

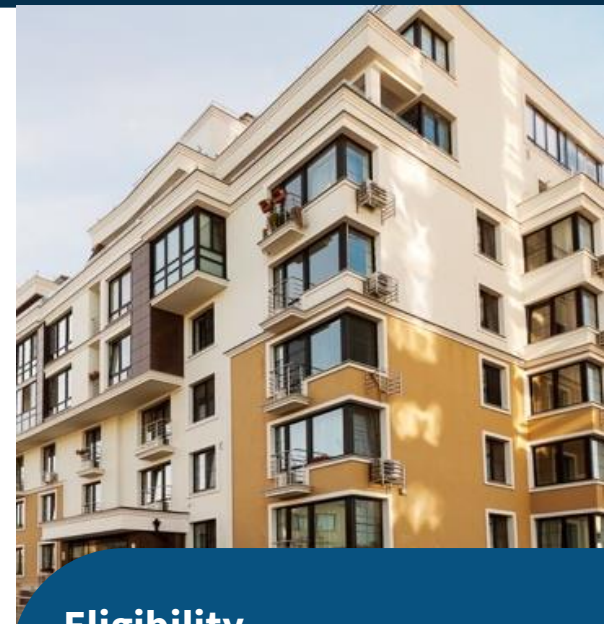
Taxable Tail with Credit Enhancement Instrument (CEI) - Immediate Funding

When paired with tax-exempt bonds credit enhanced by a Fannie Mae Credit Enhancement Instrument (CEI), a Taxable Tail provides additional financing for immediate funding transactions through two competitive structuring options:

- Taxable Tails structured as taxable bonds **credit enhanced by a Fannie Mae CEI** (“CEI Taxable Tail”); the two components are underwritten, rate-locked, closed and delivered as a single loan transaction.
- Taxable Tails structured as **MBS Mortgage Loans** (“MBS Taxable Tail”), each of the two components comprises a separate loan, with separate, but cross-defaulted, notes, mortgages and loan documents. The loans are underwritten, rate-locked, closed and delivered together.

Benefits

- Provides additional proceeds when the Property cash flow supports debt in excess of the tax-exempt bond allocation.
- Efficient approach to leveraging the Property using a one-time underwriting due diligence and closing costs.
- Guaranty Fee, and Servicing Fee are the same for both the CEI and the Taxable Tail; interest rate and transaction cost may differ



Eligibility

- Available to approved DUS Lenders for eligible Multifamily Affordable Housing (MAH) properties.
- Available for immediate funding transactions involving tax-exempt bonds with 4% LIHTC, recycled tax-exempt bonds for multifamily housing.
- Available only in combination with a Fannie Mae CEI for tax-exempt bonds for MAH properties.



Related Execution	Must be originated in combination with a CEI in conformance with the Fannie Mae Guide and the Form 4660.
Taxable Tail Execution Pairing	Either: <ul style="list-style-type: none">• CEI for tax-exempt bonds with a CEI Taxable Tail, or• CEI for tax-exempt bonds with an MBS Taxable Tail.
Minimum Taxable Tail Loan Amount	\$1,000,000
Good Faith Deposit	1% of the Rate Lock amount on the combined debt.
Sizing / Underwriting	Combined debt (CEI and applicable Taxable Tail) must meet applicable Fannie Mae Guide and the Form 4660 underwriting parameters.
Loan Term	10 to 30 years. The CEI and applicable Taxable Tail must have the same loan term.
Amortization	Up to 35 years for CEI and applicable Taxable Tail. Up to 40 years is available with Fannie Mae approval.
Interest Rate	Fixed rate.
Interest Only	Interest-only term as permitted in the Form 4660. The interest-only period must be the same for the CEI and applicable Taxable Tail.
Prepayment Availability	<ul style="list-style-type: none">• CEI Taxable Tail: Fee Maintenance Prepayment schedule for both the CEI and the CEI Taxable Tail.• MBS Taxable Tail: Fee Maintenance for the CEI and Yield Maintenance for the MBS Taxable Tail. Prepayment period must be the same. Prepayment of the CEI and the applicable Taxable Tail must occur simultaneously.

Delivery Tolerance	Refer to Fannie Mae Guide.
Documentation	<ul style="list-style-type: none"> • CEI Taxable Tail: One loan with one mortgage and one set of loan documents, but two notes with pari passu payments • MBS Taxable Tail: Two loans, cross-defaulted. Two mortgages and two notes with parity payments. The mortgage securing the CEI may be senior to or co-lien with the mortgage securing the MBS Taxable Tail. The same collateral secures both mortgages. Certain additional riders are required.
Additional Considerations	Additional MBS Disclosure is required when the Taxable Tail is structured as an MBS Mortgage Loan.