



**Multifamily MBS Prospectus
Guaranteed Mortgage Pass-Through Certificates**

\$ _____

TRANSACTION ID _____

CUSIP _____ PREFIX ____

PASS-THROUGH RATE _____%

ISSUE DATE __/__/20__

SETTLEMENT DATE __/__/20__

MATURITY DATE __/__/20__

PRINCIPAL AND INTEREST PAYABLE ON THE 25th OF EACH

MONTH BEGINNING __/__/20__

Fannie Mae Guaranty

We guarantee to each trust that we will supplement amounts received by the trust as required to permit timely payments of principal and interest on the certificates. **We alone are responsible for making payments under our guaranty. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Consider carefully the risk factors beginning on page 8. Unless you understand and are able to tolerate these risks, you should not invest in the certificates. The certificates are exempt from registration under the Securities Act of 1933, as amended, and are “exempted securities” under the Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these certificates or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is the issue date specified above.

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DISCLOSURE DOCUMENTS FOR THE CERTIFICATES

The Certificates

We, the Federal National Mortgage Association, or Fannie Mae, will issue the guaranteed mortgage pass-through certificates offered by this prospectus. The certificates have a unique transaction identifier and represent beneficial ownership interests in a distinct pool of adjustable-rate residential mortgage loans that are secured by multifamily properties containing five or more units, or in a pool of participation interests in mortgage loans of that type. The mortgage loans or participation interests are held in a trust created under a trust agreement.

The Disclosure Documents

The disclosure documents for the certificates offered hereby are this prospectus and any information incorporated into this prospectus by reference as discussed under the heading **“INCORPORATION BY REFERENCE.”** We will post this prospectus on our website identified below. In addition, we will deliver the prospectus either electronically or in paper form to parties who request it in the manner described below. **In determining whether to purchase the certificates in this initial offering, you should rely ONLY on the information in this prospectus and any information that we have incorporated into this prospectus by reference. We take no responsibility for any unauthorized information or representation.**

After the certificates have been issued, if we or the seller discover an error in the information disclosed at the time of issuance we will provide corrections in DUS Disclose® (“DUS Disclose”) on our website at www.fanniemae.com. During the offering period, we may also provide corrections through changes made to the disclosure documents. We also provide periodic disclosure regarding pools and mortgage loans in DUS Disclose. For information about our ongoing disclosures, see **“THE MORTGAGE LOAN POOL—Monthly Pool Factor and Other Periodic Disclosures.”**

Annex A discloses specific information about the certificates being offered, each mortgage loan in the pool backing the certificates, and each mortgaged property securing a mortgage loan in the pool. Unless otherwise stated in this prospectus, information about each mortgage loan in the pool is given as of the issue date specified on the front cover of this prospectus, which is the first day of the month in which the certificates are issued.

You should note that the certificates are not traded on any exchange and that the market price of a particular series or class of certificates or a benchmark price may not be readily available.

We file with the Securities and Exchange Commission (“SEC”) a quarterly report (each, an “ABS 15G report”) required by Rule 15Ga-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Each ABS 15G report discloses information concerning each fulfilled and unfulfilled request for repurchase (or request for an alternative remedy) that we have made to third parties for breaches of the representations and warranties concerning the mortgage loans that back many of our outstanding mortgage-related securities. The ABS 15G reports are available on the SEC’s website, www.sec.gov, and at the SEC’s Public Reference Room at 100 F Street NE, Washington, DC 20549. All references to the SEC’s website address are provided solely for your information. Information appearing on the SEC’s website is not incorporated into this prospectus.

This prospectus is available on our website at www.fanniemae.com. You may also obtain a copy of the prospectus without charge by emailing fixedincome_marketing@fanniemae.com; calling Fannie Mae at 800-2FANNIE (800-232-6643); or writing to Fannie Mae, Attention: Fixed-Income Securities, 1100 15th Street, NW, Washington, DC 20005. A prospectus for an offering of certificates is typically available no later than two business days before the settlement date of those certificates. All references to our website address are provided solely for your information. Unless otherwise stated, information appearing on our website is not incorporated into this prospectus.

INCORPORATION BY REFERENCE

We are incorporating by reference in this prospectus the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus, so you should read this prospectus together with these documents.

You should rely on only the information provided or incorporated by reference in this prospectus. Moreover, you should rely on only the most current information.

We incorporate by reference the following documents we have filed, or may file, with the SEC:

- our annual report on Form 10-K for the fiscal year ended December 31, 2018 or any more recently filed Form 10-K (the “Applicable Form 10-K”);
- all other reports we have filed pursuant to section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Applicable Form 10-K until the date of this prospectus, including our quarterly reports on Form 10-Q and our current reports on Form 8-K, but excluding any information we “furnish” to the SEC on Form 8-K; and
- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before the completion of the offering of the related certificates, but excluding any information we “furnish” to the SEC on Form 8-K.

Our common stock is registered with the SEC under the Exchange Act. We file quarterly and annual reports with the SEC. Those SEC filings are available on our website at www.fanniemae.com and on the SEC’s website at www.sec.gov. We refer to these websites for your reference only; we are not incorporating into this prospectus any of the information available on these websites other than as specifically stated in this prospectus. You should rely only on the information included or incorporated by reference in this prospectus in deciding whether or not to invest in the certificates. We have not authorized anyone to provide you with any different or additional information.

We make available free of charge through our website our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and all other SEC reports and amendments to those reports as soon as reasonably practicable after we electronically file the material with, or furnish it to, the SEC. Materials that we file with the SEC are also available on the SEC’s website and at the SEC’s Public Reference Room at 100 F Street NE, Washington, DC 20549.

You may also request copies of any filing from us, at no cost, by contacting us in the manner described in **“DISCLOSURE DOCUMENTS FOR THE CERTIFICATES.”**

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

THE CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (C) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION (AS DEFINED BELOW). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF CERTIFICATES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH IS SUBJECT TO THE PROSPECTUS REGULATION (EACH, A “RELEVANT MEMBER STATE”) WILL BE MADE ONLY TO LEGAL ENTITIES WHICH ARE QUALIFIED INVESTORS UNDER THE PROSPECTUS REGULATION. ACCORDINGLY ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THAT RELEVANT MEMBER STATE OF CERTIFICATES MAY DO SO ONLY WITH RESPECT TO QUALIFIED INVESTORS. NONE OF THE ISSUER OR ANY OF THE INITIAL PURCHASERS HAS AUTHORIZED, NOR DOES ANY OF THEM AUTHORIZE, THE MAKING OF ANY OFFER OF CERTIFICATES IN THE EEA OTHER THAN TO QUALIFIED INVESTORS.

FOR THE PURPOSES OF THE FOREGOING PARAGRAPHS, THE EXPRESSION "PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129 (AS AMENDED), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE.

NOTICE TO UNITED KINGDOM INVESTORS

WITHIN THE UNITED KINGDOM, THE DISTRIBUTION OF THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO EITHER (A) QUALIFY AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "FPO"), (B) ARE PERSONS FALLING WITHIN ARTICLE 49(2) OF THE FPO, OR (C) ARE PERSONS WHO MAY OTHERWISE LAWFULLY RECEIVE THIS PROSPECTUS (TOGETHER, "EXEMPT PERSONS"). IT MAY NOT BE PASSED ON EXCEPT TO EXEMPT PERSONS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES, INCLUDING THE CERTIFICATES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSONS OTHER THAN RELEVANT PERSONS SHOULD NOT ACT OR RELY ON THIS PROSPECTUS.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE CERTIFICATES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. As a summary, it speaks in general terms without giving details or discussing any exceptions. Before buying the certificates, you should have the information necessary to make a fully informed investment decision. For that, you must read this prospectus in its entirety (and any documents to which we refer you in this prospectus).

Security Guaranteed Mortgage Pass-Through Certificates
(Multifamily Residential Mortgage Loans).

Issuer and Guarantor Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of our principal office is 1100 15th Street, NW, Washington, DC 20005; the telephone number is 800-2FANNIE (800-232-6643).

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency (“FHFA”), succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on conservatorship, see “**FANNIE MAE—Regulation and Conservatorship.**”

Our regulators include FHFA, the U.S. Department of Housing and Urban Development, the SEC, and the U.S. Department of the Treasury (“Treasury”). The Office of Federal Housing Enterprise Oversight, the predecessor of FHFA, was our safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008 (the “2008 Reform Act”).

On September 7, 2008, we entered into a senior preferred stock purchase agreement with Treasury pursuant to which we issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, we alone are responsible for making payments under our guaranty. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Sponsor and Depositor We are the sponsor of this offering of certificates and the depositor of the mortgage loans into the trust.

Description of Certificates Each certificate represents a pro rata undivided beneficial ownership interest in the underlying pool of mortgage loans that comprise the trust. We will issue the certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. The book-entry certificates will not be convertible into physical certificates.

Minimum Denomination We will issue the certificates in minimum denominations of

	\$1,000, with additional increments of \$1.
Issue Date	The date specified on the front cover page, which is the first day of the month in which the certificates are issued.
Settlement Date.....	The date specified on the front cover page, which is a date no later than the last business day of the month in which the issue date occurs.
Distribution Date.....	The 25th day of each month is the date designated for payments to certificateholders, as specified on the front cover page. If that day is not a business day, payments will be made on the next business day. The first distribution date for the certificates will occur in the month following the month in which the certificates are issued. For example, if the issue date is March 1, the first distribution date is April 25 or, if April 25 is not a business day, the first business day following April 25.
Maturity Date.....	The date specified on the front cover page, which is the date that the final payment is due on the last mortgage loan remaining in the pool.
Use of Proceeds	The certificates are backed by a pool of one or more mortgage loans that we recently acquired or already owned. We are issuing the certificates either in exchange for the recently acquired mortgage loans or for cash proceeds that are generally used for purchasing other mortgage loans or for general corporate purposes.
Interest	<p>On each distribution date, we will pass through one month's interest at the then-current variable pass-through rate (referred to as the pool accrual rate). The initial pool accrual rate is specified on the front cover page.</p> <p>See “RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—General—Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed by SARM loans using LIBOR indices” and “—The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by SARM loans using LIBOR indices.”</p> <p>Because our guaranty requires us to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a distribution date will not be affected by any loss mitigation measure taken with respect to, or other loan modification made to, a mortgage loan while it remains in the trust.</p>
Principal	We receive collections on the mortgage loans on a monthly basis. The period we use to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month to and including the first calendar day of the month in which the distribution date occurs.

On each distribution date, we will pass through principal of the certificates as follows:

- the aggregate amount of the scheduled principal due on the mortgage loans in the pool during the related due period; and
- the aggregate amount of all unscheduled principal payments received as specified below:
 - the stated principal balance of mortgage loans as to which prepayments in full were received during the calendar month immediately preceding the month in which that distribution date occurs;
 - the stated principal balance of mortgage loans that were purchased from the pool during the calendar month immediately preceding the month in which that distribution date occurs; and
 - the amount of any partial prepayments on mortgage loans that were received during the calendar month immediately preceding the month in which that distribution date occurs.

Because our guaranty requires us to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a distribution date will **not** be affected by any loss mitigation measure taken with respect to, or other loan modification made to, a mortgage loan while it remains in the trust.

We may treat a prepayment in full received on the first business day of a month as if the prepayment were received on the last business day of the preceding month. If we do so, we pass through these prepayments on the distribution date in the same month in which the prepayment actually was received. For example, if a prepayment in full is actually received on the first business day of April, it would be treated as if it had been received on the last business day of March and, therefore, would be passed through on April 25 (or the next business day, if April 25 is not a business day).

A mortgage loan may permit the reamortization of principal after an involuntary partial prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization will cause a change in the amount of principal that is passed through to certificateholders.

Monthly Pool Factors.....

We publish the monthly pool factor for each issuance of certificates on or about the fourth business day of each month. If you multiply the monthly pool factor by the original principal balance of the certificates, you will obtain the current principal balance of the certificates, after giving effect to the monthly principal payment to be passed through on the distribution date in that month. The most current pool factor is generally available through DUS Disclose.

Guaranty.....

We guarantee to the trust that on each distribution date we will supplement amounts received by the trust as required to permit payments on the certificates in an amount equal to:

- one month’s interest on the certificates, as described in “—Interest” above; and
- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above.

In addition, we guarantee to the trust that we will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the certificates on the distribution date in the month of the maturity date specified on the front cover page.

Certificateholders have limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. The total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and Treasury, see “**FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement.**”

Prepayments

A borrower may voluntarily prepay the loan in full during the prepayment term that is disclosed on Annex A. No portion of a prepayment premium, if any, collected by us will be passed through to certificateholders.

Master Servicing/Servicing

We are responsible as master servicer for certain duties. We have contracted with the mortgage servicer identified on Annex A to perform servicing functions for us subject to our supervision. We refer to this servicer or any successor servicer as our primary servicer. In certain limited circumstances, we may act as primary servicer. For a description of our duties as master servicer and the responsibilities of our primary servicer, see “**THE TRUST DOCUMENTS—Collections and Other Servicing Practices**” and “**FANNIE MAE PURCHASE PROGRAM—Servicing Arrangements.**”

Business Day

Any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed or is authorized or obligated by law or executive order to remain closed, or, for purposes of withdrawals from a certificate account, a day when the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.

Trust Documents

The certificates are issued pursuant to the 2017 Multifamily Master Trust Agreement, effective as of December 1, 2017, as supplemented by a trust issue supplement for this issuance. We summarize certain pertinent provisions of the trust agreement in this prospectus. You should refer to the

	trust agreement and the related trust issue supplement for a complete description of your rights and obligations as well as those of Fannie Mae in its various capacities. The trust agreement is available on our website.
Trustee.....	We serve as the trustee for the trust pursuant to the terms of the trust agreement and the related trust issue supplement.
Paying Agent	An entity designated by us to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as our paying agent for the certificates.
Fiscal Agent.....	An entity designated by us to perform certain administrative functions for the trust. The Federal Reserve Bank of New York currently serves as our fiscal agent for the certificates.
Multifamily Mortgage Loan Pool	Each mortgage loan in the pool is an adjustable-rate loan included in one of the following categories: <ul style="list-style-type: none"> • Adjustable-rate loans with monthly payments of interest only during their entire loan terms, with a balloon payment of all outstanding principal at maturity; • Adjustable-rate loans with monthly payments of interest only during specified initial periods, followed by monthly payments of principal and interest for their remaining loan terms, with a balloon payment of all outstanding principal at maturity; • Adjustable-rate loans with monthly payments of principal and interest during their entire loan terms, with a balloon payment of all outstanding principal at maturity; and • Adjustable-rate loans that fully amortize over their loan terms.
Multifamily Mortgage Loans.....	Each mortgage loan in the pool was acquired from a multifamily mortgage loan seller that we have approved. A mortgage loan may have been originated by the seller or may have been acquired by the seller from the originator of the loan, which may or may not be an approved mortgage loan seller. Each mortgage loan that we acquire either meets our published standards (except to the extent that we permit waivers from those standards) or is reviewed by us before delivery to determine its suitability. We may modify our standards from time to time.
Types of Property.....	Each mortgage loan in the pool is secured by a lien on one or more of the following types of property: <ul style="list-style-type: none"> • Multifamily residential properties; • Cooperative housing projects; • Dedicated student housing; • Manufactured housing communities; • Military housing; or

- Seniors housing.

Annex A discloses the type of property securing each mortgage loan in the pool and the priority of each lien. Any type of property may also be considered affordable housing; Annex A discloses certain affordable housing characteristics.

Termination

The trust will terminate when the certificate balance of the certificates has been reduced to zero, and all required distributions have been passed through to certificateholders. Fannie Mae has no unilateral option to cause an early termination of the trust other than by purchasing a mortgage loan from the pool for a reason permitted by the trust documents.

Federal Income Tax Consequences.....

The mortgage pool will be classified as a fixed investment trust. Each beneficial owner of a certificate will be treated as the owner of a pro rata undivided interest in each of the mortgage loans included in the pool. Accordingly, each owner will be required to include in income its pro rata share of the entire income from each mortgage loan in the pool, and certain owners will be entitled to deduct their pro rata share of the expenses of the trust, subject to the limitations described in this prospectus. See “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Application of Revenue Ruling 84-10—Expenses of the Trust.**”

Legal Investment Considerations.....

Under the Secondary Mortgage Market Enhancement Act of 1984, the certificates offered by this prospectus will be considered “securities issued or guaranteed by . . . the Federal National Mortgage Association.” Nevertheless, you should consult your own legal advisor to determine whether and to what extent the certificates of an issuance constitute legal investments for you.

ERISA Considerations

For the reasons discussed in “**ERISA CONSIDERATIONS**” in this prospectus, an investment in the certificates by a plan subject to the Employee Retirement Income Security Act (“ERISA”) will not cause the assets of the plan to include the mortgage loans underlying the certificates or the assets of Fannie Mae under the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”).

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RISK FACTORS

We have listed below some of the principal risk factors associated with an investment in the certificates. Moreover, you should carefully consider the risk factors related to Fannie Mae that are found in our annual report on Form 10-K and our quarterly reports on Form 10-Q, which we incorporate by reference into this prospectus. The risk factors related to Fannie Mae include risks that may affect your investment in and the value of the certificates. You should review all of these risk factors before investing in the certificates. Because each investor has different investment needs and a different risk tolerance, you should consult your own financial or legal advisor to determine whether the certificates are a suitable investment for you.

RISKS RELATING TO INVESTMENT SUITABILITY

The certificates may not be a suitable investment for you.

The certificates are complex financial instruments. They are not a suitable investment for every investor. Before investing, you should:

- have sufficient knowledge and experience to evaluate (either alone or with the help of a financial or legal advisor) the merits and risks of the certificates being offered as well as the information contained in this prospectus and the documents incorporated by reference;
- understand thoroughly the terms of the certificates;
- be able to evaluate (either alone or with the help of a financial or legal advisor) the economic, interest rate and other factors that may affect your investment;
- have sufficient financial resources and liquidity to bear all risks associated with the certificates; and
- investigate any legal investment restrictions that may apply to you.

You should exercise particular caution if your circumstances do not permit you to hold the certificates until maturity.

This pool of mortgage loans may afford little or no diversification of investment.

Although an investment in the certificates, which are backed by mortgage loans, may benefit an investor by providing diversification, the benefit may be realized only if and to the extent that the pool contains many mortgage loans that differ from one another as to credit risk and other risk parameters. If the pool is backed by only one or two mortgage loans, it does not afford the benefit of diversification. Annex A discloses the number of mortgage loans included in the pool, the geographic locations of the mortgaged properties, and other general characteristics of the mortgage loans. The diversification of the pool may increase or decrease over time due to repayment of mortgage loans in the pool or purchases of mortgage loans from the pool.

Volatility in currency exchange rates may adversely affect the yield on the certificates.

We will make all payments of principal and interest on the certificates in U.S. dollars. If you conduct your financial activities in another currency, an investment in any U.S. dollar-denominated security, such as the certificates, has significant additional risks. These include the possibility of significant changes in the rate of exchange and the possibility that exchange controls may be imposed. In recent years, the exchange rates between the U.S. dollar and certain currencies have been highly volatile. This volatility may continue. If the value of your currency appreciates relative to the value of the U.S. dollar, the yield on the certificates, the value of payments on the certificates and the market value of the certificates would decline in terms of your currency. Additionally, given the uncertainty surrounding LIBOR indices and related global interest rate benchmarks, differences in the performance of those benchmarks could affect the yield on the certificates.

The yield on your certificates will be affected by changes in the index used to set interest rates on the mortgage loans and by limits on interest rate changes.

Each mortgage loan in the pool is a structured adjustable-rate mortgage loan (“SARM loans”) that bears interest at rates that change periodically in response to changes in an index. Some indices respond more quickly to changes in market interest rates than do other indices. All of the SARM loans in the pool have the same index and adjust with the same frequency. As a result, a change in the index value will not necessarily cause an immediate change in the pool accrual rate. The SARM loans in the pool, however, may vary with respect to their mortgage margins and the dates of their interest rate changes. As a consequence, SARM loans in the pool may have different

interest rates. If the interest rates on SARM loans in the pool change less frequently than the index value, changes in the effective yield on the certificates will lag behind changes in the index.

Under the terms of SARM loans, we will be required to designate an alternative index for the determination of interest rates on such SARM loans in the event that the index specified under the loan terms is no longer available or, in our determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available). See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—General—Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed by SARM loans using LIBOR indices**” and “**—The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by SARM loans using LIBOR indices.**”

If the pool contains SARM loans with different interest rates, a disproportionate incidence of prepayments and purchases from the pool will affect the yield.

Certificateholders receive interest at a rate that is the weighted average of the interest rates on the mortgage loans in the pool, net of guaranty and servicing fees. The weighted average will change whenever a mortgage loan in the pool is prepaid, either in whole or in part, or is purchased out of the pool. If the pool contains mortgage loans with different interest rates, a disproportionate incidence of prepayments and purchases of loans from the pool will increase or decrease your effective yield.

If the pool contains SARM loans that may be converted into fixed-rate loans, the pool may have higher rates of prepayment, accelerating the rate of principal payment on your certificates.

If a mortgage loan in the pool permits the borrower to convert the loan to a fixed-rate loan during a specified period of time, the trust documents give us the option upon a conversion either to purchase the mortgage loan from the pool or to retain the mortgage loan in the pool. Our current policy requires that we purchase the loan from the pool no later than the calendar month before the loan begins to accrue interest at the new fixed rate. The borrower is not required to pay a prepayment premium in this case. The purchase of the mortgage loan, therefore, will accelerate the rate of principal payment on your certificates. As a result, if the pool contains one or more convertible mortgage loans, the weighted average life of the pool may be significantly shorter than the weighted average life of an otherwise comparable pool of non-convertible mortgage loans, which may adversely affect the yield. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Yield on the Certificates.**”

RISKS RELATING TO YIELD AND PREPAYMENT

General

The yield on the certificates may be lower than expected due to an unexpected rate of principal prepayments.

The actual yield on the certificates is likely to be lower than expected:

- if you buy certificates at a premium, and principal payments are faster than expected; or
- if you buy certificates at a discount, and principal payments are slower than expected.

Moreover, in the case of certificates purchased at a premium, you may lose money on your investment if prepayments occur at a rapid rate. Notwithstanding the price you paid for the certificates, if principal payments are faster than expected, then, depending on then-prevailing economic conditions and interest rates, you may not be able to reinvest those funds at a yield that is equal to or greater than the yield on the certificates. If principal payments are slower than expected, your ability to reinvest those funds will be delayed. In that case, if the yield on the certificates is lower than comparable investments available when you expected to, but did not, receive principal, you will be at a disadvantage by not having as much principal available to reinvest at that time. Some of the specific reasons that mortgage loans could be prepaid at a rate that differs from your expectations are described below.

Even if each mortgage loan in the pool is repaid at a rate that on average is consistent with your expectations, variations in the rate of prepayment over time can significantly affect your yield.

Generally, the earlier the payment of principal, the greater the effect on the yield to maturity. As a result, if the rate of principal payment on the certificates during any period is faster or slower than expected, a corresponding

reduction or increase in the principal payment rate during a later period may not fully offset the effect of the earlier principal payment rate on your yield.

The number and characteristics of mortgage loans in the pool will differ from those of mortgage loans in other pools, causing prepayment speeds to differ among different issuances of certificates.

Each mortgage loan in the pool was originated either by a lender approved under our Delegated Underwriting and Servicing product line (a “DUS lender”) or by a lender that is not a DUS lender but that has been determined by us to meet our eligibility standards. All of the mortgage loans were underwritten in accordance with the underwriting guidelines set forth in the Multifamily Guide (as defined in “**FANNIE MAE PURCHASE PROGRAM—Multifamily Guide**”) except to the extent that we permit waivers from those standards. See “**THE MORTGAGE LOANS.**” The pool includes either a single mortgage loan or several mortgage loans with differing characteristics. Because we change our loan eligibility requirements and underwriting standards from time to time, it is possible that not all the mortgage loans in the pool were subject to the same eligibility and underwriting standards. These differences, and differences in the characteristics of each mortgage loan in the pool, may affect the likelihood that a borrower will prepay a loan under various prevailing economic circumstances or the likelihood that a borrower will become delinquent. Thus, any such differences may affect the rate of prepayment of the certificates, which rate may not reflect historical payment averages or average prepayment speeds of otherwise similar certificates issued at the same time. This is especially true if the pool includes only one mortgage loan or a small number of mortgage loans.

The location of real property securing mortgage loans in a pool may vary from pool to pool, causing prepayment speeds to differ among different issuances of certificates.

We purchase mortgage loans throughout the United States and its territories. The pool may include mortgage loans secured by property in one or several states and may be relatively concentrated or diverse in location. Annex A discloses the location of each property securing a mortgage loan in the pool. In addition, the pool may be backed by only one or two mortgage loans and, thus, may be geographically concentrated. Regional economic differences among locations may affect the likelihood that a borrower will prepay a mortgage loan or that a borrower will become delinquent. Thus, the differences among geographic concentrations in this pool may affect whether the principal payment rate of the certificates will follow the predicted or average payment speeds of otherwise similar certificates issued concurrently. Furthermore, a natural disaster such as a hurricane, tornado or earthquake could severely affect the economy of a particular region for an extended period of time. This could result in an increase in the number of defaults or repayments by borrowers, causing accelerated principal payments to certificateholders and adversely affecting your yield.

Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed by SARM loans using LIBOR indices.

On July 27, 2017, the United Kingdom Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. Accordingly, it is uncertain whether the ICE Benchmark Administration (the “IBA”), the entity responsible for administering LIBOR, will continue to quote LIBOR after 2021.

In addition, in early 2018, the IBA stated its intention to continue to administer and quote LIBOR after 2021, possibly employing an alternative methodology. Therefore, no assurance can be given that LIBOR on any date accurately represents the London interbank rate or the rate applicable to actual loans in U.S. dollars for the relevant period between leading European banks, or that the underlying methodology for LIBOR will not change.

Efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee (the “ARRC”) of the Federal Reserve Board and the Federal Reserve Bank of New York. We are a member of the ARRC and are participating in several of its working groups. As of the date of this prospectus, we are unable to predict whether or when LIBOR will cease to be available or if one or more alternative reference rates will become the benchmark to replace LIBOR. If LIBOR ceases or changes in a manner that causes regulators or market participants to question its viability, financial instruments indexed to LIBOR could experience disparate outcomes based on their contractual terms, ability to amend those terms, market or product type, legal or regulatory jurisdiction, and a host of other factors. There can be no assurance that legislative or regulatory actions will dictate what happens if LIBOR ceases or is no longer viable. In addition, while the ARRC was created to identify best practices for market participants regarding alternative interest rates, there can be no assurance that broadly adopted industry practices will develop. Divergent industry or market participant actions

could result after LIBOR is no longer available or viable. It is uncertain what effect any divergent industry practices will have on the performance of financial instruments, including your certificates. We are unable to predict the effect of any alternative reference rates that may be established or any other reforms to LIBOR that may be adopted in the United Kingdom, in the U.S. or elsewhere. Overall, uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for LIBOR-based securities, including your certificates. In addition, this uncertainty may affect the rate of prepayments on the related SARM loans. Moreover, any future reform, replacement or disappearance of LIBOR may adversely affect the value of and return on your certificates.

The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by SARM loans using LIBOR indices.

Under the terms of SARM loans that currently use LIBOR indices, we will be required to designate an alternative index for the determination of interest rates on such SARM loans in the event that LIBOR is no longer available or, in our determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available). In the event of any such designation, we may also be required to designate an alternative method for index determination which alternative method may include, without limitation, adjusting the index by an adjustment factor. We can provide no assurance that any such alternative index or method will yield the same or similar economic results over the lives of the related SARM loans. In addition, although our designation of any alternative index or method will take into account various factors, including then-prevailing industry practices, there can be no assurance that broadly-accepted industry practices will develop, and it is uncertain what effect any divergent industry practices will have on the value of and return on the related certificates. Furthermore, we cannot predict the outcome of any judicial challenge by mortgagors of the designation of an alternative index for the determination of interest rates on SARM loans or the impact of any adverse outcome on the yields for the related certificates. These developments could have a material impact on us, adjustable-rate mortgage borrowers and investors in certificates backed by SARM loans currently using LIBOR indices.

Under certain circumstances, each mortgage loan in the pool permits reamortization of principal after a partial prepayment of principal, which may reduce the monthly distributions on the certificates, affecting your yield.

Each mortgage loan in the pool permits the reamortization of the principal remaining after a partial prepayment of principal under certain circumstances. After a partial prepayment, the mortgage loan may permit or require reamortization of the remaining unpaid principal over an amortization period that is determined at the time of the reamortization. If a reamortization occurs, the amount of principal and interest paid by the borrower each month will change and may be reduced. Any change in the monthly payment may cause a corresponding change in the amount of principal and interest passed through to the certificateholders each month, affecting your yield.

Although each mortgage loan in the pool requires payment of a prepayment premium upon a voluntary prepayment, you will not receive a share of the prepayment premium.

While each mortgage loan in the pool requires a borrower to pay a prepayment premium as a condition of voluntarily prepaying the loan during the period specified in the related mortgage note, payment of the prepayment premium may be waived under certain specified circumstances. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan—Prepayment Premiums.**” No mortgage loan in the pool requires a borrower to pay a prepayment premium upon a full or partial involuntary prepayment resulting from the receipt of casualty insurance or condemnation proceeds, except that in very limited circumstances in connection with certain condemnation actions a prepayment premium may be required. See “**PREPAYMENT OF A MORTGAGE LOAN—Involuntary Prepayment—Proceeds of Casualty or Condemnation Action.**”

A mortgage loan may be partially prepaid, accelerating the rate of principal payments on the certificates.

Voluntary partial prepayments of principal are generally prohibited on each mortgage loan in the pool. However, an involuntary partial prepayment of principal may occur as a result of a casualty or condemnation. For example, if the damage to or destruction of a mortgaged property is wholly or partially covered by insurance, the insurance proceeds may be used to prepay the related mortgage loan, in whole or in part, rather than repair the property. If a partial prepayment of principal is made on a mortgage loan, the prepaid principal is passed through to certificateholders. The effect of a partial prepayment of principal may be greater for a mortgage loan that is interest-

only for all or a part of its term because distributions on the certificates during the interest-only term would include any unscheduled payments of principal made by a borrower during that time.

If the pool contains only one mortgage loan, a prepayment or a default on the loan may result in the termination of the pool.

The pool may be backed by only one mortgage loan. As a result, if the mortgage loan is prepaid in full or if the mortgage loan defaults, resulting in acceleration and prepayment in full, its stated principal balance will be distributed to certificateholders and the pool will be terminated. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan**” and “**—Prepayments Related to Servicing Practices for Distressed Loans—Servicing Practices for Distressed Loans**” for a more complete description of the effect of a prepayment in full or a mortgage loan default.

Prepayments due to Purchases of Mortgage Loans from the Pool

We may purchase a mortgage loan from the pool if the loan becomes delinquent, accelerating the rate of principal prepayment on the certificates.

Under the trust documents, we have the option to purchase a mortgage loan from the pool after the loan has been in a state of continuous delinquency, without having been fully cured with respect to payments required by the mortgage loan documents, during the period from the first missed payment date through the fourth consecutive payment date. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool—Optional Purchases by Guarantor.**”

We generally purchase a delinquent mortgage loan from a pool soon after it becomes eligible for purchase. We may decide, or may be directed by FHFA, our conservator, to modify this policy regarding our option to purchase delinquent mortgage loans from pools.

If we purchase a delinquent mortgage loan from the pool, its stated principal balance, together with accrued interest, will be distributed to certificateholders on the distribution date in the month following the month of purchase. (The “stated principal balance” of a mortgage loan equals the issue date principal balance of the loan less all principal distributions on the loan made to certificateholders after the issue date. The “stated principal balance” of the pool equals the sum of the stated principal balances of the mortgage loans in the pool.)

We may purchase a mortgage loan from the pool if the loan becomes 30 days delinquent on any of the first four consecutive payment dates after we acquired the loan.

Under the trust documents, we have the option to purchase a mortgage loan from the pool if the loan becomes at least 30 days delinquent with respect to a payment that is due on any of the first four consecutive payment dates that occur after we acquired the loan, even if the loan becomes current during the period. Any such purchase must occur within 90 days after the fourth consecutive payment date. If the mortgage loan is purchased from the pool, its stated principal balance, together with accrued interest, will be distributed to certificateholders on the distribution date in the month following the month of purchase. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool—Optional Purchases by Issuer.**”

We may purchase or require a third-party seller to purchase one or more mortgage loans from the pool due to a breach of seller representations and warranties, accelerating the rate of principal prepayment on the certificates.

At the time that each mortgage loan was delivered to us, we required the mortgage loan seller to make representations and warranties about itself and the loan it was delivering, including representations and warranties that the loan complies with all applicable federal, state and local laws and meets our then-current selling guidelines. For a description of these representations and warranties, see “**FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warranties.**” If the representations and warranties were not true when made, we may require the third party or parties responsible for the representations and warranties to purchase the mortgage loan from the pool (sometimes referred to as a “repurchase”) or, in some cases, we may purchase the mortgage loan ourselves. If this occurs, the stated principal balance of the mortgage loan, together with accrued interest, will be distributed to certificateholders on the distribution date in the month following the month of purchase. No prepayment premium will be collected or paid in this case. The affected mortgage loans could include one, some or all of the mortgage loans in the pool.

Prepayments due to Refinancing of Mortgage Loans in the Pool; Sale of Properties; Condemnation Actions

The presence of prepayment premiums, and the possibility that prevailing interest rates may rise, may result in a lower rate of refinancings of the mortgage loans, slowing the rate of principal prepayment on the certificates.

Because each mortgage loan in the pool typically requires the payment of a prepayment premium if it is voluntarily prepaid during the period specified in the related mortgage note, multifamily borrowers may be less likely to refinance their loans than single-family borrowers. However, a mortgage loan may require the payment of a prepayment premium for a period that is much shorter than the term of the loan. In addition, interest rates may rise, resulting in borrowers being less able to obtain new mortgage loans at lower rates or to obtain mortgage loans at all. If a borrower does not refinance a mortgage loan, the loan, on average, may prepay more slowly than expected, causing you to receive payments of principal on the certificates more slowly than expected. Moreover, this may occur at a time when reinvestment rates are higher.

Prevailing interest rates may decline, resulting in more borrowers prepaying their mortgage loans and refinancing at lower rates, accelerating the rate of principal prepayment on the certificates.

Interest rates may decline or remain low. If prevailing interest rates decline or remain low and borrowers are able to obtain new mortgage loans at lower rates, a borrower on a mortgage loan in the pool is more likely to refinance the loan. The requirement, if applicable, that a prepayment premium must be paid if a mortgage loan in the pool is voluntarily prepaid may make it less likely for borrowers to refinance their loans even during periods of low interest rates. However, the period in which a prepayment premium must be paid may be shorter than the term of the loan, making the loan more likely to be refinanced during a time of declining interest rates. As a result, the mortgage loans, on average, may prepay more quickly than expected, causing you to receive payments of principal on the certificates more quickly than expected. Thus, the certificates may remain outstanding for a shorter period of time than expected.

The loan-to-value ratio for a mortgage loan in the pool may be higher than at the time the loan was originated, resulting in the borrower not refinancing the loan, slowing the rate of principal prepayment on the certificates.

The loan-to-value ratio disclosed on Annex A for a mortgage loan in the pool generally is based on the value of the related mortgaged property at the time the mortgage loan was originated. A decline in the value of the mortgaged property after that time will result in a higher loan-to-value ratio for the mortgage loan, which may make refinancing of the loan more difficult for the borrower. Thus, such a mortgage loan on average may prepay more slowly than expected.

The debt service coverage ratio for a mortgage loan in the pool may be lower than at the time the loan was originated, resulting in the borrower not refinancing the loan, slowing the rate of principal prepayment on the certificates.

The debt service coverage ratio disclosed on Annex A for a mortgage loan in the pool generally is based on the net cash flow of the related mortgaged property at the time the loan was originated. A decline in the net cash flow of the mortgaged property after that time will result in a lower debt service coverage ratio for the mortgage loan, which may make refinancing of the loan more difficult for the borrower. Thus, such a mortgage loan on average may prepay more slowly than expected.

The mortgage origination industry may change its underwriting requirements, procedures and prices for refinancing mortgage loans, either accelerating or slowing the rate of principal prepayment on the certificates.

Mortgage originators continually review and revise procedures for processing refinance loans. Sometimes these changes occur with our cooperation. From time to time, mortgage originators may tighten or loosen underwriting guidelines, making it potentially more difficult and more expensive or easier and less costly for borrowers to refinance their mortgage loans. An increase in refinancing of mortgage loans in the pool will accelerate the rate of principal payments on the certificates, while a decrease in refinancing of mortgage loans in the pool will slow the rate of principal payments on the certificates.

A mortgage loan may be paid in full upon the sale of the related mortgaged property, accelerating the rate of principal prepayment on the certificates.

A mortgaged property may be sold for reasons that vary among borrowers. If a mortgaged property securing a mortgage loan in the pool is sold, the loan documents generally permit the loan to be assumed by a new owner that meets credit standards and other requirements imposed by the lender. However, the new owner may be unable or unwilling to assume the existing mortgage loan even if the loan permits an assumption. Instead, the borrower may pay the mortgage loan in full, along with any required prepayment premium. As a result, you may receive payments of principal on the certificates more quickly than expected.

A mortgage loan that is recourse to a borrower or that is guaranteed as to payment may require payment in full upon the sale of the related mortgaged property, accelerating the rate of principal prepayment on the certificates.

A mortgage loan in the pool may provide for recourse to the borrower or have a full or partial payment guaranty. If so, the mortgage loan may be assumed by or transferred to a new borrower under only limited circumstances (estate planning, easements, and similar events). Thus, if the related mortgaged property is sold, the borrower may be required to pay the mortgage loan in full, along with any required prepayment premium. As a result, you may receive payments of principal on the certificates more quickly than expected.

A mortgage loan that is non-recourse to a borrower may convert to a recourse loan under certain circumstances, becoming subject to restrictions on transfers and assumptions.

A mortgage loan in the pool that is non-recourse when the certificates are issued may convert to a recourse loan during its term as the result of the events discussed in “**THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Non-Recourse Mortgage Loans.**” If that occurs, the mortgage loan may be assumed by or transferred to a new borrower under only limited circumstances (estate planning, easements, and similar events). Thus, if the related mortgaged property is sold, the borrower may be required to pay the mortgage loan in full, along with any required prepayment premium. As a result, you may receive payments of principal on the certificates more quickly than expected.

A condemnation action with respect to the mortgaged property may cause the full or partial prepayment of the mortgage loan and accelerate the rate of principal prepayment on the certificates.

A condemnation action is any action or proceeding relating to any condemnation, or other taking or conveyance in lieu of a taking, of all or a portion of a mortgaged property by a governmental entity or instrumentality or other entity (including, in certain cases, a housing authority) with the statutory authority to undertake a condemnation action. If the mortgaged property is the subject of a condemnation action, amounts received in connection with a condemnation action may be applied against the unpaid principal balance of the related mortgage loan. Under such circumstances, there will be a full or partial prepayment of principal to certificateholders. As a result, you will receive payments of principal on the certificates more quickly than expected. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Yield on the Certificates.**” Except as described in “**PREPAYMENT OF A MORTGAGE LOAN—Involuntary Prepayment—Proceeds of Casualty or Condemnation Action—Proceeds from Condemnation Action,**” the borrower is not required to pay a prepayment premium in connection with a condemnation action.

Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties

The successful operation of a mortgaged property securing an affordable housing mortgage loan may depend upon additional factors.

Annex A discloses affordable housing characteristics. An affordable housing mortgage loan is generally secured by a mortgaged property that is encumbered by a HAP contract, regulatory agreement or recorded restrictions limiting rents, imposing income restrictions on tenants, or placing other restrictions on the use of the property. A breach of these restrictions may be an event of default under the mortgage loan and/or may result in the termination of any payments being received from the governmental entity that imposed the restrictions. In addition, if an affordable housing property is encumbered by a HAP contract, the borrower is also required to exercise and otherwise avail itself of any options, rights, and opportunities to renew and extend the term of the HAP Contract. The borrower’s failure to comply with these requirements may be an event of default under the related mortgage loan.

An affordable housing property may benefit from long-term federal rental assistance or other federal, state or local subsidies that may be terminated or abated if the requirements of the subsidies are not met. If a subsidy is reduced or eliminated and (i) the subsidy cannot be replaced by a new subsidy, (ii) increased rents cannot be charged to current tenants due to prohibitions on rent increases or the inability of tenants to pay increased rents, and/or (iii) the property cannot be rented to market-rate tenants due to occupancy restrictions based on tenant income or the appeal of the property to such tenants, the related mortgage loan may default.

An affordable housing property may have additional subordinate debt owed to a multifamily lender or to a governmental entity. Subordinate debt owed to a governmental entity may be for the benefit of the property but may be conditioned on the property continuing to comply with specified use and occupancy restrictions. Failure to make all payments due on the subordinate debt or failure to comply with any use and occupancy restrictions may result in a default on the subordinate debt, resulting in a default on the mortgage loan in the pool. See “**THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Existing and Future Supplemental Mortgage Loans—Soft Financing Mortgage Loans.**”

A default under an affordable housing loan may result in acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property.

If a mortgaged property that has received an allocation of low-income housing tax credits does not remain in compliance with the applicable tax credit restrictions on operations of the property or, in certain cases, if a casualty occurs on the property, there would be an event of default on the related mortgage loan. In addition, the failure to comply with the restrictions may cause the owners of the property to lose some or all of the tax credits and other benefits related to the period of the noncompliance. In that case, they may incur penalties, including the recapture of tax credits and other tax benefits that were previously taken. The loss of the tax credits and other benefits could adversely affect the cash flow of the mortgaged property, which may cause an event of default on the related mortgage loan. An event of default may result in acceleration and payment in full of the related mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

The successful operation of specified types of mortgaged properties may depend upon additional factors.

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property of one of the types specified below. Additional factors and risks may affect the operation of these types of mortgaged properties, including the factors and risks disclosed below. An event of default under a mortgage loan secured by one of these types of mortgaged properties may result in acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Cooperative Blanket Loans. This type of mortgage loan is made to a cooperative housing corporation (the “co-op corporation borrower”) and secured by a cooperative multifamily housing project (a “co-op project”). The unit-owners, who are the owners of the co-op corporation borrower, are responsible for paying the co-op corporation borrower only their proportionate share of the operating expenses and debt service. This typically results in a debt service coverage ratio of 1.00x. In addition, the unit-owners are responsible for paying special assessments to reimburse the co-op corporation borrower for any unanticipated expenditures as needed. In some cases, the co-op corporation borrower may decide to pay for the unanticipated expenditure from the co-op corporation’s reserve account. If that occurs, the net cash flow and debt service coverage ratio for the co-op project may have negative values in the year in which the expenditure was made. Because the debt service coverage ratio is 1.00x, the co-op corporation borrower’s ability to make monthly payments on the mortgage loan is dependent upon the timely receipt of mortgage and expense payments from the unit-owners. If these payments are not made as and when required, the co-op corporation borrower’s cash flow may be adversely affected. See “**THE MORTGAGE LOANS—Specific Types of Mortgage Loans and Mortgaged Properties—Cooperative Blanket Loans**” for additional information.

Dedicated Student Housing Loans. This type of mortgage loan is secured by a multifamily property that is located near a college or university campus and in which 80% or more of the units are leased to college or graduate students. The high turnover of student tenants at the end of a semester or school year and the higher level of required maintenance may have a significant adverse effect on the profitability of the operation of student housing. Moreover, a decline in student enrollment at the college or university or construction of on-campus student housing may adversely affect the student housing rental demand. If the student housing is not profitable, the borrower’s cash

flow may be adversely affected, especially if units at the property are not readily convertible to or desirable as units of conventional multifamily properties. See “**THE MORTGAGE LOANS—Specific Types of Mortgage Loans and Mortgaged Properties—Dedicated Student Housing Loans**” for additional information.

Manufactured Housing Community Loans. This type of mortgage loan is secured by a multifamily residential development that includes rental sites for manufactured homes, provides utilities, roads and other infrastructure, and offers certain amenities to the residents. The success of a manufactured housing community depends upon the borrower’s ability to lease its sites to owners of manufactured homes and to maintain a high level of occupancy for those sites. Maintaining a high level of occupancy depends not only on the borrower’s ability to market the sites to purchasers of manufactured homes but also on the ability of those purchasers to purchase manufactured homes. If occupancy levels are not maintained at an acceptable level, the borrower’s cash flow would be adversely affected.

Manufactured housing community mortgage loan documents generally prohibit a borrower from engaging in the retail sale of manufactured homes on the mortgaged property or engaging in a lease of a manufactured home that would convert into a sale. A borrower’s failure to comply with this prohibition may be an event of default under the mortgage loan. In addition, a manufactured housing community may be a seniors housing community that restricts occupancy to residents who meet specific age requirements. When age restrictions are present, the mortgage loan documents generally provide that a failure to comply with the age restrictions may be an event of default under the mortgage loan. Annex A discloses the presence of any age restrictions. See “**THE MORTGAGE LOANS—Specific Types of Mortgage Loans and Mortgaged Properties—Manufactured Housing Community Loans**” for additional information.

Military Housing Loans. This type of mortgage loan is secured by a multifamily property at least 40% of which is used for the housing of military personnel and families. If the borrower is not a governmental entity, successful operation of the mortgaged property is highly dependent upon the continued occupancy of the property. Deployments of military personnel, reductions in the size of military bases, base closures or changes in military housing plans may cause high vacancy rates, adversely affecting the borrower’s cash flow. See “**THE MORTGAGE LOANS—Specific Types of Mortgage Loans and Mortgaged Properties—Military Housing Loans**” for additional information.

Seniors Housing Loans. This type of mortgage loan is secured by a seniors multifamily housing facility that contains at least one of the following types of units: independent living, assisted living, and/or Alzheimer’s/dementia care. A borrower’s ability to find and retain residents for a seniors housing facility at satisfactory occupancy levels depends not only on the typical factors affecting multifamily properties in a specific market but also on the quality of the special services rendered to the residents of the seniors housing facility. In addition, governmental regulations may apply to seniors housing facilities, and licensing of both the property operators and the facilities may be required where the mix of units includes units designated for assisted living or Alzheimer’s/dementia care and is required for facilities containing units approved for skilled nursing care. Failure to comply with the regulations and licensing requirements may cause operations at a seniors housing facility to be curtailed or stopped entirely, the facility’s manager/operator to be terminated, and a new qualified manager/operator to be obtained upon short notice. Any of these events would have a substantial adverse effect upon the operations of the seniors housing facility and adversely affect the borrower’s cash flow. In addition, our mortgage loan documents generally provide that the failure by seniors housing facilities to maintain or comply with the licenses or licensing requirements may be an event of default under the loan agreement. For facilities containing units approved for skilled nursing care, failure to provide facilities and services normally associated with a skilled nursing unit may also be an event of default under the loan agreement.

Seniors housing facilities often operate under operating leases or management agreements. Our mortgage loan documents generally provide that a default under an operating lease or a management agreement may be an event of default under the mortgage loan. In some cases, a number of seniors housing properties owned and/or operated by affiliated entities operate under a master operating lease that applies not only to the seniors housing facility that secures a mortgage loan in the pool but also to the affiliated seniors housing facilities that do not secure the mortgage loan. Seniors housing master operating leases may provide that a default under the lease for one seniors housing facility will trigger a default under the lease for all of the seniors housing facilities subject to the lease. As a result, a default under a master operating lease by an affiliated seniors housing property may cause a default under the operating lease for the seniors housing facility that secures the mortgage loan in the pool. The default under the master operating lease then may be an event of default on the mortgage loan in the pool. Annex A

will disclose if a mortgaged property is operating under such a master operating lease. See “**THE MORTGAGE LOANS—Specific Types of Mortgage Loans and Mortgaged Properties—Seniors Housing Loans**” for additional information.

A mortgage loan may be secured by a multifamily property that is encumbered by a condominium regime.

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that is subject to a condominium regime.

In some cases, a multifamily property operated as a rental property comprises one or more units that are part of an overall condominium project and is bound by the restrictions and requirements set forth in the condominium documents for the larger project. In these circumstances, the mortgage loan documents generally require that the borrower pay all amounts required by, and comply with the provisions set forth in, the condominium documents. The borrower shall not (a) terminate or revoke or attempt to terminate or revoke the appointment of lender as borrower’s proxy or attorney-in-fact either permanently or as to any election with respect to the condominium or (b) modify or attempt to modify the condominium documents without the prior written consent of the lender. The borrower’s failure to comply with these requirements may be an event of default under the mortgage loan.

In other cases, the borrower may not own all of the residential units in a multifamily property with a condominium regime that is operated as a rental property. If the borrower does not own all of the residential units, it is likely that the entire property continues to be bound by the restrictions and requirements of the condominium documents and subject to the risks described in the preceding paragraph. Moreover, in these cases, the mortgage loan documents generally require the borrower to use reasonable efforts to purchase the units held by third parties when those units become available for sale and to add the purchased units to the mortgaged property collateral for the mortgage loan after the purchase. The borrower’s failure to comply with these requirements may be an event of default under the mortgage loan.

In still other cases, either before or after the related certificates are issued, a borrower may receive all necessary permits and approvals either to operate a new multifamily property under a condominium regime or to convert an existing multifamily property to a condominium regime but instead decide to operate the property as a rental property. In these circumstances, the mortgage loan documents provide that the borrower may not modify the condominium documents or sell any condominium unit without the lender’s prior written consent at any time during the term of the mortgage loan. The failure to comply with these requirements may be an event of default under the mortgage loan.

In all cases where a mortgaged property is subject to a condominium regime, the mortgage loan documents require the borrower to operate the property as a rental property at all times during the term of the mortgage loan. For additional information, see “**THE MORTGAGE LOANS—Characteristics of Multifamily Properties—Mortgage Loan Secured by Property Encumbered by Condominium Regime.**”

A borrower’s failure to meet performance targets under an agreement secured by cash, letters of credit or other non-real estate cash-equivalent collateral may require an involuntary partial prepayment of principal on a mortgage loan in the pool, accelerating the rate of principal prepayment on the certificates.

A borrower may have entered into an agreement requiring a mortgaged property securing a mortgage loan in the pool to reach a specific occupancy by a specified date or specific improvements or repairs to be completed by a specified date. These obligations may be secured by a letter of credit or similar collateral. If the required condition is not satisfied by the specified date, we may use the proceeds of the collateral to pay down the unpaid principal balance of the mortgage loan and pay any required prepayment premium. If that occurs, there will be a partial prepayment of principal to certificateholders.

If a mortgaged property is subject to a ground lease, an event of default under the ground lease may be an event of default under the mortgage loan.

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that is a leasehold interest in real property, evidenced by a ground lease. An event of default under the ground lease during the term of the mortgage loan may be an event of default under the loan, which may result in acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

A mortgaged property may benefit from a state or local property tax exemption or tax abatement that requires the borrower and the property to maintain compliance with specific requirements. The failure to meet those requirements may be an event of default under the mortgage loan.

Annex A will disclose if a mortgaged property benefits from a state or local property tax exemption or tax abatement. To ensure that the property tax exemption or tax abatement is maintained, the mortgage loan documents generally require the borrower to file certain documents, maintain specified occupancy restrictions, ensure that a non-profit entity is part of the ownership group, or take other actions required by the state or local governmental entities and specified in the mortgage loan documents. The borrower's failure to take any required action may be an event of default under the mortgage loan, which may result in acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Prepayments due to Subordinated Financing and Cross-Defaults

If a mortgaged property securing a mortgage loan in the pool also secures another loan or other indebtedness, a default on the other loan or indebtedness may adversely affect the mortgage loan.

Under certain circumstances, a default on a mortgage loan in the pool may occur even if the borrower has been making full and timely payments of principal and interest on the mortgage loan in the pool:

- If a mortgage loan in the pool is a subordinate lien loan, a default on a senior mortgage loan secured by the same mortgaged property will cause a default on the subordinate lien loan in the pool.
- If a mortgage loan in the pool is a senior lien loan and a subordinate lien loan or other indebtedness secured by the same mortgaged property already exists or is later originated, a default on the subordinate lien loan or other indebtedness will cause a default on the mortgage loan in the pool even though that loan is senior to the defaulted subordinate lien loan or other indebtedness.
- If a mortgage loan in the pool is cross-defaulted with another mortgage loan secured by a different mortgaged property, a default on the cross-defaulted loan will cause a default on the mortgage loan in the pool. If the mortgage loans are also cross-collateralized, the mortgaged property securing the mortgage loan in the pool will be available as additional security for the cross-collateralized loan if the cross-collateralized loan defaults.

In each of these circumstances, the event of default may result in acceleration of the mortgage loan in the pool and payment in full of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Prepayments due to Mezzanine Financing and Preferred Equity

A mezzanine loan may reduce the cash flow available to a mortgaged property securing a mortgage loan in the pool.

A mezzanine loan may have been made, or one may be made in the future, to an entity with direct or indirect equity ownership interests (a "mezzanine borrower") in a borrower obligated on a mortgage loan in the pool (a "mortgage borrower"). The mezzanine loan would be secured by a pledge of some or all of these equity interests. Although the mezzanine loan documents generally require that cash flow from the mortgaged property be used first for all payments due under the mortgage loan, including debt service, repairs and reserves, any decrease in the cash flow from the mortgaged property may decrease the cash flow available for payments on the mezzanine loan and cause the mezzanine borrower to default on the mezzanine loan. Annex A will disclose the presence of a mezzanine loan existing at the time that a mortgage loan in the pool was originated.

If a mezzanine borrower defaults on a mezzanine loan, the mezzanine lender may be permitted to foreclose on the equity interests pledged as security for the mezzanine loan. The possibility of such a foreclosure may lead the mezzanine borrower to file for bankruptcy, which could negatively affect the operation of and cash flow from the mortgaged property. If the decreased cash flow adversely affects the mortgage borrower's ability to make the required payments on the mortgage loan, the mortgage borrower may default on the mortgage loan.

An event of default on the mortgage loan in the pool may result in acceleration of the loan and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

If a mezzanine lender forecloses on pledged equity interests, there may be a change in control of the mortgage borrower.

A mortgage loan in the pool may have a mezzanine loan associated with it at or after the time the certificates are issued. If there is a default on the mezzanine loan, the mezzanine lender may foreclose on the pledged equity interests. In those cases where the mezzanine borrower holds a controlling interest in the mortgage borrower, the foreclosure will result in the mezzanine lender becoming the direct or indirect owner of the mortgage borrower. Unless the mezzanine lender is affiliated with the mezzanine borrower, this change in ownership will cause a change in control of the mortgage borrower. In that case, the mezzanine lender may decide to sell the mortgaged property securing the mortgage loan, which would result in the payment in full of the mortgage loan unless it is assumed by the purchaser. If a sale results in prepayment of the mortgage loan, its stated principal balance, together with accrued interest, will be distributed to certificateholders.

An entity may have a preferred equity interest in a borrower obligated on a mortgage loan in the pool, which may require payment of a preferred return, reducing the cash flow available to the related mortgaged property. In some cases, if a preferred equity investor is not paid in accordance with the terms of the preferred equity arrangement, there could be a change in control of the borrower.

A borrower may have a preferred equity ownership structure that provides for a preferred return or payment priority to certain direct or indirect equity investors in the borrower. The transaction documents generally provide that cash flow from the mortgaged property must be used first for all payments due under the mortgage loan, including debt service, repairs and reserves. However, any decrease in the cash flow from the mortgaged property may decrease the cash flow available for payments on the preferred equity and cause the borrower to default on its obligations to the preferred equity investor, which may have a right to receive a minimum preferred return or payment on its equity investment.

In some cases, if the cash flow from the mortgaged property is not sufficient to pay the preferred equity investor the minimum return or payment, the preferred equity investor may become entitled to control the mortgage borrower. If such a change in control occurs, the preferred equity investor may decide to sell the mortgaged property securing the mortgage loan, which would result in the payment in full of the loan if the loan is not assumed by the purchaser. If a sale results in prepayment of the mortgage loan, its stated principal balance, together with accrued interest, will be distributed to certificateholders.

Prepayments due to Borrower Ownership Structures

Characteristics of certain borrower ownership structures may result in the sale of a mortgaged property or an event of default under a mortgage loan in the pool, resulting in early prepayment of the mortgage loan.

Characteristics of certain borrower ownership structures (either at the time a mortgage loan is originated or during the term of a mortgage loan) may result in early prepayment of a mortgage loan in the pool. See **“PREPAYMENT OF A MORTGAGE LOAN—Voluntary Prepayment—Prepayment Premiums.”**

Single-Asset Entity Borrower. The borrower on a mortgage loan in the pool is usually a single-asset entity that does not own any assets other than the real property, furniture and fixtures that secure the loan. In some cases, however, the mortgage loan documents provide that a multi-asset borrower must become a single-asset entity within a specified period of time. A borrower’s failure to comply with the requirements set forth in the mortgage loan documents may result in an event of default on the mortgage loan, which may cause acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Multiple-Asset Entity Borrower. In some instances, the borrower on a mortgage loan in the pool is permitted to own real property, personal property, assets and/or the ownership or operation of other businesses in addition to the mortgaged property, furniture and fixtures that secure the loan. In cases where the borrower owns additional assets, there can be no assurance that liabilities, expenses or costs related to such other assets will not impact the borrower’s ability to make payments on the related mortgage loan. A borrower’s failure to comply with the requirements set forth in the mortgage loan documents may result in an event of default on the mortgage loan, which may cause acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Borrower Structured as a Tenancy-in-Common. A mortgage loan may be secured by a mortgaged property owned by a borrower structured as a tenancy-in-common. A tenancy-in-common is formed by two or more persons or entities, each of which has an undivided interest in the assets of the tenancy-in-common. The related mortgage

loan documents generally restrict certain transfers of ownership interests in the tenancy-in-common and may prohibit the tenancy-in-common parties from amending the tenancy-in-common agreement or taking other specified actions without our consent. The failure of a tenancy-in-common borrower to comply with these provisions may result in an event of default on the mortgage loan, which may cause acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Borrower in a Section 1031 Exchange. A borrower may acquire a mortgaged property through a Section 1031 exchange or Section 1031 reverse exchange. In that case, the mortgage loan documents may require that the Section 1031 exchange or Section 1031 reverse exchange be completed by a specified date and that certain transfers of ownership interest in the borrower take place. The failure of the borrower to fulfill these requirements may be an event of default on the mortgage loan, which may result in acceleration and payment in full of the loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Delaware Statutory Trust Borrower. A borrower may be organized as a Delaware statutory trust. In that case, it is common for the borrower to lease the mortgaged property to an affiliate (the “master tenant”) who will be responsible for the day to day operations of the property. A failure by the master tenant to fulfill its obligations under the lease may result in an event of default under the mortgage loan, which may cause acceleration and payment in full of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

In addition, a Delaware statutory trust must have beneficial owners, a trustee, and a sponsor. The parties have specific rights and obligations among themselves, all of which are set out in the organizational documents. A party’s failure to comply with its obligations may result in an event of default on the mortgage loan, which may cause acceleration and payment in full of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Borrower with Limited Term of Existence. A borrower or a borrower affiliate that is the holder of a significant direct or indirect ownership interest in a borrower may have a limited term of existence that is scheduled to end before the maturity date of a mortgage loan. This may result in the borrower’s having an incentive to sell the related mortgaged property before the termination date with respect to such borrower or borrower affiliate. If the mortgaged property is sold, the mortgage loan may be prepaid or it may be assumed by a new borrower that has a limited term of existence or that is owned directly or indirectly by an entity with a limited term of existence. If a sale results in prepayment of the mortgage loan, its stated principal balance, together with accrued interest, will be distributed to certificateholders.

Prepayments due to External Factors

Supply and demand in the related markets, adverse economic conditions and other unfavorable factors may have a significant adverse effect on multifamily properties and cash flow.

Repayment of a mortgage loan secured by a multifamily property typically depends primarily upon the successful operation of the mortgaged property rather than upon the existence of independent income or assets of a borrower. A number of factors, many of which are beyond the control of the property owner, may adversely affect the ability of a multifamily property to generate sufficient net cash flow to pay debt service and to maintain its value.

These factors include the following:

- changes in national, regional or local economic and employment conditions that may cause reductions in occupancy levels, limits on or reductions in rents, or increases in the number of rent payments received late;
- local real estate conditions, including the existence or construction of competing or alternative residential properties, including other apartment buildings and complexes, manufactured housing communities and single-family housing;
- demographic factors;
- the age, quality, design and location of the multifamily property;
- the willingness and ability of the borrower or property manager to operate and maintain the multifamily property in a successful manner;
- significant increases in utility costs, taxes, insurance premiums and other operating costs;

- borrower bankruptcy or other insolvency;
- governmental regulations designed to protect tenants in connection with rent increases and evictions;
- government actions that limit access to the multifamily property or result in seizure of the property; and
- uninsured natural disasters, terrorist attacks or other criminal acts of destruction or violence.

Reduced cash flow from a property may impair a borrower's ability to repay the mortgage loan, causing a default on the loan. An event of default may result in the acceleration and payment in full of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Catastrophic events may damage, destroy or cut off access to a multifamily property securing a mortgage loan in the pool, causing a borrower to default on the mortgage loan.

In some cases, insurance proceeds either may not be available or may be inadequate to repair or replace a mortgaged property damaged or destroyed by a catastrophic event. In other cases, a mortgaged property may not be damaged or destroyed but governmental authorities may restrict or prohibit access by tenants to the property or surrounding area. In either case, the resulting loss of rents, especially if extended for a lengthy period, may cause a default under the related mortgage loan. Moreover, we have the option to purchase a mortgage loan out of the pool if the value of the related mortgaged property declines by 5% or more due to a catastrophic event.

If a mortgage loan is prepaid in whole or in part because insurance proceeds are applied, or if an event of default results in the prepayment in full of the mortgage loan, its stated principal balance, together with accrued interest, will be distributed to certificateholders.

Natural disasters may present a risk of increased mortgage loan defaults.

Natural disasters can result in widespread property damage and loss, displacement of residents and businesses and significant disruptions in the affected regional economies. Although the long-term effects of natural disasters are difficult to predict, such events could lead to a general economic downturn in the affected regions, including job losses and declines in real estate values. Under such circumstances, multifamily properties in the affected areas may be unable to generate sufficient net cash flow to pay debt service and to maintain their value. If an event of default occurs from these factors, the loan may be accelerated and the mortgage loan paid in full with distribution of its stated principal balance, together with accrued interest, to certificateholders. No prepayment premium will be collected or paid in this circumstance.

We also have the option to remove a loan from its pool when the borrower is delinquent with respect to four consecutive full payments or when the value of the property is reduced by 5% or more as the result of a natural disaster. Such actions would result in early payments of principal to holders of certificates. In addition, a borrower whose property is affected by a natural disaster may be eligible for forbearance. A loan in forbearance will remain in the related pool until we make a decision to exercise our option to repurchase the loan out of the pool. If a loan remains in the related pool during the forbearance period, certificateholders will continue to receive payments of scheduled principal and interest under our guaranty during the forbearance period. If we decide to repurchase the loan out of the related pool, certificateholders will receive an early payment of principal. Investors should note that we continue to evaluate our policies with respect to loans affected by natural disasters, and we may in the future modify or replace our current policies based on a wide range of considerations.

In general, the rate of defaults on mortgage loans in areas affected by natural disasters may increase. Subject to applicable payment forbearance, any such increase will result in early payments of principal to holders of certificates with underlying mortgage loans secured by properties in the affected areas. Additionally, casualty losses on mortgaged properties with damage due to a natural disaster may result in early pay-offs of principal by borrowers and, accordingly, early payments of principal to holders of the related certificates. No prepayment premium will be collected or paid in this circumstance.

Finally, each seller that sells loans to us is required to represent and warrant that the mortgaged properties are intact (i.e., not damaged by fire, wind or other cause of loss) at the time such loans are delivered to us. If a seller breaches this representation and warranty, we may require it to repurchase the affected loans at any time. See **“FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warranties.”**

RISKS RELATING TO LIQUIDITY

There may be no market for the certificates, and we cannot assure you that a market will develop and continue.

We cannot be sure that the certificates will have a ready market, or, if a market does develop, that the market will remain active during the entire term for which the certificates are outstanding. In addition, neither we nor any other party are obligated to make a market in the certificates. Therefore, it is possible that if you wish to sell the certificates in the future, you may have difficulty finding potential purchasers.

Some of the factors that may affect the resale of the certificates include the following:

- our financial condition and rating;
- our future structure, organization, and the level of government support for the company;
- whether we are in conservatorship or receivership;
- any increase or decrease in the level of governmental commitments to engage in market purchases of our certificates;
- the method, frequency and complexity of calculating principal or interest on the mortgage loans or the certificates;
- the age of the mortgage loans in the pool;
- the outstanding principal balance of the mortgage loans in the pool;
- the prepayment features or other characteristics of the mortgage loans in the pool;
- the availability of current information about the mortgage loans in the pool;
- the outstanding principal amount of certificates of this issuance and other issuances with similar features offered for resale from time to time;
- the minimum denominations of the certificates;
- any significant reduction in our securitization volume due to a decline in mortgage loan originations by our principal lenders and mortgage loan sellers that have experienced liquidity or other major financial difficulties;
- any legal restriction or tax treatment that limits demand for the certificates;
- the availability of comparable securities;
- market uncertainty;
- the level of interest rates generally, the volatility with which prevailing interest rates are changing, and the direction in which interest rates are, or appear to be, trending; and
- the financial condition and rating of the mortgage loan seller and the primary servicer of the mortgage loans backing the certificates.

The continued run-off of mortgage-backed securities from the Federal Reserve's portfolio could adversely affect our business, results of operations, financial condition, liquidity and net worth.

In recent years, the Federal Reserve has purchased a significant amount of mortgage-backed securities issued by us, Freddie Mac and Ginnie Mae. In October 2017, the Federal Reserve initiated a balance sheet normalization program to reduce its holdings of Treasury securities and mortgage-backed securities. While the Federal Reserve stopped the run-off of U.S. Treasury securities from its portfolio in September 2019, it continued to allow its mortgage-backed securities to run-off, replacing the principal balance with U.S. Treasuries and thus holding the portfolio constant. This may create upward pressure on mortgage interest rates and reduce demand for mortgage-backed securities, including the certificates offered by this prospectus, which could adversely affect the price of those securities.

There may be restrictions on your ability to include your certificate in another Fannie Mae securitization.

Certificateholders sometimes choose to exchange their certificates representing interests in different pools for a single Fannie Mae mortgage-backed security backed by those certificates, which is generally referred to as a resecuritization. If we discover discrepancies in the data, or identify legal or other issues, related to the pool or to one or more of the mortgage loans backing the pool that cannot be resolved promptly, certificates for that pool or backed by those mortgage loans (including the certificates offered by this prospectus) may be restricted from resecuritization until the data discrepancies or other issues have been resolved. While a certificate is so restricted, it is still eligible to be sold, transferred or otherwise hypothecated; it cannot, however, be resecuritized into another Fannie Mae mortgage-backed security. If the data discrepancies and any legal or other issues are resolved, the certificates will become eligible for resecuritization. The eligibility of the pool for resecuritization will be disclosed in DUS Disclose.

RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS

Fannie Mae Credit Factors

If our credit becomes impaired, a buyer may be willing to pay only a reduced price for the certificates.

There could be an adverse change in our liquidity position or financial condition that impairs our credit rating or the perception of our credit. Even if we were to make all payments required under our guaranty, reduced market liquidity may make it more difficult to sell the certificates, and potential buyers may offer less for the certificates than they would have offered if our liquidity position or financial condition had remained unchanged.

If we failed to pay under our guaranty, the amounts distributed to certificateholders could be reduced and the timing of distributions could be affected.

Borrowers may fail to make timely payments on the underlying mortgage loans. In addition, an entity that is under contract to perform servicing functions for us (a “primary servicer”) may fail to remit borrower payments to us. In either case, we are responsible for making payments under our guaranty. However, we could fail to make the payments required under our guaranty to a trust if (i) our financial condition prevented us from fulfilling our guaranty obligations with respect to the certificates, or (ii) we were placed into a new conservatorship or into receivership and could not or did not fulfill our guaranty obligations. In that case, certificateholders would receive from the trust only the amounts paid on the underlying mortgage loans, which are generally limited to borrower payments and other recoveries on the loans. As a result, delinquencies and defaults on the underlying mortgage loans or a primary servicer’s failure to remit borrower payments to the trust would adversely affect the amounts that certificateholders received each month.

We may not have sufficient capital reserves to avoid a net worth deficit if we experience comprehensive losses in the future. If we have a net worth deficit in a future quarter, we will be required to draw funds from Treasury to avoid being placed into receivership.

The recently amended dividend provisions of the senior preferred stock permit us to retain only up to \$25 billion as capital reserves, provided our conservator directs us to declare and pay senior preferred stock dividends that become payable in the future. As of September 30, 2019, our net worth was only \$10.3 billion. As a result, we may not have sufficient capital reserves to avoid a net worth deficit if we have comprehensive losses in the future.

For any quarter for which we have a net worth deficit, we would need to draw funds from Treasury under the senior preferred stock purchase agreement to avoid being placed into receivership. As of September 30, 2019, the maximum amount of remaining funding under the agreement is \$113.9 billion. If we were to draw additional funds from Treasury under the agreement with respect to a future period, the amount of remaining funding under the agreement would be reduced by the amount of our draw. Dividend payments we make to Treasury do not restore or increase the amount of funding available to us under the agreement. Accordingly, if we experience multiple quarters of net worth deficits, the amount of remaining funding available under the senior preferred stock purchase agreement could be significantly reduced from its current level.

As conservator, FHFA has certain rights to transfer our assets and liabilities, including our guaranty.

For so long as we remain in the current conservatorship, FHFA, as conservator, has the right to transfer or sell any of our assets or liabilities, including our guaranty obligations, without any approval, assignment or consent from us or any other party. However, during the current conservatorship, FHFA has no authority to repudiate any

contracts entered into after we were placed into conservatorship, including our guaranty related to the certificates we issue during the current conservatorship, including the certificates offered by this prospectus. The 2008 Reform Act does not restrict the rights of holders of certificates issued during the current conservatorship.

If FHFA were to place us into receivership directly from the current conservatorship, or if we emerge from conservatorship and at a later date FHFA were to place us into a new conservatorship or into receivership, FHFA would have certain rights to transfer our assets and liabilities and to repudiate our existing contracts.

If FHFA were to place us into receivership directly from the current conservatorship, or if we emerge from the current conservatorship and at a later date FHFA were to place us into a new conservatorship or into receivership, FHFA would have all of the authority of a new conservator or a receiver, which would allow it to exercise certain powers that could adversely affect certificateholders, as described below.

Transfer of Guaranty Obligations. FHFA would have the right to transfer or sell any of our assets or liabilities, including our guaranty obligations, without any approval, assignment or consent from us or any other party. If FHFA, as conservator or receiver, were to transfer our guaranty obligations to another party, certificateholders would have to rely on that party for satisfaction of the guaranty obligations and would be exposed to the credit risk of that party each month.

Repudiation of Contracts. Under the circumstances described in the next sentence, FHFA could repudiate any contract entered into by us before it was appointed as a new conservator or as receiver, including our guaranty obligations to the trusts described in this prospectus. FHFA may repudiate a contract, including our guaranty, if it determines in its sole discretion that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Fannie Mae's affairs. The 2008 Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as a new conservator or receiver.

If FHFA, as a new conservator or as receiver, were to repudiate our guaranty obligations, the conservatorship or receivership estate would be liable for damages as of the date of the new conservatorship or the receivership under the 2008 Reform Act. However, any such liability could be satisfied only to the extent that our assets were available for that purpose. Thereafter, certificateholders would receive from the trust only the amounts paid on the underlying mortgage loans, which are generally limited to borrower payments and other recoveries on the loans. As a result, delinquencies and defaults on the underlying mortgage loans or a primary servicer's failure to remit borrower payments to the trust would adversely affect the amounts that certificateholders would receive each month. In addition, trust administration fees would be paid from mortgage loan payments before any distributions would be made to certificateholders. As a result, any damages paid as the result of the repudiation of our guaranty obligations may not be sufficient to offset any shortfalls experienced by certificateholders.

Rights of Certificateholders. Holders of certificates issued before and during the current conservatorship, including the certificates offered by this prospectus, are granted certain rights under the trust documents (as defined under "**DESCRIPTION OF THE CERTIFICATES**"). If we are placed into a new conservatorship or into a receivership, however, these rights may not be enforceable against FHFA or enforcement of those rights may be delayed. The trust documents provide that upon the occurrence of a guarantor event of default, which includes the appointment of a new conservator or a receiver, certificateholders have the right to replace Fannie Mae as trustee if the requisite percentage of certificateholders consents. Nevertheless, the 2008 Reform Act may prevent certificateholders from enforcing their rights to replace Fannie Mae as trustee if the event of default arises solely because a new conservator or receiver has been appointed.

If we are placed into a new conservatorship or receivership and do not or cannot fulfill our guaranty obligations, certificateholders could become unsecured creditors of Fannie Mae with respect to claims made under our guaranty to the extent that the mortgage loans underlying the certificates were insufficient to satisfy the claims of certificateholders. Certificateholders have certain limited rights to proceed against Treasury if we fail to pay under our guaranty. However, the total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. See "**FANNIE MAE—Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement.**"

Seller and Servicer Credit Factors

If a mortgage loan seller becomes insolvent, the certificateholders' interests in the mortgage loans could be affected.

In certain cases, we may permit the seller of the mortgage loans or an affiliate of the seller to act as our document custodian. Upon a bankruptcy or receivership of the mortgage loan seller or its affiliate that acts as our custodian, the mortgage loans in the pool may be exposed to the claims of other creditors of the seller. If the mortgage loan seller was also the primary servicer of the mortgage loans and, as a result of such claims, was unable to remit part or all of the amounts received on the mortgage loans, we would make the required payments to certificateholders under our guaranty. Additionally, in the event of a bankruptcy or receivership of a mortgage loan seller, a court could determine that the mortgage loans were not sold to us but instead were pledged to us to secure a financing. Courts may also deny our standing to enforce delinquent mortgage loans if we cannot adequately prove our ownership. In either instance, if the mortgage loan seller was unable to remit part or all of the amounts received on the mortgage loans, we would make payments in the amount of any deficiency. If we fail to pay pursuant to our guaranty, however, the amount distributed to certificateholders could be reduced. See “**THE MORTGAGE LOAN POOL—Assignment of Mortgage Loans; Delivery and Custody of Mortgage Loan Documents.**”

If a primary servicer begins experiencing financial difficulties or becomes insolvent, collections on the mortgage loans could be affected.

If a primary servicer experiences financial difficulties or becomes insolvent, its ability to effectively service mortgage loans in the pool may become impaired as its focus is more directed toward rebuilding financial strength through measures such as staff reductions. In some cases, it may become necessary to transfer servicing to another more effective servicer. Less robust servicing practices before, during, or after the transition to a new servicer can exacerbate mortgage loan delinquencies and borrower defaults. Although our guaranty of timely payment of principal and interest covers borrower delinquencies and defaults, an increase in borrower delinquencies and defaults could result in acceleration of prepayments on the certificates, if we decide to exercise our option to purchase delinquent mortgage loans from the pool. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool.**”

RISKS RELATING TO CONFLICTS OF INTEREST

If we hold or later acquire a direct or indirect equity interest in the owner of a mortgaged property securing a mortgage loan in the pool, we may have a conflict of interest with respect to the property.

We may hold or later acquire a direct or indirect equity interest in the owner of a multifamily property that secures a mortgage loan in the pool and is serviced by the primary servicer. If the borrower defaults on the mortgage loan, we may be required to allow either the primary servicer, or a party not affiliated with Fannie Mae or the transaction, to take or approve the taking of certain actions. In addition, we may own a direct or indirect interest in a mezzanine lender that made a mezzanine loan to the owner(s) of a borrower obligated on a mortgage loan in the pool. If the mezzanine borrower defaults on the mezzanine loan, we may foreclose on the pledged equity interests in the borrower pledged by the mezzanine borrower, thereby becoming a direct or indirect owner of the borrower. As an owner of the borrower, we, in our corporate capacity, could exercise our rights as an equity holder to take, or approve the taking of, certain actions. In either case, the actions that may be taken or approved by us or on our behalf could cause the prepayment of principal on the certificates.

The primary servicer of a mortgage loan in the pool may hold or later acquire a direct or indirect equity interest in the owner of the mortgaged property securing a mortgage loan in the pool, creating a possible conflict of interest.

The primary servicer of a mortgage loan may hold or later acquire a non-controlling equity interest in an entity that directly or indirectly controls the borrower, creating a potential conflict of interest. If the borrower defaults on the mortgage loan, we may take a more active role in reviewing or approving the taking of certain actions related to the resolution of the default than would otherwise be the case.

We serve as the trustee of the trust and as the sponsor, master servicer, and guarantor of the certificates, creating a potential conflict of interest.

We serve as the trustee, sponsor, master servicer, and guarantor for the certificates offered by this prospectus. In our role as trustee, we agree to administer the trust fund and the certificates in accordance with the

terms of the trust documents. In our role as the sponsor, master servicer and/or guarantor, however, our interests may differ from those of the certificateholders. For example, the trust documents provide that the guarantor may at its option purchase mortgage loans from the trust under specified circumstances. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool—Optional Purchases by Guarantor.**” Any such mortgage loan purchases will result in prepayments on the certificates. Provided that the terms of the trust documents are followed, no independent third party consent is required in connection with any such purchase decision.

RISKS RELATING TO OPERATIONAL FAILURE

A failure in our operational systems or infrastructure, or those of third parties, could materially adversely affect our business, cause financial losses or impair liquidity in the certificates.

Shortcomings or failures in our internal processes, data management or systems could disrupt our business or have a material adverse effect on our risk management, liquidity, financial statement reliability, financial condition and results of operations. We also face the risk of operational failure, termination or capacity constraints of paying agents or other financial intermediaries we use to facilitate our transactions. Any failure, termination, constraint or other similar event could have a significant adverse impact on our business, liquidity, financial condition, net worth and results of operations. Any such failure could lead to a payment delay to certificateholders, and may adversely affect the liquidity or market value of the certificates. See “**RISK FACTORS**” in our most recent Form 10-K.

FANNIE MAE

General

Fannie Mae is a government-sponsored enterprise that was established by Congress in 1938 to support liquidity, stability and affordability in the secondary mortgage market, where existing mortgage-backed assets are purchased and sold. The Federal National Mortgage Association Charter Act (the “Charter Act”) does not permit Fannie Mae to originate loans or lend money directly to consumers in the primary mortgage market. Our most significant activities are securitizing mortgage loans originated by lenders into Fannie Mae mortgage-backed securities and purchasing mortgage loans and mortgage-backed securities for our mortgage portfolio. Fannie Mae has been securitizing mortgage loans since 1981. We serve as the trustee of all trusts for our mortgage-related securities. See “**THE TRUST DOCUMENTS**” for further information about our role as trustee.

We obtain funds to purchase mortgage-backed assets for our mortgage portfolio by issuing a variety of debt securities in the domestic and international capital markets. We also make other investments that increase the supply of affordable housing.

As discussed below, we are currently in conservatorship.

Regulation and Conservatorship

FHFA is an independent agency of the federal government with general supervisory and regulatory authority over Fannie Mae, Freddie Mac and the Federal Home Loan Banks. FHFA was established in July 2008, assuming the duties of our former safety and soundness regulator, the Office of Federal Housing Enterprise Oversight, and our former mission regulator, the U.S. Department of Housing and Urban Development (“HUD”). HUD remains our regulator with respect to fair lending matters.

On September 6, 2008, the Director of FHFA appointed FHFA as our conservator pursuant to its authority under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the 2008 Reform Act. Upon its appointment, FHFA immediately succeeded to all of the rights, titles, powers and privileges of Fannie Mae and those of any stockholder, officer, or director of Fannie Mae with respect to us and our assets. The conservatorship is a statutory process designed to preserve and conserve our assets and property and put the company in a sound and solvent condition.

The conservatorship has no specified termination date, and there continues to be uncertainty regarding the future of our company, including how long we will continue to exist in our current form, the extent of our role in the market and what form we will have. In September 2019, Treasury released a proposal for administrative and legislative reforms to end the conservatorship of Fannie Mae and Freddie Mac, to effect recapitalizations of the two enterprises, to place additional limitations on their permitted activities, and to effect widespread reform of the U.S. mortgage finance system. The September 2019 Letter Agreement (defined below) increasing Fannie Mae's capital

reserve amount represents a significant step toward implementing the reforms outlined in Treasury's proposal. The September 2019 Letter Agreement also provides that Fannie Mae and Treasury agree to negotiate and execute an additional amendment to the senior preferred stock purchase agreement to further enhance taxpayer protections by adopting covenants broadly consistent with recommendations for administrative reform contained in Treasury's proposal. In addition, the implementation of policy objectives asserted by the Director of FHFA could result in significant changes affecting Fannie Mae's conservatorship. For more information on the risks to our business relating to the conservatorship and uncertainties regarding the future of our company and business, see "RISK FACTORS" in our most recent Form 10-K and Form 10-Q.

On September 7, 2008, we entered into a senior preferred stock purchase agreement with Treasury pursuant to which we issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. The senior preferred stock and the warrant were issued as an initial commitment fee for Treasury's commitment. As a result of the dividend provisions of the senior preferred stock and quarterly directives from our conservator, we are obligated to pay Treasury each quarter the amount, if any, by which our net worth as of the end of the immediately preceding fiscal quarter exceeds an applicable capital reserve amount. If Fannie Mae does not declare and pay a dividend in the full amount provided for in the senior preferred stock for any future dividend period, the capital reserve amount will thereafter be zero. On September 27, 2019, Treasury and Fannie Mae (through FHFA acting on Fannie Mae's behalf in its capacity as conservator) entered into a letter agreement (the "September 2019 Letter Agreement") increasing the applicable capital reserve amount to \$25.0 billion, effective September 30, 2019. As a result of this change, no dividend amount was payable for the third quarter 2019 since Fannie Mae's net worth of \$6.4 billion as of June 30, 2019 is less than the \$25.0 billion capital reserve amount. The senior preferred stock purchase agreement and the warrant contain covenants that significantly restrict our operations and that are described in our most recent Form 10-K and Form 10-Q.

In the event we have a comprehensive loss for any future quarter, we may also have a net worth deficit for that quarter. Although we expect to remain profitable on an annual basis for the foreseeable future, the potential volatility in our financial results, which may be significant from quarter to quarter, could result in a net worth deficit in a future quarter.

For any quarter for which we have a net worth deficit, we will be required to draw funds from Treasury under the senior preferred stock purchase agreement in order to avoid being placed into receivership. As of September 30, 2019, the maximum amount of remaining funding under the agreement was \$113.9 billion. If we were to draw additional funds from Treasury under the agreement in a future period, the amount of remaining funding under the agreement would be reduced by the amount of our draw. Dividend payments we make to Treasury do not restore or increase the amount of funding available to us under the agreement.

The senior preferred stock purchase agreement provides that Treasury's funding commitment will terminate under any of the following circumstances:

- the completion of our liquidation and fulfillment of Treasury's obligations under its funding commitment at that time;
- the payment in full of, or reasonable provision for, all of our liabilities (whether or not contingent, including mortgage guaranty obligations); or
- the funding by Treasury of the maximum amount that may be funded under the agreement.

In addition, Treasury may terminate its funding commitment and declare the senior preferred stock purchase agreement null and void if a court vacates, modifies, amends, conditions, enjoins, stays or otherwise affects the appointment of the conservator or otherwise curtails the conservator's powers. Treasury may not terminate its funding commitment under the agreement solely by reason of our being in conservatorship, receivership or other insolvency proceeding, or due to our financial condition or any adverse change in our financial condition.

The senior preferred stock purchase agreement provides that most provisions of the agreement may be waived or amended by mutual written agreement of the parties. No waiver or amendment of the agreement; however, may decrease Treasury's aggregate funding commitment or add conditions to Treasury's funding commitment if the waiver or amendment would adversely affect in any material respect the holders of our debt securities or Fannie Mae guaranteed mortgage pass-through certificates, including the certificates offered by this prospectus.

We continue to rely on support from Treasury to eliminate any net worth deficits that we may experience in the future, which would otherwise trigger our being placed into receivership. Based on consideration of all the relevant conditions and events affecting our operations, including our reliance on the U.S. government, we continue to operate as a going concern and in accordance with FHFA's provision of authority. We remain liable for all of our obligations, including our guaranty obligations, associated with the certificates and other mortgage-backed securities issued by us. The senior preferred stock purchase agreement is intended to enhance our ability to meet our obligations. Certificateholders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. See "**—Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement.**"

Possibility of Future Receivership

FHFA must place us into receivership if the Director of FHFA makes a written determination that our assets are less than our obligations (a "net worth deficit") or if we have not been paying our debts as they become due, in either case, for a period of 60 days after the SEC filing deadline for any of our annual reports on Form 10-K or our quarterly reports on Form 10-Q, as applicable. Although Treasury committed to providing us with funds in accordance with the terms of the senior preferred stock purchase agreement, if we need funding from Treasury to avoid triggering FHFA's obligation, Treasury may not provide these funds to us within the required 60 days if it has exhausted its borrowing authority or if there is a government shutdown, or if the funding we need exceeds the amount available to us under the agreement. In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including if we are critically undercapitalized or if we are undercapitalized and have no reasonable prospect of becoming adequately capitalized.

A receivership would terminate the conservatorship. The appointment of FHFA as our receiver would not only grant FHFA the powers that it currently has as our conservator but would also terminate all rights and claims that certificateholders may have against our assets or under our charter arising from their status as certificateholders, other than their right to payment, resolution or other satisfaction of their claims as permitted under the 2008 Reform Act. Unlike a conservatorship, the purpose of which is to conserve our assets and return us to a sound and solvent condition, the purpose of a receivership is to liquidate our assets and resolve claims against us.

Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement

Certificateholders are granted certain rights under the trust documents (as defined below) if a guarantor event of default occurs. See "**THE TRUST DOCUMENTS—Certificateholders' Rights upon a Guarantor Event of Default.**" Moreover, under the senior preferred stock purchase agreement, certificateholders are given certain limited rights against Treasury if (i) we default on our guaranty obligations, (ii) Treasury fails to perform its obligations under its funding commitment, and (iii) we and/or the conservator are not diligently pursuing remedies in respect of that failure.

In that case, the holders of the affected certificates may seek judicial relief, which would include requiring Treasury to fund up to the least of:

- the amount necessary to cure the payment default; or
- the amount of any net worth deficit; or
- the remaining amount of funds available from Treasury.

USE OF PROCEEDS

We issue certificates backed by pools of one or more mortgage loans that may be newly originated, may have been originated and temporarily held by us, or may have been held in our loan portfolio for an extended period. (We refer to pools backed by mortgage loans that we held for an extended period as "portfolio pools.") We are issuing the certificates offered hereby either in a swap transaction in which the certificates are issued in exchange for the mortgage loan or loans in the pool that backs the certificates, or in a sale transaction in which the certificates are issued for cash received from the purchasing dealers. We use cash proceeds to purchase other mortgage loans and for other general corporate purposes.

If a lender sells a certificate to an investor at a premium over its face value, in some cases we may share with the lender a portion of the premium paid by the investor.

DESCRIPTION OF THE CERTIFICATES

This prospectus relates to certificates issued under the trust agreement (as defined in “**THE TRUST DOCUMENTS**”), on the issue date specified on the front cover page. For information about certificates issued before that date, see the related Multifamily MBS prospectus that was in effect at the time those certificates were issued. There is an individual trust issue supplement for the certificates, which identifies the trust and each mortgage loan held in the trust.

General

The certificates represent fractional undivided beneficial ownership interests in a distinct pool of one or more mortgage loans, or a pool of one or more participation interests in mortgage loans, held in the trust created under the trust documents. We hold the mortgage loans, in our capacity as trustee, for the benefit of all the holders of certificates of this issuance. The fractional undivided interest of each certificate is equal to the initial principal balance of that certificate divided by the aggregate stated principal balance of the mortgage loans in the pool on the issue date.

If disclosed on Annex A, the certificates represent fractional undivided beneficial ownership interests in a pool of participation interests in mortgage loans, rather than in a pool of whole mortgage loans. Many of the participation interests are participation interests in mortgage loans made by non-profit organizations, state and local housing finance agencies, and affordable housing organizations. When participation interests are backing the pool, we hold the participation certificates, in our capacity as trustee, for the benefit of all holders of certificates of this issuance. Although the description of the certificates throughout this prospectus is based on the assumption that the certificates represent interests in whole mortgage loans, the description of the certificates generally applies to certificates backed by participation interests as well.

Issuance in Book-Entry Form

We will issue the certificates in book-entry form using the book-entry system of the U.S. Federal Reserve Banks (each, a “Federal Reserve Bank”). Book-entry certificates must be issued in minimum denominations of \$1,000 with additional increments of \$1. They are freely transferable on the records of any Federal Reserve Bank but are not convertible to physical certificates. Any transfers are subject to the minimum denomination requirements.

A certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of the certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be certificateholders. These entities are not necessarily the beneficial owners of the certificates. If a certificateholder is not also the beneficial owner of a certificate, the certificateholder and all other financial intermediaries in the chain between the certificateholder and the beneficial owner are responsible for establishing and maintaining accounts for their customers. A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary that maintains an account for you.

The Federal Reserve Bank of New York currently serves as our fiscal agent pursuant to a fiscal agency agreement. In that capacity, it performs certain administrative functions for us with respect to certificateholders. Neither we nor any Federal Reserve Bank will have any direct obligation to the beneficial owner of a certificate who is not also a certificateholder. We and any Federal Reserve Bank may treat the certificateholder as the absolute owner of the certificate for all purposes, regardless of any contrary notice you may provide.

The Federal Reserve Bank of New York also currently serves as our paying agent. In that capacity it credits the account of the certificateholder when we make a distribution on the certificates. Each certificateholder and any financial intermediaries are responsible for remitting distributions to the beneficial owners of the certificate.

Settlement

Settlement will occur on a business day in the calendar month in which the certificates are issued.

Distributions on Certificates

We will make distributions to certificateholders on the 25th day of each month or, if the 25th day is not a business day, on the next business day. We refer to this date as a “distribution date.” We will make the first

payment for the certificates on the distribution date in the month following the month in which the certificates are issued. For example, if the issue date is March 1, the first distribution date for the issuance is April 25 or, if April 25 is not a business day, the next business day. A business day is any day other than a Saturday or Sunday, a day when a fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or, with respect to any required withdrawal for remittance to a paying agent, a day when the Federal Reserve Bank is closed in a district where a certificate account is maintained if the related withdrawal is being made from that certificate account. We will pay the certificateholder that is listed as of the record date as the holder in the records of any Federal Reserve Bank. The record date is the close of business on the last day of the month immediately before the month in which the distribution date occurs.

Interest Distributions

On each distribution date, we will distribute to certificateholders one month's interest at a variable pass-through rate (based on the rates of interest accrued on the underlying mortgage loans), which we refer to as the "pool accrual rate." The initial pool accrual rate is specified on the front cover page and on Annex A. Interest is calculated on the prior month's certificate principal balance.

Because our guaranty requires us to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a distribution date will **not** be affected by any loss mitigation measure taken with respect to, or other loan modification made to, a mortgage loan while it remains in the trust.

Interest Accrual Basis

We will calculate the amount of interest due on the certificates each month on the basis disclosed on Annex A. The two most common methods of interest accrual are explained below. Under both of these methods, a year is assumed to consist of 360 days. The difference between the two methods of calculating interest is the amount of each monthly payment that is allocated to interest. A mortgage loan accruing interest on the actual/360 basis is likely to have a larger balloon payment on the stated maturity date than a similar loan accruing interest on the 30/360 basis.

- *30/360 method.* If interest on a mortgage loan is calculated on the 30/360 basis, the amount of interest payable each month is based on the assumption that each month consists of 30 days and is calculated by multiplying the applicable interest rate times the unpaid principal balance of the mortgage loan, dividing the product by 360, and multiplying the result by 30.
- *Actual/360 method.* If interest on a mortgage loan is calculated on the actual/360 basis, the amount of interest payable each month is based on the actual number of calendar days in the month and is calculated by multiplying the applicable interest rate times the unpaid principal balance of the mortgage loan, dividing the product by 360, and multiplying the result by the actual number of days elapsed during the month. See "**THE MORTGAGE LOANS—The Mortgage Loans in the Pool—Interest Payable on the Loans—Methods for Calculating Interest**" for a description of the methods used to calculate interest.

Principal Distributions

On each distribution date, we will distribute to certificateholders as principal an amount equal to the aggregate of the following amounts:

- the scheduled principal due on each mortgage loan in the pool during the related due period;
- the aggregate amount of all unscheduled principal payments received as specified below:
 - the stated principal balance of each mortgage loan as to which a prepayment in full was received during the calendar month immediately preceding the month in which that distribution date occurs;
 - the stated principal balance of each mortgage loan that was purchased from the pool during the calendar month immediately preceding the month in which that distribution date occurs; and
 - the amount of any partial prepayment of a mortgage loan that was received during the calendar month immediately preceding the month in which that distribution date occurs.

The stated principal balance of a mortgage loan is the principal balance of the loan as of the issue date of the certificates, reduced by all payments of principal paid to certificateholders after that date with respect to that loan.

The due period for each distribution date is the period that (i) begins on the second calendar day of the calendar month before the month in which the distribution date occurs and (ii) ends on the first calendar day of the month in which that distribution date occurs. For example, for a May 25 distribution date, the first day of the related due period is April 2 and the last day is May 1. This is true whether the payment due date is the first day of a month or is any other day in a month.

In certain cases, the first distribution with respect to one or more mortgage loans in the pool may consist of interest only (with no principal) from those loans. Whether the first distribution on the pool includes principal from any particular amortizing mortgage loan in the pool depends upon the date on which the loan was deposited into the pool. The example below assumes that an amortizing mortgage loan was originated in March with the borrower's first principal payment due on May 1:

- If the mortgage loan was deposited into the pool and the related certificates were issued in April, the first distribution date would be May 25. Because the borrower's first monthly payment of interest and principal is due on May 1, interest and principal from the May 1 payment will be distributed to certificateholders on May 25.
- If the mortgage loan was deposited into the pool and the related certificates were issued in March, the first distribution date would be April 25. Because no principal payment is due from the borrower on April 1, interest but no principal from that loan will be distributed to certificateholders on April 25. Principal from the borrower's first monthly payment of principal and interest (due on May 1) will be distributed to certificateholders on May 25.

We may treat any prepayment of principal in full received on the first business day of a month as if the prepayment were received on the last business day of the preceding month. In that case, we will pass through the prepayment on the distribution date in the same month in which the prepayment actually was received. For example, a prepayment in full received on the first business day of April may be treated as if it had been received on the last business day of March and will be passed through on April 25 (or on the next business day, if April 25 is not a business day).

For purposes of distributions to certificateholders, a mortgage loan in the pool with monthly payments due on a date other than the first of the month is treated as if the monthly payments were due on the first day of the following month. As a result, if the pool holds a mortgage loan of this type, both the first payment date and the latest loan maturity date are deemed to be the first day of the month following the month in which each date actually occurs. As a result of these adjustments, you will receive distributions at a date later than you otherwise would have received them. This delay may reduce your yield on the certificates.

For a mortgage loan in the pool, the amount of the scheduled principal payments that is passed through to certificateholders will be affected by any change made to the amortization schedule of the loan that results from a borrower prepayment. Any such change to the amortization schedule may cause a change in the scheduled principal payment for that mortgage loan to be passed through to certificateholders each month. The amount of principal distributed on a distribution date may also reflect a correction of an error in an earlier distribution of principal that resulted in an overpayment or underpayment of principal on an earlier distribution date or an error at issuance of the certificates.

Because our guaranty requires us to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a distribution date will **not** be affected by any loss mitigation measure taken with respect to, or other loan modification made to, a mortgage loan while it remains in the trust.

In certain instances, a distribution date for principal prepayments may differ slightly from the description above. For example, sometimes the primary servicer is unable to provide us with prepayment information in time to allow us to include the prepayment in the monthly pool factor for a distribution date. In addition, in instances of a natural disaster, terrorist attack, or other similar catastrophic event, we may not receive reporting information from the primary servicer in time to reflect on a distribution date the payments actually received by the primary servicer. In those instances, we will distribute to certificateholders on a distribution date only the scheduled principal amount

(and accrued interest). Any principal prepayments that were received but not reported in a timely manner will be distributed to certificateholders on the first distribution date that follows our receipt and reconciliation of the required prepayment information from the primary servicer.

Reports to Certificateholders

Monthly Reports

As our paying agent, the Federal Reserve Bank of New York provides a monthly report to each certificateholder listed as the holder in the records of any Federal Reserve Bank. The report includes the information specified below with respect to each payment, adjusted to reflect each certificateholder's pro rata interest in the pool as of the distribution date:

- the amount due on the certificates on that distribution date on account of interest;
- the amount due on the certificates on that distribution date on account of total scheduled and unscheduled principal;
- the total cash distribution on the certificates on that distribution date; and
- the principal balances of the certificates on that distribution date after giving effect to any distribution of principal on that date.

Tax Information

We will post on our website, or otherwise make available, information required by the federal income tax laws. See "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Information Reporting and Backup Withholding.**"

YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS

Effective Yield

Your yield will depend in part upon whether you purchase a certificate at a discount from or a premium over its outstanding principal balance. In general, if you purchase a certificate at a discount from its outstanding principal and the mortgage loan or loans in the pool are prepaid at a rate that is slower than you expect, the yield on your certificate will be lower than expected. If you purchase a certificate at a premium over its outstanding principal and the mortgage loan or loans are prepaid at a rate that is faster than you expect, the yield on your certificate also will be lower than expected. *You must make your own decision about the pool or loan level prepayment assumptions you will use in deciding whether to purchase the certificates. We do not provide delinquency experience or decrement tables for the certificates.*

Although interest on the certificates accrues during a calendar month, we do not distribute interest to certificateholders until the distribution date in the following calendar month. Because of this delay, the effective yield on the certificates will be lower than it would be if we distributed interest earlier.

Yield on the Certificates

The certificates bear interest at a variable rate that is based on the interest rates of the loans in the pool. Those interest rates adjust based upon changes in the value of a stated index. The method by which the index value is determined, the way in which the index value changes, the actual changes in the interest rates on the mortgage loans in the pool, and other features of the mortgage loans will affect the yield on the certificates. See "**THE MORTGAGE LOANS—The Mortgage Loans in the Pool—Payments on the Loans—Calculation of Mortgage Loan Monthly Payments**" for information regarding the different types of mortgage loans and the methods for adjusting their interest rates. See also "**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT**" for a discussion of the possible effect on your yield of changes in index values and interest rates.

The effective yield on the certificates is also the result of the combined effect of some or all of the following factors:

- *The index.* All of the mortgage loans in the pool have the same index, which is identified on Annex A.
- *Initial fixed-rate period.* A mortgage loan in the pool may have an initial interest rate that is not based on the index. If so, and if the first interest rate change date on any loan in the pool has not occurred

before the issue date of the certificates, the certificates will have an initial pool accrual rate that does not reflect the index. It is possible that not all of the loans have the same first interest rate change date. The pool accrual rate will not reflect the index until all of the loans in the pool have had their first interest rate change date.

- *Mortgage margin.* The mortgage margin for each mortgage loan in the pool is specified in the related mortgage note. On each interest rate change date, the interest rate on each loan is adjusted to equal the sum of the mortgage margin and the index value determined as of a date specified in the mortgage note. The result is rounded according to the rounding convention disclosed on Annex A.
- *Index change frequency.* If the interest rates on the mortgage loans in the pool change less frequently than the index value, changes in the effective yield on the certificates will lag behind changes in the index. Thus, a change in the index value does not necessarily cause an immediate change in the pool accrual rate. The pool accrual rate is affected only as, and to the extent that, the mortgage loans in the pool experience interest rate changes.
- *Interest rate change date.* Some or all of the mortgage loans in the pool may have different interest rate change dates. As a result, the index values upon which the related interest rate changes are based may vary among the loans in the pool at any given time.
- *Lookback period.* The lookback period is disclosed on Annex A.
- *Prepayments and purchases of loans from pools.* The pool may contain mortgage loans with different interest rates. Certificateholders receive a rate of interest that is equal to the weighted average of the loan interest rates, less the fee percentage (the sum of the servicing fee and our guaranty fee) on the loans. (Weighting is based on the stated principal balance of each loan then remaining in the pool.) Thus, the resulting rate of interest for certificateholders will change whenever a loan in the pool is prepaid, either in whole or in part, or is purchased out of the pool. A disproportionate incidence of prepayments and purchases among loans with different interest rates may increase or decrease the effective yield to certificateholders.
- *Reamortization of principal.* An involuntary partial prepayment may result in reamortization of the remaining principal balance of a mortgage loan, which would cause a change in the amount of principal and interest paid by a borrower and a corresponding change in the amount of principal and interest passed through to certificateholders, affecting your yield. See “—**Maturity and Prepayment Considerations—Reamortization of Principal.**”
- *Low initial interest rates.* In a few cases, prevailing market interest rates may be so low that the initial interest rate for a mortgage loan in the pool is less than the applicable mortgage margin specified in the mortgage note. As a result, the interest rate on such a mortgage loan may not be set at a rate greater than or equal to the applicable mortgage margin until the first interest rate change has occurred.

A more detailed description of SARM loans and their characteristics and of pools containing SARM loans may be found in “**THE MORTGAGE LOANS.**”

The effective yield on the certificates may be affected if a mortgage loan in the pool is prepaid, in whole or in part, during the term of the certificates. In addition, an involuntary partial prepayment of principal on a mortgage loan may result in reamortization of the remaining principal balance of the loan, which would cause a change in the amount of principal and interest paid by a borrower and a corresponding change in the amount of principal and interest passed through to certificateholders, affecting your yield. See “—**Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan—Reamortization of Principal.**”

A prepayment in full will result in the stated principal balance of the prepaid mortgage loan being distributed to certificateholders. Moreover, if the prepaid mortgage loan is the only loan in the pool, the pool would be terminated.

Maturity and Prepayment Considerations

The maturity date specified on the front cover page is the date that the final payment is due on the last mortgage loan remaining in the pool. The maturity of the certificates will depend upon the extent to which a payment on each mortgage loan in the pool is applied to principal rather than to interest. For a description of the types of mortgage loans that may be included in the pool, see “**THE MORTGAGE LOANS.**”

Prepayment of a Mortgage Loan

Prepayment of a mortgage loan in the pool may occur for a variety of reasons. Some of the most common reasons are discussed in this section. The reasons are not all equally applicable to all pools, as they relate in part to features of mortgage loans that differ among pools. Because of these variables, we do not provide estimates of the future prepayment experience of the mortgage loans in our pools.

Prepayment Premiums. No portion of any prepayment premium that is collected will be passed through to certificateholders. Under certain circumstances, even if the mortgage loan documents require payment of a prepayment premium, we, in our capacity as master servicer and as permitted by the trust documents, may waive the prepayment premium.

Even if a borrower prepays a mortgage loan that requires payment of a prepayment premium, we may be unable to collect the premium. Some states have laws that limit the amounts a lender may collect from a borrower in connection with a voluntary prepayment or that make it difficult to collect a prepayment premium in connection with an involuntary prepayment. We cannot assure you that the imposition of a prepayment premium is enforceable or collectible under the laws of any state, district or territory.

If a borrower, a key principal or a payment guarantor becomes involved in a bankruptcy proceeding, the bankruptcy court may order the sale of a mortgaged property even though the related mortgage loan is not in default. If the mortgaged property is ordered to be sold, the bankruptcy court may refuse to order payment of the prepayment premium required under the terms of the mortgage note. In that case, we may not collect the full prepayment premium, or we may collect only a portion of the prepayment premium pursuant to an agreement with the creditors' committee.

Voluntary Prepayments. A borrower may voluntarily prepay the loan in full during the prepayment term that is disclosed on Annex A. Except during the open prepayment term, each mortgage loan in the pool requires payment of a prepayment premium if the loan is prepaid voluntarily, as disclosed on Annex A. No portion of a prepayment premium, if any, collected by us will be passed through to certificateholders. See “**PREPAYMENT OF A MORTGAGE LOAN—Voluntary Prepayment—Prepayment Premiums**” for additional information concerning prepayment premiums. If a mortgage loan in the pool is prepaid in full for any reason, its stated principal balance, together with accrued interest, will be distributed to certificateholders. If the pool contains only one mortgage loan, a prepayment of the loan will cause the pool to be terminated and the proceeds to be passed through to certificateholders. See “**PREPAYMENT OF A MORTGAGE LOAN—Voluntary Prepayment**” for additional information.

Borrower Refinancings. Borrowers seek to refinance their mortgage loans for a number of different reasons. Refinancings occur most often when current interest rates on new mortgage loans have declined below the interest rates on existing loans. It is difficult to predict how low interest rates must decline before significant numbers of mortgage loans are refinanced, resulting in prepayments. Moreover, each mortgage loan in the pool requires a borrower to pay a prepayment premium if the loan is prepaid, which may lessen the effect of declining interest rates and limit the attractiveness of refinancing.

It is a common practice in some states, including the states of Florida, Maryland, and New York, to modify an existing mortgage loan in lieu of doing a traditional refinance in which the previous mortgage loan is extinguished and a new mortgage loan is created. We treat these modifications as refinancings.

If a borrower refinances a mortgage loan in the pool, the proceeds from the borrower's new mortgage loan will pay off the existing mortgage loan, resulting in a prepayment of principal to certificateholders, together with accrued interest.

Sales of Mortgaged Properties. Prepayments may increase when market values for multifamily properties increase in a geographic area. Each mortgage loan in the pool requires the borrower to pay a prepayment premium if the loan is voluntarily prepaid, which, in some instances, may lessen the likelihood of a borrower pursuing a sale despite increased market values. However, the increased market value of a mortgaged property may exceed the amount of the prepayment premium, thereby lessening the deterrent effect of the prepayment premium. If a mortgaged property securing a mortgage loan in the pool is sold and the purchaser does not assume the loan, proceeds from the sale will pay off the loan, resulting in a prepayment of principal to certificateholders, together with accrued interest.

Casualty or Condemnation Action. A mortgage loan in the pool may experience an involuntary prepayment as the result of the receipt of casualty insurance proceeds or amounts received in connection with a condemnation action affecting the related mortgaged property. Except in very limited circumstances in connection with certain condemnation actions, the borrower is not required to pay a prepayment premium in such cases. See **“PREPAYMENT OF A MORTGAGE LOAN—Involuntary Prepayment—Proceeds of Casualty or Condemnation Action”** for additional information.

Application of Other Collateral. If we apply collateral or other security to reduce the unpaid principal balance of a mortgage loan in the pool, the resulting reduction in or payment in full of the unpaid principal balance may result in a prepayment of the mortgage loan. The borrower would generally be required to pay a prepayment premium in this case. The partial or full prepayment would result in a prepayment of principal to certificateholders, together with accrued interest. See **“PREPAYMENT OF A MORTGAGE LOAN—Involuntary Prepayment—Proceeds from Other Collateral”** for additional information.

Overpayments of Interest or Other Charges. If we reduce the unpaid principal balance of a mortgage loan in the pool by applying amounts paid by the borrower as interest or charges under the mortgage loan documents that are later determined to be greater than those permitted by applicable law, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower is not required to pay a prepayment premium in this case.

Reamortization of Principal. Casualty insurance proceeds, condemnation awards, or proceeds from other collateral may be applied against the unpaid principal balance of a mortgage loan in the pool. If this involuntary prepayment is a partial prepayment, each mortgage loan in the pool permits or requires reamortization of the remaining principal.

If a mortgage loan is reamortized, the fixed monthly principal payment amount on the loan is adjusted, causing a change in the amount of interest paid by the borrower and a corresponding change in the amount of principal and interest passed through to the certificateholders each month, affecting your yield. The mortgage loan may have a balloon payment at maturity. For a further discussion of the consequences of the reamortization of principal, see **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—General—Under certain circumstances, each mortgage loan in the pool permits reamortization of principal after a partial prepayment of principal, which may reduce the monthly distributions on the certificates, affecting your yield.”**

Additional Mortgage Loans. A mortgage loan in the pool may be secured by a mortgaged property that already secures another mortgage loan, or an additional mortgage loan secured by the mortgaged property may be made in the future. The mortgage loan documents for each mortgage loan in the pool provide that all mortgage loans secured by a mortgaged property are cross-defaulted with each other. As a result, a default under an existing or future mortgage loan secured by the mortgaged property securing the mortgage loan in the pool will trigger a default under the mortgage loan. See **“—Cross-Default and Cross-Collateralization Provisions”** for additional information about cross-defaults and **“THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Existing and Future Supplemental Mortgage Loans”** for additional information.

Assumptions and Transfers. Each mortgage loan in the pool permits the lender to require payment in full if the borrower sells or transfers either the related mortgaged property or the equity ownership interests in the borrower without the consent of the lender. However, for each mortgage loan in the pool that is non-recourse to the borrower, the loan is generally permitted to be assumed by a new borrower (or direct or indirect equity ownership interests are permitted to be transferred to a transferee) so long as the new borrower/transferee meets our then-current standards of creditworthiness and management ability. If a mortgage loan is being assumed, the new borrower/transferee generally is required to execute an assumption agreement. Although transfer fees and/or assumption fees are generally required for both transfers and assumptions, we may waive those fees in our discretion. If we receive any transfer fee and/or any assumption fee in connection with an assumption or a transfer, no portion of the fee will be shared with certificateholders.

Transfers and assumptions are generally not permitted for a mortgage loan in the pool that has recourse to the borrower. See **“THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Recourse Mortgage Loans.”**

Cross-Default and Cross-Collateralization Provisions. A mortgage loan in the pool may be cross-defaulted with one or more existing or future mortgage loans if all of the loans either have the same borrower or have different borrowers that are directly or indirectly owned or controlled by a common entity. If a mortgage loan

is cross-defaulted with another loan (a “crossed loan”), an event of default under the crossed loan would be an event of default under the mortgage loan in the pool. In this case, in addition to declaring the defaulted crossed loan immediately due and payable, we also may declare the mortgage loan in the pool immediately due and payable.

A cross-defaulted mortgage loan in the pool may also be cross-collateralized with the crossed loan. If so, the mortgaged property securing the mortgage loan in the pool also secures the crossed loan, and the property securing the crossed loan (the “crossed mortgaged property”) also secures the mortgage loan.

If a mortgage loan in the pool is cross-collateralized and cross-defaulted with a crossed loan, an event of default under the crossed loan may result in the foreclosure and sale of not only the crossed mortgaged property but also the mortgaged property securing the mortgage loan in the pool. If the mortgage loan in the pool defaults and payment of the unpaid principal balance is accelerated, or if the related mortgaged property is sold to satisfy the obligations under the mortgage loan or the crossed loan, the mortgage loan will be paid in full and its stated principal balance, together with accrued interest, would be distributed to certificateholders. See “**THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Cross-Collateralized and Cross-Defaulted Mortgage Loans**” for additional information.

Prepayments Related to Servicing Practices for Distressed Loans

Events of Default

A mortgage loan in the pool may be prepaid as the result of an event of default on the loan. An event of default may occur under a mortgage loan for different reasons, including a borrower’s failure to make timely payments on the loan, a transfer or assumption of the loan without the lender’s consent, or a breach of any of the covenants and requirements disclosed in this prospectus or customarily found in commercial loans. If we purchase a defaulted mortgage loan as permitted or required by the trust documents, if the related mortgaged property securing the defaulted mortgage loan is sold, or if we purchase the related mortgaged property from the trust after the trust acquired the property in satisfaction of the defaulted mortgage loan, there will be a prepayment of principal of the loan to certificateholders. See “—*Servicing Practices for Distressed Loans.*” In the case of many defaulted mortgage loans, we are entitled under the mortgage loan documents to receive a prepayment premium from the borrower but are unable to collect it.

If a mortgage loan in the pool is in default and the default interest paid by the borrower is found to be usurious, any portion of the default interest paid in excess of the permitted amount is applied to reduce the unpaid principal balance of the mortgage loan. Applying the excess interest to reduce the principal of the mortgage loan will result in an involuntary partial prepayment of principal of the loan, resulting in a partial prepayment of principal to certificateholders. No prepayment premium will be payable as the result of an involuntary prepayment due to the application of excess interest. No reamortization of principal is permitted under these circumstances.

Servicing Practices for Distressed Loans

Mortgage loans are considered distressed if (i) a payment default has occurred and is continuing or (ii) a payment default has been determined to be reasonably foreseeable as defined in the Code and as determined by our then-current servicing practices. The trust documents require either Fannie Mae or the primary servicer to evaluate the borrower’s financial condition as well as the condition of, and circumstances affecting, the related mortgaged property in determining whether a payment default on a mortgage loan is reasonably foreseeable. Fannie Mae or the primary servicer may consider a number of factors in making that determination including the following: net cash flow of the mortgaged property and debt service coverage ratio of the mortgage loan; payment history of the borrower on other mortgage loans; the loan-to-value ratio at the time the mortgage loan was originated; the current loan-to-value ratio; whether scheduled payments on the mortgage loan have changed or are scheduled to change; material declines in the liquidity and net worth of the borrower; and the occurrence of a natural disaster, terrorist attack, or other catastrophe.

Under the trust documents, if a mortgage loan in the pool is a distressed loan, Fannie Mae or the primary servicer may use one or more permitted loss mitigation alternatives or may modify the loan if a temporary change in payment terms or a modification is determined to be advisable to bring or keep the loan current. If loss mitigation or modification efforts are unsuccessful, a distressed mortgage loan that is in payment default may be purchased from the pool as permitted under the trust documents, which would result in a prepayment of principal to certificateholders. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool.**”

Some of the more common loss mitigation and modification alternatives we use are described below.

Forbearance and Repayment Plans. A common technique we use in attempting to bring a borrower current on a mortgage loan is a forbearance arrangement with a repayment plan. Under a forbearance arrangement, Fannie Mae may agree to accept a reduced payment or to forgo payment and refrain from pursuing remedies for default against a borrower during the term of the forbearance. Under such a forbearance arrangement, the borrower repays delinquent amounts typically by making payments higher than the regularly scheduled payments until the mortgage loan is brought current. Mortgage loans subject to such forbearance arrangements would typically remain in the pool during the respective forbearance and repayment plan periods. Any such forbearance arrangements will not affect the timing of payments of principal and interest to certificateholders.

Modifying a Distressed Loan in the Pool. Under certain circumstances, we may determine that the terms of a mortgage loan must be modified. The trust documents permit a modification of a distressed mortgage loan as part of a loss mitigation alternative while the mortgage loan remains in the pool so long as the modification is made in accordance with the trust documents and with our prior consent.

In a loan modification, the primary servicer, on behalf of Fannie Mae, and the borrower enter into an agreement that revises the original terms of the mortgage loan (for example, reduces the interest rate on the loan, reduces the monthly payments on the loan, capitalizes past due amounts as part of the principal balance, and/or extends the maturity of the loan). The trust documents permit a mortgage loan to remain in the pool after a modification if the loan was in payment default or if Fannie Mae or the primary servicer had determined that a payment default was reasonably foreseeable. If a modified mortgage loan remains in the pool, we will provide information about the modification in DUS Disclose. Under our trust documents, any modification to the terms of a distressed mortgage loan that remains in the pool will not affect the timing or amount of payments of principal and interest to certificateholders unless the loan is purchased from the pool for a reason permitted under the trust documents. Notwithstanding the modification authority provided in the trust documents, our current servicing practices as of the date of this prospectus generally would not allow any such modifications for mortgage loans in the pool.

If the modification is unsuccessful, a distressed mortgage loan that is in payment default may be purchased from the pool as permitted under the trust documents, which would result in a prepayment of principal to certificateholders. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from the Pool.**”

Under most circumstances, if a distressed mortgage loan is in payment default, our current practice is to remove the mortgage loan from the pool before any modification is made. If a mortgage loan is removed from the pool for this reason, its stated principal balance will be distributed to certificateholders, but no prepayment premium is payable. If a mortgage loan is considered distressed because a payment default is considered to be reasonably foreseeable, we may permit the loan to be modified while it remains in the pool. However, we do not permit the removal of such a mortgage loan from the pool on the basis that a payment default is considered reasonably foreseeable.

Short Sales/Short Payoffs, Deeds in Lieu and Foreclosure. If it appears that none of the loss mitigation alternatives will be appropriate to the borrower’s circumstances and provide a reasonable chance of the borrower becoming or remaining current, we may permit a short sale of the mortgaged property, agree to accelerate maturity and accept less than the outstanding unpaid principal balance of the mortgage loan (“short payoff”), accept a deed in lieu of foreclosure, or foreclose on the mortgaged property. With a short sale or short payoff, the full principal amount of the mortgage loan is due, but we accept less than the loan’s outstanding unpaid principal balance from sale or refinancing proceeds received by the borrower. If we accept a short sale or short payoff by the borrower, we would pass through the stated principal balance of the mortgage loan to certificateholders after the payoff (even if the stated principal balance is more than the payoff proceeds we receive). If we accept a deed-in-lieu of foreclosure or foreclose on the mortgaged property, the property is typically purchased from the pool within 60 days after the date we accepted the deed-in-lieu or the date of the foreclosure sale. In those cases, we pass through the stated principal balance of the mortgage loan to certificateholders.

We do not anticipate that the trust will hold any real estate acquired as a result of a default (“real estate owned property” or “REO property”) at any time. However, in the unlikely event that the trust holds REO property, current federal income tax rules require REO property to be purchased from the trust no later than the close of the third calendar year following the calendar year in which the trust acquired the REO property. This timing may be affected by any future changes in the federal income tax rules.

Purchases of Delinquent Loans. Under the trust documents, we may purchase a delinquent mortgage loan from the pool if the loan has been in a state of continuous delinquency during the period from the first missed payment date through the fourth consecutive payment date (even though the borrower may have made some payments during that period). For example, if a borrower fails to pay the January 1 payment but makes a full or partial monthly payment on February 1, March 1, and April 1, the mortgage loan could be purchased from the pool as soon as April 2. In addition, under limited circumstances, we may purchase a mortgage loan from the pool if the loan is at least 30 days delinquent with respect to a payment that is due on any of the first four consecutive payment dates that occur after we acquired the loan. Any such purchase must occur within 90 days after the fourth consecutive payment date. Finally, subject to certain conditions, we must purchase a mortgage loan from the pool no later than the day on which the loan becomes 24 months past due.

THE MORTGAGE LOAN POOL

Each mortgage loan in the pool is evidenced by a promissory note and secured by a deed of trust, mortgage or similar security instrument creating a lien on a multifamily residential property consisting of five or more residential units. Each mortgage loan bears interest at an adjustable rate and requires the borrower to make monthly payments of principal and interest, or interest only, during all or a portion of its term, as disclosed on Annex A. A mortgage loan may have been originated for the purpose of either financing the purchase of, or refinancing a mortgage loan secured by, a multifamily property.

Assignment of Mortgage Loans; Delivery and Custody of Mortgage Loan Documents

The trust documents require that, at the time the certificates are issued, each mortgage loan comprising the trust, together with all principal and interest payments that are made on or with respect to the mortgage loan and that are due after the issue date, must be assigned to the trustee. Each mortgage loan held in the trust will be identified in a schedule described in the related trust issue supplement.

The trust documents require that certain documents be maintained by the trustee (or a custodian for the trustee) for each mortgage loan, including the original mortgage note (or other instrument of indebtedness) endorsed in blank or to the order of the issuer or the trustee. If the original note is lost or otherwise unavailable, a lost note affidavit may be satisfactory if certain criteria are satisfied. The trust documents also provide that mortgage loan documents may be maintained in electronic format.

Under the terms of the trust documents, an unaffiliated third-party, the issuer, the seller, the master servicer, the trustee, a primary servicer, a subservicer or an affiliate of any of these entities may act as custodian. If we are not the custodian, our current policies require that the custodian must be either (a) a financial institution supervised and regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (“FDIC”), or the National Credit Union Administration (“NCUA”), (b) a subsidiary of a parent financial institution that is supervised and regulated by one of these entities, or (c) a Federal Home Loan Bank. In certain cases, we may permit the seller of the mortgage loan or an affiliate of the seller to act as our document custodian, provided that the entity meets these and certain additional requirements. We may modify our practices regarding the custody of mortgage loan documents at any time, subject to certain standards of care and other requirements described in the trust documents. We periodically review our custodial practices and, subject to the terms of the trust documents, make changes as we determine appropriate.

Before issuing certificates, we review the mortgage loan schedule for that issuance and later may, from time to time, conduct random spot checks to confirm that the related mortgage loan documents are held by the custodian. As a general rule, a Uniform Commercial Code financing statement, or UCC-1, is filed against any seller that has sold us mortgage loans under a contract in which the seller assumes any recourse or loss sharing on the mortgage loans. In the event of a bankruptcy or receivership of a seller, a court could determine that the mortgage loans were not sold to us but were pledged to us to secure a financing. Courts may also deny our standing to enforce delinquent mortgage loans if we cannot adequately prove our ownership. If as a result of any such determination mortgage loan payments were inadequate to cover the amounts due to certificateholders, we would make payments to the trust under our guaranty in the amount required by the trust to pay certificateholders what they are due. See **“RISK FACTORS—RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS—Seller and Servicer Credit Factors.”**

Age of Mortgage Loans at Time of Pooling

A mortgage loan in the pool may be newly originated or may have been outstanding for a period of months or years before being deposited into the pool. A mortgage loan may be deposited into a newly created pool shortly after we acquire it or, if it was held in our loan portfolio for some period of time, may be deposited into a portfolio pool.

Pool Disclosure Documents

As we do for each issuance of certificates, we prepared disclosure documents that describe the terms of the certificates offered hereby. The at-issuance disclosure documents for the certificates are this prospectus and any documents incorporated by reference into this prospectus. See “**INCORPORATION BY REFERENCE.**” This prospectus is available on our website through DUS Disclose.

Except as otherwise stated, the at-issuance disclosure documents contain the most current information available to us as of the issue date of the certificates. During the applicable offering period for the certificates, corrections to the at-issuance disclosure are available through DUS Disclose. We do not revise the at-issuance offering documents after the offering period to provide any updated information. In determining whether to purchase the certificates in this initial offering, you should rely **ONLY** on the information in this prospectus and any information that we have incorporated into the prospectus by reference. We take no responsibility for any unauthorized information or representation.

Pool Prefixes

As part of our standard practice, we assigned a separate pool identifier to the pool and the certificates. We have also assigned a two-character pool prefix that identifies the type of adjustable-rate mortgage loans in the pool and the basic terms of the certificates. Information provided by a pool prefix includes whether the certificates and each mortgage loan calculate interest on the 30/360 basis, the actual/360 basis or some other basis; the length of the terms of each mortgage loan; and whether each mortgage loan is fully amortizing or has a balloon payment at maturity.

Pool prefixes are intended to provide a convenient reference source for the characteristics of mortgage loans in a pool. **Nevertheless, when deciding whether to purchase the certificates offered hereby, you should rely on pool prefixes ONLY in conjunction with the information in this prospectus and any information that we have incorporated into this prospectus by reference.**

DUS Disclose provides a link to a web page with a list of multifamily pool prefixes and definitions.

Monthly Pool Factor and Other Periodic Disclosures

On or about the fourth business day of each month, we will publish the current monthly pool factor for each issuance of certificates that remains outstanding. If you multiply the monthly pool factor by the original unpaid principal balance of the certificates, you will obtain the then-current principal balance of the certificates, after giving effect to the monthly principal payment to be passed through on the distribution date in that month.

We provide updated pool, mortgage loan, and mortgaged property information on an ongoing basis on DUS Disclose. Property information includes updated ratings of property condition that are made available to us by the lender as and if required by a borrower’s mortgage loan documents. The specific information that is updated may vary among different pools.

Updated and ongoing disclosure for our pools, mortgage loans, and related mortgaged properties is available on DUS Disclose and is available to certificateholders and all other market participants for review and analysis. Unless otherwise stated in this prospectus, information on our website is **not** incorporated by reference into this prospectus.

Glossary

The “Glossary,” which is available in DUS Disclose, contains definitions of many of the terms used on Annex A and throughout DUS Disclose.

THE MORTGAGE LOANS

We acquire mortgage loans that are originated for the purpose of purchasing, refinancing and/or rehabilitating multifamily residential properties, including apartment buildings, apartment communities, small

apartment properties, seniors housing, cooperative housing projects, manufactured housing communities, student housing and military housing. Multifamily properties may also be affordable multifamily housing.

Each mortgage loan in the pool was originated by either a DUS lender approved under our Delegated Underwriting and Servicing product line (“DUS”) or by a lender that is not a DUS lender but that has been determined by us to meet our eligibility standards (a “non-DUS lender”). See “**FANNIE MAE PURCHASE PROGRAM—Seller and Servicer Eligibility.**” DUS lenders and non-DUS lenders are identified on our website.

DUS Disclose specifies whether a mortgage loan in the pool was originated by a DUS lender (a “DUS loan”) or by a non-DUS lender (a “non-DUS loan”). Each mortgage loan is secured by a mortgage lien on a multifamily residential property; the priority of the mortgage lien securing each mortgage loan in the pool is disclosed on Annex A. Each mortgage loan was underwritten in accordance with the underwriting guidelines set forth in the Multifamily Guide and is documented either on our standard multifamily mortgage loan documents, including a loan and security agreement, a promissory note and a mortgage, deed of trust or other security instrument, or on other multifamily mortgage loan documents that we have reviewed.

Underwriting Mortgage Loans

Each mortgage loan in the pool was underwritten and is serviced according to the guidelines set forth in the Multifamily Guide, subject to any modifications to the guidelines that may have been approved for a particular loan.

Waivers

Our underwriting guidelines in the Multifamily Guide are guidelines and not rigid requirements. When a borrower requests the waiver of one or more of the underwriting guidelines with respect to a mortgage loan, the waiver is granted when the waiver is deemed to be prudent given all the circumstances. Those circumstances may include the creditworthiness of the borrower and its related principals or competitive pressures in a particular market. For example, one guideline that may be waived is the requirement that each borrower be a single-asset entity. This requirement is designed to provide protection against the possibility that the borrower will become bankrupt, but the requirement is sometimes waived if the borrower has a strong credit rating, particularly if the mortgage loan is relatively small in size. In addition, our guidelines prohibit assumptions by new borrowers or transfers of interests in borrowers without the prior consent of the lender or us and payment of a transfer fee and/or assumption fee. However, the mortgage loan documents may permit transfers of minor interests or to family limited partnerships or other estate planning vehicles without prior consent or payment of a fee.

While both Fannie Mae and the lender must approve certain waivers, the lender in its discretion may approve many waivers without obtaining our approval. When a waiver requires our approval, we may grant or deny the waiver in our discretion.

Tiers and Tier-Dropping

The Multifamily Guide provides that, when purchased, each mortgage loan in the pool is assigned to the tier disclosed on Annex A. Each tier has minimum underwritten debt service coverage ratio and maximum underwritten loan-to-value ratio requirements. The required values may be changed from time to time. The tier assigned to a mortgage loan should not be relied upon to predict performance of the loan.

A mortgage loan that permits a “tier drop subordinate loan” to be placed on the related mortgaged property is a “tier drop eligible loan.” A “tier drop subordinate loan” is a subordinate mortgage loan that, when combined with the related senior mortgage loan, has a combined loan-to-value ratio greater than, and/or a combined debt service coverage ratio less than, the following: (A) (i) if the senior mortgage loan backs outstanding MBS certificates, the respective values disclosed on Annex A related to the outstanding MBS certificates or (ii) if the senior mortgage loan is held in our loan portfolio, the respective values applicable at the time we acquired the senior mortgage loan, and (B) the respective values required by the tier applicable to the senior mortgage loan on the issue date of the certificates offered hereby. Annex A discloses whether a mortgage loan in the pool is a “tier drop eligible loan.”

Delivering Mortgage Loans

With respect to each mortgage loan delivered to us, the lender may have sold the loan to us for cash or the lender may have exchanged the loan for certificates that evidence an interest in the pool. If the lender exchanged a mortgage loan for certificates, the lender may retain the certificates or sell the certificates to a third-party investor.

A lender may sometimes sell certificates to an investor at a premium over their face value. On occasion, we may share with the lender a portion of the premium paid by the investor.

When lenders decide to sell mortgage loans to us for cash, we place the loans in our loan portfolio. Once the mortgage loans are in our loan portfolio, we may retain them in our loan portfolio until their maturity, or we may hold them for some period of time and then deposit them into portfolio pools and issue certificates backed by the loans. We may then sell the certificates to third-party investors or place the certificates in our securities portfolio.

DUS Loans

A DUS loan is a mortgage loan originated by a DUS lender under the guidelines set forth in the Multifamily Guide, subject to any modifications to the guidelines that may have been approved for a particular loan. We delegate to the DUS lenders the responsibility for underwriting and servicing DUS loans according to these guidelines. In return for our delegation of the responsibility for underwriting and servicing DUS loans, the DUS lenders enter into arrangements with us that specify the method of sharing any losses on the DUS loans that they deliver and/or service. These arrangements vary among DUS lenders and may provide for different loss sharing among various transactions, ranging from the DUS lender bearing a specified first loss percentage for a transaction to a DUS lender having no loss sharing obligation for a transaction. We do not disclose the loss sharing applicable to a DUS loan.

Non-DUS Loans

A non-DUS loan is a mortgage loan originated by a non-DUS lender under the guidelines set forth in the Multifamily Guide, as the guidelines may be modified for a specific loan or transaction.

The contract between Fannie Mae and each non-DUS lender provides that, when purchased, each non-DUS loan is assigned to one of the tiers discussed in “—**Underwriting Mortgage Loans—Tiers and Tier-Dropping.**” We generally delegate to the non-DUS lenders the responsibility for underwriting and servicing non-DUS loans according to the guidelines set forth in the Multifamily Guide or in a non-DUS lender’s contract with Fannie Mae, either of which may be modified for a specific loan or transaction. In return for our delegation of the responsibility for underwriting and servicing non-DUS loans, non-DUS lenders enter into arrangements with us that specify the method of sharing any losses on the non-DUS loans that they deliver and/or service. These arrangements vary among non-DUS lenders and may provide for different loss sharing among various transactions, ranging from a non-DUS lender bearing a specified first loss percentage for a transaction to a non-DUS lender having no loss sharing obligation for a transaction.

The Mortgage Loans in the Pool

Each of the mortgage loans in the pool is an adjustable-rate mortgage loan (a “SARM loan”), which bears interest at rates that adjust periodically in response to changes in an index defined below in “—**SARM Index.**” A SARM loan may have an initial fixed interest rate period during which interest accrues at a fixed rate that is not based upon an index or the loan’s mortgage margin. Beginning on the first interest rate change date for a SARM loan, interest on the loan will accrue at a rate equal to the index value plus the mortgage margin that was specified in the related mortgage note, subject to rounding. The first interest rate change date for a SARM loan in your pool may have occurred before the issue date of your certificates.

We calculate interest for each adjustable-rate pool at the pool accrual rate, which is equal to the weighted average of the mortgage interest rates less the fee percentages for each SARM loan in that pool. (Weighting is based on the stated principal balance of each SARM loan then remaining in the pool.) Therefore, the pool accrual rate is not a fixed pass-through rate and generally will vary from month to month as the interest rates on the SARM loans change and as the SARM loans amortize or prepay.

Certain Defined Terms

The following illustrates the methods for determining the fee percentage, MBS margin, mortgage interest rate, and net interest rate for each SARM loan in the pool and the pool accrual rate:

Fee Percentage	=	Servicing Fee + Guaranty Fee
MBS Margin	=	Mortgage Margin – Fee Percentage
Mortgage Interest Rate	=	Index Value + Mortgage Margin

Net Interest Rate	=	Mortgage Interest Rate – Fee Percentage
Pool Accrual Rate	=	Weighted Average of Net Interest Rates for all SARM loans in the pool.

MBS Margin

We established the MBS margin for each SARM loan in the pool in one of the following ways:

- *Fixed MBS margin pool.* The MBS margin may be the same for all mortgage loans in the pool, even though the mortgage margins may vary from loan to loan. We accomplish this by varying the fee percentage from loan to loan, so that the difference between each loan’s mortgage margin and its corresponding fee percentage results in an MBS margin that is the same for each loan.
- *Weighted average MBS margin pool.* The fee percentage may be the same for all mortgage loans in the pool, with the result that the MBS margins vary among the loans in the pool to the same degree as do their mortgage margins.

The MBS margins for the mortgage loans in the pool are disclosed on Annex A. Each month we make available updated MBS margin information for each pool on DUS Disclose.

SARM Index

The index used to determine the mortgage interest rates on the mortgage loans in the pool is either One-Month LIBOR or Three-Month LIBOR (the “index”), as disclosed on Annex A, which is the average of the London Interbank Offered Rates for one-month (One-Month LIBOR) or three-month (Three-Month LIBOR) U.S. Dollar-denominated deposits, as fixed on each index determination date by the ICE Benchmark Administration Limited, an affiliate of the Intercontinental Exchange Group. We make no representations as to the continued availability of the index or the date on which any particular index is published or made publicly available. If the index is no longer available or, in our determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available), we will chose a new index taking into account general comparability to the previous index and other factors. The interest rates on each of the mortgage loans in the pool will adjust based upon the same index. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—General—The use of an Index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by SARM loans using LIBOR indices.**”

How SARM Loans Work

Each mortgage loan in the pool bears interest at rates that adjust periodically in response to changes in the index.

- *Initial fixed-rate period.* For an initial period, interest on a mortgage loan may accrue at a fixed rate, which may or may not be based on the index value in effect at the time of the loan’s origination. Information about the interest rate is available in Annex A.
- *Calculation of the adjustable interest rate.* After the initial fixed-rate period, if any, the interest rate on a mortgage loan is adjusted at regular intervals specified in the mortgage note. On each interest rate change date, the interest rate is adjusted to equal the sum of the mortgage margin plus the latest index value available as of the date that precedes the interest rate change date by the number of days set forth in the mortgage note (the “lookback period”), as disclosed on Annex A. The result is rounded according to the rounding convention disclosed on Annex A.
- *Interest rate caps and floors.* No interest rate caps or floors limiting the amount by which the interest rate can increase or decrease apply to the mortgage loans. However, an interest rate on a mortgage loan may never be set at a rate lower than the related mortgage margin.
- *Payment change frequency and payment caps.* All payment changes on each mortgage loan will take effect in the month after each interest rate change. No payment caps limiting the amount by which the payment can increase or decrease apply to the mortgage loans.

- *Fixed principal payment.* The amount of principal, if any, payable each month (other than any applicable interest-only period) during the term of each mortgage loan is fixed throughout its term (the “fixed principal payment”) and disclosed on Annex A.

Interest Payable on the Loans

Methods for Calculating Interest. Interest on each mortgage loan in the pool is calculated under the actual/360 method. The amount of each monthly payment allocated to interest is based on the actual number of calendar days during the month for the actual/360 method rather than on 30 days in a month for the 30/360 method. In a 31-day month, more of the monthly payment amount is allocated toward interest using the actual/360 method than would be allocated toward interest using the 30/360 method. Because there are actually 365 or 366 days in a year, a mortgage loan using the actual/360 method amortizes more slowly and generates more interest than a mortgage loan with the same interest rate using the 30/360 method. As a result, a balloon mortgage loan accruing interest on the actual/360 basis is likely to have a larger balloon payment on the stated maturity date of the loan than would a balloon mortgage loan accruing interest at the same interest rate on the 30/360 basis. See “**DESCRIPTION OF THE CERTIFICATES—Distributions on Certificates—Interest Distributions**” for additional information.

Mortgage Loan Interest Rate Change Dates. During the period before the first interest rate change, the initial interest rate on a mortgage loan may not bear a direct relation to the index value at the time of origination. The interest rate on each mortgage loan is subject to change at the end of the initial period and on the first day of the first or third calendar month thereafter (each, a “rate change date”). Rate change date information is disclosed on Annex A.

Calculation of Mortgage Loan Interest Rate. We will adjust the interest rate on each mortgage loan on each rate change date to equal:

- (i) the latest index value available as of a specified date that precedes the related rate change date by the lookback period as disclosed on Annex A, plus
- (ii) a specified percentage amount (the “mortgage margin”) that was set when the loan was originated and disclosed on Annex A.

The rounding method used in adjusting the interest rate is disclosed as “Note Rate Rounding Methodology” on Annex A.

Mortgage Loan Interest Rate Limits. There is no limit on the amount by which the interest rate on a mortgage loan in the pool may increase or decrease on any rate change date. In addition, there is no limit on the amount by which the interest rate on a mortgage loan may increase or decrease over its lifetime. The interest rate on a mortgage loan will never be less than the mortgage margin for the loan.

Interest Rate Hedge Agreements. A borrower on a mortgage loan in the pool may have been required under our underwriting guidelines to purchase an interest rate hedge agreement during the term of the loan to mitigate the risk of changes in the index. The term of the interest rate hedge agreement varies but may be shorter than the term of the mortgage loan, requiring the purchase of a replacement interest rate hedge agreement during the term of the loan.

A failure by a borrower to purchase an interest rate hedge agreement if required to do so would be an event of default under the mortgage loan, which may result in acceleration and payment in full of the loan. If that occurred, the mortgage loan would be purchased out of the pool, which would accelerate the payment of principal on your certificates. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments due to Purchases of Mortgage Loans from the Pool.**”

Payments on the Loans

Each mortgage loan in the pool requires either monthly payments of principal and interest or monthly payments of interest only and may require a balloon payment at maturity. Annex A discloses whether each mortgage loan in the pool provides the borrower with an option to convert the loan from an adjustable rate to a fixed rate during a stated period of time. See “**—Convertible SARM Loans**” for further information about this feature. The amount of the fixed principal payment, if any, payable during the term of a SARM loan is also disclosed on Annex A.

Payment Change Dates. One month after each rate change date (each, a “payment change date”), the amount of the monthly payment on each mortgage loan will change to reflect the adjusted interest rate. Payment change date information is disclosed on Annex A.

On each payment change date, the amount of the monthly payment is adjusted to reflect the change in interest rate on the preceding rate change date. There is no limit on the amount by which the monthly payment on a mortgage loan may increase or decrease on any payment change date.

Calculation of Mortgage Loan Monthly Payments. Monthly payments on a mortgage loan are determined in one of the following ways:

- *Full Interest-Only SARM Loan with a Balloon Payment.* No scheduled principal payments are due on a loan during its term. During the term of the mortgage loan, each time the rate is adjusted, the borrower’s required monthly debt service amount is set at the amount necessary to pay only the monthly interest due on the outstanding principal balance at the then-applicable mortgage interest rate. The final scheduled payment at maturity includes a balloon payment of all outstanding principal.
- *Partial Interest-Only to Amortizing SARM Loan with a Balloon Payment.* During the interest-only period the borrower’s required monthly debt service amount is set at the amount necessary to pay only the monthly interest due on the outstanding principal balance of the loan at the then-applicable mortgage interest rate. After the end of the interest-only payments, and after each subsequent rate adjustment, the required monthly debt service amount changes to the amount necessary to pay interest at the then-applicable mortgage interest rate plus the monthly fixed principal payment specified on Annex A. The final scheduled payment at maturity includes a balloon payment of all outstanding principal.
- *Amortizing SARM Loan with a Balloon Payment.* During the term of the mortgage loan the borrower’s required monthly debt service amount is set at the amount necessary to pay interest at the then-applicable mortgage interest rate plus the monthly fixed principal payment specified on Annex A. The final scheduled payment at maturity includes a balloon payment of all outstanding principal.
- *Fully Amortizing SARM Loan.* During the term of the mortgage loan the borrower’s required monthly debt service amount is set at the amount necessary to pay interest at the then-applicable mortgage interest rate plus the monthly fixed principal payment specified on Annex A in order to fully amortize the outstanding principal balance of the loan over the term of the loan.

Convertible SARM Loans

During the initial adjustable-rate term of each mortgage loan in the pool, the loan bears an adjustable rate, and certificateholders receive interest as described in “—*Payments on the Loans—Calculation of Mortgage Loan Monthly Payments.*” Subject to certain conditions, a mortgage loan may permit the borrower to exercise an option to convert the loan from an adjustable-rate loan to a fixed-rate loan. A borrower may exercise the option to convert a mortgage loan to a fixed-rate loan only if (i) the debt service coverage ratio (using the applicable fixed rate and calculated in accordance with the Multifamily Guide) for the loan is equal to at least the minimum conversion debt service coverage ratio specified in the related mortgage loan documents, (ii) there is no material event of default under the loan, and (iii) the borrower has satisfied any additional conditions that the mortgage loan documents may provide. If the borrower exercises the option to convert the rate on a mortgage loan, the adjustable rate of interest on the loan will change to a fixed rate. The borrower is not required to pay a prepayment premium if a mortgage loan is converted to a fixed-rate loan.

If conversion is permitted, the conversion may occur on any rate change date during the conversion term is specified on Annex A. While the trust documents give us the option upon a conversion either to purchase the SARM loan from the pool or to retain the SARM loan in the pool after the conversion, our current policy provides that we will purchase the SARM loan from the pool. The purchase will be effective no later than the calendar month before the loan begins to accrue interest at the new fixed rate. The purchase price of the SARM loan will equal its stated principal balance plus one month’s interest at the then-current net interest rate, which will be passed through to certificateholders on the distribution date in the month following the purchase. See “**RISK FACTORS—RISKS RELATING TO INVESTMENT SUITABILITY—If the pool contains SARM loans that may be converted into fixed-rate loans, the pool may have higher rates of prepayment, accelerating the rate of principal payment on**

your certificates” for a description of certain risks associated with the conversion of a SARM loan to a fixed-rate loan and our purchase of the SARM loan from the pool.

Mortgage Loan Data

Annex A discloses information about each mortgage loan in the pool and the mortgaged property or properties securing the loan, including certain data and estimates (“data”) provided by the seller of the loan. The values disclosed for the data elements are the most recent values that are available to us at the issue date of the certificates but may relate to an earlier period or may no longer be accurate due to intervening events or conditions. Moreover, while these values are generally current for newly originated mortgage loans, the values may be significantly dated for many seasoned loans. Annex A discloses the date of the property value used to calculate the loan-to-value ratio for each mortgage loan in the pool.

General Characteristics of the Mortgage Loans

Although mortgage loans may have different methods for calculating interest and repaying principal, varying loan terms and restrictions and other features, they typically share the general characteristics described below. However, each mortgage loan in the pool backing the certificates has specific characteristics that may differ from loan to loan and may have different methods for calculating interest and repaying principal, varying loan terms and restrictions and other features. We require the seller to make certain representations and warranties to us about the characteristics of each mortgage loan delivered to us. See “**FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warranties.**”

The mortgage loans typically share the general characteristics described below.

Non-Recourse Mortgage Loans

Repayment of a non-recourse mortgage loan is secured solely by the mortgaged property and its cash flows; neither the borrower nor any borrower affiliate has any personal liability for the loan other than as set forth in the following paragraph. Thus, if a non-recourse mortgage loan becomes delinquent, the lender can foreclose on the mortgage loan and sell the mortgaged property but cannot look to other assets of the borrower or any borrower affiliate.

The mortgage loan documents for each mortgage loan in the pool provide that if specified events occur, the borrower and/or a borrower affiliate will indemnify the lender for any costs that occur as a result of the event. These events generally include, among other things, a borrower’s breach of environmental representations and warranties and a failure to fund and maintain required capital expenditures (replacement reserves).

The mortgage loan documents for each mortgage loan in the pool also provide that the borrower and/or a borrower affiliate may become personally liable for payment of the loan under certain circumstances, including but not limited to the following:

- the borrower fails to comply with the single-asset entity requirements of the mortgage loan documents, if applicable;
- the borrower transfers the mortgaged property or direct or indirect ownership interests in the borrower other than as permitted in the mortgage loan documents;
- the borrower (i) enters into a voluntary bankruptcy or (ii) is placed into an involuntary bankruptcy with the consent, encouragement or active participation of borrower, any key principal, any payment guarantor or any affiliate of the borrower; or
- the borrower, any key principal, any payment guarantor or other affiliates makes a written material misrepresentation or material omission or engages in fraud in connection with the application for the mortgage loan, ongoing financial and other reporting, or any request for action or consent by the lender.

In our discretion, we may waive certain remedies outlined above.

If a borrower or a borrower affiliate becomes personally liable for payment of a mortgage loan, the loan will become subject to the transfer restrictions described in “—***Recourse Mortgage Loans.***”

Recourse Mortgage Loans

A mortgage loan may be a recourse loan because the loan is evidenced by a mortgage note providing for recourse or is guaranteed as to payment, in whole or in part, by a borrower affiliate for all or a portion of its term. In addition, a non-recourse loan may become a recourse loan upon the occurrence of an event specified in “—***Non-Recourse Mortgage Loans***.”

Repayment of a recourse mortgage loan is secured not only by the mortgaged property and its cash flows but also by the other assets of the borrower; the borrower or its affiliates have personal liability for the loan. A recourse loan may be assumed by or transferred to a new borrower under only limited circumstances (estate planning, easements, and similar events).

If a recourse mortgage loan becomes delinquent, not only can the lender foreclose on the loan and sell the mortgaged property, it can pursue repayment from the borrower and its other assets and, if applicable, from borrower affiliates, subject to restrictions under certain state laws. Annex A will disclose if a mortgage loan in the pool is a recourse mortgage loan on the issue date of the certificates.

Existing and Future Supplemental Mortgage Loans

Existing Mortgage Loans. If, on the issue date of the certificates, a mortgaged property securing a mortgage loan in the pool also secures one or more existing mortgage loans of which we are aware, information about the existing mortgage loans is disclosed on Annex A. Annex A will disclose the priority of the lien securing each existing mortgage loan. Any existing mortgage loan is not part of the pool and does not back the certificates being offered unless otherwise disclosed. If the necessary information is available, we will disclose a combined debt service coverage ratio and combined underwritten loan-to-value ratio for the mortgage loan in the pool and all existing mortgage loans secured by the related mortgaged property. We do not generally disclose any information about “soft” financing mortgage loans provided by a government agency or organization to promote affordable housing. See “—***Soft Financing Mortgage Loans***” for additional information.

Future Supplemental Mortgage Loans. After the issue date of the certificates, a borrower may request our approval to incur and to secure new supplemental debt by placing a new lien or liens on the mortgaged property already securing a mortgage loan in the pool. Before any supplemental debt may be incurred, we require the lender to determine that the new supplemental debt is permitted under the Multifamily Guide and that the combined debt service coverage ratio (including debt service on the new supplemental debt) evidences that the net cash flow of the mortgaged property is sufficient to support the mortgage loan and any other applicable existing debt. See “—***Underwriting Mortgage Loans—Tiers and Tier-Dropping***” for further information. Any new supplemental mortgage loan will not become part of the pool and will not back the certificates being offered.

In most cases, new supplemental debt will be subordinate to an existing mortgage loan, although it is possible for additional debt to be of senior or equal priority with the mortgage loan in the pool. Annex A will also disclose the priority of the lien securing the new supplemental debt. In addition, if we have securitized a subordinate mortgage loan and, during the term of the subordinate mortgage loan, the existing senior mortgage loan is paid in full. Under those circumstances, we may permit a new senior mortgage loan to be made and continue to subordinate the mortgage loan in the pool.

Cross-Default; Existing Mortgage Loans; Future Supplemental Mortgage Loans. Generally, all mortgage loans secured by a single mortgaged property (whether such mortgage loans existed on the issue date of the certificates or were added as a supplemental mortgage loan after the issue date of the certificates) are cross-defaulted with each other. As a result, an event of default on any mortgage loan secured by a mortgaged property that also secures a mortgage loan in the pool may cause an event of default on the mortgage loan, which may result in acceleration of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders. Although payment of a prepayment premium may be required, no portion of any prepayment premium that is collected will be passed through to certificateholders.

Soft Financing Mortgage Loans. Multifamily affordable housing properties may have existing financing in the form of a mortgage loan made to the borrower by a government agency, government organization or other entity to promote affordable housing. See “—***Affordable Housing Loans***” for additional information about multifamily affordable housing loans. The mortgage loan is generally secured by a subordinate mortgage on the mortgaged property securing the mortgage loan in the pool.

When a mortgage loan is delivered to us and the related mortgaged property also secures a subordinate mortgage loan initially characterized as soft financing, we review the subordinate mortgage loan to determine if it is likely to have any material adverse effect on the cash flow of the mortgaged property. If we conclude that the subordinate mortgage loan is unlikely to have such an effect, we consider the loan to be soft financing and typically do not provide disclosure about the loan or include its terms in calculating the loan-to-value and debt service coverage ratios disclosed for the mortgage loan in the pool.

The characteristics of a typical soft financing mortgage loan may include some or all of the following:

- The interest rate on the subordinate mortgage loan is nominal (1% or 2%, for example), or no interest is charged;
- Unpaid interest on the subordinate mortgage loan does not accrue;
- Interest on the subordinate mortgage loan is payable only from surplus, available or excess cash flow from the mortgaged property. (While the definition of surplus, available or excess cash flow (“surplus cash flow”) varies among transactions, it is generally cash flow that remains after paying debt service on the mortgage loan in the trust and operating expenses of the mortgaged property.);
- No principal payments are required over the term of the subordinate mortgage loan, or principal payments are payable only from surplus cash flow from the mortgaged property and are not intended to fully amortize the subordinate mortgage loan over its term;
- Failure to make an interest or principal payment due to a lack of surplus cash flow is not a default under the subordinate mortgage loan or, if it is a default, the lender cannot pursue remedies that would adversely affect the mortgage loan or mortgaged property;
- The term of the subordinate mortgage loan is longer than the term of the mortgage loan in the pool; or
- The subordinate mortgage loan may provide for incremental forgiveness over time or at its maturity date, or the subordinate mortgage loan is due only upon a sale of the mortgaged property.

Defaults under soft financing loans generally result from a borrower’s failure to comply with the occupancy restrictions imposed on the mortgaged property. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties**” for a discussion of defaults on multifamily affordable housing loans.

While soft financing is most commonly seen in connection with multifamily affordable housing loans, soft financing may be present in connection with mortgage loans that are not multifamily affordable loans.

Cross-Collateralized and Cross-Defaulted Mortgage Loans

On or after the issue date of the certificates, a mortgage loan in the pool may be either cross-defaulted or cross-collateralized with one or more other crossed loans if all the loans have or will have either a common borrower or different borrowers that are owned by a common entity. Crossed loans may be held in the same pool or in different pools, or one of the crossed loans may be held in our loan portfolio. Annex A discloses crossed loans existing at the issue date of the certificates.

Crossing with Existing Mortgage Loans. If a mortgage loan in the pool is cross-defaulted with a crossed loan (whether or not the crossed loan is included in the same pool), an event of default under the crossed loan would be an event of default under the mortgage loan in the pool. In this case, we may declare both the defaulted crossed loan and the mortgage loan in the pool immediately due and payable.

A cross-defaulted mortgage loan in the pool may also be cross-collateralized with a crossed loan. Cross-collateralization provisions expand the collateral available for repayment of the mortgage loan and the crossed loan to include both the related mortgaged property and the crossed mortgaged property. An event of default under a cross-collateralized crossed loan may entitle the holder of the crossed loan to foreclose on and sell both the crossed mortgaged property and the mortgaged property securing the mortgage loan in the pool.

If a mortgage loan in the pool defaults due to a default on a crossed loan and payment of the unpaid principal balance is accelerated, or if the mortgaged property securing the mortgage loan in the pool is sold to satisfy the obligations under the mortgage loan or the defaulted crossed loan, the stated principal balance of the mortgage loan, together with accrued interest, will be distributed to certificateholders.

Crossing with Future Mortgage Loans. The mortgage loan documents for a mortgage loan in the pool may provide that the loan may be either cross-defaulted or cross-defaulted and cross-collateralized with a mortgage loan to be made in the future by the same lender to the borrower or a borrower affiliate. Annex A will disclose if the mortgage loan documents provide that a future crossed loan may be made. Once made, the future loan will be a crossed loan as described in “—*Crossing with Existing Mortgage Loans.*”

One-Way Crossing. A lender that originated a new mortgage loan in the pool may have made an existing earlier loan to the borrower or a borrower affiliate that is secured by a different property. In some cases, the lender may wish to cross-default the new mortgage loan with the existing earlier loan, but neither the mortgage loan documents for the existing earlier loan nor the disclosure documents for the MBS backed by the existing earlier loan provide for a possible future cross-default with a new mortgage loan. Under these circumstances, we may permit the mortgage loan documents for the new mortgage loan to provide that a default under the existing earlier loan would be an event of default under the new mortgage loan; however, we will not permit the mortgage loan documents for the existing earlier loan to be modified to provide that an event of default under the new mortgage loan would be an event of default under the existing earlier loan.

Split Loans

A mortgage loan in the pool may be a split loan. A split loan consists of two separate mortgage loans, a senior mortgage loan and a junior mortgage loan, that are underwritten concurrently as a single credit but documented as two separate loans (i.e., separate loan agreements, mortgage notes, and security instruments). Each mortgage loan in a split loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the split loan transaction. The pool may contain the senior mortgage loan or the junior mortgage loan but not both loans.

Bifurcated Loans

A mortgage loan in the pool may be a bifurcated loan. A bifurcated loan consists of a single mortgage loan with the aggregate amount of the debt divided between two separate mortgage notes that have the same (i.e., *pari passu*) payment priority. Each mortgage note is secured by the same security instrument on the same collateral, including the mortgaged property. Each mortgage loan in a bifurcated loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the bifurcated loan transaction. The pool may contain either or both of the mortgage notes evidencing the single mortgage loan.

Mezzanine Loans and Preferred Equity

A mortgage loan in the pool may have associated financing in the form of either a mezzanine loan or preferred equity that exists at, or may be added after, the issue date of the certificates. Annex A discloses mezzanine loans and certain types of preferred equity existing at the issue date of the certificates.

Mezzanine Loans. In a mezzanine loan structure, a loan is made to a “mezzanine borrower” that is a direct or indirect equity owner of a mortgage borrower, and is secured by a pledge of the mezzanine borrower’s equity ownership interests in the mortgage borrower (for example, partnership interests in a limited partnership or membership interests in a limited liability company). Mezzanine debt is not an obligation of the mortgage borrower and is not secured by the related mortgaged property. The mortgage loan documents generally prohibit the mortgage borrower from distributing any cash flow to the mezzanine borrower or its equity owners if any amounts due under the mortgage loan have not been paid. If the mezzanine borrower defaults on the mezzanine loan and the mezzanine lender forecloses on the pledged equity ownership interests, the mortgage borrower would continue to own the mortgaged property and to be obligated under the mortgage loan. However, if the mezzanine borrower owned a controlling interest in the mortgage borrower, there would be a change in control of the mortgage borrower because the mezzanine lender would become the direct or indirect equity owner of the mortgage borrower.

We may participate in a variety of arrangements that involve mezzanine debt. In one arrangement, we invested as a passive, limited liability investor in a limited partnership or a limited liability company (the “fund”) in which an unaffiliated third-party investor has operational and managerial control. The fund originates mezzanine loans, some of which may be made to the equity owners of a mortgage borrower obligated on a mortgage loan that is then held, or may in the future be held, in a trust.

In another arrangement, a multifamily lender makes a mezzanine loan to the mezzanine borrower at the same time that it makes a mortgage loan to the mortgage borrower. The lender then transfers the mortgage loan to

us in exchange for cash or an MBS and transfers the mezzanine loan to us for cash. We immediately sell the mezzanine loan to an unaffiliated third-party mezzanine investor. Under this arrangement, we may be required to purchase the mezzanine loan if both we and the mezzanine lender determine that the mezzanine loan was not underwritten in accordance with certain pre-approved underwriting standards. Our obligation to purchase the mezzanine loan is in effect for only a limited period after the mezzanine loan has been sold to the mezzanine lender. If we purchase the mezzanine loan and the mezzanine borrower then defaults, we may foreclose on the equity ownership interests in the mortgage borrower that were owned by the mezzanine borrower. We will then become the owner of the equity interests in the mortgage borrower.

When a mezzanine loan is present, we sometimes enter into an intercreditor agreement with the mezzanine lender that requires cash flow from the mortgaged property to be used first for all payments due under the mortgage loan including debt service, repairs and reserves. Moreover, an intercreditor agreement generally restricts the ability of the mezzanine lender to (i) transfer the mezzanine loan or a controlling interest in the mezzanine loan, (ii) transfer a controlling interest in itself, or (iii) exercise its remedies upon a default under the mezzanine loan. An intercreditor agreement also imposes certain limitations on the mezzanine lender's right to cure a default on the mortgage loan.

We also permit approved multifamily lenders and other third parties to make mezzanine loans to the equity owners of a mortgage borrower at or after the time a mortgage loan is made to a mortgage borrower. These transactions may be structured in a variety of ways. However, we will not permit a mezzanine loan to be secured by a mortgaged property. Certain of these and other arrangements may cause conflicts of interest. See "**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments due to Mezzanine Financing and Preferred Equity**" in this prospectus.

Preferred Equity. In a preferred equity structure, the party making the investment (the "preferred equity investor") makes a capital contribution (the "preferred equity contribution") in exchange for a direct or indirect equity ownership interest in the mortgage borrower or a parent or affiliate that controls the mortgage borrower. The preferred equity investor is typically either a limited partner of a limited partnership or a non-managing member of a limited liability company.

A preferred equity investor has a preferred right of payment over the holders of common equity and may require periodic payments of principal and deemed interest on the amount of the preferred equity contribution until its equity contribution is repaid and an agreed-upon return is achieved. Moreover, a preferred equity investor may have rights and remedies against the other equity owners in the mortgage borrower if the mortgage borrower fails to pay the preferred equity investor as required by the preferred equity arrangement or fails to achieve specified financial, personal or other performance benchmarks. Like all equity distributions, preferred equity payments to a preferred equity investor in a mortgage borrower are generally made from the net cash flow generated from the mortgaged property. (For the purposes of this "*Preferred Equity*" subsection, "net cash flow" generally means cash flow remaining after satisfaction of all mortgage loan payment and funding obligations including capital expenditures (replacement reserves) and the operating expenses of the mortgaged property). The consequences of a failure to make preferred equity payments to preferred equity investors vary among different preferred equity structures and specific transactions.

Some preferred equity structures require preferred equity payments only to the extent sufficient net cash flow from the mortgaged property is available for such payments; the preferred equity investor generally does not have the right to accelerate or increase the preferred equity payments. In other cases, however, if the preferred equity payments are not made as agreed, or if other performance benchmarks are not satisfied, the preferred equity investor may have the right to cause a change in control of the mortgage borrower and, if a change in control occurs, may decide to sell the mortgaged property. We generally do not disclose the presence of preferred equity associated with a mortgage loan in the pool if the preferred equity has the characteristics described in this paragraph.

Other preferred equity structures have characteristics more often associated with mezzanine loans such as a stated maturity date and mandatory minimum equity payments regardless of whether the net cash flow generated by the mortgaged property is sufficient to make the payments, and often require a pledge to the preferred equity investor of the other direct or indirect ownership interests in the mortgage borrower. If the preferred equity payments are not made as agreed, the preferred equity investor may have any or all of the following rights, among others: the right to accelerate or increase the preferred equity payments; the right to cause a change in control of the borrower; the right to dilute the ownership of the holders of the common equity; and the right to force a sale of the mortgaged property.

We may permit approved multifamily lenders and other third parties to enter into preferred equity arrangements with a mortgage borrower or its parent or affiliate during the term of a mortgage loan in the pool. See “—**Ownership and Organizational Structures of Multifamily Borrowers—Primary Servicer as a Holder of Equity Interests in an Owner of a Mortgaged Property.**”

Ownership and Organizational Structures of Multifamily Borrowers

We describe below some common ownership or organizational structures of multifamily borrowers.

Single-Asset Entity Borrower

The borrower on a mortgage loan in the pool is usually a single-asset entity that does not own any assets other than the real property, furniture and fixtures that secure the loan. In some cases, however, the mortgage loan documents provide that a multi-asset borrower must become a single-asset entity within a specified period of time. A borrower’s failure to comply with the requirements set forth in the mortgage loan documents may result in an event of default on the mortgage loan.

Multiple-Asset Entity Borrower

The borrower on a mortgage loan in the pool is permitted to own real property, personal property, assets and/or the ownership or operation of other businesses in addition to the mortgaged property, furniture and fixtures that secure the loan. In cases where the borrower owns additional assets, there can be no assurance that liabilities, expenses or costs related to such other assets will not impact the borrower’s ability to make payments on the related mortgage loan. A borrower’s failure to comply with the requirements set forth in the mortgage loan documents may result in an event of default on the mortgage loan.

Tenancy-In-Common Borrower

A borrower on a mortgage loan in the pool may be structured as a tenancy-in-common. A tenancy-in-common is formed by two or more persons or entities, each of which has an undivided interest in the assets of the tenancy-in-common. The mortgage loan documents generally restrict certain transfers of ownership interests and may prohibit the tenancy-in-common parties from amending the tenancy-in-common agreement or taking other specified actions without our consent. The failure of a tenancy-in-common borrower to comply with these provisions may result in an event of default on the mortgage loan.

Borrower in Section 1031 Exchange

A borrower may acquire a mortgaged property through a Section 1031 exchange or Section 1031 reverse exchange. In that case, the mortgage loan documents may require that the Section 1031 exchange or Section 1031 reverse exchange be completed by a specified date and that certain transfers of ownership interest in the borrower take place. The failure of the borrower to fulfill these requirements may be an event of default on the mortgage loan.

Delaware Statutory Trust Borrower

A borrower may be organized as a Delaware statutory trust. In that case, it is common for the borrower to lease the mortgaged property to an affiliated master tenant who will be responsible for the day to day operations of the property. A failure by the master tenant to fulfill its obligations under the lease may result in an event of default under the mortgage loan. In addition, a Delaware statutory trust must have beneficial owners, a trustee, and a sponsor. The parties have specific rights and obligations among themselves, all of which are set out in the organizational documents. A party’s failure to comply with its obligations may result in an event of default on the mortgage loan.

Borrower or Borrower Affiliate with Limited Term of Existence

A borrower or a borrower affiliate that is the holder of a significant direct or indirect ownership interest in a borrower obligated on a mortgage loan in the pool may have a form of organization with a limited term of existence that is scheduled to end before the maturity date of the loan. In this case, the borrower may have an incentive to sell the related mortgaged property on or before the termination date with respect to such borrower or borrower affiliate. If the mortgaged property is sold, the mortgage loan may be prepaid or assumed by a new borrower that itself has a limited term of existence or is owned directly or indirectly by an entity with a limited term of existence. If a sale results in prepayment of the mortgage loan, its stated principal balance, together with accrued interest, will be distributed to certificateholders.

Fannie Mae as a Holder of Equity Interests in an Owner of a Mortgaged Property

A mortgage loan in the pool may be secured by a mortgaged property owned by a mortgage borrower in which we either currently hold or in the future may acquire an indirect equity interest, creating the potential for a conflict of interest. We typically hold a non-controlling passive equity interest in a mortgage borrower only when unaffiliated third parties also own equity interests in the mortgage borrower. If such a mortgage loan goes into default, we may be required to contract with a party not affiliated with Fannie Mae to perform certain servicing functions. If we own an indirect equity interest that satisfies certain thresholds in the mortgage borrower on a mortgage loan in the pool at the time the certificates are issued, we will disclose the existence of the equity interest on Annex A.

Primary Servicer as a Holder of Equity Interests in an Owner of a Mortgaged Property

A mortgage loan in the pool may be secured by a mortgaged property owned by a mortgage borrower in which the primary servicer of the loan either currently holds or in the future may acquire a direct or indirect equity interest, creating the potential for a conflict of interest. The equity interest may be acquired through a preferred equity investment. If the primary servicer has a controlling equity interest in a mortgage borrower, we generally do not allow the servicer to have any loss sharing obligations with us on the mortgage loan. In addition, we reserve the right, in our sole discretion, to remove the servicer if we believe that the mortgage loan is at a material risk of default. Moreover, if the borrower defaults on such a mortgage loan, we may take a more active role in reviewing and approving actions taken to resolve the delinquency than is customary. If the primary servicer owns a direct or indirect equity interest in the mortgage borrower on a mortgage loan in the pool at the time the certificates are issued, we will disclose the existence of the equity interest on Annex A.

Characteristics of Multifamily Properties

Mortgage Loan Secured by Property Encumbered by Condominium Regime

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property subject to a condominium regime.

In some cases, a multifamily property operated as a rental property comprises one or more units that are part of an overall condominium project and is bound by the restrictions and requirements set forth in the condominium documents for the larger project. In these circumstances, the mortgage loan documents generally require that the borrower pay all amounts required by, and comply with the provisions set forth in, the condominium documents. The borrower shall not (a) terminate or revoke or attempt to terminate or revoke the appointment of lender as borrower's proxy or attorney-in-fact either permanently or as to any election with respect to the condominium or (b) modify or attempt to modify the condominium documents without the prior written consent of the lender. The borrower's failure to comply with these requirements may be an event of default under the mortgage loan.

In other cases, the borrower may not own all of the residential units in a multifamily property with a condominium regime that is operated as a rental property. In these circumstances, it is likely that the entire project continues to be bound by the restrictions and requirements set forth in the condominium documents. The mortgage loan documents in this case generally (i) require the borrower to use commercially reasonable efforts to purchase the units held by third parties when those units become available for sale and (ii) provide that any purchased units will be added to the mortgaged property collateral for the mortgage loan. In addition, after purchasing a unit, the borrower is generally required to make the unit available for rental as part of the overall multifamily rental property. The borrower's failure to comply with these requirements may be an event of default under the mortgage loan.

In still other cases, either before or after the related certificates are issued, a borrower may receive all necessary permits and approvals either to operate a new multifamily property under a condominium regime or to convert an existing multifamily property to a condominium regime but instead decide to operate the property as a rental property. In these circumstances, the mortgage loan documents provide that the borrower may not modify the condominium documents or sell any condominium unit without the lender's prior written consent at any time during the term of the mortgage loan. The borrower's failure to comply with these requirements may be an event of default under the mortgage loan.

In all cases where a mortgaged property is subject to a condominium regime, the mortgage loan documents require the borrower to operate the property as a rental property at all times during the term of the mortgage loan. A borrower may terminate a condominium regime if such borrower owns all of the related condominium units.

Mortgage Loan with Green Financing; Mortgage Loan Secured by Property with Third Party Green Building Certification

Annex A will disclose if a mortgage loan in the pool is a Fannie Mae Green Rewards mortgage loan. If so, the mortgage loan documents generally require that the borrower use a portion of the loan proceeds to make energy efficiency, water efficiency, and renewable energy generation improvements to the mortgaged property.

A Green Rewards mortgage loan must be underwritten to meet the same debt service coverage ratio requirement that would have been required if the additional green financing was not present. In calculating the net cash flow for the mortgaged property securing such a mortgage loan, a lender reduces the property's operating expenses by deducting a portion of the owner's and tenants' annual projected energy and water savings. The resulting increase in net cash flow allows the original principal balance of the mortgage loan to be larger, making more loan proceeds available to the borrower for the energy and water improvements. Green Rewards energy and water efficiency improvements are implemented within 12 months.

In addition, Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that has been certified as a green building through a third party Green Building Certification program and, if so, will disclose the type of certification the property has received. There are no changes to the standard underwriting requirements for these mortgage loans.

Mortgage Loan Secured by Leasehold Interest

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that is actually a leasehold interest held by the borrower as the lessee under a ground lease on real property. We generally require a ground lease securing a balloon or interest-only mortgage loan to have a term that extends at least 30 years beyond the maturity date of the loan, and a ground lease securing a fully amortizing mortgage loan to have a term that extends at least until the maturity date of the loan. In addition, the mortgage loan documents require that the borrower pay all rent and other costs and expenses required under the ground lease and comply with the other provisions of the ground lease. The borrower's failure to do so would be an event of default under the mortgage loan, which may result in acceleration of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Mortgage Loan Secured by Property in Lease-Up

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that was in lease-up at the time that the mortgage loan was originated because the property was newly constructed or recently renovated. In these circumstances, certain property-related information disclosed on Annex A is based on anticipated property performance generally within the first four to six months following loan origination.

Mortgage Loan Secured by Property Receiving Real Estate Tax Benefits

Annex A will disclose if a mortgage loan in the pool is secured by a mortgaged property that benefits from a payment in lieu of taxes ("PILOT") arrangement or receives a state or local property tax benefit in the form of a property tax exemption or abatement or similar property tax credit. To ensure that the property tax benefit is maintained, the mortgage loan documents generally require the borrower to file specified documents, maintain specific occupancy restrictions, ensure that a non-profit entity is part of the ownership group, or take other actions specified in the mortgage loan documents. The borrower's failure to take any required action may be an event of default under the mortgage loan, which may result in acceleration of the mortgage loan and distribution of its stated principal balance, together with accrued interest, to certificateholders.

Condition of a Mortgaged Property

Each mortgaged property securing a mortgage loan in the pool was in an acceptable physical condition at the time the loan was originated, subject in some cases to the completion of specified repairs within a limited period of time after the loan is closed. During the term of each mortgage loan, we require the related mortgaged property to be inspected from time to time as prescribed in the mortgage loan documents or as required under the servicing standards in the Multifamily Guide. Each mortgaged property that is inspected is generally assigned a multifamily property inspection rating, which is a code indicating the general condition of the property based on the most recent inspection data provided by the servicer of the mortgage loan. The property inspection rating for a mortgaged property may be found in DUS Disclose.

Multifamily properties are rated in one of the five property condition ratings categories specified in the table below.

PROPERTY INSPECTION RATING TABLE

Property Condition Rating	General Condition	Follow-Up	Rating Description
1	No substantial concerns observed	No further action required	Good general property condition with no observable maintenance
2	Some minor issues noted	Limited follow-up required	Acceptable general property condition with minor observed deferred maintenance
3	Substantial and/or critical issues noted	Documented follow-up required	Fair general property condition with some observable deferred maintenance
4	Overall condition showing signs of deterioration	Documented follow-up with possible action plan required	Unacceptable general property condition with observable deferred maintenance requiring immediate attention
5	Severe deferred maintenance observed	Follow-up and substantial action plan required	Poor general property condition with severe observable deferred maintenance

These property condition ratings are used by our lenders when reporting property conditions. To align with the industry, we convert these ratings as follows:

- Property Condition Rating 1 - Excellent
- Property Condition Rating 2 - Good
- Property Condition Rating 3 - Fair
- Property Condition Rating 4 or 5 - Poor

We reserve the right to change the property condition ratings categories at any time. Any such changes will be disclosed in DUS Disclose.

In some cases, the condition of a mortgaged property is found to be so poor that we exercise our right under the mortgage loan documents to declare an event of default under the related mortgage loan and to accelerate the loan.

Affordable Housing Loans

Annex A discloses affordable housing characteristics of a mortgage loan in the pool. A mortgage loan with affordable housing characteristics is generally secured by a mortgaged property encumbered by a housing assistance payments contract (a “HAP contract”), other regulatory agreement, deed restriction, or similar provision that limits rents, imposes income restrictions on tenants or places other restrictions on the property in exchange for property tax assistance, interest reduction payments or other subsidies from federal, state or local agencies or organizations.

While governmental entities generally impose these restrictions, borrowers that do not receive any subsidies sometimes voluntarily record these restrictions or forgo charging market rents in an effort to preserve the property as affordable housing.

Some affordable housing loans are secured by mortgaged properties which satisfy the qualifications discussed in more detail under “—*LIHTC Loans*” and whose owners receive a Low-Income Housing Tax Credit (“LIHTC”) under section 42 of the Code and the related Treasury regulations. Other affordable housing loans are secured by properties that are not financed with tax credits and do not qualify as a “qualified low income housing project” under section 42 of the Code. The encumbrances and restrictions on these properties often differ from those required by section 42.

Affordable Housing Types

Annex A discloses the affordable housing type of any mortgaged property that secures an affordable housing loan or a loan with affordable housing characteristics:

Low Income Housing Tax Credits (LIHTC). A low-income housing tax credit is provided to the owner of a mortgaged property that satisfies the qualifications discussed in more detail under “—*LIHTC Loans*.” The mortgaged property must comply with the tenant income restrictions disclosed on Annex A and may be subject to rent restrictions.

Project Based HAP (Project Based Housing Assistance Payments Contract). The mortgaged property is subject to a HAP contract between the property owner and a public housing authority or similar entity for the provision of tenant rental assistance, for some or all of the property’s units, under section 8 of the United States Housing Act of 1937, as amended. In many cases, the rents charged for the affected units are set at a percentage of the tenant’s household income, with the federal government contributing funds to make up the difference between the rent being charged and the market-rate rent. The mortgaged property must comply with the tenant income restrictions disclosed on Annex A and may be subject to rent restrictions.

Low Income Housing Tax Credits (LIHTC) and Project Based HAP (HAP Contract). A low-income housing tax credit is provided to the owner of a mortgaged property that satisfies the qualifications discussed in “—*LIHTC Loans*.” The mortgaged property is also subject to a HAP contract, as discussed in “—*Project Based HAP (Project Based Housing Assistance Payments Contract)*.” The mortgaged property must comply with the tenant income restrictions disclosed on Annex A and may be subject to rent restrictions.

Other. The mortgaged property is subject to the tenant income restrictions disclosed on Annex A and may be subject to rent restrictions. The restrictions may be imposed by a contract other than a HAP contract or may have been imposed for a period of time longer than the term of the LIHTC restrictions or HAP contract that previously applied to the property.

Not MAH. The mortgaged property is not included within the Multifamily Affordable Housing definition because either too few of the units are subject to the tenant income restrictions required to meet the definition, or the tenant income restrictions relate to income levels higher than those required for a property to meet the definition. The mortgaged property, however, is subject to the tenant income restrictions disclosed on Annex A and may be subject to rent restrictions.

Annex A will disclose the total percentage of units that require tenants to meet specified household income requirements. This total will include not only the units subject to the specific household income requirements that are disclosed on Annex A but also any units subject to household income requirements that are higher than those disclosed in the categories specified on Annex A.

Although borrowers sometimes voluntarily restrict units to tenants meeting certain annual household income limits, those restrictions are not disclosed on Annex A because those restrictions are subject to change at any time.

Property Value of Affordable Housing Properties

The “Property Value” of an affordable housing property may include, as is the case with most multifamily properties, the value of the furniture, fixtures and equipment, as well as the value of improvements to be completed after the issue date of the certificates with funds set aside in escrow or reserve accounts. With respect to the disclosures set forth in “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Special Tax Attributes**,” the “fair market value” of an affordable housing collateral property is the Property Value less the value

of the furniture, the fixtures, the equipment, and the planned improvements. If the fair market value (as defined above) of an affordable housing collateral property is lower than the unpaid principal balance of the related mortgage loan on the issue date of the certificates, we will provide additional information on Annex A.

In addition, the determination of “Property Value” of an affordable housing property may include the use of approved government rent subsidies that may result in a value that is higher than the value approach described in this section. In these cases Fannie Mae may decide to use this higher value in determining the loan-to-value ratio given the existence of approved rent subsidies at the property.

LIHTC Loans

Section 42 of the Code provides a LIHTC for an owner of a residential rental property that meets the Code definition of a “qualified low-income housing project” where the owner has received a tax credit allocation from the state or local allocating agency. (LIHTC may also be claimed without an allocation where 50% or more of the aggregate basis in the land and buildings are financed by proceeds of tax-exempt bonds that are subject to the volume cap under section 146 of the Code.) The total amount of LIHTC the owner is entitled to receive is based upon the percentage of total units made available to qualified tenants.

For a property to qualify under section 42 of the Code (a “qualified property”), the owner of the property securing the mortgage loan must satisfy one of the statutory “minimum set-aside tests,” as selected by the owner. Two of the tests require (a) renting a minimum percentage of units at the property to households earning not more than a specified percentage of the median income level for the applicable metropolitan area or county (such specified percentage of the median income level for a given unit being that unit’s “income restriction”), as such median income level is determined by HUD on an annual basis and (b) restricting the rents charged with respect to such units to an amount that is no greater than 30% of the income limitation applicable under the selected set-aside test. The Consolidated Appropriations Act of 2018 added an alternative “income averaging” set-aside test that requires (i) at least 40 percent of the units be both rent-restricted and occupied by individuals whose incomes do not exceed the imputed income limitations designated by the taxpayer for the respective units and (ii) the average of the imputed income limitations designated by the taxpayer for the units cannot exceed 60 percent of area median income. The gross rent charged for a unit must take into account an allowance for utilities. If utilities are paid by the tenant, the maximum allowable tax credit rent is reduced according to utility allowances, as provided in Treasury regulations.

Under the tax credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a 15-year compliance period. Moreover, section 42(h)(6) of the Code requires that any agreement governing the property have an “extended use period” that has the effect of extending the income and rental restrictions for an additional period, typically 15 years. If a qualified property is acquired through foreclosure or deed-in-lieu of foreclosure, section 42 generally requires the holder of the related mortgage loan to permit all tenants in low-income units to continue to occupy the units at rental levels in compliance with the restrictions set forth in that section for three years after the acquisition. Many qualified properties also benefit from other federal, state or local credits or subsidies that may impose additional encumbrances and restrictions differing from those required by section 42.

If a qualified property does not maintain compliance with section 42 of the Code, the owners of the qualified property may lose the LIHTC related to the period of the noncompliance and face the partial recapture of previously taken LIHTC, in addition to other penalties. This may cause an event of default on the mortgage loan, which may result in acceleration and payment in full of the loan and the prepayment of principal to certificateholders. See **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties.”**

Community Reinvestment Act Loans

We make no representation as to whether certificates backed by affordable housing mortgage loans will receive positive consideration in a banking institution’s examination under the Community Reinvestment Act of 1977 (the “CRA”). An investor must make its own determination as to whether a certificate offered by this prospectus meets the CRA objectives of the investor or meets other objectives relevant to that investor.

FHA Risk Sharing Loans

As part of our mission to promote affordable rental housing, we are parties to an Amended and Restated Multifamily Risk Sharing agreement with HUD under which we acquire multifamily affordable housing loans and

share the risk of loss with HUD. Under our agreement with HUD, the mortgage loans are underwritten according to our DUS guidelines for affordable housing, documented on our form of loan documents, and serviced under our DUS servicing guidelines; and HUD and Fannie Mae each assume 50% of the risk of loss on the mortgage loans.

Specific Types of Mortgage Loans and Mortgaged Properties

A mortgage loan in the pool or a mortgaged property securing a mortgage loan in the pool may have one or more features that distinguishes it from standard multifamily mortgage loans or multifamily properties. These features may include characteristics of the tenants or the mortgaged property or other features. Annex A will disclose whether a mortgage loan in the pool or a mortgaged property securing a mortgage loan in the pool is one of these specific types.

Cooperative Blanket Loans

A “cooperative blanket loan” is a mortgage loan made to a cooperative housing corporation borrower (a “co-op corporation borrower”) and secured by a first or subordinate lien on a cooperative multifamily housing project that contains five or more units (a “co-op project”). The co-op corporation borrower owns the co-op project, including all the individual dwelling units as well as the common areas, and owns (or leases) the land on which the co-op project is built. The co-op corporation borrower manages the co-op project and generally is responsible for paying real property taxes, hazard and liability insurance premiums and other expenses of the co-op project. The co-op corporation borrower is required under the mortgage loan documents to maintain a reserve covering operating and capital expenses. A failure to maintain the required reserve balance may be an event of default under the cooperative blanket loan.

The owners of a co-op corporation borrower (the “unit-owners”) do not buy their respective dwelling units but rather acquire ownership interests in the co-op corporation borrower with rights to occupy their units. Financing used by a unit-owner to acquire an interest in the co-op corporation borrower is not related to the cooperative blanket loan. In some cases, the co-op corporation borrower itself may hold the rights to one or more of the units, which are made available for rental.

A co-op corporation borrower is a not-for-profit entity that seeks to collect only those funds necessary to cover operating expenses and debt service on the cooperative blanket loan. The unit-owners generally must pay a proportional share of the operating expenses and debt service payments on the cooperative blanket loan. This typically results in a debt service coverage ratio of 1.00x. Because a substantial portion of the co-op corporation borrower’s cash flow is received from required payments by the unit-owners and from rental payments by tenants occupying the borrower-owned units, the borrower’s ability to meet its debt service obligations on the cooperative blanket loan is dependent on the timely receipt of maintenance fee payments from unit-owners. If a unit-owner fails to make the required payments, the co-op corporation borrower can terminate the unit-owner’s occupancy rights.

When an unanticipated expenditure is required, the co-op corporation borrower may need to increase maintenance charges or declare special assessments on the unit-owners. Because the debt service coverage ratio is generally 1.00x, the co-op corporation borrower must then collect the additional maintenance charges or the special assessment from each of the unit-owners. In some cases, the co-op corporation borrower may decide to pay for the unanticipated expenditure from the co-op corporation’s reserve account. If that occurs, the co-op project’s net cash flow income and debt service coverage ratio for the year in which the expenditure was made may have negative values.

See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties.**”

Dedicated Student Housing Loans

A “dedicated student housing loan” is a mortgage loan secured by a multifamily property in which 80% or more of the units are leased to college or graduate students. A dedicated student housing property (i) may have been specifically constructed as student housing or may have been built as a typical multifamily project that now functions as student housing, (ii) is typically located in the vicinity of a college with at least 10,000 students, over 50% of whom are full-time students, and (iii) is located within a specified distance from the college campus or is located on a college-sanctioned direct public transportation line.

In dedicated student housing properties, students generally must sign leases with a minimum term of one year. In most cases, either a parent guarantees the student’s lease obligations or the student leasing the unit has the

financial ability to meet the lease obligations (through employment or other documented financial means). Students may or may not remain in the same units during the following school year. We review dedicated student housing loans that do not comply with the Multifamily Guide before agreeing to purchase the loans because of the concentration of students as tenants, the expenses incurred in repairing and refurbishing the units for re-rental, and the high turnover of tenants at the end of a semester or school year. In addition, some dedicated student housing properties may not be readily convertible to conventional multifamily properties. See **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties.”**

Manufactured Housing Community Loans

A “manufactured housing community loan” is a mortgage loan secured by a residential development that consists of sites for manufactured homes and includes utilities, roads and other infrastructure and, in some cases, landscaping and various other amenities such as a clubhouse, swimming pool, tennis courts, and/or other sports courts. A manufactured housing community leases its sites to owners of manufactured homes and furnishes a connection to the utilities that it provides. In some limited circumstances, the owner of the manufactured housing community also may own manufactured homes that are then leased to tenants or that are used as a rental center, clubhouse, launderette or other amenity. The tenants pay ground rent for the use and occupancy of their sites and, generally, for the use of the utilities, common facilities and any amenities. The owner of the manufactured housing community, in turn, pays the cost to maintain and operate the common areas and amenities, real property taxes, insurance, including hazard and comprehensive general liability, and any utilities that are not otherwise separately metered or billed to the tenants.

Manufactured housing community loan documents generally prohibit a borrower from engaging in the retail sale of manufactured homes on the mortgaged property or in a lease of a manufactured home that would convert into a sale. A borrower’s failure to comply with this prohibition may be an event of default under the mortgage loan. In addition, some manufactured housing communities are age-restricted, meaning that at least one or, in many cases, all of the residents be over a specific age, usually 55 years old. The mortgage loan documents generally provide that the failure to maintain the age restriction may be an event of default under the mortgage loan. See **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties.”**

Military Housing Loans

A “military housing loan” is a mortgage loan secured by a multifamily property in which 40% or more of the units are occupied by persons serving in or employed by the military. The properties are located on or near military bases, which are sometimes in isolated areas. The underwriting and servicing requirements for military housing loans may differ from mortgage loans generally purchased by Fannie Mae because of the limited pool of potential tenants, the ability of the military to deploy military personnel, the economic dependence of the tenants on the military employer and the possibility of a reduction in the size of a military base or the closure of the base. See **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties.”**

Seniors Housing Loans

A “seniors housing loan” is a mortgage loan secured by a seniors housing facility that contains any of the following types of units: independent living, assisted living and/or Alzheimer’s/dementia care. A seniors housing facility may include a limited number of units providing skilled nursing care; however, stand-alone facilities providing only skilled nursing care are not eligible for seniors housing loans. These facilities are intended to be used by elderly residents for whom the owner or operator provides special services that are typically associated with independent living, assisted living or Alzheimer’s/dementia care.

The services provided to residents living in independent living facilities, or facilities with independent living units, generally include recreational activities, one to three meals each day through central dining services, weekly housekeeping, social activities and laundry. The services provided to residents living in assisted living and Alzheimer’s/dementia care facilities, or facilities with these types of units, generally include the services provided in independent living as well as additional special services for personal care, assistance with activities of daily living and, in some cases, monitoring of medication. The services provided to residents living in Alzheimer’s/dementia care units may also include additional personal care assistance for activities including socialization, eating, dressing and bathing depending upon a resident’s needs.

The cost of the special services provided to the residents of assisted living and Alzheimer's/dementia care units may be covered by a resident's basic service package or may be billed separately to the resident. For seniors housing loans, "Net Cash Flow" is specially defined in DUS Disclose. It is generally described as the revenue that the lender estimates will be generated from the use and operation of the related mortgaged property (primarily estimated market rental rates and service income for facilities that provide independent living, assisted living or Alzheimer's/dementia care) less estimated operating expenses (such as utilities, food service, room expense/housekeeping, laundry, general administrative expenses, management fees, professional fees, advertising/marketing expenses, repairs, maintenance, and ground rent) and estimated fixed expenses (such as insurance premiums, real estate taxes, and capital expenditures (replacement reserves)), all calculated on an annual basis.

Medicaid may pay a portion of the costs of care or health services provided under a residency agreement to residents of assisted living or Alzheimer's/dementia care units. In those cases, the borrower may enter into an agreement providing that funds from a reserve account will be disbursed and made available if Medicaid funds paid on behalf of the residents are limited or eliminated in the future.

At seniors housing facilities, the demand for units of one type may exceed the availability of units of that type. To meet this demand, a borrower may decide either to convert units of one type to units of another type or to expand the property by constructing additional units and related improvements. A borrower may also decide to renovate existing units and common areas (dining rooms, meeting rooms, etc.). Under certain circumstances, and in accordance with our guidelines, we may approve a borrower's plan to convert units or to renovate or expand a facility if we determine that the borrower's ability to meet its obligations under the related mortgage loan will not be adversely affected by the proposed action.

The "Property Value" of a seniors housing property may include business enterprise value and the value of the furniture, fixtures and equipment. With respect to the disclosures set forth in "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Special Tax Attributes**," the "fair market value" of a seniors housing collateral property is the Property Value less the sum of (i) the business enterprise value, and (ii) the furniture, fixtures and equipment value. If the fair market value (as defined above) of a seniors housing collateral property is lower than the unpaid principal balance of the related mortgage loan on the issue date of the certificates, or if we are unable to determine the fair market value of a seniors housing collateral property on that date, we will provide additional information on Annex A. Also see "**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties**."

PREPAYMENT OF A MORTGAGE LOAN

A mortgage loan in the pool may be voluntarily or involuntarily prepaid before the scheduled maturity date of the loan.

Prepayment Lockout Term

Each mortgage loan in the pool prohibits a borrower from voluntarily prepaying the loan during a term (the "prepayment lockout term") that began on the date the loan was originated and ends on the day before the prepayment lockout term end date that is specified on Annex A. After expiration of the prepayment lockout term, each mortgage loan may be voluntarily prepaid as described in "**—Voluntary Prepayment**."

Voluntary Prepayment

After expiration of the prepayment lockout term, if any, a borrower may voluntarily prepay a mortgage loan in the pool after giving the lender written notice of the proposed date of the prepayment (the "intended prepayment date"). Subject to the satisfaction of any other conditions required by the mortgage loan documents, the borrower may voluntarily prepay the mortgage loan by paying (i) the amount of principal being prepaid, (ii) all accrued interest to the last calendar day of the month in which the prepayment occurs (the "last day of the month"), (iii) all other sums due to the lender at the time of the prepayment, and (iv) the prepayment premium, if any, calculated as described below. Each mortgage loan prohibits voluntary partial prepayments at all times.

We may treat a prepayment in full received on the first business day of a month as if the prepayment were received on the last business day of the preceding month. If we do so, the required payment will include interest accrued through the last day of the preceding month. In all other cases, if we accept a prepayment on any day other than the last day of the month, then, for all purposes (including the accrual of interest and the calculation of the

prepayment premium), we will deem the prepayment to have been received on the last day of the month, and the required payment will include interest accrued through the last day of the month in which the prepayment occurs.

Prepayment Premiums

A borrower is required to pay a prepayment premium equal to a specified percentage of the principal being prepaid if a mortgage loan is voluntarily prepaid during the period (the “prepayment premium term”) that begins on the prepayment lockout term end date and ends on the day before the final prepayment premium end date that is specified on Annex A.

A borrower is not required to pay a prepayment premium if a mortgage loan is voluntarily prepaid during the period (the “open prepayment term”) that begins on the final prepayment premium end date and ends on the maturity date of the loan that is specified on Annex A.

The “prepayment lockout period” for a mortgage loan begins on the date of the mortgage note and generally ends on the last calendar day of the month in which the first anniversary date of the mortgage note occurs. (If the mortgage note is dated the 1st, the “prepayment lockout period” ends on the last calendar day of the preceding month.) After the prepayment lockout period, a “loan year” is each succeeding 12-month period during the term of the mortgage loan. The term and prepayment lockout period end date of the prepayment lockout period and the term and each prepayment period are disclosed on Annex A.

If a mortgage loan is prepaid during the prepayment lockout period due to a default, the prepayment premium equals 5% times the amount of principal being prepaid on the loan. If a mortgage loan is voluntarily prepaid during the prepayment premium term, the prepayment premium equals the percentage applicable to the loan year in which the prepayment is made times the amount of principal being prepaid on the loan.

The following are examples:

5-year loan with a 1-year prepayment lockout term

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Year 2	-	4% prepayment premium
Loan Year 3	-	3% prepayment premium
Loan Year 4	-	2% prepayment premium
Loan Year 5	-	1% prepayment premium

(until the start of the open prepayment term)

or

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Years 2 through 5	-	1% prepayment premium

(until the start of the open prepayment term)

7-year loan with a 1-year prepayment lockout term

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Year 2	-	4% prepayment premium
Loan Year 3	-	3% prepayment premium
Loan Year 4	-	2% prepayment premium
Loan Years 5, 6 and 7	-	1% prepayment premium

(until the start of the open prepayment term)

or

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Years 2 through 7	-	1% prepayment premium

(until the start of the open prepayment term)

10-year loan with a 1-year prepayment lockout term

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Years 2 and 3	-	4% prepayment premium
Loan Years 4 and 5	-	3% prepayment premium
Loan Years 6 and 7	-	2% prepayment premium
Loan Years 8, 9 and 10	-	1% prepayment premium (until the start of the open prepayment term)

or

Prepayment Lockout Period	-	Voluntary prepayment not permitted during Prepayment Lockout Period.*
Loan Years 2 through 10	-	1% prepayment premium (until the start of the open prepayment term)

*5% prepayment premium applies to certain involuntary prepayments as described in “—Involuntary Prepayment.”

The prepayment premium applicable to each mortgage loan in the pool is disclosed on Annex A.

Waiver of Prepayment Premium

At any time during the term of a mortgage loan, we may, but are not required to, waive all or any portion of the prepayment premium up to 1% of the principal being prepaid on the loan.

Prepayment Premiums Payable after Prepayment Premium End Date

If a borrower voluntarily prepays a mortgage loan during the open prepayment term, the borrower is not required to pay a prepayment premium.

NO PORTION OF ANY PREPAYMENT PREMIUM COLLECTED BY US WILL BE PASSED THROUGH TO CERTIFICATEHOLDERS.

Involuntary Prepayment

A mortgage loan in the pool may experience an involuntary prepayment, which is the early receipt of all or a portion of the principal of the loan other than as a result of a voluntary prepayment by the borrower or a default on the loan.

Proceeds of Casualty or Condemnation Action

Except in very limited circumstances in connection with certain condemnation actions as described below in “—*Proceeds from Condemnation Action*,” a borrower is not required to pay a prepayment premium if an involuntary prepayment results from the receipt of casualty insurance proceeds or amounts received in connection with a condemnation action affecting the related mortgaged property.

Proceeds from Casualty Insurance. Casualty insurance proceeds generally are not applied against the unpaid principal balance of the related mortgage loan. Instead, these proceeds generally are used to restore or repair the mortgaged property (as long as the mortgage loan is not then in material default) and are not passed through to certificateholders. All or part of the proceeds, however, may be applied against the unpaid principal balance if permitted by the mortgage loan documents. In that case, there will be a full or partial prepayment of principal to certificateholders.

Proceeds from Condemnation Action. A condemnation action is any action or proceeding relating to any condemnation, or other taking or conveyance in lieu of a taking, of all or a portion of a mortgaged property. Amounts received in connection with a condemnation action (“condemnation proceeds”) generally are applied against the unpaid principal balance of the related mortgage loan (as long as the loan is not then in material default). If the mortgaged property was affected by the condemnation but continues to operate, all or part of the condemnation proceeds may be used to repair or restore the mortgaged property if that use is permitted by the mortgage loan documents. If, instead, all or part of the condemnation proceeds are applied against the unpaid principal balance, there will be a full or partial prepayment of principal to certificateholders.

In general, no prepayment premium will be payable with respect to any prepayment occurring as a result of the application of any amounts received in connection with a condemnation action. However, in connection with a condemnation action arising in King County, Washington, the loan agreement provides for the payment of a prepayment premium in the following limited circumstances:

- if applicable law expressly requires reimbursement by the condemnor or acquiring entity of any prepayment premiums incurred as a result of a condemnation action, then the prepayment premium will be due and payable and the borrower will be required to pay it in full; or
- if applicable law does not expressly require such reimbursement and the proceeds of such condemnation action are sufficient to pay the sum of outstanding principal and interest on the mortgage loan and certain other indebtedness of the borrower (other than the prepayment premium), then amounts received in connection with the condemnation action that exceed such sum will be applied toward the payment of the prepayment premium.

No portion of any prepayment premium that is collected will be passed through to certificateholders.

Use of Casualty Insurance or Condemnation Action Proceeds. In some cases, we may permit small amounts of casualty insurance proceeds or condemnation proceeds to be paid directly to a borrower. In addition, if a substantial casualty or condemnation action causes a mortgaged property to become unusable, and if the related casualty or condemnation proceeds are sufficient to repay most but not all of the mortgage loan, the borrower may be permitted to prepay the remaining principal without being required to pay a prepayment premium.

Proceeds from Other Collateral

If so disclosed on Annex A, a borrower on a mortgage loan in the pool may have been required to deliver cash, a letter of credit or another form of cash-equivalent collateral to secure performance of the borrower's obligations under a related agreement (for example, the borrower must complete specified repairs at the mortgaged property or the mortgaged property must reach a specified occupancy level). If the borrower does not satisfy its obligations, we may draw on the collateral and may apply all or a portion of the proceeds to repay principal on the mortgage loan. The prepaid principal will be passed through to certificateholders, together with accrued interest.

Proceeds from Overpayment of Interest or Other Charges

If we reduce the unpaid principal balance of the mortgage loan by applying amounts paid by the borrower as interest or charges under the mortgage loan documents that are later determined to be greater than those permitted by applicable law, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower is not required to pay a prepayment premium in this case.

Reamortization

Proceeds from casualty insurance, condemnation awards or draws on other collateral may be used to reduce the unpaid principal balance of a mortgage loan in the pool. If this involuntary prepayment is a partial prepayment, each mortgage loan in the pool may permit or require reamortization of the remaining unpaid principal over an amortization period determined at the time of the reamortization. If a reamortization occurs, the amount of principal and interest paid by the borrower each month may be reduced, which may cause a corresponding reduction in the amount of principal and interest passed through to the certificateholders each month, affecting your yield.

FANNIE MAE PURCHASE PROGRAM

The multifamily mortgage loans we purchase must meet standards required by the Charter Act. These standards require that the mortgage loans be, in our judgment, of a quality, type and class consistent with the purchase standards imposed by private institutional mortgage investors. Consistent with those requirements, and with the purposes for which we were chartered, we establish eligibility criteria and policies for the mortgage loans we purchase, for the sellers from which we purchase mortgage loans, and for the primary servicers that service our mortgage loans. See "FANNIE MAE" for information regarding the Charter Act and its purpose.

Multifamily Guide

Our eligibility criteria and practices, summarized below, are set forth in the Multifamily Selling and Servicing Guide and other contractual documents pursuant to which mortgage loans are underwritten, purchased and

serviced (collectively, the “Multifamily Guide”) and in updates and amendments to the Multifamily Guide. We amend or replace the Multifamily Guide and our eligibility criteria and practices from time to time. Thus, it is possible that not all of the mortgage loans in the pool were subject to the same eligibility standards. Moreover, the standards described in a current Multifamily Guide may not be the same as the standards that applied when a mortgage loan in the pool was originated. We also may waive or modify our eligibility and loan underwriting requirements or practices when we purchase mortgage loans.

Multifamily Mortgage Loan Eligibility Standards

Dollar Limitations

The Charter Act does not establish any maximum original principal balance dollar limitations for the conventional multifamily mortgage loans that we purchase. We purchase FHA-insured and USDA-guaranteed mortgage loans up to the maximum original principal amount that FHA will insure or USDA will guarantee for the area in which the property is located.

Underwriting Guidelines

We have established underwriting guidelines for the mortgage loans that we purchase, which are set forth in the Multifamily Guide. These guidelines are designed to provide a comprehensive analysis of the characteristics of a borrower, mortgage loan and mortgaged property, including such factors as the borrower’s credit history, the value of the property, past and current operations of the property, the underwritten loan-to-value ratio, the debt service coverage ratio and the loan amount. DUS lenders and non-DUS lenders are generally permitted to deliver loans to us without our prior review so long as the mortgage loans are underwritten in accordance with the Multifamily Guide.

We review and change our underwriting guidelines from time to time, including expanding our underwriting criteria to make multifamily mortgage loans more accessible to borrowers that own small multifamily properties and to borrowers that provide rental housing to low-and moderate-income families, rural residents and people with special housing needs. From time to time, we may also purchase multifamily mortgage loans underwritten to our lenders’ underwriting guidelines, which we have reviewed and approved. See “**THE MORTGAGE LOANS—Delivering Mortgage Loans—Non-DUS Loans.**”

We require lenders that deliver mortgage loans to us to take reasonable steps to verify that the information provided by borrowers is accurate and complete. In addition, while lenders generally have their own guidelines for underwriting mortgage loans, we require mortgage loans delivered to us to comply with our underwriting guidelines as well. We permit our lenders to decide in their discretion whether certain of our underwriting guidelines may be waived for a specific mortgage loan. The waiver of other guidelines may require our consent. The Multifamily Guide specifies waivers that require our consent.

Loan-to-Value Ratios

Our underwritten loan-to-value ratio requirements for mortgage loans we purchase may vary depending upon a variety of factors that can include, for example, the type of mortgage loan, loan purpose, loan amount, repayment terms and borrower credit history. Depending upon these factors, the loan-to-value ratio of a conventional multifamily mortgage loan does not typically exceed 80% as of the issue date of the certificates. The underwritten loan-to-value ratio of affordable housing loans and other specified types of mortgage loans, however, may be higher.

The maximum underwritten loan-to-value ratio for FHA-insured and USDA-guaranteed multifamily mortgage loans we purchase is the maximum established by FHA or USDA for the particular program under which the mortgage was insured or guaranteed. FHA-insured and USDA-guaranteed mortgage loans that we purchase must be originated in accordance with the applicable requirements and underwriting standards of the agency providing the insurance or guaranty. Each insured or guaranteed mortgage loan that we purchase must have in effect a valid mortgage insurance certificate or loan guaranty certificate.

Debt Service Coverage Ratio

Our debt service coverage ratio requirements for mortgage loans we purchase may vary depending upon a variety of factors that can include, for example, the type of mortgage loan, loan purpose, loan amount, amount of the monthly payment of principal and interest, other expenses of the related mortgaged property, current and projected rents, number of dwelling units in the related mortgaged property, and borrower credit history. The required debt

service coverage ratio may also vary among different types of mortgage loan products and among individual mortgage loans of the same product type.

Seller and Servicer Eligibility

Before we approve a company to sell multifamily mortgage loans to us (a “mortgage loan seller” or “seller”) or to act as a primary servicer for us, we require that the company demonstrate the following to our satisfaction:

- it has a proven ability to originate or service, as applicable, the type of multifamily mortgage loans for which our approval is being requested;
- it employs a staff with adequate experience in that area;
- it has as one of its principal business purposes the origination or servicing, as applicable, of multifamily mortgage loans;
- it is properly licensed, or otherwise authorized, to originate, sell or service, as applicable, multifamily mortgage loans in each of the jurisdictions in which it does business;
- its financial condition is acceptable to us;
- it has quality control and management systems to evaluate and monitor the overall quality of its multifamily mortgage loan production and servicing activities; and
- it is covered by a fidelity bond and errors and omissions insurance acceptable to us.

We enter into a written mortgage selling and servicing contract with each seller and primary servicer that we approve, under which, among other things, the seller or primary servicer agrees to maintain the foregoing attributes to our satisfaction. DUS lenders must be specially approved and enter into additional agreements with us. See “**THE MORTGAGE LOANS—Delivering Mortgage Loans—DUS Loans.**”

Seller Representations and Warranties

The seller of each mortgage loan in the pool is identified on Annex A. A seller may hold a beneficial interest in certificates backed by a pool containing mortgage loans that it delivered to us.

We use a process of delegated underwriting in which mortgage loan sellers make specific representations and warranties to us about the characteristics of the mortgage loans we purchase. As a result, we do not independently verify most of the borrower information that is provided to us. We expect our sellers to check for fraud in the origination process, including fraud by a borrower or by a third party such as a mortgage loan broker or appraiser, and we have the right to require a seller to purchase a mortgage loan if fraud is discovered.

In general, the representations and warranties relate to:

- compliance with our eligibility standards and with our underwriting guidelines;
- characteristics of the mortgage loans in each pool;
- compliance with applicable federal and state laws and regulations in the origination of the mortgage loans;
- compliance with all applicable laws and regulations related to authority to do business in the jurisdiction where a mortgaged property is located;
- our acquisition of mortgage loans free and clear of any liens;
- the validity and enforceability of the mortgage loan documents; and
- the lien position of the mortgage.

We rely on these representations and warranties at the time of purchase to ensure that mortgage loans meet our eligibility standards. However, after we purchase mortgage loans, we perform random quality control reviews of selected loans to monitor compliance with our guidelines, our eligibility standards and certain laws and regulations. Depending upon the applicable contractual provisions, we can require a seller to purchase a mortgage loan if we find a material breach of the seller’s representations and warranties. For a discussion of how these

purchases can affect the performance of the certificates, see “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments due to Purchases of Mortgage Loans from the Pool—We may purchase or require a third-party seller to purchase one or more mortgage loans from the pool due to a breach of seller representations and warranties, accelerating the rate of principal prepayment on the certificates.**”

Servicing Arrangements

We are responsible for supervising and monitoring the servicing of the mortgage loan or loans in the pool as master servicer under the trust documents. We contract with primary servicers to perform servicing functions under our supervision. The primary servicer with which we contract often is the seller that sold us the mortgage loans. Any duties of the primary servicer also may be performed by the master servicer. A primary servicer may hold a beneficial interest in certificates backed by a pool holding mortgage loans that it services for us.

Primary servicers must meet the eligibility standards and performance obligations included in the Multifamily Guide. All primary servicers are obligated to perform diligently all services and duties customary to servicing multifamily mortgage loans. We monitor the primary servicer’s performance and have the right to remove any primary servicer at any time that we consider its removal to be in the best interests of the certificateholders. If we remove a primary servicer, we may be required to pay compensation to the primary servicer, depending upon the reason for the removal. We may then enter into a servicing contract with another entity that has been approved as a primary servicer to assume servicing responsibilities for the mortgage loans that were being serviced by the former primary servicer. In the alternative, we may assume the role of primary servicer, in which case we would enter into a servicing contract with a subservicer. Fannie Mae may, from time to time, acquire the servicing rights and become the primary servicer for mortgage loans, in which case we may use a subservicer to conduct the servicing functions. In the case of a transfer to us of the servicing rights of those mortgage loans, the disclosure in our ongoing disclosures for a particular pool will identify “Fannie Mae” as the servicer.

Duties performed by a primary servicer may include general loan servicing responsibilities, collecting and remitting payments on mortgage loans, administering mortgage escrow accounts, collecting insurance claims and, if necessary, making servicing advances and foreclosing on defaulted mortgage loans. The Multifamily Guide describes in detail the conditions under which primary servicers may be required to make servicing advances on mortgage loans or transfer mortgage loans to special servicers to foreclose on the loans. In addition, primary servicers are permitted to decide in their discretion whether certain servicing guidelines may be waived for a specific mortgage loan. The waiver of other guidelines may require our consent. The Multifamily Guide will specify the waivers that require our consent at any specific time.

Until primary servicers remit to us the payments on mortgage loans that have been collected from borrowers, they are required to deposit the collections into custodial accounts. See “**THE TRUST DOCUMENTS—Collections and Other Servicing Practices—Custodial Accounts**” for a more detailed description of custodial accounts and other requirements applicable to collections from borrowers.

Any agreement between a primary servicer and us governing the servicing of the mortgage loans held by a trust is a contract solely between the primary servicer and us. Certificateholders will not be deemed to be parties to any servicing agreement and will have no claims, rights, obligations, duties, or liabilities with respect to the primary servicer. We, in our capacities as guarantor and trustee, are a third-party beneficiary of each of these agreements. This means that we may pursue remedies against primary servicers in our capacities as guarantor and trustee if the master servicer or primary servicer fails to take action after receiving notice of a breach.

We may resign from our duties as master servicer under the trust documents upon providing 120 days’ advance notice to the trustee and to the guarantor. After that time, the trustee would become master servicer until a successor has assumed our duties as master servicer. Even if our duties as master servicer under the trust documents terminate, we would remain obligated under our guaranty as guarantor.

In some instances, we may own a mortgage loan secured by a mortgaged property in which we or the lender or primary servicer also owns, directly or indirectly, an equity interest. In these circumstances, we may be required to contract with a party not affiliated with Fannie Mae or the transaction to perform certain servicing functions. See “**THE MORTGAGE LOANS—Ownership and Organizational Structures of Multifamily Borrowers—Fannie Mae as a Holder of Equity Interests in an Owner of a Mortgaged Property**” and “**—Primary Servicer as a Holder of Equity Interests in an Owner of a Mortgaged Property**” for additional information.

If a mortgage loan becomes delinquent, we may transfer the servicing of the mortgage loan from the primary servicer to a special servicer, which is generally a servicer that specializes in the servicing of distressed loans. However, in this case, we will remain the master servicer of the mortgage loan.

Servicing Compensation and Payment of Certain Expenses

Each month the primary servicer receives and retains as a servicing fee a portion of the interest collected on the mortgage loans that is not required to be paid to certificateholders. The primary servicer also receives and may retain all or a portion of the assumption fees, late payment charges and other similar charges, and may retain a portion of prepayment premiums, to the extent that these fees, charges and premiums are collected from borrowers, as additional servicing compensation. The trust pays all the expenses that it incurs. We are entitled to the investment income from collections on the mortgage loans for services to the trust in our various capacities as master servicer and trustee.

If permitted by the terms of the related servicing contract, a primary servicer of mortgage loans with servicing fees greater than the required minimum servicing fees may, at a later date, designate for securitization and securitize all or part of the servicing fee in excess of the applicable minimum servicing fee, and retain only the minimum servicing fee. If any excess servicing fee is securitized after the certificates are issued, the securitization will not affect the rate of interest you receive on the certificates. Certificateholders will have no right to any part of excess servicing fees that are securitized or designated for securitization.

THE TRUST DOCUMENTS

The certificates offered hereby are issued pursuant to the terms of the 2017 Multifamily Master Trust Agreement, effective December 1, 2017 (as amended or replaced from time to time, the “trust agreement”) and the related trust issue supplement (together with the trust agreement, the “trust documents”). We have summarized below certain provisions of the trust documents. This summary is not complete. If there is any conflict between the information in this prospectus and the specific provisions of the trust documents, the terms of the trust documents will govern. You may obtain a copy of the trust agreement from our website at www.fanniemae.com or from our Washington, DC office. You may obtain a copy of the trust issue supplement that applies to the certificates from our Washington, DC office.

The trust documents do not provide the trustee with any authority to issue or invest in additional securities, to borrow money or to make loans.

Fannie Mae Guaranty

We are the guarantor under the trust documents. We guarantee to the trust that we will supplement amounts received by the trust as required to permit payments on the certificates on each distribution date in an amount equal to:

- one month’s interest on the certificates, as described under “**DESCRIPTION OF THE CERTIFICATES—Distributions on Certificates—Interest Distributions,**” plus
- the aggregate amount of scheduled and unscheduled principal payments described under “**DESCRIPTION OF THE CERTIFICATES—Distributions on Certificates—Principal Distributions.**”

We guarantee payment of interest at the then-current variable pool accrual rate. In addition, we guarantee to the trust that we will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the certificates on the distribution date in the month of the maturity date specified on the front cover page. For providing this guaranty, we receive a fee payable from a portion of the interest collected on the mortgage loans that is not required to be paid to certificateholders.

If the primary servicer informs us that a borrower has become subject to the Servicemembers Civil Relief Act or any similar federal or state law that provides interest rate ceilings or other credit-related relief to members of the armed forces (a “Relief Act”), and we have not exercised our option to purchase the mortgage loan from the pool (as described below), we will make payments to the trust under our guaranty for the difference between the amount of interest actually received from the borrower and the amount of interest calculated without regard to the Relief Act.

We do not guarantee to the trust the payment of any prepayment premiums.

If we were unable to perform our guaranty obligations, certificateholders would receive from the trust only the payments actually made by borrowers, any delinquency advances made by the primary servicer and any other recoveries on the mortgage loans in the pool from sources such as insurance, condemnation and foreclosure proceeds. As a result, delinquencies and defaults on the mortgage loans would directly affect the amount of principal and interest that certificateholders would receive each month. In that case, distributions of principal and interest on the mortgage loans would be made in the sequence specified below (to the extent the following amounts are due but not already paid):

- *first*, to payment of the trust administration fee and other amounts due to the trustee (see “—**Certain Matters Regarding Our Duties as Trustee**”);
- *second*, (i) to payment of any securitized excess servicing fees, and (ii) if so provided in the related servicing contract, to payment of all servicing fees and any excess servicing fees that were not securitized (see “**FANNIE MAE PURCHASE PROGRAM—Servicing Compensation and Payment of Certain Expenses**”);
- *third*, to reimbursement of any unreimbursed delinquency advances previously made by the primary servicer or master servicer from its own funds, to the extent those advances are deemed non-recoverable by the advancing party;
- *fourth*, to payment of interest on the certificates; and
- *last*, all remaining funds to payment of principal on the certificates.

Our guaranty runs directly to the trust and not directly to certificateholders. As a result, certificateholders have only limited rights to bring proceedings directly against Fannie Mae to enforce our guaranty. See “—**Certificateholders’ Rights upon a Guarantor Event of Default**.” Certificateholders also have limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. The amount that may be recovered from Treasury is subject to limits imposed by the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Treasury, see “**FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement**.”

We alone are responsible for making payments under our guaranty. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

Purchases of Mortgage Loans from the Pool

Under the trust documents, we are required in some instances, and have the option in other instances, to purchase from the pool a mortgage loan or real estate acquired as a result of a default (“real estate owned property” or “REO property”). Moreover, under certain conditions, we have the right to require a seller to purchase a mortgage loan from the pool. In each instance, the purchase price for a mortgage loan will be equal to the stated principal balance of the mortgage loan plus one month’s interest at the then-current net interest rate. The purchase price for REO property will be equal to the stated principal balance of the related mortgage loan plus one month’s interest at the net interest rate that would have applied if the loan were still outstanding. The purchase of a mortgage loan or REO property will result in a prepayment of principal in full in the same manner as would a borrower’s prepayment in full. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments due to Purchases of Mortgage Loans from the Pool**.”

Mandatory Purchases by Issuer

We are required as the issuer of the certificates to purchase a mortgage loan or REO property from the pool for the reasons specified below. The time period within which we must purchase the mortgage loan or REO property varies depending upon the reason for the purchase.

First, if any of the following events occurs, we must purchase, or cause the mortgage loan seller to purchase, the affected mortgage loan from the pool as soon as practicable:

- we determine that our acquisition of the mortgage loan was not authorized and that a purchase of that loan is necessary to comply with applicable law;
- a court or governmental agency requires us to purchase the mortgage loan from the pool to comply with applicable law;

- a governmental unit, agency or court requires one of the following:
 - the transfer (other than a transfer to a co-borrower or a transfer permitted under the mortgage loan documents or the trust documents) of the mortgage loan, mortgaged property, defeasance securities (which are securities delivered as substitute collateral upon the defeasance of a mortgage loan) or other supplemental collateral (such as cash or letters of credit delivered as additional collateral), including a transfer required as a result of an environmental hazard, seizure by a law enforcement agency, or as part of a settlement of a legal controversy; or
 - the full or partial destruction of any improvements located on the mortgaged property if, as a result, the remaining improvements are rendered uninhabitable or unsafe or the value of the property no longer provides adequate security for the mortgage loan; or
- an insurer or guarantor of the mortgage loan or the mortgaged property (other than Fannie Mae under our guaranty) requires transfer to it of the loan or REO property to obtain the benefits of the mortgage insurance or guaranty.

Second, if a mortgage loan is in default with respect to payments of principal and interest, we must purchase the affected loan from the pool no later than the date on which the loan becomes 24 months past due, measured from the date on which the last installment of interest and, if required, principal was paid in full, unless one of the following has occurred or is occurring with respect to the loan:

- the borrower is complying with a loss mitigation alternative under which past due payments are required to be paid in full and the mortgage loan is required to be brought current;
- the borrower and the primary servicer or master servicer are pursuing a preforeclosure sale of the related mortgaged property or a deed-in-lieu of foreclosure;
- the primary servicer or master servicer is pursuing foreclosure of the mortgage loan;
- applicable law (including bankruptcy law, probate law or a Relief Act) requires that foreclosure on the related mortgaged property or other legal remedy against the borrower or related mortgaged property be delayed and the period for delay or inaction has not elapsed;
- the mortgage loan is in the process of being assigned to the insurer or guarantor (other than to Fannie Mae under our guaranty) that provided any related mortgage insurance; or
- any other event occurs or course of action is taken as a result of which the period before the required purchase of the mortgage loan from the pool may be extended without adverse tax consequences to the trust (as evidenced by an opinion of tax counsel satisfactory in form and substance to the issuer and the trustee).

The mandatory purchase feature described above in “*Second*” applies until such time as we receive an opinion of counsel to the effect that removal of the mortgage loan is no longer required to maintain the status of the trust as a fixed investment trust for federal income tax purposes.

Third, on the final distribution date for the trust, we must purchase from the pool any outstanding mortgage loan remaining in the pool or any REO property that remains in the trust on that date.

Optional Purchases by Issuer

The trust documents provide that we, as issuer of the certificates, may purchase a mortgage loan or REO property from the pool for any of the following reasons:

- the existence of a material breach of a representation or warranty relating to the mortgage loan that was made in connection with the sale of the loan to us or a material defect in the related mortgage loan documents;
- the failure of the mortgage loan to conform in any material respect to its description in this prospectus or the related trust issue supplement;
- a delinquency of at least 30 days with respect to any of the first four consecutive payments following the day on which the mortgage loan was sold to us, regardless of whether the delinquency is continuing

at the end of the period, provided, however, that our option to purchase the mortgage loan will be available only for 90 days following the fourth payment due date;

- an assumption of the mortgage loan or a transfer of an interest in the related mortgaged property (or a transfer of an interest in the borrower or a key principal) under circumstances that would trigger acceleration under a due-on-sale provision reasonably believed by either the master servicer or primary servicer to be enforceable under the terms of the mortgage note and the trust documents (a “key principal” is an affiliate of the borrower that directly or indirectly manages and controls the borrower and that is determined by a lender to be critical to the successful operation of the borrower or the mortgaged property);
- an assumption of a mortgage loan that is full recourse to the borrower under circumstances that the master servicer reasonably believes that a “significant modification” (as defined under the Treasury Regulations) has occurred or will occur as a result of that assumption;
- damage to the related mortgaged property due to a disaster, terrorist attack or other catastrophe that was not caused by the borrower or key principal if the catastrophic event caused the property to suffer a reduction of at least 5% of its value as compared with its value at the time (i) the mortgage loan was originated, (ii) the related mortgaged property was first pledged as collateral for the mortgage loan, or (iii) the mortgage loan was deposited into the trust;
- a borrower elects to convert a SARM loan to a fixed-rate loan pursuant to the terms of the related mortgage note (provided, however, that our current policy requires us to purchase the mortgage loan from the pool before the effective date of the conversion);
- a borrower exercises a conditional modification option in the related loan documents, provided, however, that our current policy requires that we purchase the mortgage loan from the pool before the effective date of the modification unless (i) the modification results from a transfer or assumption permitted under the mortgage loan documents or the trust documents, (ii) this prospectus provides otherwise or (iii) one of the following applies:
 - a borrower elects to change the applicable index for a SARM loan pursuant to the terms of the related mortgage note (provided, however, that our current policy requires that we purchase the loan from the pool before the effective date of the modification unless otherwise stated on Annex A); or
 - the mortgage margin or the maximum or minimum interest rate on a SARM loan changes upon the assumption of the loan by a new borrower pursuant to the terms of the related mortgage note (provided, however, that our current policy requires that we purchase the loan from the pool before the effective date of the modification unless this prospectus provides otherwise).

Optional Purchases by Guarantor

The trust documents also provide that we, as guarantor, may purchase a mortgage loan or REO property from the pool for any of the following reasons:

- the mortgage loan has been in a state of continuous delinquency without having been fully cured with respect to payments required by the related mortgage loan documents during the period extending from the first missed payment date through the fourth consecutive payment date without regard to:
 - whether any particular payment was made in whole or in part during the period extending from the earliest payment date through the latest payment date;
 - any grace or cure period with respect to the latest such payment date under the related mortgage documents; and
 - any period during which a loss mitigation alternative is in effect (unless the loss mitigation alternative is deemed to have cured the payment default);

- a court approves a plan that:
 - affects any of the following terms of the mortgage loan: its interest rate, its principal balance, the amount or timing of its principal or interest payments, its term or its last scheduled payment date; or
 - authorizes the transfer or substitution of all or part of the related mortgaged property, defeasance securities or supplemental collateral;
- compliance with applicable laws (including a Relief Act) requires a change in any of the terms of the mortgage loan (including a change in its interest rate, its principal balance, its amortization schedule, the timing of its payments or its last scheduled payment date);
- the mortgage loan has been modified through a loss mitigation alternative and as a direct result of that modification, the guarantor is thereafter required to make payments in respect of that mortgage loan to meet its guaranty obligations under the trust agreement; provided, however, that in no event will such a purchase be permitted if, based on advice from counsel, the purchase is reasonably expected to constitute a “prohibited transaction” within the meaning of Section 860F(a)(2) of the Code, and provided further that our current policy is to retain such a modified mortgage loan in the pool and make payments of principal and interest as required under our guaranty;
- the mortgaged property is acquired by the trust as REO property; or
- the mortgage loan is no longer secured by assets of the class or type contemplated by the related mortgage documents.

Loan Modifications and Purchases to Modify Mortgage Loans

Limited Modification of Performing Mortgage Loans in the Pool

The trust documents permit servicers that are servicing our performing mortgage loans to modify the loans while the loans are in the pool so long as the modification is made with our prior consent and in accordance with the trust documents.

Our current servicing practices generally prohibit a lender from modifying a performing mortgage loan that is in the pool. Nonetheless, we may permit the modification of currently performing mortgage loans in certain instances while the loans remain in the pool so long as the modification is made in accordance with the trust documents. Permitted modifications include: (i) a modification that is made both to cure a breach of a selling representation or warranty and to conform a mortgage loan’s terms to the terms of the other mortgage loans in the pool if the modification is made within the first two years after the issue date of the pool; (ii) a modification that is made within 90 days after the issue date of the pool; or (iii) a modification that is not deemed to be “significant” under the Code.

Modifying Distressed Mortgage Loans in the Pool

A mortgage loan is considered distressed if either (i) a payment default has occurred and is continuing or (ii) a payment default is determined to be reasonably foreseeable as defined in the Code and as determined by our then-current servicing practices. We may permit modifications of distressed mortgage loans as part of a loss mitigation alternative while those mortgage loans remain in the pool so long as the modification is made in accordance with the trust documents. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Prepayments Related to Servicing Practices for Distressed Loans—*Servicing Practices for Distressed Loans.***”

If the pool contains mortgage loans insured by the FHA, FHA may require that loans be modified as a part of the respective entity’s loss mitigation strategy. Before any modification may be made to an FHA-insured mortgage loan that would affect the interest rate, the timing or amount of monthly payments, or the loan term, the loan will be purchased from the pool, subject to the requirements of the applicable trust documents for removing a mortgage loan from a pool. See “**FANNIE MAE PURCHASE PROGRAM—Multifamily Mortgage Loan Eligibility Standards—*Underwriting Guidelines,***” for a discussion of certain guidelines that apply to FHA mortgage loans. The purchase of FHA-insured mortgage loans for the purpose of modification will result in the prepayment of principal of the certificates and will have the same effect as borrower prepayments.

In a loan modification, the primary servicer, on our behalf, and the borrower enter into an agreement that revises the original terms of the mortgage loan (for example, to reduce the interest rate on the loan, to reduce the monthly payments on the loan, to capitalize past due amounts as part of the principal balance of the loan, and/or to extend the maturity of the loan). Under our trust documents, any modification to the terms of a distressed mortgage loan that remains in the pool will not affect the timing or amount of payments of principal and interest to certificateholders unless the loan is purchased from the pool for a reason permitted under the trust documents. Notwithstanding the modification authority provided in the trust documents, our current servicing practices as of the date of this prospectus generally would not allow any such modifications for mortgage loans in the pool.

Purchases for Loan Modifications

In general, we allow lenders to purchase from a pool and then modify certain non-performing mortgage loans under terms specified in the trust documents and in our servicing practices. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Prepayments Related to Servicing Practices for Distressed Loans—Servicing Practices for Distressed Loans.**”

Under the trust documents, we may purchase a delinquent mortgage loan from the pool if the mortgage loan has been in a state of continuous delinquency during the period from the first missed payment date through the fourth consecutive payment date, even though the borrower may have made some payments during that period. See “**—Purchases of Mortgage Loans from the Pool—Optional Purchases by Guarantor.**” Such a purchase will result in an early return of principal on the certificates.

Substitution of Mortgage Loans in the Pool

Under the trust documents, a mortgage loan may be withdrawn from the pool and another mortgage loan substituted in its place under the conditions specified below. However, no substitution of mortgage loans is permitted in this pool unless:

- the master servicer or the trustee is advised by counsel that removal of the mortgage loan from the trust is necessary or advisable to maintain the status of the trust as a fixed investment trust for federal income tax purposes;
- there exists a material breach of a representation or warranty made in connection with the sale of the mortgage loan to us or a material defect in the related mortgage loan documents;
- the mortgage loan is delinquent at least 30 days with respect to any of the first four consecutive payments following the day on which the loan was sold to us, regardless of whether the delinquency is continuing at the end of the period (provided, however, that our option to purchase the mortgage loan will be available only for 90 days following the fourth payment due date); or
- the mortgage loan has been in a state of continuous delinquency, in whole or in part, without having been fully cured with respect to any payments required by the related mortgage loan documents during the period extending from the first missed payment date through the fourth consecutive payment date without regard to:
 - whether any particular payment was made in whole or in part during the period extending from the earliest through the latest payment date;
 - any grace or cure period under the related mortgage documents with respect to that last payment date; and
 - any period during which any loss mitigation alternative is in effect unless the loss mitigation is deemed to have cured the default.

The substitution must occur within the same due period in which the withdrawal occurs and (a) if the withdrawal is caused by an event described in the first bullet above, within 90 days after the issue date of the related certificates, or (b) if the withdrawal is caused by an event described in the remaining three bullets above, within two years after the issue date of the related certificates.

Any substitute mortgage loan must satisfy the following criteria at the time of substitution:

- the substitute mortgage loan is not delinquent as to any payment;

- the substitute mortgage loan's outstanding principal balance does not exceed the stated principal balance of the withdrawn mortgage loan at the time of the withdrawal;
- the mortgaged property securing the substitute mortgage loan is located in the same state or U.S. territory or in a comparable rental market as the mortgaged property securing the withdrawn mortgage loan;
- the substitute mortgage loan is a SARM loan with (i) the same or a similar adjustment index, (ii) the same frequency of adjustments, and (iii) margin, interest rate caps and payment caps that are each within 1% of those of the withdrawn mortgage loan;
- the last scheduled payment date of the substitute mortgage loan is no later than, and no more than two years earlier than, the last scheduled payment date of the withdrawn mortgage loan;
- if the withdrawn mortgage loan is a participation interest in a mortgage loan, the substitute mortgage loan is a participation interest in a mortgage loan;
- if the withdrawn mortgage loan has a prepayment premium, the substitute mortgage loan has the same type of prepayment premium; and
- if the withdrawn mortgage loan is a government mortgage loan, the substitute mortgage loan is a government mortgage loan under the same governmental program with the same type of insurance or guaranty.

Not later than the first distribution date after the substitution, we will deposit into the related certificate account the amount, if any, by which the stated principal balance of the withdrawn mortgage loan (after giving effect to any principal distributions made on the immediately preceding distribution date) exceeds the unpaid principal balance of the substitute mortgage loan on the first day of the month of substitution, together with one month's interest on that excess principal amount calculated at the net interest rate on the withdrawn mortgage loan.

Collections and Other Servicing Practices

We are responsible as the master servicer under the trust documents for certain duties. Our duties include entering into contracts with a primary servicer to service the mortgage loans, supervising and monitoring the primary servicer, ensuring the performance of certain servicing functions if the primary servicer fails to do so, establishing certain procedures and records for the trust, and taking additional actions as set forth in the trust documents. Any of the duties of the primary servicer may also be performed by the master servicer. The primary servicers collect payments from borrowers and may make servicing advances, foreclose upon defaulted mortgage loans, and take other actions as set forth in the trust documents. See **"FANNIE MAE PURCHASE PROGRAM—Seller and Servicer Eligibility"** for information on our primary servicer requirements. Our primary servicers may contract with subservicers to perform some or all of the servicing activities. In addition, we may, from time to time, acquire the servicing rights and become the primary servicer for mortgage loans, in which case we may use a subservicer to conduct the servicing functions. If the servicing rights for the mortgage loans in the pool are transferred to us, the disclosure in our ongoing disclosures for the pool will specify "Fannie Mae" as the servicer.

Custodial Accounts

Primary servicers are responsible for collecting payments from borrowers and remitting those payments to us for distribution to certificateholders. No later than two business days following a primary servicer's receipt of collections from borrowers, the collections must be deposited into a demand deposit account or an account through which funds may be invested in specified eligible investments. These accounts, called custodial accounts, must be established with eligible depositories and held in our name as master servicer or as trustee for the benefit of the certificateholders or held in the name of the primary servicer as our agent, trustee or bailee unless otherwise specified in the related servicing contract. An eligible depository may be a (i) Federal Reserve Bank, (ii) Federal Home Loan Bank or (iii) financial institution that has its accounts insured by the FDIC, the National Credit Union Share Insurance Fund ("NCUSIF"), or another governmental insurer or guarantor that is acceptable to us, satisfies the capital requirements of its regulator, and meets specified minimum financial ratings provided by established rating agencies.

During the one-to-two business day period between a primary servicer's receipt of collections from borrowers and its deposit of those collections into a custodial account, the primary servicer may hold the funds from collections in (i) a deposit account insured by the FDIC, the NCUSIF or other governmental guarantor or insurer

acceptable to us, or (ii) a clearing account at an eligible depository. The funds from collections held in such an account for that period may be commingled with funds from collections on other mortgage loans without regard to their ownership. In addition, if the related servicing contract so permits, for a period of no more than one business day before the date on which funds from collections are to be remitted to Fannie Mae, a primary servicer may hold the funds from collections in a consolidated drafting account and commingle the funds with funds from collections on other mortgage loans held in other Fannie Mae trusts.

A primary servicer may commingle funds held in custodial accounts with funds from collections on other mortgage loans held in other Fannie Mae trusts. In addition, if a mortgage loan was transferred to a portfolio pool, funds from collections on that mortgage loan may be commingled with funds from collections on other mortgage loans owned by Fannie Mae and serviced by the same primary servicer even if the mortgage loans are not held in a Fannie Mae trust.

Insured custodial account funds may be entitled to limited benefits under governmental insurance, subject to the rules and regulations of the FDIC or NCUSIF, in the case of a receivership or similar proceeding of an eligible depository. Governmental entities may, from time to time, take measures to alleviate the risk of insurance not being adequate. However, there can be no assurance (i) that any governmental actions will be sufficient to alleviate this risk completely, or (ii) as to how long any measures taken by the governmental entities will remain in effect. If the insurance were inadequate to cover amounts due to certificateholders, we would make payments to cover any amounts required to be paid to certificateholders under the terms of the certificates.

If the related servicing contract so permits, a primary servicer may be permitted to retain interest and investment earnings on funds on deposit in the custodial accounts. Certificateholders are not entitled to any earnings generated from funds in the custodial accounts and are not liable for any losses in the custodial accounts.

Certificate Accounts

Our primary servicers remit borrower collections to us monthly for distribution to certificateholders. These funds are deposited into a certificate account at an eligible depository. Funds held in a certificate account are held by us as trustee in trust for the benefit of certificateholders pending distribution to certificateholders. Amounts in any certificate account are held separately from our general corporate funds but are commingled with funds for other Fannie Mae trusts and are not separated on a trust-by-trust basis. We may invest funds in any certificate account in specified eligible investments, including our own debt instruments. We currently invest substantially all funds in certificate accounts in our own debt instruments. If we were unable or unwilling to continue to do so, the timing of incremental intra-day distributions made on each distribution date could be affected. We are entitled to retain all earnings on funds on deposit in each certificate account as a trust administration fee. See “**Certain Matters Regarding Our Duties as Trustee**” for a description of the trust administration fee. Primary servicers and certificateholders are not entitled to any earnings generated from funds in a certificate account and are not liable for any losses in a certificate account.

Master Servicer

We may resign as master servicer at any time by giving 120 days’ written notice of the resignation to the trustee and the guarantor. We may not be removed as master servicer by the trustee or certificateholders unless a guarantor event of default has occurred and is continuing.

If a guarantor event of default has occurred and is continuing while we are the master servicer, the trustee may, or at the direction of holders representing at least 51% of the voting rights of the trust, the trustee will, terminate all of the rights and obligations of the master servicer with respect to only that trust and the related mortgage loans and their proceeds, by notifying the master servicer of the removal in writing.

Removal of Successor Master Servicer

If Fannie Mae is no longer serving as the master servicer and a successor master servicer has been appointed, the trust documents provide that the successor master servicer for the certificates may be removed upon any of the following “servicing events of default”:

- the successor master servicer fails to remit, or cause a primary servicer to remit, funds for deposit to a certificate account on the applicable remittance date for payment to certificateholders, and the failure continues uncorrected for one business day after written notice of the failure has been given to the

successor master servicer by either the trustee or the holders of certificates representing at least 25% of the voting rights of the trust;

- the successor master servicer fails to perform in any material respect any of its other covenants and agreements, and the failure continues uncorrected for 60 days after written notice of the failure has been given to the successor master servicer by either the trustee or the holders of certificates representing at least 25% of the voting rights of the trust;
- the successor master servicer ceases to be eligible to serve as master servicer under the terms of the trust documents; or
- the successor master servicer becomes insolvent; a conservator, receiver or liquidator is appointed (either voluntarily or involuntarily and in the case of an involuntary appointment, the order appointing the conservator, receiver or liquidator has been undischarged or unstayed for 60 days); or the successor master servicer admits in writing that it is unable to pay its debts.

If any servicing event of default occurs with respect to the trust and continues uncorrected, the trustee may or, at the direction of holders of certificates representing at least 51% of the voting rights of the trust, the trustee will, terminate the rights and obligations of the successor master servicer with respect to only that trust and the related mortgage loans and their proceeds, by notifying the master servicer of the removal in writing.

A successor master servicer appointed immediately following a voluntary resignation of Fannie Mae as master servicer may be removed by the guarantor or, if a guarantor event of default has occurred and has not been cured, by the trustee upon not less than 60 days' written notice to the successor master servicer.

Certain Matters Regarding Our Duties as Trustee

We serve as trustee under the trust documents and retain all earnings on funds on deposit in the certificate account as a trust administration fee. See “**Fannie Mae Guaranty**” for a description of the payment priorities. Under the trust documents, the trustee may consult with and rely on the advice of counsel, accountants and other advisors. The trustee will not be responsible for errors in judgment or for anything it does or does not do in good faith if it so relies. This standard of care also applies to our directors, officers, employees and agents. We are not required, in our capacity as trustee, to risk our funds or incur any liability if we do not believe those funds are recoverable or if we do not believe adequate indemnity exists against a particular risk. This does not affect our obligations to the trust as guarantor under the Fannie Mae guaranty.

We are indemnified by the trust for actions we take in our capacity as trustee in connection with the administration of the trust. Officers, directors, employees, and agents of the trustee are also indemnified by the trust with respect to that trust. Nevertheless, neither we nor they will be protected against any liability if it results from willful misfeasance, bad faith, gross negligence or willful disregard of our duties.

The trust documents provide that the trustee may, but is not obligated to, undertake any legal action that it deems necessary or desirable in the interests of certificateholders. We may be reimbursed for the legal expenses and costs of the action from the assets of the trust.

We may resign from our duties as trustee under the trust documents for the certificates upon providing 90 days' notice to the guarantor. Our resignation will not become effective until a successor has assumed our duties. We may be removed as trustee only if a “guarantor event of default” has occurred and is continuing with respect to a trust. See “**Guarantor Events of Default**.” In that case, we can be removed (and then replaced by a successor trustee) as to the trust by holders of certificates representing at least 51% of the voting rights of the trust. Even if our duties as trustee under the trust documents terminate, we would continue to be obligated under our guaranty.

Removal of Successor Trustee

If Fannie Mae is no longer serving as the trustee and a successor trustee has been appointed, the trust documents provide that the successor trustee for the certificates may be removed upon any of the following “trustee events of default”:

- with respect to the trust, the successor trustee fails to deliver to the paying agent all required funds for distribution (to the extent the successor trustee has received the related funds), and the failure continues uncorrected for 15 days after written notice to the successor trustee of nonpayment and a demand that the failure be cured has been given to the successor trustee by either the guarantor (except

when a guarantor event of default has occurred and is continuing) or the holders of certificates representing at least 5% of the voting rights of the trust;

- with respect to the trust, the successor trustee fails to fulfill any of its other material obligations under the trust documents, and the failure continues uncorrected for 60 days after written notice to the successor trustee of the failure and a demand that the failure be cured has been given to the successor trustee by either the guarantor (except when a guarantor event of default has occurred and is continuing) or the holders of certificates representing at least 25% of the voting rights of the trust;
- the successor trustee ceases to be eligible to serve as successor trustee under the terms of the trust documents and fails to resign;
- the successor trustee becomes substantially incapable of acting as trustee, or a court or the regulatory entity that has primary supervisory authority over the successor trustee determines, under applicable law and regulation, that the successor trustee is unable to remain as trustee; or
- the successor trustee becomes insolvent; a conservator or receiver is appointed (either voluntarily or involuntarily, and in the case of an involuntary appointment, the order appointing the conservator or receiver has been undischarged or unstayed for 60 days); or the successor trustee admits in writing that it is unable to pay its debts.

If any trustee event of default occurs with respect to the trust and continues uncorrected, the guarantor (or if a guarantor event of default has occurred and is continuing, the master servicer) may, and if directed by holders of certificates representing at least 51% of the voting rights of the trust will, remove the successor trustee and appoint a new successor trustee.

A successor trustee may also be removed without cause by the guarantor at any time (unless a guarantor event of default has occurred and is continuing) and, upon such removal, the guarantor may appoint another successor trustee within 90 days after the date that notice is given to the former successor trustee.

Guarantor Events of Default

Any of the following events will be considered a “guarantor event of default” for the certificates:

- we fail to make a required payment under our guaranty, and our failure continues uncorrected for 15 days after written notice of the failure and a demand that the failure be cured have been given to us by the holders of certificates representing at least 5% of the voting rights of the trust;
- we fail in any material way to fulfill any of our other obligations under the trust documents, and our failure continues uncorrected for 60 days after written notice of the failure and a demand that the failure be cured have been given to us by the holders of certificates representing at least 25% of the voting rights of the trust; or
- we become insolvent, a receiver or a new conservator is appointed (either voluntarily or involuntarily, and in the case of an involuntary appointment, the order appointing the receiver or new conservator has been undischarged or unstayed for 60 days) or we admit in writing that we are unable to pay our debts.

Certificateholders’ Rights upon a Guarantor Event of Default

Certificateholders generally have no right under the trust documents to institute any proceeding against us with respect to the trust documents. Certificateholders may institute such a proceeding only if a guarantor event of default has occurred and is continuing and

- the holders of certificates representing at least 25% of the voting rights of the trust have requested in writing that the trustee institute the proceeding in its own name as trustee; and
- the trustee has neglected or refused to institute any proceeding for 120 days.

The trustee will be under no obligation to take any action or to institute, conduct or defend any litigation under the trust documents at the request, order or direction of any certificateholder unless the certificateholders have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities that the trustee may incur.

Future Limitations on Certificateholders' Rights under the Trust Documents

Certificateholders' rights may be limited during a receivership or future conservatorship. If we are placed into receivership or if we emerge from the current conservatorship and are placed into conservatorship once again, certificateholders' rights to remove us as master servicer or trustee may be restricted. In addition, if we are placed into receivership or are again placed into conservatorship, FHFA will have the authority to repudiate or transfer our guaranty obligations as well as our other obligations under the trust documents for the certificates. If that occurred, certificateholders would have only the rights to proceed against Treasury that are described in "**FANNIE MAE—Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement.**" See also "**RISK FACTORS—RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS—Fannie Mae Credit Factors.**"

Voting Rights

If any certificate is beneficially held by a party (including us) determined under applicable accounting rules to be the transferor of mortgage loans, the certificate may be voted by the transferor to the same extent as certificates held by any other holder, subject to the conditions specified in the following two paragraphs.

Certificates that are beneficially held by us, as guarantor, will be disregarded and deemed not to be outstanding for purposes of determining whether a guarantor event of default has occurred and is continuing, or whether to remove the master servicer or trustee when a guarantor event of default has occurred and is continuing. In all other matters with respect to the trust, certificates that are beneficially owned by us, as guarantor, may be voted by us, as guarantor, to the same extent as certificates held by any other holder. Nevertheless, if we, as guarantor, beneficially own 100% of the certificates of the trust, we may vote those certificates without restriction.

Certificates that are beneficially held by a successor trustee will be disregarded and deemed not to be outstanding for purposes of determining whether a trustee event of default has occurred and is continuing, or whether to remove that successor trustee when a trustee event of default has occurred and is continuing. In all other matters with respect to the trust, certificates that are beneficially owned by a successor trustee may be voted by that successor trustee to the same extent as certificates held by any other holder. Nevertheless, if a successor trustee beneficially owns 100% of the certificates of the trust, the successor trustee may vote those certificates without restriction.

Amendment

No Consent Required

We may amend the trust documents for the certificates without notifying or obtaining the consent of the certificateholders to do any of the following:

- correct an error, or correct, modify or supplement any provision in the trust documents that is inconsistent with any other provision of the trust documents or this prospectus;
- cure an ambiguity or supplement a provision of the trust documents, provided that the cure of an ambiguity or supplement of a provision is not otherwise inconsistent with the trust documents;
- modify the trust documents as necessary to maintain the trust as a fixed investment trust for federal income tax purposes, as evidenced by an opinion of counsel to that effect satisfactory in form and substance to the issuer and the trustee; or
- make any other amendment so long as the amendment will not (i) materially and adversely affect the related certificateholders or (ii) have any material adverse tax consequences for certificateholders, in either case, as evidenced by an opinion of counsel to that effect satisfactory in form and substance to the issuer and the trustee.

An amendment to cure an ambiguity in, or supplement a provision of, the trust documents that would otherwise require the consent of 100% of the certificateholders as described below cannot be made without that consent.

100% Consent Required

We may amend the trust documents for the certificates to take any of the following actions only with the consent of 100% of the certificateholders of the certificates:

- terminate or change our guaranty obligations;
- reduce or delay payments to certificateholders;
- reduce the percentage of certificateholders who must give their consent to any waiver or amendment; or
- take an action that materially increases the taxes payable in respect of the trust or adversely affects the status of the trust as a fixed investment trust for federal income tax purposes.

51% Consent Required

We may amend the trust documents for any reason other than the reasons set forth in “—*No Consent Required*” and “—*100% Consent Required*” only with the consent of holders of certificates with aggregate certificate principal balances of at least 51% of the aggregate certificate principal balance of the certificates.

Termination

The trust will terminate with respect to the certificates when the certificate principal balance of the pool has been reduced to zero and all distributions have been passed through to the certificateholders. In no event will the trust continue beyond the last day of the 60th year following the issue date of the trust. We do **not** have any clean-up call option; that is, we cannot terminate the trust solely because the unpaid principal balance of the pool declines to a specified amount or reaches a specified percentage of the original unpaid principal balance of the pool.

Merger

The trust documents provide that if we merge or consolidate with another corporation, the successor corporation will be our successor under the trust documents and will assume all of our duties under the trust documents, including our guaranty.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The certificates and payments on the certificates generally are subject to taxation. Therefore, you should consider the tax consequences of holding a certificate before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of certificates. The discussion is general and does not purport to deal with all aspects of federal taxation that may be relevant to particular investors and is not written or intended to be used for the purpose of avoiding U.S. federal tax penalties. This discussion may not apply to your particular circumstances for various reasons including the following:

- This discussion reflects federal tax laws in effect as of the date of this prospectus. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below;
- This discussion addresses only certificates acquired by beneficial owners at original issuance for cash and held as capital assets (generally, property held for investment);
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar or persons for whom interest on the certificates may be treated as “business interest income”;
- This discussion summary does not address tax consequences of the purchase, ownership or disposition of a certificate by a partnership. If a partnership holds a certificate, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership; or
- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

For these reasons, you should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

For purposes of this discussion, the term mortgage loan, in the case of a participation interest, means the interest in the underlying mortgage loan represented by that participation interest; and in applying a federal income tax rule that depends on the origination date of a mortgage loan or the characteristics of a mortgage loan at its origination, the term mortgage loan means the underlying mortgage loan and not the participation interest.

Internal Revenue Service Guidance Regarding the Certificates

In Revenue Ruling 84-10, 1984-1 C.B. 155, the Internal Revenue Service (“IRS”) set forth certain federal income tax consequences relating to investments in the certificates issued with respect to a pool. Pursuant to Revenue Ruling 84-10, the pool will not be classified as an association taxable as a corporation for federal income tax purposes. Instead, the pool will be classified as a fixed investment trust, and, under subpart E of part I of subchapter J of the Code, each beneficial owner of a certificate will be considered to be the beneficial owner of a pro rata undivided interest in each of the mortgage loans included in the pool.

Although Revenue Ruling 84-10 does not specifically address participation interests in mortgage loans, other IRS pronouncements clearly indicate that the holdings of Revenue Ruling 84-10 are equally applicable to a certificate backed by a pool consisting (in whole or in part) of participation interests.

Application of Revenue Ruling 84-10

Pursuant to the holdings of Revenue Ruling 84-10, a beneficial owner of the certificates must report on its federal income tax return its pro rata share of the entire income from each mortgage loan in the pool, consistent with the beneficial owner’s method of accounting. The items of income from a mortgage loan include interest, original issue discount (discussed below), prepayment premiums, assumption fees and late payment charges, plus any amount paid by us as interest under our guaranty. Certain beneficial owners can deduct their pro rata share of the expenses of the trust as provided in section 162 or section 212 of the Code, consistent with their method of accounting and subject to the discussion below.

A beneficial owner must also allocate its basis in a certificate among the mortgage loans included in the pool in proportion to the relative fair market values of the mortgage loans. If the basis allocated to a mortgage loan is less than the principal amount of that mortgage loan, the beneficial owner may have market discount with respect to that mortgage loan, and if the basis exceeds the principal amount, the beneficial owner may have premium with respect to that mortgage loan. Market discount and premium are discussed below.

Prepayment Premiums

A beneficial owner should include in income its distributable share of prepayment premiums for the period in which the distribution is made. You should consult your tax advisor concerning the character of taxable income attributable to prepayment premiums received on the certificates.

Original Issue Discount

Certain mortgage loans may be issued with original issue discount (“OID”) within the meaning of section 1273(a) of the Code. OID often arises with respect to mortgage loans that provide for the deferral of interest. If a mortgage loan is issued with OID, a beneficial owner must include the OID in income as it accrues, generally in advance of the receipt of cash attributable to such income. The descriptions set forth below in “—***Market Discount***” and “—***Premium***” may not be applicable for mortgage loans issued with OID. You should consult your own tax advisor regarding the accrual of market discount and premium on mortgage loans issued with OID.

Market Discount

A beneficial owner that acquires a mortgage loan for less than its principal amount generally has market discount in the amount of the difference between the principal amount and the beneficial owner’s basis in that mortgage loan. In general, three consequences arise if a beneficial owner acquires an interest in a mortgage loan with market discount. First, the beneficial owner must treat any principal payment with respect to a mortgage loan acquired with market discount as ordinary income to the extent of the market discount that accrued while such beneficial owner held an interest in that mortgage loan. Second, the beneficial owner must treat gain on the disposition or retirement of such a certificate as ordinary income under the circumstances discussed below in “—**Sales and Other Dispositions of Certificates.**” Third, a beneficial owner that incurs or continues indebtedness to acquire a certificate at a market discount may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a beneficial owner may elect to include market discount in income on a current basis as it accrues, in which case the

three consequences discussed above will not apply. If a beneficial owner makes this election, the beneficial owner must also apply the election to all debt instruments acquired by the beneficial owner on or after the beginning of the first taxable year to which the election applies. A beneficial owner may revoke the election only with the consent of the IRS.

A beneficial owner must determine the amount of accrued market discount for a period using a straight-line method, based on the maturity of the mortgage loan, unless the beneficial owner elects to determine accrued market discount using a constant yield method. The IRS has authority to provide regulations for determining the accrual of market discount in the case of debt instruments, including mortgage loans, that provide for more than one principal payment, but has not yet issued such regulations. In addition, the legislative history to the Tax Reform Act of 1986 states that market discount on certain types of debt instruments may be treated as accruing in proportion to remaining accruals of original issue discount, if any, or if none, in proportion to remaining distributions of interest. You should consult your own tax advisor regarding the method a beneficial owner should use to determine accrued market discount.

Notwithstanding the above rules, market discount on a mortgage loan is considered to be zero if the discount is less than 0.25 percent of the principal balance of the mortgage loan multiplied by the number of complete years from the date the beneficial owner acquires an interest in the mortgage loan to the maturity of the mortgage loan (referred to as the market discount de minimis amount). The IRS has authority to provide regulations to adjust the computation of the market discount de minimis amount in the case of debt instruments, including mortgage loans, that provide for more than one principal payment, but has not yet issued such regulations. The IRS could assert, nonetheless, that the market discount de minimis amount should be calculated using the remaining weighted average life of a mortgage loan rather than its final maturity. You should consult your own tax advisor regarding the ability to compute the market discount de minimis amount based on the final maturity of a mortgage loan.

Section 1272(a)(6)

Pursuant to regulations issued by Treasury, Fannie Mae is required to report OID and market discount in a manner consistent with section 1272(a)(6) of the Code. You should consult your own tax advisor regarding the effect of section 1272(a)(6) on the accrual of OID and market discount.

Premium

A beneficial owner that acquires a mortgage loan for more than its principal amount generally has premium with respect to that mortgage loan in the amount of the excess. In that event, the beneficial owner may elect to treat the premium as amortizable bond premium. If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income (fully taxable bonds) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

If a beneficial owner makes this election, the beneficial owner reduces the amount of any interest payment that must be included in the beneficial owner's income by the portion of the premium allocable to the period based on the mortgage loan's yield to maturity. Correspondingly, a beneficial owner must reduce its basis in the mortgage loan by the amount of premium applied to reduce any interest income.

If a beneficial owner does not elect to amortize premium, (i) the beneficial owner must include the full amount of each interest payment in income, and (ii) the premium must be allocated to the principal distributions on the mortgage loan and, when each principal distribution is received, a loss equal to the premium allocated to that distribution will be recognized. Any tax benefit from premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of the certificate. See “—**Sales and Other Dispositions of Certificates.**”

Accrual Method Election

A beneficial owner may elect to include in income its entire return on a mortgage loan (i.e., the excess of all remaining payments to be received on the mortgage loan over the amount of the beneficial owner's basis in the mortgage loan) based on the compounding of interest at a constant yield. Such an election for a mortgage loan with amortizable bond premium (or market discount) will result in a deemed election to amortize premium for all the

beneficial owner's debt instruments with amortizable bond premium (or to accrue market discount currently for all the beneficial owner's debt instruments with market discount) as discussed above.

In addition, under section 451(b) of the Code, taxpayers using an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. Under proposed Treasury regulations on which taxpayers generally may rely, the timing of inclusion of market discount and original issue discount (including de minimis market discount and original issue discount) generally would not be affected by section 451(b) of the Code. Prospective investors using the accrual method of accounting are advised to consult their own tax advisors regarding the application of section 451(b) of the Code and the proposed Treasury regulations to their particular situation.

Expenses of the Trust

A beneficial owner can deduct its allocable share of expenses paid by the trust as provided in section 162 or section 212 of the Code, consistent with its method of accounting; provided, however, that in general a beneficial owner that is an individual, trust or estate is denied a deduction for its allocable share of the trust's fees or expenses under section 212 of the Code for any taxable year before January 1, 2026. Prospective investors are urged to consult with their tax advisors regarding the potential applicability of these rules to their particular situations.

Sales and Other Dispositions of Certificates

Upon the sale, exchange or other disposition of a certificate, the beneficial owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the beneficial owner's adjusted basis in the certificate. The adjusted basis of a certificate generally will equal the cost of the certificate to the beneficial owner, increased by any amounts of original issue discount and market discount included in the beneficial owner's gross income with respect to the certificate, and reduced by distributions on the certificate previously received by the beneficial owner as principal and by any premium that has reduced the beneficial owner's interest income with respect to the certificate. Any such gain or loss generally will be capital gain or loss, except (i) as provided in section 582(c) of the Code (which generally applies to banks) or (ii) to the extent any gain represents original issue discount or accrued market discount not previously included in income (to which extent such gain would be treated as ordinary income). Any capital gain (or loss) will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held the certificate for more than one year. The ability to deduct capital losses is subject to limitations.

Section 1271 of the Code provides that amounts received by a beneficial owner on retirement of any mortgage loan of a natural person are considered to be amounts received in exchange therefor. The application of section 1271 to a retirement of a mortgage loan that was acquired at a discount is unclear, and you should consult your own tax advisor regarding the application of section 1271 to a certificate in such a case.

Medicare Tax

Certain non-corporate beneficial owners are subject to an increased rate of tax on some or all of their "net investment income," which generally includes interest, OID and market discount realized on a certificate, and any net gain recognized upon a disposition of a certificate. You should consult your tax advisor regarding the applicability of this tax based on your particular circumstances.

Special Tax Attributes

In Revenue Ruling 84-10, the IRS ruled on the status of the certificates under specific sections of the Code. In particular, the IRS ruled as follows:

1. A certificate owned by a domestic building and loan association is considered as representing loans secured by an interest in real property within the meaning of section 7701(a)(19)(C)(v) of the Code, provided the real property underlying each mortgage loan is (or, from the proceeds of the mortgage loans, will become) the type of real property described in that section of the Code.
2. A certificate owned by a real estate investment trust (a "REIT") is considered as representing real estate assets within the meaning of section 856(c)(5)(B) of the Code, and the interest income is considered interest on obligations secured by mortgages on real property within the meaning of section 856(c)(3)(B) of the Code.

The special tax attributes discussed above may not apply to a mortgage loan to the extent that its principal amount exceeds the value of the real property securing it. The principal security for each mortgage loan is a first lien (or, in the case of a subordinate lien mortgage loan, a subordinate lien) on real property. The mortgage loans, however, also may be secured by a security interest in related tangible personal property (e.g., equipment and furniture) and in related intangible personal property such as rents and revenues, insurance proceeds, condemnation awards or settlements, contract rights, deposits, permits, accounts, licenses, and so forth. For real estate investment trusts, if the fair market value of the personal property does not exceed 15% of the sum of the fair market values of the real and personal property securing the loan, which we refer to as permitted personal property, the permitted personal property is treated as real property for purposes of this test. We believe that the fair market value of the real property securing each mortgage loan exceeds the principal balance of that mortgage loan as of the issue date of the certificates based upon the lender's representation that each mortgage loan complied with underwriting guidelines with respect to property value and loan-to-value ratio.

A pool containing participation interests in mortgage loans will be structured so that the related certificates will have the tax status described above. If a certificate represents an interest in the pool that contains a cooperative share loan, an escrow mortgage loan, a buydown loan, a government mortgage loan, or a loan secured by a manufactured home, you should also consider the following tax consequences applicable to an undivided interest in those loans. In the event that any mortgage loan has a loan-to-value ratio in excess of 100% (that is, the principal balance of any mortgage loan exceeds the fair market value of the real property securing the loan), the interest income on the portion of the mortgage loan in excess of the value of the real property and permitted personal property will not be interest on obligations secured by mortgages on real property within the meaning of section 856(c)(3)(B) of the Code and such excess portion will not be a real estate asset within the meaning of section 856(c)(5)(B) of the Code. The excess portion should represent a "Government security" within the meaning of section 856(c)(4)(A) of the Code. If a pool contains a mortgage loan with a loan-to-value ratio in excess of 100%, a holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such excess portion.

It is not certain whether or to what extent a mortgage loan with a loan-to-value ratio in excess of 100% qualifies as a loan secured by an interest in real property for purposes of section 7701(a)(19)(C)(v) of the Code. Even if the property securing the mortgage loan does not meet this test, the certificates will be treated as "obligations of a corporation which is an instrumentality of the United States" within the meaning of section 7701(a)(19)(C)(ii) of the Code. Thus, the certificates will be a qualifying asset for a domestic building and loan association.

Because the certificates may not be a suitable investment for a REIT, REIT investors should consult their own tax advisors regarding the federal income tax consequences of purchasing, holding and disposing of certificates.

Seniors Housing Loans

Based upon the holdings of Revenue Ruling 84-10, a certificate representing an interest in a pool that contains seniors housing loans will be considered as representing loans secured by an interest in educational, health or welfare institutions or facilities within the meaning of section 7701(a)(19)(C)(vii) of the Code, provided the collateral securing each mortgage loan is the type of property described in that section of the Code.

Mortgage Loan Servicing

The IRS issued guidance on the tax treatment of mortgage loans in cases in which the fee retained by the primary servicer of the mortgage loans exceeds what is established under tax law to be reasonable compensation for the services to be performed. This guidance is directed primarily to servicers and, in most cases, should not have a significant effect on beneficial owners of mortgage loans.

Under the IRS guidance, if a servicing fee on a mortgage loan is determined to exceed reasonable compensation, the payments of the excess servicing fee are treated as a series of stripped coupons and the mortgage loan is treated as a stripped bond within the meaning of section 1286 of the Code. In general, if a mortgage loan is treated as a stripped bond, any discount with respect to that mortgage loan will be treated as original issue discount. Any premium with respect to such a mortgage loan may be treated as amortizable bond premium regardless of the date the mortgage loan was originated, because a stripped bond is treated as originally issued on the date a beneficial owner acquires the stripped bond. See "**—Application of Revenue Ruling 84-10—Premium**" above. In addition, the excess portion of servicing compensation will be excluded from the income of owners and thus will not be

subject to the limitations on the deductibility of miscellaneous itemized deductions. See “—**Application of Revenue Ruling 84-10—Expenses of the Trust**” above.

A mortgage loan is effectively not treated as a stripped bond by beneficial owners, however, if the mortgage loan meets either the 100 basis point test or the de minimis test. A mortgage loan meets the 100 basis point test if the total amount of servicing compensation on the mortgage loan does not exceed reasonable compensation for servicing by more than 100 basis points. A mortgage loan meets the de minimis test if (i) the discount at which the mortgage loan is acquired is less than 0.25 percent of the remaining principal balance of the mortgage loan multiplied by its weighted average remaining life; or (ii) in the case of wholly self-amortizing mortgage loans, the acquisition discount is less than 1/6 of one percent times the number of whole years to final stated maturity.

The IRS guidance contains a number of ambiguities. For example, it is not clear whether the rules described above are to be applied on an individual loan or an aggregate basis. You should consult your own tax advisor about the IRS guidance and its application to investments in the certificates.

Information Reporting and Backup Withholding

For each distribution, we will post on our website information that will allow beneficial owners to determine (i) the portion of such distribution allocable to principal and to interest, (ii) the amount, if any, of OID and market discount and (iii) the administrative expenses allocable to such distribution. In Notice 2008-77, 2008-40 I.R.B. 814, the IRS provided an exception from reporting certain modifications of mortgage loans held by a fixed investment trust if a guaranty arrangement compensates the trust for any shortfalls that would otherwise be experienced as a result of the modification. Based on this IRS guidance, we have determined that modifications of certain non-performing loans under terms specified in the trust documents are not required to be reported.

Payments of interest and principal, as well as payments of proceeds from the sale of certificates, may be subject to the backup withholding tax under section 3406 of the Code if the recipient of the payment is not an exempt recipient and fails to furnish certain information, including its taxpayer identification number, to us or our agent, or otherwise fails to establish an exemption from such tax. Any amounts deducted and withheld from such a payment would be allowed as a credit against the beneficial owner’s federal income tax. Furthermore, certain penalties may be imposed by the IRS on a holder or owner who is required to supply information but who does not do so in the proper manner.

Foreign Investors

Additional rules apply to a beneficial owner that is not a U.S. Person and that is not a partnership (a “Non-U.S. Person”). “U.S. Person” means a citizen or resident of the United States, a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state or the District of Columbia, an estate the income of which is subject to U.S. federal income tax regardless of the source of its income, or a trust if a court within the United States can exercise primary supervision over its administration and at least one U.S. Person has the authority to control all substantial decisions of the trust.

Subject to the discussion of FATCA, as defined below, payments on a certificate made to, or on behalf of, a beneficial owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided the following conditions are satisfied:

- the beneficial owner does not hold the certificate in connection with its conduct of a trade or business in the United States;
- the beneficial owner is not, with respect to the United States, a personal holding company or a corporation that accumulates earnings in order to avoid U.S. federal income tax;
- the beneficial owner is not a U.S. expatriate or former U.S. resident who is taxable in the manner provided in section 877(b) of the Code;
- the beneficial owner is not an excluded person (i.e., a 10-percent shareholder of Fannie Mae or a mortgage borrower within the meaning of section 871(h)(3)(B) of the Code or a controlled foreign corporation related to Fannie Mae or a mortgage borrower within the meaning of section 881(c)(3)(C) of the Code);

- the beneficial owner signs a statement under penalties of perjury certifying that it is a Non-U.S. Person and provides its name, address and taxpayer identification number (a “Non-U.S. Beneficial Ownership Statement”);
- the last U.S. Person in the chain of payment to the beneficial owner (the withholding agent) receives such Non-U.S. Beneficial Ownership Statement from the beneficial owner or a financial institution holding on behalf of the beneficial owner and does not have actual knowledge that such statement is false; and
- the Non-U.S. Person (and each foreign intermediary and foreign flow-through entity through which the Non-U.S. Person holds its certificate) complies with FATCA (as discussed below).

Backup withholding will not apply to payments made to a beneficial owner that is a Non-U.S. Person if the beneficial owner or a financial institution holding on behalf of the beneficial owner provides a Non-U.S. Beneficial Ownership Statement to the withholding agent.

A Non-U.S. Beneficial Ownership Statement may be made on an IRS Form W-8BEN or Form W-8BEN-E, as applicable, or a substantially similar substitute form. The beneficial owner or financial institution holding on behalf of the beneficial owner must inform the withholding agent of any change in the information on the statement within 30 days of such change.

Sections 1471 through 1474 of the Code (commonly known as “FATCA”) generally impose withholding of 30% on “withholdable payments” to certain foreign entities (including financial intermediaries) unless certain information reporting, diligence and other requirements have been satisfied. For this purpose, withholdable payments include payments on the certificates that are treated as interest. To receive the benefit of an exemption from FATCA withholding tax, you must provide to the withholding agent a properly completed Form W-8BEN or Form W-8BEN-E or other applicable form evidencing such exemption. Non-U.S. Persons should consult their own tax advisors regarding the potential application and impact of this legislation based on their particular circumstances.

CREDIT RISK RETENTION

The certificates satisfy the requirements of the Credit Risk Retention Rule (12 C.F.R. Part 1234) jointly promulgated by FHFA, the SEC and several other federal agencies. In accordance with 12 C.F.R. 1234.8(a), (i) the certificates are fully guaranteed as to timely payment of principal and interest by Fannie Mae and (ii) Fannie Mae is operating under the conservatorship of FHFA with capital support from the United States.

EUROPEAN SECURITIZATION RULES

Regulation (EU) 2017/2402 (the “EU Securitization Regulation”), together with regulatory and implementing technical standards applicable thereto and guidelines and other materials published by the European Banking Authority, the European Securities and Markets Authority and the European Commission in relation thereto (the “European Securitization Rules”), collectively have direct effect in member states of the European Union (the “EU”) and are expected to be implemented by national legislation in other countries in the European Economic Area (the “EEA”).

Our counsel, Katten Muchin Rosenman UK LLP, has advised us that an investment in the certificates does not constitute acquiring a position in a “securitization” as defined in Article 2(1) of the EU Securitization Regulation. Accordingly, we are not required, and do not intend, to make any representation or agreement that we or any other party is undertaking or will have undertaken to comply (or to take or refrain from taking any action to facilitate compliance) with any requirements of the European Securitization Rules as implemented in any member state (or former member state) of the EU or of the EEA, or with the requirements of any other law or regulation now or hereafter in effect in any member state (or former member state) of the EU or of the EEA in relation to credit risk retention, due diligence and transparency, credit granting standards or other conditions with respect to investments in securitization transactions. Each prospective investor is responsible for analyzing its own regulatory position and should consult with its own legal, accounting and other advisors regarding the suitability of an investment in the certificates and compliance with any such law or regulation.

PLAN OF DISTRIBUTION

Certificates backed by mortgage loans delivered to us by a mortgage loan seller are issued to the seller in exchange for the mortgage loans. Certificates backed by portfolio pools holding mortgage loans previously held in our portfolio may be issued to us in our corporate capacity in exchange for those mortgage loans or may be sold to

dealers or third party investors through a bidding process. In each case, we are the depositor of the mortgage loans into the trust, the trustee for the trust, and the master servicer of the mortgage loans in the trust. Mortgage loan sellers, dealers and third party investors may retain the certificates or sell them in the secondary mortgage market.

ACCOUNTING CONSIDERATIONS

The accounting treatment that applies to an investor's purchase and holding of certificates may vary depending upon a number of different factors. Moreover, accounting principles, and how they are interpreted and applied, may change from time to time. Before you purchase the certificates, you should consult your own accountants regarding the proper accounting treatment for the certificates.

LEGAL INVESTMENT CONSIDERATIONS

If you are an institution whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities, you may be or may become subject to restrictions on investment in certain certificates of an issuance or to certificates generally, including, without limitation, restrictions that may be imposed retroactively. If you are a financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the NCUA, Treasury or other federal or state agencies with similar authority, you should review the rules, guidelines and regulations that apply to you prior to purchasing or pledging the certificates of this issuance. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any certificate. **You should consult your own legal advisors to determine whether and to what extent the certificates constitute legal investments or are or may become subject to restrictions on investment and whether and to what extent the certificates can be used as collateral for various types of borrowings.**

ERISA CONSIDERATIONS

ERISA and section 4975 of the Code impose requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and on other types of benefit plans and arrangements subject to section 4975 of the Code (such as individual retirement accounts). ERISA and section 4975 of the Code also impose these requirements on some entities in which these benefit plans or arrangements invest. We refer to these plans, arrangements and entities, collectively, as plans. Any person who is a fiduciary of a plan also is subject to the requirements imposed by ERISA and section 4975 of the Code. Before a plan invests in any certificate, the plan fiduciary must consider whether the governing instruments for the plan permit the investment, whether the certificates are a prudent and appropriate investment for the plan under its investment policy, and whether such an investment might result in a transaction prohibited under ERISA or section 4975 of the Code for which no exemption is available.

The U.S. Department of Labor issued a regulation covering the acquisition by a plan of a "guaranteed governmental mortgage pool certificate," defined to include a certificate that is backed by, or evidences an interest in, a specified mortgage loan or participation interest in a mortgage loan and that is guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a plan in a guaranteed governmental mortgage pool certificate does not cause the assets of the plan to include the mortgage loans underlying the certificate or cause the sponsor, trustee and other servicers of the related mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgage loans in the pool. Our counsel, Katten Muchin Rosenman LLP, has advised us that, except to the extent otherwise specified in this prospectus, the certificates qualify under the definition of "guaranteed governmental mortgage pool certificates" and, as a result, the purchase and holding of certificates by plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction provisions of ERISA or section 4975 of the Code merely by reason of a plan's holding of certificates. However, investors should consult with their own counsel regarding the ERISA eligibility of certificates they may purchase.

Due to the possibility that Fannie Mae, any dealer or any of their respective affiliates may receive certain benefits in connection with the sale or holding of certificates, the purchase of certificates using "assets of a plan" (as described in 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) over which any of these parties or their affiliates has investment authority, or renders investment advice for a fee with respect to the assets of the plan, or is the employer or other sponsor of the plan, might be deemed to be a violation of a provision of Title I of ERISA or Section 4975 of the Code. Accordingly, certificates may not be purchased using the assets of any plan if Fannie Mae, any dealer or any of their respective affiliates has investment authority, or renders investment advice

for a fee with respect to the assets of the plan, or is the employer or other sponsor of the plan, unless an applicable prohibited transaction exemption is available to cover the purchase or holding of certificates or the transaction is not otherwise prohibited.

LEGAL OPINION

If you purchase certificates, we will send you, upon request, an opinion of our general counsel (or one of our deputy general counsels) as to the validity of the certificates and the related trust documents.

No one is authorized to give information or to make representations in connection with the certificates other than the information and representations contained in or incorporated into this prospectus and the additional disclosure documents. We take no responsibility for any unauthorized information or representation. This prospectus and the additional disclosure documents do not constitute an offer or solicitation with regard to the certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this prospectus and the additional disclosure documents at any time, no one implies that the information contained herein or therein is correct after the date hereof or thereof.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the certificates or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

Additional prospectuses and information regarding outstanding pools are available on our website at www.fanniemae.com or by calling us at 800-2FANNIE (800-232-6643).

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Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans)

MULTIFAMILY MBS PROSPECTUS



Fannie Mae®



Fannie Mae®

**MULTIFAMILY MBS PROSPECTUS SARM ADDENDUM
POOL SPECIFIC ADDITIONAL DISCLOSURE**

Additional Disclosure

No additional disclosure has been included in this Prospectus.