# Taxable Tail MBS with MTEB - Immediate Funding

When paired with a Fannie Mae MBS as Tax Exempt Collateral (“MTEB”), a Taxable Tail provides additional financing for immediate funding transactions in the form of an MBS Mortgage Loan. The Taxable Tail is financed in combination with an immediate funding MTEB. The two components are underwritten, rate-locked, closed and delivered as a single loan transaction.

## Benefits

- Provides additional proceeds when the Property cash flow supports Fannie Mae debt in excess of the tax-exempt bond allocation.
- Cost-effective and efficient approach using a one-time underwriting due diligence and closing costs.
- Guaranty Fee, and Servicing Fee are the same for MTEB and the MBS Taxable Tail; interest rate and transaction cost may differ

## Eligibility

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

**For More Information contact a Fannie Mae representative or visit the Multifamily Financing Options site for details.**

**multifamily.fanniemae.com**



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| **Related Execution** | Must be originated in combination with an MTEB in conformance with the Fannie Mae Guide and the Form 4660. |
| **Taxable Tail Execution Pairing** | MTEB with Taxable Tail as an MBS Mortgage Loan |
| **Minimum Taxable Tail Loan Amount** | $1,000,000 |
| **Good Faith Deposit** | 1% of the Rate Lock amount applies to the combined debt. |
| **Sizing / Underwriting** | Combined debt (MTEB and MBS Taxable Tail) must meet applicable Fannie Mae Guide and the Form 4660 underwriting parameters. |
| **Loan Term** | 10 to 30 years. The MTEB and MBS Taxable Tail are components of one loan with one loan term. |
| **Amortization** | • Up to 35 years for MTEB and MBS Taxable Tail.<br>• Up to 40 years is available with Fannie Mae approval. |
| **Interest Rate** | Fixed rate |
| **Interest Only** | Interest-only term as permitted in Form 4660.<br>The interest-only period must be the same for the MTEB and the MBS Taxable Tail. |
| **Prepayment Availability** | • Yield Maintenance required for the MTEB and MBS Taxable Tail.<br>• Prepayment period on the MTEB must match the prepayment period on the MBS Taxable Tail. Prepayment of the MTEB and the applicable Taxable Tail must occur simultaneously. |


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| **Delivery Tolerance** | Refer to the Guide. |
| **Documentation** | • One loan with one mortgage and one set of loan documents, but two notes.<br>• Two MBS securities.<br>• MTEB and MBS Taxable Tail components are effectively cross-defaulted. |
| **Additional Considerations** | Additional MBS Disclosure is required for the bifurcated loan structure. |


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