

Welcome! This guide provides an overview of AppFolio's online tenant payment system ("tenant ACH") and guides you through the steps you'll need to take to configure the system, invite your tenants, and stay on top of what's happening from an accounting point of view.

Here's a quick outline. If you download this document, you can use the bookmarks in the panel to the left to quickly find what you're looking for.

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## Part 1: Understanding Tenant ACH

This section covers how payments are processed and how those payments are represented in AppFolio.

### The Tenant Portal, Receipts & Deposits

Tenants will log into your tenant portal to make their payments. The web address (a.k.a. “URL”) for your tenant portal is the same as the web address that you go to when you log into AppFolio – the only difference is that there’s a “/connect” at the end.

For example, if you go to <https://abcproperties.appfolio.com> to log into AppFolio Property Manager, your tenants would go to <https://abcproperties.appfolio.com/connect> to log into the tenant portal. For more information regarding what the inside of the tenant portal looks like and how it functions, take a look at the [Tenant Portal Walkthrough](#) document.

When one of your tenants makes a payment online, AppFolio (instantaneously) creates a receipt for that payment in your database. You can access these receipts via the tenant’s ledger or by going to **Accounting / Receivables / Receipts**. Tenant ACH receipts are easily recognizable – they all have “(Paid online)” listed after the tenant’s name.

**Note:** You will **not** receive an email every time a tenant makes a payment online.

Every tenant ACH receipt has a unique code assigned to it. This code is alphanumeric, eight characters long, and follows the format of four characters, dash, four characters (e.g., A1B2-C3D4). If you need help with a particular tenant ACH receipt, please make sure you give this code to the support representative assisting you.

Payments made by your tenants will be automatically applied to any open charges on that tenant’s ledger (per your settings). If there aren’t any open charges on that tenant’s ledger, the payment will be recorded as a prepayment. As charges appear on that tenant’s ledger, that prepayment will be automatically applied to those charges.

In addition to automatically creating receipts for you, AppFolio will automatically create a deposit record for you as well. Deposit records are created each night at 11:00 pm (your time zone) and they are a batch deposit of all tenant ACH payments made in the last 24 hours. You can access these deposits by going to **Accounting / Receivables / Bank Deposits**. These deposits are also easily recognizable – each one has “Automatic ACH Deposit” listed as the Deposit Number.

**Note:** In order to conform with the way ACH transactions are processed, tenant ACH deposit records are post-dated. If you don’t see the deposit record on the Bank Deposits page, try extending the “To” date out a few days.

## The ACH Transaction Process

Even though receipts are created immediately and deposit records are created that night, the actual funds won't be deposited into your bank account for a few days. The average amount of time it takes from when a tenant makes a payment until when the funds hit your bank account is three (3) to four (4) business days. This is why deposit records are post-dated.

When one of your tenants makes a payment online, that payment request will be immediately forwarded to Sage by AppFolio (as a reminder, Sage is the company that processes all of your tenant ACH transactions). The next business day, Sage sends all payment requests received the prior day to the Federal Reserve with instructions on where to deposit the funds. This is day one (1).

***Note:** The deposit that shows up in your bank account 3-4 business days after the tenant makes their payment will be for the same amount listed on the deposit record in AppFolio. If you see any discrepancies here, please reach out to the support team by sending an email to [support@appfolio.com](mailto:support@appfolio.com) or by calling us at (866) 648-1536.*

It is important to note that ACH transaction processing only occurs on "business" days. No processing will occur over the weekend or on holidays. You can see the complete list of Federal Reserve holidays here:

[Federal Reserve Holidays](#)

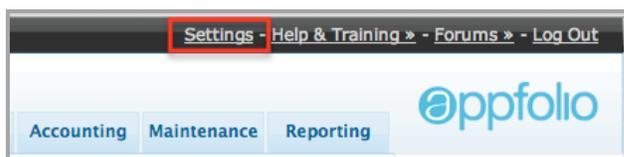
If you want to know whether a tenant's payment has been deposited yet or not, log into your bank's website, access the transaction history for the account in question, and look for a deposit that corresponds to the amount listed on the deposit record in AppFolio.

## Part 2: Configuring Tenant ACH

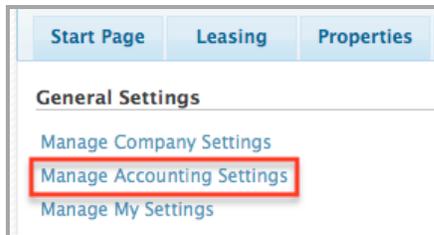
This section will guide you through configuring the various settings that allow you to customize and control your tenant ACH experience.

### Receipts / Application of Funds

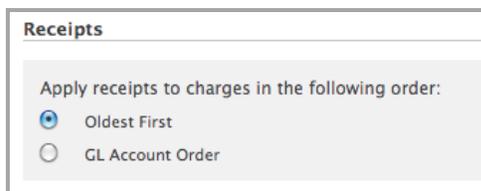
As mentioned above, AppFolio will automatically apply incoming tenant payments to any open charges on that tenant's ledger. You can control how those funds are applied to their charges. To do this, go to the **Settings** page in AppFolio.



On the Setting page, click on **Manage Accounting Settings**



On the **Accounting Settings** page, scroll down to the **Receipts** section



You can use this setting to control how incoming funds are applied to open charges. As you can see, there are two options. Oldest First means funds will be applied to charges in chronological order with the oldest open charges being addressed first. GL Account Order allows you to fine tune the application of funds to charges. For example, you can have incoming funds apply first to rent, second to late fees, third to NSF charges, etc. Instructions for how to do this will appear after you select the GL Account Order button.

**Note:** This setting controls how funds are applied to charges for **all** receipts, not just the receipts that are automatically created for tenant ACH payments.

When you're done making adjustments, make sure you click the **Save** button in the bottom right corner of the page.



## Rejected Payment Notification Emails

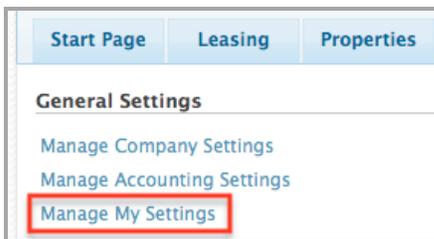
This setting controls whether or not you'll receive an email when a tenant payment fails. Tenant payments can fail for a variety of reasons including insufficient funds, incorrectly entered routing or account numbers, ineligible account types, etc. If you opt to receive an email whenever a tenant payment fails, that email will contain information regarding why the tenant payment failed and what you need to do (if anything) to resolve the issue.

**Note:** Regardless of whether or not you elect to receive these emails, the tenant that made the payment **will** receive an email informing them that their payment failed.

To see whether or not you're set up to receive these emails, go to the **Settings** page



On the Setting Page, click on **Manage My Settings**



On the **My Settings** page, you'll see an **Email Notification Settings** section. This is where you can control whether or not you'll receive an email when a tenant payment fails ("online payments are rejected"). If the box is checked, you'll get an email each time a tenant payment fails or is rejected.

## Allow Online Payments

This setting allows you to turn tenant ACH off on a case by case basis. If you have a tenant that has signed up for tenant ACH and you no longer want them to have the ability to make payments online (maybe they bounced one too many checks or you're working towards evicting them), you can accomplish that with this setting.

Start by going to that tenant's page. On that page, click on the **edit** link in the **Status** section.



You can now choose to deselect the **Allow Online Payments** check box. Doing so will remove that tenant's ability to submit an online payment. They will still be able to log into the tenant portal and view their outstanding charges; they just won't be able to submit any new payments.

Make sure you save any changes by clicking the **Save** button.

**Note:** *The default setting here is Yes (or checked). This means you **don't** have to enable this setting for all of your tenants when you first start using the system – it's already enabled.*

**Note:** *Regardless of how this setting is configured, a tenant must still activate their account before they'll be able to submit online payments. See Part 3: Inviting/Activating Your Tenants for instructions on how to do this.*

## Evicting / Certified Funds Only

There are two other check boxes in the same section as the **Allow Online Payments** one – the **Evicting** and **Certified Funds Only** check boxes. Most likely, you're already familiar with these settings and what they're used for. What you may not already know is that *if either of these check boxes is selected, tenant ACH will be automatically disabled*. The tenants in that unit will still be able to log into the tenant portal and view their ledgers, they just won't be able to make any payments.

To adjust either of these settings, follow the steps above for modifying the **Allow Online Payments** setting. You'll see that when you select either of these check boxes, the **Allow Online Payments** check box is automatically deselected and grayed out. To re-enable this setting, you'll have to deselect the **Evicting/Certified Funds Only** check box before you'll be able to turn tenant ACH back on.

Make sure you save any changes by clicking the **Save** button.

## Full Payments Only

You can require that any payments made by your tenants are for the full amount due per their tenant portal ledger. This is a useful strategy for preventing partial payments which, in some states, can have a significant effect on your ability to evict someone. However, there are a few downsides as well.

For example, if you have a house with four roommates where each roommate has been paying one quarter of the total amount due, turning on this setting will eliminate that option. Any roommate who logs into the tenant portal to make a payment will only be able to make a payment for the total amount due.

Additionally, any changes to the amount due will cause any previously scheduled or recurring payments to fail should the new amount due end up being higher than the amount of the scheduled/recurring payment. In these situations, the tenant will receive an email notification that their payment failed.

**Note:** You will **not** receive an email notification when a tenant payment fails because of this setting.

If you'd like to enable this setting, just give the support team a call at (866) 648-1536 or send them an email at [support@appfolio.com](mailto:support@appfolio.com). Keep in mind that this is a global setting and cannot be turned on for just some of your tenants.

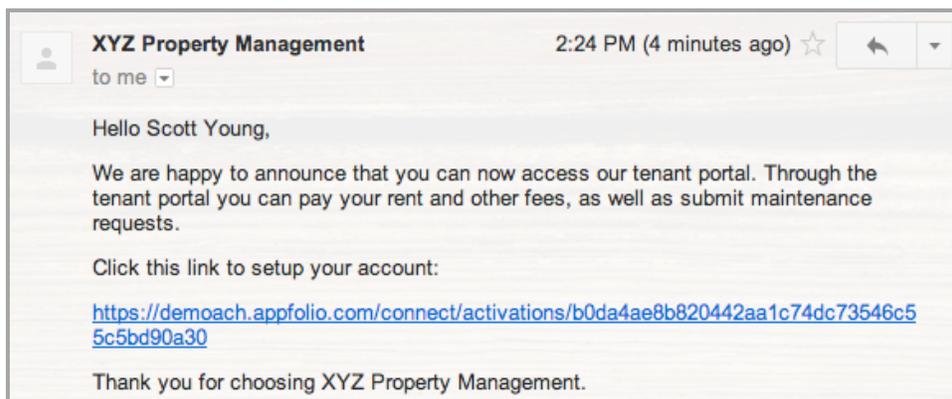
## Part 3: Inviting/Activating Your Tenants

This section covers both your process for inviting and activating your tenants as well as the steps the tenant must take to set up and activate their account.

### The Property Manager's Process: Overview

Getting your tenants up and running with tenant ACH is a straightforward and simple process. Essentially, the only thing you *need* to do is send them an **activation** email. That email will contain a link (specific to that tenant) which they'll need to click on in order to set up their account.

However, we do recommend that you send an **introductory** letter out to all of your tenants before sending them the *activation* email. We make this recommendation because the *activation* email is not very descriptive and because it cannot be edited. If you have additional information that you'd like to convey at the onset, an *introductory* letter is the perfect venue. Here's an example of what the *activation* email looks like (in the Gmail interface):



As you can see, this email doesn't do much to sell the benefits of using the tenant portal to pay rent online. An *introductory* letter can be used to establish the security of the portal, the fact that it's free, that it's easy to use, etc.

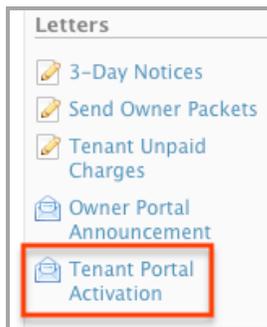
**Note:** The more people you convince to sign up and use the tenant portal, the bigger the benefit to you in terms of time savings and labor reduction. We call this "adoption" and it's not unusual (with our system) to see an adoption rate of 70+%.

We've put together some sample text which you're welcome to use verbatim or as a baseline when crafting your own *introductory* letter. You can access that text [here](#). If you do decide to copy/paste this text straight into a new AppFolio letter, make sure you replace the text in red with the appropriate form field before sending the letter out. If you have any questions about how to use the letter writing function, please visit the online help page for that feature by clicking [here](#).

## The Property Manager's Process: The Activation Email

Even though every tenant is enabled for ACH payment by default (a.k.a., the **Allow Online Payments** check box is checked for every tenant from the start), you will still need to send them an activation email before they'll be able to make payments online. Follow these simple steps to send out this email:

Click on the **Reporting** tab. On the right side of the page, in the **Letters** menu, click on **Tenant Portal Activation**.



The next page that comes up can be used to create a list of the tenants you want to send the activation email to. If you want to send the email to all of your tenants, leave the fields on this page blank and click the **Search** button.

You should now be looking at a list of your tenants.

**Note:** Any tenant currently flagged as **Evicting** will **not** be displayed in this list. You cannot send these individuals an activation email without first disabling this setting.

Probably the first thing you'll notice is that not every tenant has a check box to the left of their name. This is caused by gaps in your tenant data. Specifically, if there's no email address listed on a given tenant's page, then the check box will not appear.

This is easily fixed by going to the tenant's page and adding their email address to it. It is important to note though, that adding the tenant's email address to the **Contact** section will not resolve the issue. Their email address must be present in the **Tenant Portal Status** section (the **Login Email** field) for the check box to appear.

**Tenant Portal Status** ?

Tenant Portal  No  
Activated

Auto Payments  0

Auto Payment Total 0.00

Login Email ? scott.young@appfolio.com

Activation Link [Click Here](#)

Of course, if a tenant appears in the list and they do have a check box to the left of their name, but you don't want to send them an activation email, simply deselect their check box and they won't receive an email when you send it out to everyone else.

Once you've gotten the check boxes to display for all of the tenants you do want to invite (and you've deselected the check boxes for those you don't), click on the **Email** button. This will bring up a generic example of the activation email – giving you the ability to add BCC's, modify the subject line of the email, and review the message text.

**Send Email** ✕

Send BCC to:

Subject:

Message: 

Hello Tenant Name,

We are happy to announce that you can now access our tenant portal. Through the tenant portal you can Available Tenant Portal Features.

Click this link to setup your account:  
Tenant Portal Activation Link

Thank you for choosing Company Name.

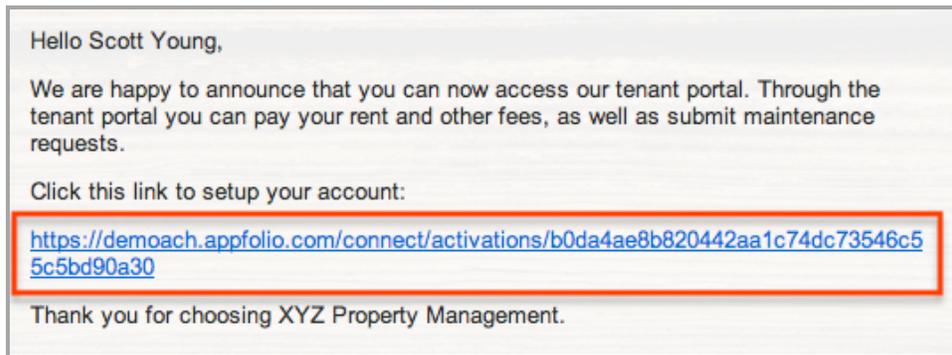
**Note:** The text areas highlighted in blue are what we call "merge" fields. This text will be replaced by the relevant information when you send the email out. For example, "Tenant Name" will be the tenant's full name in the actual email. Keep in mind that this email is not editable.

When you're ready to send the email out, just click the **Send** button.

The email that the tenant then receives will contain a unique link which, when clicked, will take them to a webpage where they can create their password and activate their account.

## The Tenant's Process: Activating An Account

The tenant's process is even simpler than yours. Upon receiving the activation email, all they need to do is click on the link in the email you sent them. If the tenant says the link is not working for them, tell them to highlight the entire link and copy/paste it into their browser address bar.



As mentioned above, that link will take the tenant to a webpage where they can create a password and activate their account. Here's an example of what that page looks like:



**Activate Your XYZ Property Management Tenant Portal Account**

Create a password that is at least 6 characters in length and includes at least one letter and at least one number or symbol.

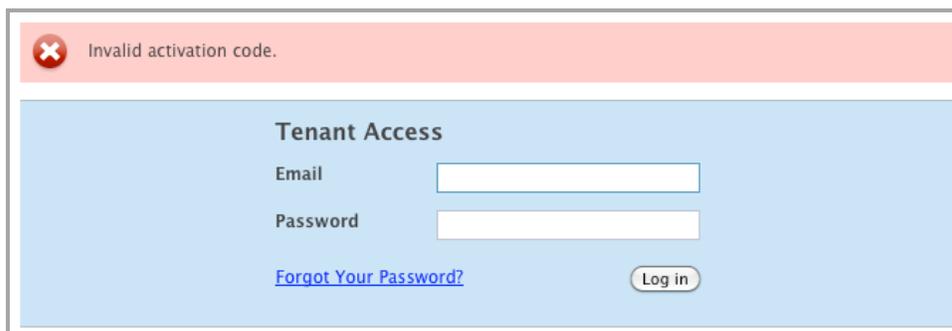
User Name            scott.young@appfolio.com

Password            

Re-Type Password  

If the link is “broken” or if a tenant does not highlight the entire link before copying and pasting it into their browser address bar, the tenant may wind up on the main tenant portal login page (see below). This can be confusing for a tenant who is trying to activate their account the first time. The best way to determine if this is the case is to ask the tenant if the page is asking them to enter their password once or twice.

Here is an example of what the tenant would see if they wound up on the main tenant portal login page due to a broken or incorrectly copied activation link. Note the differences between the activation page above and this page.





**Tenant Access**

Email               

Password           

[Forgot Your Password?](#)

Once a tenant has entered their password twice and clicked on the **Activate** button, they will be automatically logged into the tenant portal where they can begin setting up and managing their electronic payments.

## The Tenant’s Process: Tenant Portal Overview

For an in depth review of the inside of the tenant portal, take a look at the [Tenant Portal Walkthrough](#) PDF that was emailed to you when your account was sent live. As a quick reminder, in the tenant portal, your tenants can:

- View current and upcoming charges
- Make a one time (“right here, right now”) payment
- Schedule a one time payment for some point in the future
- Set up a recurring monthly payment
- View their previously created one time scheduled and recurring monthly payments
- View their payment history (which includes both online and offline payments)

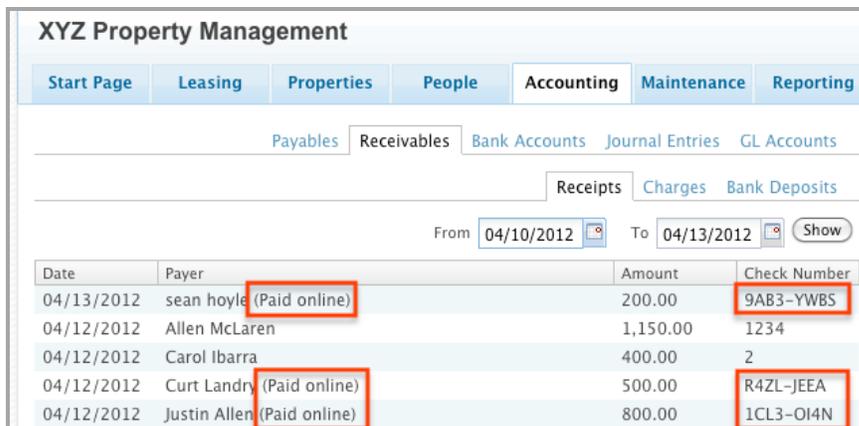
## Part 4: Managing Tenant ACH

This section covers the various aspects of what occurs inside your AppFolio database when your tenants use the online payment system. It includes hints for recognizing tenant ACH transactions, guidelines for editing those transactions, and an overview of the rejected payment process.

### Recognizing Tenant ACH Transactions

There are several different visual cues in place to help you identify your Tenant ACH transactions. For receipts, the most obvious cue is the fact that every tenant ACH receipt has “(Paid online)” listed after the payer name on the receipts list page (Accounting / Receivables / Receipts).

Additionally, the unique code assigned to every tenant ACH receipt (see Part 1 above), will appear in the “Check Number” column on this page.



Date	Payer	Amount	Check Number
04/13/2012	sean hoyle (Paid online)	200.00	9AB3-YWBS
04/12/2012	Allen McLaren	1,150.00	1234
04/12/2012	Carol Ibarra	400.00	2
04/12/2012	Curt Landry (Paid online)	500.00	R4ZL-JEEA
04/12/2012	Justin Allen (Paid online)	800.00	1CL3-OI4N

The same visual cues can be found on the receipt details page. Additionally, the receipt on this page has a green border (instead of blue) and clearly identifies itself as an “electronic” receipt.

**XYZ Property Management**

Start Page | Leasing | Properties | People | **Accounting** | Maintenance | Reporting

Payables | **Receivables** | Bank Accounts | Journal Entries | GL Accounts

Receipts | Charges | Bank Deposits

**Electronic Receipt** [PRINT] [EDIT]

Payer	Curt Landry (Paid online)	Total Amount	\$500.00
Property	2315 Hickory - 2315 Hickory St San Diego, CA 92101	Receipt Date	04/12/2012
Unit	1	Reference	R4ZL-JEEA
Cash Account	1150: Cash in Bank: 1150	Deposit Number	Not deposited
Remarks	--		

GL Account	Description	Amount
Prepaid Rent	Online Payment	500.00
<b>Total:</b>		<b>500.00</b>

Tenant ACH deposits are also easily recognizable. Every tenant ACH deposit has “Automatic ACH Deposit” listed in the “Deposit #” column.

Start Page | Leasing | Properties | People | **Accounting** | Maintenance | Reporting

Payables | **Receivables** | Bank Accounts | Journal Entries | GL Accounts

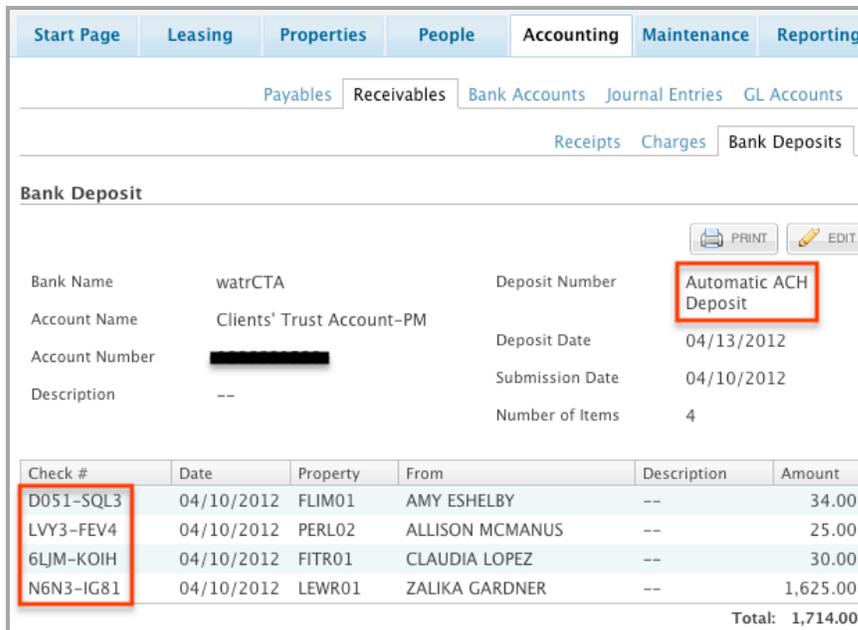
Receipts | Charges | **Bank Deposits**

From 04/08/2012 To 04/13/2012 [Show]

Date	Bank Account	Deposit #	Original Amount	Updated Amount	Action
04/13/2012	Clients' Trust Account-PM	Automatic ACH Deposit	1,714.00	1,714.00	[Print]
04/12/2012	Clients' Trust Account-PM	9852	9,562.33	9,562.33	[Print]
04/12/2012	Clients' Trust Acct-PM-Sec Dep	2066	5,260.00	5,260.00	[Print]
04/12/2012	Clients' Trust Account-PM	Automatic ACH Deposit NSF 1	-950.00	-950.00	[Print]
04/12/2012	Clients' Trust Account-PM	Automatic ACH Deposit	5,090.00	5,090.00	[Print]

**Note:** If any of the payments in a deposit end up rejecting, a separate line item appears on this page clearly identifying how many payments in a given batch failed. For example, in the above screen shot, you can see that one payment (for \$950) rejected on April 12<sup>th</sup>.

Again, the same visual cue exists on the deposit detail page. The other indicator on this page is the unique code that each tenant ACH receipt comes with.



**Bank Deposit**

Bank Name: watrCTA      Deposit Number: Automatic ACH Deposit

Account Name: Clients' Trust Account-PM      Deposit Date: 04/13/2012

Account Number: [REDACTED]      Submission Date: 04/10/2012

Description: --      Number of Items: 4

Check #	Date	Property	From	Description	Amount
D051-SQL3	04/10/2012	FLIM01	AMY ESHELBY	--	34.00
LUY3-FEV4	04/10/2012	PERL02	ALLISON MCMANUS	--	25.00
6LJM-KOIH	04/10/2012	FITR01	CLAUDIA LOPEZ	--	30.00
N6N3-IG81	04/10/2012	LEWR01	ZALIKA GARDNER	--	1,625.00
<b>Total:</b>					<b>1,714.00</b>

## Editing Tenant ACH Transactions

You can edit tenant ACH receipts and deposits by clicking on the **Edit** button on the detail page. For receipts, you can use this function to modify the date of the receipt and add comments. For deposits, you can use this function to modify the date of the deposit, add comments, and modify the deposit number.

Make sure you save your changes by clicking the **Save** button when finished.

**Note:** AppFolio does not receive any kind of communication back from your bank when funds are successfully deposited into your account. That means the date on the deposit detail page is an estimated deposit date. You may want to modify this date (per your bank statement) so the two are in alignment and AppFolio accurately reflects what happened in real life.

## Reapplying Receipts

As mentioned above in Part 2, you can control the order in which funds are applied to charges. If, however, you want to modify the way in which funds were applied for a given receipt, you can do that by using the **Reapply Receipt** function. On the receipt detail page, click on **Reapply Receipt** in the **Tasks** menu on the right.

Electronic Receipt

PRINT EDIT

- ▶ Tenant Receipt
- ▶ Owner Receipt
- ▶ Other Receipt
- ▶ Application Fee
- ▶ Charge / Credit
- ▶ Common Charge
- ▶ Late Fees
- ▶ New Bank Deposit
- ▶ Reapply Receipt

Payer	Michael Jordan (Paid online)	Total Amount	\$1,750.00
Property	Ocean View - 2121 Miramar st Sbarb, CA 93105	Receipt Date	04/10/2012
Unit	Unit 22	Reference	QOSA-KSO0
Cash Account	1150: Cash in Bank: 1150	Deposit Number	Not deposited
Remarks	--		

GL Account	Description	Amount
Rent	--	1,500.00
Maintenance Fees	--	150.00
Rent	--	100.00
<b>Total:</b>		<b>1,750.00</b>

This function gives you the ability to change what portion of a payment was applied to each charge. This can be useful if you want to address a given charge but the rules you have set up for the application of funds caused a different charge to be paid off instead.

## Managing Rejected Payments

Payments may be rejected for a variety of reasons. The most common reasons though are insufficient funds or an incorrectly entered routing/account number. In these situations, an email is automatically sent to the tenant which tells them that their payment was rejected, why it was rejected, and that they now need to submit a new payment. Of course, if you've signed up to receive the rejected payment notification emails (see Part 2 above), an email will be sent to you too.

As far as AppFolio goes, rejected payments are automatically handled for you. Just like we create the receipts and deposits for you automatically, we'll take care of the bookkeeping aspects of managing rejected payments as well. The receipt we created will be automatically reversed and the deposit will be adjusted to reflect the rejected payment. We even add a new line item to your deposit list to make your next bank reconciliation quick and easy.

**Note:** In AppFolio, all rejected payments are marked as "NSF." This does not necessarily mean that the payment was rejected due to insufficient funds. It just means that it was rejected. Refer to the rejected payment email notification for the actual reason why a payment was rejected.

In real life, the payment will be deducted from the bank account that it was originally deposited into. The "debit request" amount (on your bank statement) should line up one to one with the new line item that was added to your deposit list in AppFolio. However, if multiple payments reject on the same day, you will have a separate line item in AppFolio for each rejected payment, but (most likely) one lump sum being deducted from your account per your bank statement. This just means that when you're working on your bank reconciliation for that month, you'll need to clear several line items in AppFolio in order to account for the amount that is displayed up on your bank statement.

**Note:** *Generally speaking, you will receive notification that a payment has been rejected by the fourth or fifth business day. Occasionally it will take longer than this, but the average amount of time is four (4) to five (5) business days.*

The only thing you'll have to do when a payment is rejected is post a charge to the tenant's ledger for any NSF or "bounced check" fees. This is, of course, entirely optional.

And that's it! If you have any other questions about tenant ACH moving forward, feel free to reach out to the support team over here at (866) 648-1536 or by sending an email to [support@appfolio.com](mailto:support@appfolio.com). Additionally, there are a number of resources available online (including a few short videos) on the AppFolio Help & Training website. Here are a few links to those pages:

Overview: <http://tinyurl.com/tenantachoverview>

Settings: <http://tinyurl.com/tenantachsettings>

Activation: <http://tinyurl.com/tenantachactivation>

Accounting: <http://tinyurl.com/tenantachaccounting>

Let us know if you need anything.

Thanks!  
AppFolio