Knowledge Base Article

Article ID: **4232**
Subject: **How to Setup a New Escrow Bank Account**
Last Modified: **April 27, 2009**

Applies to: **Pro Gold i2 2.xx, 3.xx**

Purpose: When a new bank account is created in Pro Gold i2 for handling Escrow funds, there are several steps that should be taken to ensure the account is setup correctly. You can have as many bank accounts as needed.

Procedure: Actions to setup an Escrow bank account and set defaults in Pro Gold i2 are explained below.

- **Step 1: Setup/Verify General Ledger Account:**

    - Each bank account must have its own General Ledger (G/L) account number because once the G/L account is assigned it permanently belongs to that bank account and should not be changed nor used with another bank account
    - A unique G/L account must be assigned from the **Chart of Accounts**
    - Log into Pro Gold
    - Select the **Accounting Tab and** click on the **Accounting** icon
    - G/L account numbers for bank accounts are located in the **Asset Tab**
    - Verify/enter escrow Cash G/L account
        - System contains a default escrow cash account: **1100**
        - If the **1100** account is present and has not been assigned to another bank account, you do not need to enter a new account
        - If the **1100** account is not present or has been assigned to another bank account, you must enter a new escrow cash account G/L
            - Select **New** button to create a new G/L account
            - Fill in the red fields to create a new G/L account
            - The new G/L must have a unique number (e.g., 1150)
            - Click **Ok** button to save the new G/L account
            - Click **Done** button to save and close the **Chart of Accounts** screen

- **Step 2: Create a New Bank Account**

    - Go to the **Banking Tab**, select **Bank Accounts** icon
    - Click **Retrieve** button to enter the **Bank Account** screen
    - The bank account number, bank name, type and G/L cash account are all required
    - Make sure you have this information before you click the **New** button
    - Click the **New** button to create a new bank account
        - Enter the **Bank Account Number** and **Bank Name**
            - The bank account number cannot be changed once it is saved
            - Make sure it is entered correctly before continuing
        - Enter the **Bank Name**
            - Ensure each account has a unique name so you can easily distinguish between the different accounts (e.g., BofA/Operating, BofA/Escrow, BofA/Commission, etc...)
        - Select the Bank Account **Type**
        - Select the **G/L Cash Account** number verified in **Step 1** for this bank account

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- **Step 3: Assign Bank Account as the Default Escrow Bank Account and Verify Escrow Liability G/L**

  - This is an important function because it helps to enforce the primary rule of escrow accounting function: You must always work from a property record to enter an escrow banking transaction
  - The default escrow bank account function automatically assigns an escrow bank account to each new property when it is created
  - Do the following to assign the bank account as the default escrow account
    - Go to **Setup Tab**
    - Select the **Change Company Info** icon Select the **Default 2 Tab**
    - Click the dropdown arrow in the **Default Escrow Bank Account** field
    - Select the new bank account from the list
    - Verify/assign a default escrow liability Debit/Credit G/L account
      - You must have a escrow liability account in the G/L
      - System contains default escrow liability account: **2500**
      - System uses the default liability G/L as an automatic offset account to the escrow cash G/L accounts that are utilized in Pro Gold
      - No matter how many escrow bank accounts (i.e., escrow cash G/L's assigned) only one escrow liability offset account is needed
      - Click dropdowns in both the **Escrow Liability Credit Account** and **Escrow Liability Debit Account** fields
      - Select the escrow liability G/L account from the list
    - Click **Save** and **Done** buttons to close and exit screen

- **Step 4: Enter a Starting Balance in Escrow Bank Account**

  - Because an escrow bank account is made up of balances by property, it is important to understand that you cannot simply make a beginning balance entry like you would for an operating bank account
  - You **MUST** build your detail balance property by property, transaction by transaction working from the property record
  - **Appendix C** in the user guide contains an overview and instructions for entering escrow starting balances

Additional Information: Below is a link you can use to access Enhancement HelpNet Center resources, which includes the Knowledge Base Article (KBA) Library, Pro Gold i2 Documentation, and Training Webcasts:

http://secured.progoldi2.com/webcast.aspx

- The Enhancement HelpNet links are located on the right side of the web page.

Related articles: N/A

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