note: Once all the options are set, it is recommended to save it with a **Save Set** to remember the options for future use.
8. Deselect *Pre-Scan* and choose **Post** to print the checks. A message appears asking if all checks printed correctly. It is recommended to verify all checks have printed correctly before selecting **Yes**.