



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 203.02 Underwritten DSCR

### Requirements

You must calculate Underwritten DSCR per the following table.

Item	Function	Description
1		Underwritten NCF per Part II, Chapter 2: Valuation and Income, Section 203.01: Underwritten Net Cash Flow (Underwritten NCF).
2	DIVIDED BY	<p>Annual debt service for the Mortgage Loan amount.</p> <p>You must base debt service on a level debt service payment, including amortization, and the greater of the</p> <ul style="list-style-type: none"><li>• actual note rate, or</li><li>• required Underwriting Interest Rate Floor per Form 4660 .</li></ul>

When calculating Underwritten DSCR for a Mortgage Loan with an interest-only period, you must use the same level debt service payment, including amortization, regardless of the length of the interest-only period.

The Underwriting Interest Rate Floor, if applicable, is the lowest interest rate you may use to determine the Mortgage Loan amount.

If the Gross Note Rate is below the required Underwriting Interest Rate Floor, per Form 4660, you must use the Underwriting Interest Rate Floor to establish the permitted Mortgage Loan amount.

All underwriting Tier requirements must be based on the Underwritten NCF.



# Glossary

## F

Form 4660	Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Multifamily Underwriting Standards</li></ul>

## G

Gross Note Rate	Interest rate stated in the Loan Documents.
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## M

Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by <ul style="list-style-type: none"><li>• the Loan Documents, or</li><li>• a mortgage debt obligation with a Fannie Mae credit enhancement.</li></ul>
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Mortgage Loans</li><li>• Mortgage Loan's</li></ul>

## U

Underwritten Net Cash Flow	Net Cash Flow as adjusted by the Lender per <a href="#">Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis</a> and the applicable products and features in <a href="#">Part III</a> .
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Underwritten NCF</li></ul>