CREDIT LETTERS

Most people are familiar with Accounts Receivable statements.   Some users send those every month and some send them occasionally upon request.   However, there is another tool available for your collection department to use instead of or in addition to statements.   That tool is credit letters.

The advantage of the credit letter is that it is in a format that is not usually used for billing purposes.   And, it appears to be more formal, which may cause it to be noticed more than an ordinary statement.

Letters can be generated automatically for all customers in a specific past due category. You may also request a specific letter for a specific customer.   For example, you may normally send out statements but want to send a letter for an unusual circumstance.

When you generate a single letter, you will specify which letter you want to use.

If you want to generate letters for all customers, a letter will be produced for a customer based on the number of days his **oldest** invoice is past due.   Two numbers will be entered for each credit letter which will set the upper and lower limits to the number of days to be included. For example, if you enter "30" as the "start days" and "59"as the "stop days", the letter will be sent to any customer whose oldest invoice is at least 30 days past due but not more than 59 days.   The A/R position of each customer in the range of customer numbers you specify will be checked and compared against the range of days specified in up to three credit letters.   If that customer's past due amount matches any of the three letters, then that customer will get the matching letter.   So, one customer who is only 3 days past due might get the "Did you forget?" letter while someone who is 60 days past due will get the "Pay up now!!!" letter.

The days are counted from the **due** date on the invoice.   So an invoice that is 1 day past due was generated 31 days ago assuming terms of Net 30.

Details of the past due amount and the specific invoices involved may be inserted into the letter if desired.   You may print, FAX, or e-mail the letters. The standard template set up for the letters will print your logo on plain white paper.   If you want to print the letters on your stationery, we will need to adjust your template.

You can set up as many as 99 different letters.   You can, for example, have three letters, one for when the customer is only slightly past due, one when they are further past due, and one when they are seriously past due.   Then, you can set up additional letters to use for special situations.

For sample letters, go to

Help
    Sample reports
        Accounts Receivable
            Documents

Setting up the Credit Letter

Below is a sample of the set up for a credit letter.

Enter Text of Credit Letter   V12

Letter Number:	01 🔍 **New**
Description:	They just went past due
Start Days:	1 Start sending this letter when oldest past due transaction is this many days past due
Stop Days:	29 Stop sending this letter when oldest past due transaction is this many days past due
Salutation:	Default when there is not a salutation on the customer file

Text of Letter:

A review of our records reveals the following charge(s) to be outstanding on your account with us.

^0828

Please check your records to see if they agree. If there is a problem, let us know so we can make the necessary adjustments. If your records are in agreement with ours, send us your check soon.

If we do not receive payment by the end of the month, we will be forced to add a service charge of $^6722 to your account.

Enter **^0640**
to insert customer's total amount due.

Enter **^0820**
to insert customer's past due amount.

Enter **^0828**
to insert detail of past due amounts.

Enter **^0830**
to insert detail of past due amounts AND current amount due.

Enter **^6722**
to insert amount of service charge to be assessed.

Enter ¶
to force an end-of-line.

Complimentary Close: Very truly yours,
Name & Title: Mary Smith
Credit Manager

Save   Delete   Reset   Exit

When entering the text, you can click on one of the numbers at the right to insert that particular type of detail into the letter.   The actual detail will then be filled in from the data on the customer's A/R file.

If you charge service charges and you insert a service charge amount field into the letter, the amount of the service charge will be calculated based on the percentage specified on the customer's credit routine.

Generating the letters

To send the letters, go to the "Generate Credit Letters" submenu under Accounts Receivable. You can print, FAX and/or e-mail the letters.   If you are doing a range of customer numbers, the customer's preference setting on the customer file will be checked to decide whether to print, FAX, or e-mail.   The credit letters look at the same preference setting as the one used for customer invoices.

Print Credit Letters   V12

Type Request:	⊙ All Customers ○ Specific Customer
Letter Number:	31 🔍 Standard letter #1
	32 🔍 2nd standard letter
	33 🔍 3rd standard letter
Reporting Date:	6/29/12

Below is a sample letter based on the credit letter set up shown above.

March 15, 2008

DAVID BROWN INSURANCE AGENCY
2513 Commerce
Lake Charles, LA 70601

A review of our records reveals the following charge(s) to be outstanding on your account with us.

Transaction	Due date	Amount due
002285	2/13/08	628.77
Total amount due		628.77

Please check your records to see if they agree. If there is a problem, let us know so we can make the necessary adjustments. If your records are in agreement with ours, send us your check soon.

If we do not receive payment by the end of the month, we will be forced to add a service charge of $9.43 to your account.

Very truly yours,

Mary Smith
Credit Manager