Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 2026

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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

M

Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by • the Loan Documents, or • a mortgage debt obligation with a Fannie Mae credit enhancement. **Synonyms** • Mortgage Loans • Mortgage Loan's

N

Net Rental Income	For any specified period, the Property's net rental income calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • NRI

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

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party. **Synonyms** • Servicers • Servicer's

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