



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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1809.01 Taxable Tails

Requirements

Terms	A Taxable Tail must...
Structure	Be fixed or variable rate debt structured as <ul style="list-style-type: none">• Bonds,• a Cash Mortgage Loan, or• an MBS Mortgage Loan.
Underwriting and Loss Sharing	Be treated with the Credit Enhancement Mortgage Loan <ul style="list-style-type: none">• as a single combined Mortgage Loan, and• with a blended weighted average Underwritten DSCR, LTV, interest rate, etc., based on the combined UPB of the tax-exempt and taxable debt.
Cross Provisions	Be cross-collateralized and cross-defaulted with the Credit Enhancement Mortgage Loan.
MBS Mortgage Loan	Have Additional Disclosure.
Maturity and Prepayment	<ul style="list-style-type: none">• Mature no earlier than the Credit Enhancement Mortgage Loan.• Be fully repaid before the Credit Enhancement Mortgage Loan is prepaid.

Operating Procedures

A Taxable Tail usually fully amortizes over its loan term. This may require “hyper-amortization” where all principal payments are applied

- first to the Taxable Tail until it fully amortizes, and
- then to the tax-exempt debt.



Glossary

A

Additional Disclosure

Information you provide that is published as an addendum to the disclosure documents when an MBS is issued and describes special Security, Mortgage Loan, or Property characteristics or terms that differ from those described in the standard Multifamily MBS Prospectus.

Synonyms

- Additional Disclosures
- Special Disclosure

B

Bonds

Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties.

Synonyms

- Bond

C

Cash Mortgage Loan

Mortgage Loan purchased by Fannie Mae in exchange for cash.

Synonyms

- Cash Mortgage Loans

Credit Enhancement Mortgage Loan

Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

Synonyms

- Credit Enhancement Mortgage Loans

M



MBS Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan.

Synonyms

- MBS Mortgage Loans

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

T

Taxable Tail Taxable debt secured by the Property securing the Credit Enhancement Mortgage Loan.

U

UPB Unpaid Principal Balance

Synonyms

- UPBs