

Figure 4-63 Trade Clearing register

If your Customer (Invoice) owes more than their Vendor bill to you, you would receive the excess payment into your deposit using Trade Clearing as the “From Account.”

Receiving 2-Party Checks

This section uses `Two_Party_Checks-10.QBW`. Open `Two_Party_Checks-10.QBM` and convert it to a QBW file now.

In the construction industry, the bookkeeper will occasionally have to handle receiving a “two-party check.” A two-party check is payable to two companies, usually the prime contractor and a materials supplier, or other subcontractor. The reason is most often to ensure that the supplier is paid in a timely manner and that there is a direct link between the payment from the job and the payment to the supplier. It is also intended to prevent suppliers from attaching liens to the property by making it impossible for the prime contractor to fail to pay the supplier.

Here is our suggestion for how to handle two-party checks.

Start by sending the invoice to the customer just as you normally would. When you receive the payment (a two-party check), record the payment and deposit it to a “Trade Clearing” bank account. Next, record the bill from the supplier and pay the bill from the Trade Clearing account. Finally, send the endorsed check to the supplier and they should deposit the check into their bank account.

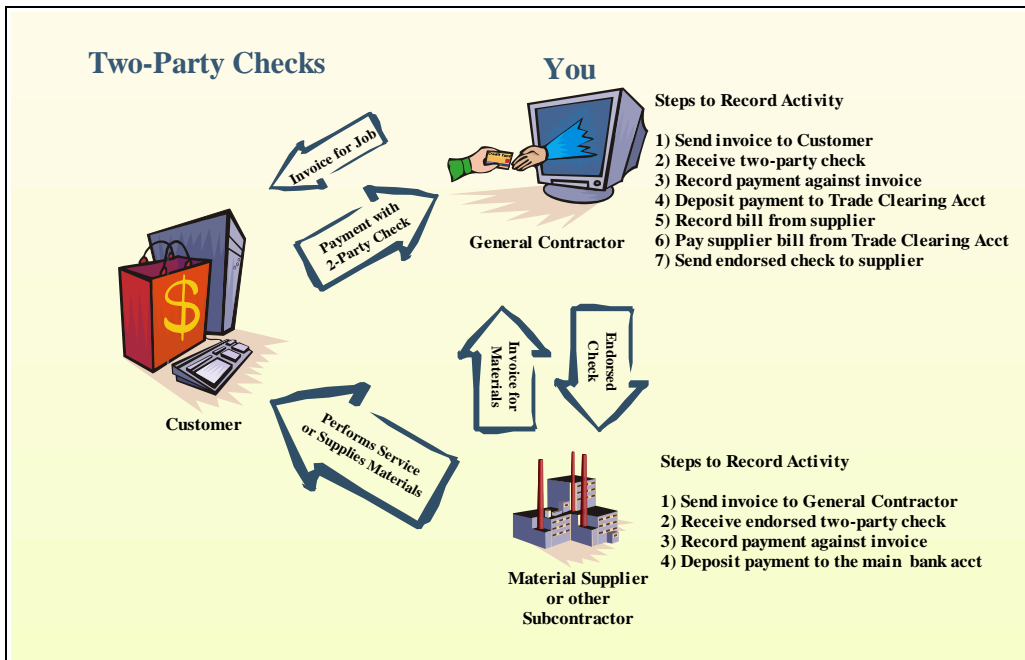


Figure 4-64 Handling Two-Party Checks in QuickBooks

The following pages show the detailed steps for how the general contractor in the graph above should handle the transactions in QuickBooks.

For our example Academy Glass does a job for a customer "Bob Mason".

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: Mason, Bob
Current Balance: 415.68 [How do I adjust the current balance?](#)

Address Info | Additional Info | Payment Info | Job Info

Company Name: Contact: Bob
Mr./Ms./...: Phone: 555-9811
First Name: M.I.: FAX:
Last Name: Alt. Phone:
Alt. Contact:
E-mail:
Cc:

Addresses

Bill To: Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111
Ship To: Mason, Bob
Bob Mason, 376 Pine St, #5E, Morgan Hill, CA 95111

Default shipping address

Buttons: OK, Cancel, Notes, Help, Go to Client Manager

Figure 4-65 Create a customer record for Bob Mason.

Academy Glass charges \$1,000 for a "Custom Window" plus sales tax on an invoice to Bob Mason.