



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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#### **416.10C** Monitored Debt Service Coverage Ratio

When required per [Part V, Chapter 5: Surveillance, Section 503.02: Quarterly Financial Analysis of Operations](#), the Servicer must determine the Monitored Debt Service Coverage Ratio on an aggregate basis for all Mortgage Loans in the Collateral Pool, calculated as:

- the total for all Properties of:
  - trailing 3-month annualized net rental income; plus
  - trailing 3-month annualized other allowable income, if any; minus
  - trailing 12-month operating expenses; minus
  - annual Replacement Reserves;
- divided by the annual Actual Pay Debt Service Amounts for all Mortgage Loans.



# Glossary

## C

**Collateral** Property, Personal Property, or other property securing a Mortgage Loan.

## D

**Debt Service Coverage Ratio** On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments.

**Synonyms**

- DSCR

## S

**Servicer** Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

**Synonyms**

- Servicers
- Servicer's