Fannie Mae®

Multifamily Selling and Servicing Guide

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401.03 Validating Rent Collections, Bad Debt, and Secondary Income

Requirements

When validating rent collections, you must:

- review 1 of the following:
  - a cash ledger;
  - receipts journal;
  - at least 3 months of bank statements confirming the rent deposits; or
  - similar documents;
- meet with the site manager to obtain and discuss:
  - an accounts receivable report; or
  - past rent due report;
- compile a lease audit form or record to validate the lease terms against the Propertys rent roll; and
- document your findings in the Transaction Approval Memo.

You must use the Appraisal, other comparable Property information, or third-party data sources to validate secondary income related to:

- ratio utility billing system (RUBS);
- cable;
- laundry;
- parking; or
- any other tenant income.

Guidance

You should confirm the management company uses:

- acceptable practices for day-to-day operations; and
- industry-standard software systems to generate detailed reports.

You may obtain sample management company reports, such as

- rent rolls,

- operating statements,
- operating budgets,
- capital improvement plans, and
- marketing.

Glossary

A

Appraisal	Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value • as of a specific date, and • supported by the presentation and analysis of relevant market information. **Synonyms** • Appraisals • Appraisal's

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

L

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases

P

Property	Multifamily residential real estate securing the Mortgage Loan, including the • fee simple or Leasehold interest, • Improvements, and • personal property (per the Uniform Commercial Code). **Synonyms** • Properties • Property's