

GLOBAL AGENCY AGREEMENT

Connecticut Avenue Securities, Series 2016-C07

GLOBAL AGENCY AGREEMENT, dated as of December 8, 2016 (as amended, modified and supplemented from time to time, this "Agreement"), between FEDERAL NATIONAL MORTGAGE ASSOCIATION ("Fannie Mae"), as issuer (the "Issuer"), and WELLS FARGO BANK, N.A., a national banking association organized under the laws of the United States of America, as agent, registrar, authenticating agent, calculation agent, paying agent and transfer agent (collectively in such capacities, the "Global Agent") and as exchange administrator (in such capacity, the "Exchange Administrator"), in connection with the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 (the "Notes"). All exhibits attached hereto are made a part hereof as if their full text were set forth and incorporated herein as part of this Agreement.

WHEREAS, the Issuer intends to issue the Notes in the form of registered book-entry securities, or in definitive form, from time to time, as provided herein;

WHEREAS, the Exchangeable Notes will be exchangeable for the related RCR Notes and vice versa;

WHEREAS, the Issuer desires to engage the Global Agent to perform, and the Global Agent desires to perform, certain services relating to the Notes, including authentication, registration, transfer and payment upon the duly authorized and accepted request of a holder; and

WHEREAS, the Issuer desires to engage the Exchange Administrator to perform, and the Exchange Administrator desires to perform, certain services relating to exchanges of the Exchangeable Notes and RCR Notes.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the Issuer, the Global Agent and the Exchange Administrator agree as follows:

Section 1. Definitions.

All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Debt Agreement.

"Agreement" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto.

"Authorized Officer" has the meaning specified in Section 3(a) hereof.

"Book-Entry Notes" means the DTC Notes, issued through the DTC system and subject to DTC's rules and procedures as amended from time to time, and any Notes issued through Euroclear or Clearstream.

"Business Day" means a day other than (i) a Saturday or Sunday or (ii) a day on which the Corporate Trust Offices of the Global Agent and the Exchange Administrator (currently located at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Client Manager – CONN-AVE 2016-C07), DTC, the Federal Reserve Bank of New York or banking institutions in the City of New York are authorized or obligated by law or executive order to be closed.

"Clearstream" means Clearstream Banking, société anonyme, which holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

"Closing Date" means December 8, 2016.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combination" means any of the available combinations and recombinations of Exchangeable Notes to be exchanged for RCR Notes, and vice versa, set forth in Exhibit I-1 hereto.

"Common Depository" means the common depository for Euroclear, Clearstream and/or any other applicable clearing system, which will hold Common Depository Notes on behalf of Euroclear, Clearstream and/or any such other applicable clearing system.

"Common Depository Notes" mean Notes that are deposited with a Common Depository and that will clear and settle through the systems operated by Euroclear, Clearstream and/or any such other applicable clearing system other than DTC.

"Corporate Trust Office" means the principal corporate trust office of the Global Agent and the Exchange Administrator at which at any particular time its corporate trust business with respect to this Agreement is conducted, which office at the date of the execution of this Agreement is located at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951, Attention: Client Manager – CONN-AVE 2016-C07, and for Note transfer or exchange purposes is located at MAC N9300-070, 600 South Fourth Street, 7th Floor, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services – CONN-AVE 2016-C07, or at such other address as the Global Agent may designate from time to time by written notice to the holders of the Notes and the Issuer.

"Debt Agreement" means the debt agreement dated December 8, 2016 by and among Fannie Mae and the Holders of Notes, a copy of which is attached as Exhibit A hereto.

"Definitive Notes" means the Notes that are in registered, certificated form, as provided herein.

"DTC" means The Depository Trust Company of New York, a limited-purpose trust company.

"DTC Custodian" means the custodian of the DTC Notes on behalf of DTC, which initially shall be the Global Agent.

"DTC Notes" means the Notes cleared, settled and maintained on the DTC System, registered in the name of a nominee of DTC and substantially in the form of Exhibit B hereto. The Notes will be DTC Notes at issuance.

"DTC System" means the book-entry system of DTC.

"Exchange Administrator" has the meaning specified in the preamble, and any duly qualified and appointed successor to Wells Fargo in such capacity. Wells Fargo will perform its duties as Exchange Administrator hereunder through its Corporate Trust Services division.

"Euroclear" means the Euroclear System, a depository that holds securities for its participants and clears and settles transactions between its participants through simultaneous electronic book-entry delivery against payment.

"Fannie Mae" means the Federal National Mortgage Association.

"FATCA" has the meaning specified in Section 6(i) hereof.

"Financial Intermediary" means each brokerage firm, bank, thrift institution or other financial intermediary that maintains the account for each Person who owns a beneficial ownership interest in the Book-Entry Notes.

"Global Agent" has the meaning specified in the preamble, and any duly qualified and appointed successor to Wells Fargo in such capacity. Wells Fargo will perform its duties as Global Agent hereunder through its Corporate Trust Services division.

"Global Agent Website" means the website established and maintained by the Global Agent in connection with its administration of this Agreement, which shall be located, as of the Closing Date, at [www.ctslink.com](http://www.ctslink.com).

"Holder" means in the case of (i) DTC Notes, DTC or its nominee; (ii) Common Depository Notes, the depository or its nominee in whose name the Notes are registered on behalf of a related clearing system; and (iii) Notes in definitive registered form, the Person or entity in whose name such Notes are registered in the Note Register.

"Incumbency Certificate" has the meaning specified in Section 3(b) hereof.

"Initial Note Notional Balance" means, for the Class 2M-2I Notes, \$139,031,000.

"Initial Note Principal Balance" means (a) \$192,504,000 with respect to the Class 2M-1 Notes, (b) \$449,177,000 with respect to the Class 2M-2 Notes, (c) \$139,031,000 with respect to the Class 2M-2A Notes, (d) \$139,031,000 with respect to the Class 2M-2R Notes, (e) \$139,031,000 with respect to the Class 2M-2S Notes, (f) \$139,031,000 with respect to the Class 2M-2T Notes, (g) \$139,031,000 with respect to the Class 2M-2U Notes, (h) \$310,146,000 with respect to the Class 2M-2B Notes and (i) \$60,000,000 with respect to the Class 2B Notes.

"Issuance Reference Pool File" has the meaning specified in Section 6(a) hereof.

"Issuer" means Fannie Mae and any successor to the obligations of Fannie Mae under the Notes.

"Issuer Order" means a written order or request signed in the name of the Issuer by any of its Authorized Officers and delivered to the Global Agent.

"Letter of Representations" means the letter agreement, dated as of December 8, 2016, executed by the Issuer and delivered to DTC.

"Minimum Denomination" has the meaning set forth on Appendix I of the Debt Agreement.

"Monthly Reference Pool File" has the meaning specified in Section 6(a) hereof.

"NMWHFIT" means a "non-mortgage widely held fixed investment trust" as that term is defined in Treasury Regulations section 1.671-5(b)(12) or successor provisions.

"Note Collection Account" means the segregated trust account established and maintained by the Global Agent entitled "Note Collection Account of Wells Fargo Bank, N.A., Global Agent for the benefit of the Holders of Connecticut Avenue Securities, Series 2016-C07."

"Note Register" means the book or books of registration kept by the Global Agent in which are maintained the names and addresses and principal amounts registered to each registered owner.

"Notes" means the Fannie Mae Connecticut Avenue Securities, Series 2016-C07, Class 2M-1 Notes, Class 2M-2 Notes, Class 2M-2A Notes, Class 2M-2I Notes, Class 2M-2R Notes, Class 2M-2S Notes, Class 2M-2T Notes, Class 2M-2U Notes, Class 2M-2B Notes and Class 2B Notes issued pursuant to the Debt Agreement, which shall be substantially in the respective forms set forth in Exhibit B hereto.

"OID" means original issue discount for U.S. federal income tax purposes.

"Payment Date" means the twenty-fifth (25th) day of each calendar month (or, if not a Business Day, the following Business Day), commencing in December 2016.

"Payment Date Statement" means a report setting forth certain information relating to the Reference Pool, the Notes, the Reference Tranches and the hypothetical structure described in the Prospectus, which shall be in such form as is required under the Prospectus and otherwise as agreed upon between the Issuer and the Global Agent.

"Permitted Investments" means any one or more of the obligations that the Issuer and the Global Agent mutually agree to in writing.

"Person" means any individual, corporation, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

"Prospectus" means the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 Prospectus dated December 6, 2016.

"RCR Pool" means the discrete pool consisting of such interests in the related Exchangeable Notes as may be held of record by the Exchange Administrator, from time to time, as a result of exchanges pursuant to Section 8 of this Agreement.

"Registrar" has the meaning set forth in Section 4(a).

"Remittance Date" has the meaning set forth in Section 7(a).

"Responsible Officer" means any officer or employee of the Corporate Trust Office of the Global Agent or the Exchange Administrator with responsibility for the administration of this Agreement and, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Risk Retention Information" has the meaning set forth in Section 11(b)(x).

"Securities Exchange" means, as of the date of any exchange of Exchangeable Notes for RCR Notes or vice versa, each stock exchange or bourse on which the Notes are listed, as notified to the Exchange Agent by the Issuer in writing prior to such date.

"Tax Agent" has the meaning set forth in Section 6(g).

"Terms" as used herein with respect to a particular issue of Notes means, unless the context otherwise requires, the terms applicable to all Notes, as described in the Debt Agreement.

"Treasury Regulations" means the United States Federal Income Tax Regulations promulgated under the Code.

"Wells Fargo" means Wells Fargo Bank, N.A., a national banking association organized under the laws of the United States of America.

"WHFIT" means "widely held fixed investment trust" as that term is defined in Treasury Regulations § 1.671-5(b)(22) or successor provisions.

## Section 2. Appointment.

(a) Global Agent. The Issuer hereby appoints Wells Fargo, acting through its Corporate Trust Office (and, as may be required by applicable law, any other corporate trust office thereof in the relevant jurisdiction), as Global Agent of the Issuer in respect of the Notes, upon the terms and subject to the conditions set forth herein, and Wells Fargo hereby accepts such appointment. The Global Agent shall have the powers and authority granted to and conferred upon it in this Agreement and such further powers and authority to act on behalf of the Issuer as may be mutually agreed upon in writing by the Issuer and the Global Agent. Subject to the provisions of Section 11(b) hereof, the Issuer may vary or terminate the appointment of any agent appointed by the Global Agent at any time and from time to time upon giving not less than

30 days' written notice to such agent and to the Global Agent. Payments of principal and interest in respect of Notes shall be made by the Issuer through the Global Agent in accordance with the terms set forth in the Debt Agreement. In respect of the Notes, the Issuer shall cause notice of any resignation, termination of the appointment of the Global Agent or any other agent and of any change in the office through which any such agent will act to be given as provided in the terms of such Notes and in accordance with Section 11(b) hereof.

(b) Exchange Administrator. The Issuer hereby appoints Wells Fargo, acting through its Corporate Trust Office (and, as may be required by applicable law, any other corporate trust office thereof in the relevant jurisdiction), as Exchange Administrator in respect of the Exchangeable Notes and the RCR Notes, upon the terms and subject to the conditions set forth herein, and Wells Fargo hereby accepts such appointment. The Exchange Administrator shall have the powers and authority granted to and conferred upon it in this Agreement and such further powers and authority to act on behalf of the Issuer as may be mutually agreed upon in writing by the Issuer and the Exchange Administrator. The Exchange Administrator shall hold and administer, or supervise the administration of, the RCR Pool in substantially the same manner as the Exchange Administrator holds and administers assets of the same or similar type held for its own account or for the account of others. Subject to the provisions of Section 11(b) hereof, the Issuer may vary or terminate the appointment of any agent appointed by the Exchange Administrator at any time and from time to time upon giving not less than 30 days' written notice to such agent and to the Exchange Administrator. Payments of principal and interest in respect of Notes shall be made by the Issuer through the Global Agent in accordance with the terms set forth in the Debt Agreement. In respect of the Notes, the Issuer shall cause notice of any resignation, termination of the appointment of the Global Agent or any other agent and of any change in the office through which any such agent will act to be given as provided in the terms of such Notes and in accordance with Section 11(b) hereof.

Section 3. Execution, Completion, Authentication and Delivery.

(a) The Notes shall be executed on behalf of the Issuer by one or more officers of the Issuer authorized to do so pursuant to one or more resolutions of the Issuer, whose signatures may be manual or facsimile (an "Authorized Officer"). Notes bearing the manual or facsimile signature of an Authorized Officer shall bind the Issuer, notwithstanding that such person no longer serves as the official so authorized to execute the Notes prior to the authentication and delivery of the Notes or was not such an official at the date of execution of such Notes. The Global Agent shall have no responsibility to the Issuer to determine by whom or by what means a facsimile signature may have been affixed on the Notes, or to determine whether any facsimile or manual signature is genuine.

(b) From time to time the Issuer shall furnish the Global Agent with a certificate of the Issuer, substantially in the form of Exhibit C hereto, certifying the incumbency and specimen signatures of each Authorized Officer of the Issuer (the "Incumbency Certificate"). Until the Global Agent receives a subsequent Incumbency Certificate, the Global Agent shall be entitled to rely on the last such Incumbency Certificate delivered to it for purposes of determining who is an Authorized Officer.

(c) The Global Agent shall authenticate and deliver the Notes, each substantially in the forms attached hereto.

(d) The Global Agent shall hold on deposit each DTC Note executed and authenticated as provided in this Section 3(d) as DTC Custodian. Upon issuance of any Common Depository Note to be held on deposit by the Global Agent, the Registrar or its duly appointed agent shall record the name of Cede & Co. as the nominee of the Common Depository as the registered Holder of such Common Depository Note. Upon issuance of any DTC Note to be held on deposit by the Global Agent as custodian for the benefit of DTC, the Registrar or its duly appointed agent shall record Cede & Co. as the nominee of DTC as the registered Holder of such DTC Note.

(e) The Notes are subject to early redemption by the Issuer as set forth in Section 3.08 of the Debt Agreement. If the Issuer elects to exercise the Early Redemption Option, the Issuer shall give written notice by an Authorized Officer of its intention to exercise such option to the Global Agent of the principal amount of the Notes to be so redeemed in accordance with the Terms applicable to such Notes. At the request of the Issuer, the Global Agent shall cause notice of redemption to be given to the related Holders in accordance with the notice requirements set forth in the Debt Agreement in the name of and at the expense of the Issuer.

#### Section 4. Registration and Transfer.

(a) The Registrar shall cause to be kept a Note Register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Notes and the registration of transfers and exchanges of Notes (including transfers of RCR Notes but excluding exchanges of Exchangeable Notes for RCR Notes and vice versa, which will be administered by the Exchange Administrator hereunder) as herein provided. The Global Agent shall be the "Registrar" for the purpose of registration and transfers of Notes as herein provided. The Note Register shall contain the name, address and remittance instructions for each Holder of a Note.

(b) Each Note shall be issued in minimum denominations of not less than the Minimum Denomination, so that on the Closing Date the sum of the denominations of all outstanding Notes shall equal the applicable Initial Note Principal Balance. On the Closing Date and pursuant to an Issuer Order, the Registrar will execute and authenticate one or more DTC Notes in an aggregate principal amount that shall equal the applicable Initial Note Principal Balance.

(c) The DTC Notes shall be delivered by the Issuer to DTC or, pursuant to DTC's instructions, shall be delivered by the Issuer on behalf of DTC to and deposited with the DTC Custodian, and in each case shall be registered in the name of Cede & Co. The Book-Entry Notes may be deposited with such other depository as the Issuer may from time to time designate, and shall bear such legend as may be appropriate; provided that such successor depository maintains a book-entry system that qualifies to be treated as "registered form" under Section 163(f)(3) of the Code.

(d) With respect to Notes registered in the Note Register in the name of Cede & Co., as nominee of DTC, the Issuer and the Global Agent shall have no responsibility or obligation to direct or indirect participants or Beneficial Owners for which DTC holds Notes from time to time as a depository. Without limiting the immediately preceding sentence, the Issuer and the Global Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any direct or indirect participant with respect to the ownership interest in the Notes, (ii) the delivery to any direct or indirect participant or any other Person, other than a registered Holder, of a Note, (iii) the payment to any direct or indirect participant or any other Person, other than a registered Holder of a Note as shown in the Note Register, of any amount with respect to any distribution of principal or interest on the Notes or (iv) the making of book-entry transfers among participants of DTC with respect to Notes registered in the Note Register in the name of the nominee of DTC. No Person other than a registered Holder of a Note as shown in the Note Register shall receive a physical Note evidencing such Note.

(e) Upon delivery by DTC to the Global Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of distributions by the mailing of checks or drafts to the registered Holders of Notes appearing as registered owners in the Note Register on a Record Date, the name "Cede & Co." in this Agreement shall refer to such new nominee of DTC.

(f) In the event that DTC advises the Global Agent in writing that DTC is no longer willing or able to discharge properly its responsibilities as nominee and depository with respect to the DTC Notes and the Issuer is unable to locate a qualified successor in accordance with Section 5(a) hereof, the DTC Notes shall no longer be restricted to being registered in the Note Register in the name of Cede & Co. (or a successor nominee) as nominee of DTC. At that time, the Issuer may determine that the DTC Notes shall be registered in the name of and deposited with a successor depository operating a global book-entry system, as may be acceptable to the Issuer, or such depository's agent or designee but, if the Issuer does not select such alternative global book-entry system, then upon surrender to the Registrar of the DTC Notes by DTC, accompanied by the registration instructions from DTC for registration, the Global Agent shall at the Issuer's expense authenticate Definitive Notes in accordance with Section 5 hereof. Neither the Issuer nor the Global Agent shall be liable for any delay in DTC's delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes, the Global Agent, the Registrar and the Issuer shall recognize the Holders of the Definitive Notes as Holders hereunder.

(g) Notwithstanding any other provision of this Agreement to the contrary, so long as any DTC Notes are registered in the name of Cede & Co., as nominee of DTC, all distributions of principal and interest on such DTC Notes and all notices with respect to such DTC Notes shall be made and given, respectively, in the manner provided in the Letter of Representations and the Debt Agreement.

(h) Subject to the preceding paragraphs, upon surrender for registration of transfer of any Note at the office of the Registrar and, upon satisfaction of the conditions set forth below, the Issuer shall execute and the Global Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes, in any authorized denominations, of the same class and percentage interest and dated the date of authentication by the Global Agent.



The Registrar shall maintain a record of any such transfer and deliver it to the Issuer upon request.

(i) Except as otherwise provided herein, the Issuer and the Global Agent may deem and treat as the absolute owner of such Note the registered holder of such Note that appears in the Note Register, in each case for the purpose of receiving payments on such Note and for all other purposes whatsoever. For purposes of any DTC Note deposited with or held on behalf of DTC (or any nominee of DTC), DTC (or such nominee) shall be considered the sole holder of any Notes related thereto.

(j) In case any Note shall become mutilated, defaced, destroyed, lost or stolen, upon written application of the Holder thereof, the Issuer will execute and, upon the Issuer's written request, the Global Agent shall authenticate and deliver a new Note, having a number not contemporaneously outstanding, of like tenor and equal principal amount, registered in the same manner, and dated and bearing interest from the date to which interest has been paid on such mutilated, defaced, destroyed, lost or stolen Note, in exchange and substitution for the mutilated or defaced Note (upon surrender and cancellation thereof) or in lieu of and substitution for the Note destroyed, lost or stolen. In the case of a destroyed, lost or stolen Note, the applicant for a substituted Note shall furnish to the Issuer and the Global Agent such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Issuer and the Global Agent satisfactory evidence of the destruction, loss or theft of such Note and of the ownership thereof. Any mutilated or defaced Notes shall be surrendered before replacements will be issued. The Global Agent may authenticate any such substituted Note and deliver or cause the relevant transfer agent to deliver the same upon written request or authorization of any Authorized Officer of the Issuer. Upon the issuance of any substituted Note, the Issuer and the Global Agent may require the payment by the Holder thereof of a sum sufficient to cover any taxes and expenses connected therewith. In case any Note which has matured or is about to mature shall be mutilated, defaced, destroyed, lost or stolen, the Issuer may (if the Holder so agrees), instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Note) upon compliance by the Holder with the provisions of this Section 4.

#### Section 5. Exchange of Book-Entry Notes for Definitive Notes.

(a) The Notes will initially be issued as Book-Entry Notes. Interests in a Book-Entry Note may be exchanged for Definitive Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Note, DTC notifies the Global Agent that it is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the Book-Entry Notes and in each case the Issuer is unable to locate a successor within 90 calendar days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of any Common Depository Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention to permanently cease business and in each such situation the Issuer is unable to locate a single successor within 90 calendar days of such closure, or (iii) an Event of Default occurs under the Debt Agreement and a majority of the Holders of DTC Notes advise the Global Agent and DTC through the Financial Intermediaries in writing that the continuation of a book-entry system

through DTC is no longer in the best interests of such Holders. A Person having an interest in a DTC Note or Common Depository Note issued in global form shall provide the Issuer or the Global Agent with a written order containing instructions and such other information as the Issuer or the Global Agent may require to complete, execute and deliver such Definitive Notes in authorized denominations. In such circumstances, the Issuer shall cause sufficient Definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 calendar days of the Issuer receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered Holders of such Definitive Notes.

The Issuer shall, from time to time, deliver to the Global Agent adequate supplies of Definitive Note certificates substantially in the form of Exhibit D hereto, executed by the manual or facsimile signature of an Authorized Officer of the Issuer. The Global Agent shall acknowledge receipt of any Definitive Notes received from the Issuer and shall hold the Definitive Notes in safekeeping for the Issuer.

(b) If interests in any Book-Entry Note are to be exchanged for Definitive Notes pursuant to this Section 5, such Book-Entry Note shall be surrendered by DTC, Euroclear and/or Clearstream or such other clearing system in which the Book-Entry Note has been deposited to the Registrar for exchange, without charge, and the Registrar shall authenticate and deliver as soon as practicable upon such exchange of interests in such Book-Entry Note (and in any event within 45 calendar days after the occurrence of such circumstances), an equal aggregate principal amount, in authorized denominations, of Definitive Notes. The Definitive Notes exchanged pursuant to this Section 5 shall be registered by the Registrar in such names as DTC, Euroclear and/or Clearstream or such other clearing system shall direct in writing in accordance with its records.

(c) In respect of an issue of Notes sold in primary distribution both within and outside the United States, an interest in any Book-Entry Note deposited with DTC or its nominee may be exchanged for an interest in one or more other Book-Entry Notes representing Notes sold outside the United States upon the request by a Holder to the Registrar, and the Registrar shall record the relevant decrease and increase in the principal amounts in authorized denominations, of such respective Book-Entry Notes in the Note Register.

(d) Every Note presented or surrendered for transfer or exchange shall be accompanied by wiring instructions, if applicable, in the form of Exhibit E hereto. The preceding provisions of this section notwithstanding, the Issuer shall not be required to make and the Registrar shall not register transfers or exchanges of Notes called for redemption.

(e) Until exchanged in full, a Book-Entry Note of a particular issue shall in all respects be entitled to the same benefits under this Agreement as a Definitive Note of such issue authenticated and delivered hereunder. If, after any presentation thereof to the Global Agent, the principal amount of Notes represented by any Book-Entry Note of a particular issue is reduced to zero, such Book-Entry Note shall be immediately cancelled and destroyed by the Global Agent in accordance with the terms hereof.

(f) No service charge shall be imposed for any transfer or exchange of Notes, but prior to transfer the Registrar may require payment by the transferor of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(g) All Notes surrendered for payment, transfer and exchange or redemption shall be marked canceled by the Registrar and retained and destroyed in accordance with its policies and procedures.

(h) Upon presentation of any Definitive Notes or Book-Entry Notes, accompanied by a written instrument of assignment and transfer in form set forth in the form of the Note, executed by the registered Holder, in person or by attorney thereunto duly authorized, such Note shall be transferred upon the register for the same and a transferred Note shall be authenticated and registered in the name of the transferee. Transfers and exchanges of Notes may be subject to such restrictions as shall be set forth in the text of the instrument and subject to such reasonable requirements as may be prescribed by the Issuer.

Section 6. Calculations of Payments, Certificate Reports, Site Access Reports, Holder Elections and Tax Reporting.

(a) The Issuer shall provide to the Global Agent no later than the fourth (4<sup>th</sup>) Business Day of each month the monthly reference pool file for such month, which as of the Closing Date includes the data fields listed in Exhibit F hereto (such file, the "Monthly Reference Pool File"); provided, that the Issuer may in its sole discretion from time to time modify or eliminate data fields in the Monthly Reference Pool File, subject in each case to (i) the provision of reasonable advance written notice to the Global Agent, (ii) the ability of the Global Agent to implement such modifications as determined by standards of commercial reasonableness and (iii) such timeline for implementation as the Issuer and the Global Agent shall reasonably agree; and provided, further, that no change the Issuer makes to the Monthly Reference Pool File will have a material adverse effect on the ability of the Holders of the Notes to calculate losses allocable to the Notes or Reference Tranches or to calculate payments due on the Notes. In addition, the Issuer shall provide to the Global Agent, not less than two (2) Business Days prior to the Closing Date, the issuance reference pool file, which shall be in similar format to Exhibit F, as of the Closing Date (such file, the "Issuance Reference Pool File").

(b) The Global Agent shall perform all calculations required in Article III of the Debt Agreement. Additionally, the Global Agent shall perform certain loan-level calculations based on the Monthly Reference Pool File, which calculations shall be as agreed upon by the Issuer and the Global Agent from time to time pursuant to written side letter.

(c) (i) As soon as practicable after the principal and interest payments for the Notes are determined for any Payment Date, and in no event later than the tenth (10<sup>th</sup>) Business Day of each month, the Global Agent shall forward to the Issuer's secure portal, the preliminary Payment Date Statement, which shall be in such form as is required under the Prospectus and otherwise as agreed upon between the Issuer and the Global Agent. The Global Agent shall deliver a form of Payment Date Statement to the Issuer upon request. The Issuer and the Global Agent shall reconcile each payment amount no later than two (2) Business Days prior to a

Payment Date. The reconciliation method shall be as agreed upon between the operations group of the Issuer and the Global Agent, respectively. The determination by the Issuer and the Global Agent of any interest rate or any payment on any Note (or any interim calculation in the determination of any such interest rate, index or payment) will, absent manifest error, be binding on the Holders of the relevant Notes. If a principal or interest payment error occurs, the Issuer or the Global Agent will be entitled to correct it by adjusting payments to be made on later Payment Dates or in any other manner the Issuer or the Global Agent considers appropriate. The Global Agent shall, after any reconciliation with the Issuer, prepare and make the final Payment Date Statement (and, upon request of any Holders and with the Issuer's prior written approval, any additional files containing the same information in an alternative format) and the Reference Pool File for each Payment Date available on such Payment Date to Holders that provide appropriate certification in the form acceptable to the Global Agent (which may be submitted electronically via the Global Agent Website) and to any designee of the Issuer via the Global Agent Website. Parties that are unable to use the above distribution options are entitled to have a paper copy mailed to them via first class mail by calling the customer service desk at (866) 846-4526 and indicating such. Upon prior written consent from the Issuer, the Global Agent may change the way the Payment Date Statement is distributed in order to make such distribution more convenient or more accessible to such persons or entities. The Global Agent shall provide timely and adequate notification to all above parties regarding any such changes.

(ii) The Global Agent agrees to cooperate with the Issuer and the Federal Housing Finance Agency, in its capacity as the Issuer's federal regulator, in the investigation of any alleged unlawful use of, or breach of privacy laws relating to, data furnished by the Issuer to the Global Agent in the Reference Pool File, any Monthly Reference Pool File or otherwise for disclosure via the Global Agent Website. The Issuer shall provide to the Global Agent in written form the specific information, legal process, or regulatory inquiry indicating that potential unlawful use or breach of privacy laws may have occurred. Thereafter, the Global Agent agrees to provide such cooperation (including, without limitation, disclosure to the Issuer and its federal regulator of the names of any parties that have or may have accessed such data) as may be reasonably necessary to assist in such investigation, subject in all cases to Section 11(a).

(d) The Global Agent is entitled to rely on, and will not be responsible for the content or accuracy of, any information provided by third parties for purposes of preparing the Payment Date Statement and may affix thereto any disclaimer it deems appropriate in its reasonable discretion (without suggesting liability on the part of any other party hereto).

(e) On each Payment Date and at any time upon the reasonable request of the Issuer, the Global Agent shall furnish to the Issuer a report listing, for each download of information relating to the Notes or any other of the Issuer's Connecticut Avenue Securities from the Global Agent Website during the calendar month immediately preceding the month of such Payment Date or such request, (i) the business entity affiliation of the person performing such download, (ii) the date of such person's download and (iii) the series of Connecticut Avenue Securities to which such person's download relates.

(f) The Issuer may in its discretion from time to time provide to the Global Agent rules and procedures governing the actions to be taken by Holders under Sections 3.09, 5.02 and

6.06 of the Debt Agreement; provided, that no such rules or procedures shall impair the ability of any Holder to exercise its rights under the Debt Agreement.

(g) The Global Agent (or its designated agent) shall furnish, with respect to each Class of Notes, to the Issuer and each Holder or Beneficial Owner of Notes such information as required by U.S. federal tax law (including any required Form 1099 reporting) to enable the Issuer and Holders and Beneficial Owners of Notes to prepare their U.S. federal income tax returns, if applicable. Fannie Mae hereby acknowledges that the Global Agent is permitted to engage a nationally-recognized accounting firm (the "Tax Agent") approved by Fannie Mae to perform tax reporting for the Class 2B Notes under Section 6(g)(ii). To the extent that the Issuer has timely complied with the requirement to provide information to the Global Agent set forth in this Section 6, the Global Agent shall indemnify Fannie Mae and shall hold Fannie Mae harmless from and against any cost, fine, penalty, or other expense incurred by the Issuer, in each case directly resulting from the Global Agent's failure to furnish the information required by the Code and Treasury Regulations in the time and manner specified by the Code and Treasury Regulations. The information provided by the Global Agent shall include, but shall not be limited to:

(i) for the Class 2M-1, Class 2M-2A and Class 2M-2B Notes, the following: (A) the CUSIP, (B) Issuer Type: Fannie Mae Debt, (C) Initial Note Principal Balance, (D) Issue Price: Par/Part OID/Premium (as applicable), (E) Date Paid, (F) Accrual Days, (G) Qualified Stated Interest (per Original Par), (H) Daily Qualified Stated Interest (per \$1000 of Original Par), (I) OID accrued (per Original Par), (J) Daily OID (per \$1000 of Original Par), (K) Market Discount Fraction and (L) Adjusted Issue Price at the beginning of each Accrual Period (per \$1000 of Original Par);

(ii) for the Class 2B Notes, the following: (A) the CUSIP, (B) the Loan Rate (which equals the deemed loan interest rate specified in the tax section of the Prospectus), (C) the On-Market NPC Rate (which equals the Class Coupon minus the deemed loan interest rate specified in the tax section of the Prospectus), (D) Issuer Type: Fannie Mae Derivative and Deemed Loan, (E) Initial Note Principal Balance, (F) Issue Price: Par, (G) Date Paid, (H) Accrual Days, (I) Qualified Stated Interest (per Original Par) (using the deemed loan interest rate specified in the tax section of the Prospectus), (J) Daily Qualified Stated Interest (per \$1000 of Original Par), (K) periodic payments deemed paid to investor (using the Class Coupon less the deemed loan interest rate specified in the tax section of the Prospectus); (L) Write-Down/Write-Up Amounts; (M) Modification Event Amount (Gain/(Loss)); (N) Modification Event Amount (Gain/(Loss)) Affecting the Class Coupon; (O) Modification Event (Loss) Affecting Principal; (P) Principal Payments; (Q) Class 2B Fair Market Value at Calendar Year End; (R) Class 2B (Deemed Loan & Deemed NPC) Beginning AIP/Notional Balance (\$1000 of Original Par); and (S) Class 2B (Deemed Loan & Deemed NPC) Ending UPB Factor;

For purposes of reporting deemed interest, the Global Agent (or its designated agent) shall include amounts set forth in Qualified Stated Interest (per Original Par) set forth in clause (ii)(I) for the periods during which the Holder owned its Class 2B Notes. For purposes of reporting NPC payments, in the case of periodic payments, the Global Agent (or its designated agent) shall include the aggregate

amount of periodic payments deemed paid to investor set forth in clause (ii)(K) for the periods during which the Beneficial Owner owned its Class 2B Note, and in the case of contingent payments, the Global Agent (or its designated agent) shall take the sum of (x) the ending Class 2B Fair Market Value at Calendar Year End set forth in clause (ii)(Q), (y) the Principal Payments received set forth in clause (ii)(P) and (z) the Modification Event Amount (Gain/(Loss)) Affecting the Class Coupon set forth in clause (ii)(N) and subtract from it the Class 2B (Deemed Loan & Deemed NPC) Beginning AIP/Notional Balance at the beginning of the year set forth in clause (ii)(R).

(iii) for the Class 2M-2 Notes, the following: (A) the names of the Exchangeable Notes that were exchanged into such RCR Notes, (B) the CUSIP, (C) the Initial Note Principal Balance, (D) Issuer Type: Interest in Fannie Mae Debt and (E) all of the information listed under clause (i) above for each such Exchangeable Note; and

(iv) for the Class 2M-2I Notes, Class 2M-2R Notes, Class 2M-2S Notes, Class 2M-2T Notes and Class 2M-2U Notes, the following: (A) the CUSIP, (B) Issuer Type: Interest in Fannie Mae Debt, (C) Initial Note Principal Balance, (D) Issue Price: All OID, (E) Date Paid, (F) Accrual Days, (G) OID accrued (per Original Par), (H) Daily OID (per \$1000 of Original Par), (I) Market Discount Fraction and (J) Adjusted Issue Price at the beginning of each Accrual Period (per \$1000 of Original Par).

All payments on Class 2M-2I Notes, Class 2M-2R Notes, Class 2M-2S Notes, Class 2M-2T Notes and Class 2M-2U Notes are included in the stated redemption price at maturity. Consequently, there will be no qualified periodic interest payments and OID will be based on the yield as computed using the One-Month LIBOR rate as of the Closing Date, which is 0.64889%. For the purpose of projecting cash flows, the Global Agent shall assume a Constant Prepayment Rate of 10% and a One-Month LIBOR rate of 0.64889 % such that the interest projections for each variable rate will be a fixed rate equal to the value of the variable rate as of the Closing Date.

Terms used in this Section 6(g) that are not otherwise defined in this Agreement have the meaning assigned to them under the applicable federal income tax law. The information specified in this Section 6(g) shall be furnished in the time and manner specified by applicable law or as reasonably requested by the Issuer (including publishing the monthly tax information on a website at least quarterly within 45 days (or within a shorter period as required by law) after the end of each calendar quarter except with respect to the fair market value information for the Class 2B Notes, which information is published within 45 days (or within a shorter period as required by law) after the end of the calendar year). The Global Agent agrees to prepare such U.S. federal tax reporting information in accordance with the methodology described under "*Certain United States Federal Tax Consequences*" in the Prospectus, unless it has been notified otherwise by the Issuer.

(h) Additionally, the Global Agent shall prepare Form 8281 to be filed with the IRS for each Class 2M-1, Class 2M-2A or Class 2M-2B Note issued with OID. In the event that there is a write-down (as described in Section 7(b) of this Agreement) or a reduction in the

Interest Payment Amount as a result of a Modification Loss Amount with respect to the Class 2M-1, Class 2M-2A or Class 2M-2B Notes, such Class of Notes will be treated as reissued solely for purposes of Sections 1272 and 1273 of the Code with OID at that time (i.e., all remaining stated interest on such Class of Notes will no longer be qualified stated interest), and the Global Agent shall prepare Form 8281 with respect to such Class of Notes at such time, such form to include (in lieu of an OID schedule) a statement describing the prepayment assumption made in accordance with Section 1272(a)(6) of the Code and its regulations. Unless otherwise instructed by the Issuer, the Global Agent shall use for such purpose the prepayment assumption used in pricing the original issuance of the Notes, which is a 10% CPR. In the event of any change in the prepayment assumption, the Issuer agrees to pay the Global Agent a reasonable additional one-time fee to compensate for additional expenses incurred by the Global Agent related to processing such change. The Form 8281 must be completed and sent to the Fannie Mae Corporate Tax Department by the 15th day after the applicable Notes are treated as issued or reissued with OID.

(i) The Global Agent (or its designated agent) hereby represents to the Issuer that it will comply with (i) the Foreign Account Tax Compliance Act provisions of Sections 1471 through 1474 of the Code (commonly known as "FATCA") and (ii) any and all U.S. federal withholding tax requirements and related U.S. federal withholding tax information reporting requirements applicable to any payments made with respect to the Notes, including the collection of any forms, certifications or other statements required to be provided by Holders of Notes to establish any exemption or reduction in U.S. federal withholding tax. The parties hereto agree that upon the occurrence of a Credit Event that results in a write-down of a Class 2M-1, Class 2M-2A or Class 2M-2B Note, then solely for purposes of Sections 1272 and 1273 of the Code, such Class of Notes will be treated as retired and reissued on such date. In addition, the Global Agent hereby represents to the Issuer that, for U.S. federal income tax purposes, it is treated as a U.S. person, and that it has provided a properly completed Form W-9 (or other appropriate tax form) to the Issuer on or before the Closing Date.

(j) If the Global Agent determines that any substantial ambiguity exists in the interpretation of any definition, provision or term contained in this Agreement pertaining to the performance of its duties hereunder, or if more than one methodology can be used to make any of the determinations or calculations to be performed by the Global Agent hereunder, the Global Agent may request written direction from the Issuer regarding the interpretation or methodology it should adopt with respect thereto. The Issuer shall promptly provide such written direction, and the Global Agent shall be entitled conclusively to rely upon, and shall be protected and held harmless in acting upon, such written direction.

(k) The RCR Notes will be created, sold and administered pursuant to an arrangement that will be classified as a grantor trust under subpart E, part I of subchapter J of chapter 1 of subtitle A of the Code. The Exchangeable Notes that back the RCR Notes will be the assets of the grantor trust, and the RCR Notes will represent an ownership interest in the applicable Exchangeable Notes. The arrangement under which the RCR Notes will be created is a WHFIT that is an NMWHFIT. The parties intend that the reporting for the RCR Notes described under Section 6(g) will satisfy Treasury Regulations section 1.671-5.

(l) In the event that Definitive Notes are issued at any time hereunder, the Global Agent shall act as withholding agent with respect to any payments made to the Holders of such Definitive Notes. Any amounts withheld shall be treated as cash paid to such Holder. Neither the Issuer nor the Global Agent, nor any of their respective agents, shall pay any additional amounts in respect of such amounts withheld.

Section 7. Payments in Respect of Notes.

(a) Payment to Global Agent. The Issuer shall send via ACH payment to the Note Collection Account by 12:00 p.m. New York City time one (1) Business Day before the Payment Date (the "Remittance Date") pursuant to the instructions set forth in Exhibit G hereto, the principal and interest payments due on the Notes for such Payment Date and the monthly portion of the annual fee due to the Global Agent. For purposes of this paragraph (a), the date on which a payment in respect of a Note becomes due means the first date on which the Holder of a Note could claim the relevant payment under the Terms of the applicable Note. The Global Agent shall retain on deposit, for the benefit of the Holders of the Notes, such amount until the related Payment Date. The Global Agent shall invest funds in the Note Collection Account in Permitted Investments in accordance with the written direction of the Issuer for the period from each Remittance Date to the related Payment Date, which investments shall mature not later than the related Payment Date. All such Permitted Investments shall be made in the name of the Global Agent for the benefit of the Holders. Absent written direction from the Issuer, the Global Agent shall hold all funds on deposit in the Note Collection Account uninvested. All income and gain realized from any Permitted Investment shall be retained by the Global Agent on each Payment Date. The Global Agent shall remit for deposit in the Note Collection Account the amount of any losses incurred in respect of any such investments out of its own funds, without any right of reimbursement therefor, immediately as realized; provided, that if for any reason the Global Agent shall not have remitted any such loss amount to the Note Collection Account by 9:00 AM on any Payment Date, the Global Agent shall promptly so notify the Issuer by facsimile, e-mail or other rapid means of communication, upon receipt of which the Issuer shall remit the related deficiency to the Note Collection Account so as to ensure the full payment amount due in respect of the Notes is available for payment to Holders on such Payment Date. Following the remittance by the Issuer of any such deficiency amount, the Global Agent shall promptly reimburse the Issuer in full for the amount so remitted. All payments made hereunder shall be in accordance with the Terms of the applicable Note and the Debt Agreement. The Note Collection Account for U.S. federal income tax reporting and withholding purposes will be owned by the Issuer. The Issuer hereby represents to the Global Agent that, for U.S. federal income tax purposes, it is treated as a U.S. person, and that it has provided a properly completed Form W-9 (or other appropriate tax form) to the Global Agent on or before the Closing Date.

(b) Write-ups and Write-downs. On each Payment Date, the Global Agent shall write-up or write-down the Class Principal Balance or Class Notional Amount, as applicable, of each Class of Notes, as applicable, as determined pursuant to Section 3.04(a) and (b) of the Debt Agreement and agreed to by the Issuer and the Global Agent.

(c) Notification of Non-payment. The Global Agent shall forthwith notify the Issuer by facsimile, e-mail or other rapid means of communication if it has not received the full amount for any payment due in respect of the Notes on the Remittance Date. The Global Agent shall



have no liability, responsibility, duty or obligation to any Holder or Beneficial Owner of Notes to take any action against the Issuer in the event the Issuer fails to make available funds sufficient to pay amounts due and payable and owing to any Holder or Beneficial Owner on any Payment Date.

(d) Payment by Global Agent. The Global Agent shall, subject to and in accordance with the Terms of the applicable Note and the Debt Agreement, pay or cause to be paid on behalf of the Issuer on and after each due date therefor the amount due in respect of the Notes.

(e) Late Payment. If any payment provided for in paragraph (a) of this Section 7 is remitted to the Global Agent after the time specified therein but otherwise in accordance with this Agreement, the Global Agent shall nevertheless make such payments in respect of the Notes promptly upon receipt thereof; provided, however, the Global Agent shall not make any such payment unless and until any such payment has been remitted to the Global Agent. Upon receipt of such amount, the Global Agent shall forthwith give notice thereof on the Global Agent Website to the other agents and the Holders of Notes on behalf of the Issuer.

(f) Method of Payment to Global Agent. All sums payable to the Global Agent hereunder shall be paid via ACH payment to the account specified in Exhibit G hereto or to such other account as the Global Agent may specify in a written notice to the Issuer.

(g) Money Held by Global Agent. Money paid by the Issuer to the Global Agent for payment of amounts owing in respect of the Notes may be held by the Global Agent in the same manner as other funds it holds for customers except that the Global Agent shall not (i) exercise any lien, right of set-off or similar claim in respect of them or (ii) be liable to anyone for interest on any sums held by it under this Agreement.

(h) Cancelled Notes. All Definitive Notes surrendered for payment shall be delivered to the Global Agent. All Definitive Notes so delivered shall be promptly cancelled by the Global Agent. All cancelled Notes held by the Global Agent shall be destroyed, and the Global Agent shall furnish to the Issuer, upon request, a certificate with respect to such destruction.

(i) Binding Payments. All payments of principal, interest and other amounts owing with respect to any Notes made on any Payment Date shall be binding upon the Holder of such Notes and of any Notes issued upon the registration of transfer thereof or in exchange therefore or in lieu thereof.

(j) Maturity or Early Redemption. On any day when a Note matures or is to be redeemed, the Issuer shall transmit or cause to be transmitted to the Global Agent, prior to 10:00 a.m., New York City time, one (1) Business Day prior to the Maturity Date or Early Redemption Date, as applicable, to the account specified in Exhibit G hereto, or such other account as the Global Agent may specify by written notice to the Issuer, an amount sufficient to pay the aggregate amount due on such Note as determined pursuant to the Debt Agreement.

(k) Presentment. The Global Agent shall pay any amounts due on Definitive Notes at the maturity thereof or upon early redemption thereof solely upon presentment and surrender of such Notes at the Corporate Trust Office of the Global Agent or such other location as specified by the Global Agent. The Global Agent may, without liability to the Issuer, refuse to pay any

Note that would result in an overdraft to the account in which the Global Agent holds funds for the payment of the Notes.

Section 8. Exchange of Notes.

(a) Transfer to Exchange Administrator. Upon the presentation and surrender by any Noteholder of its Exchangeable Note(s) or RCR Note(s), as applicable, in the appropriate combinations as set forth on Exhibit I-1, such Noteholder shall hereunder transfer, assign, set over and otherwise convey to the Exchange Administrator all of such Noteholder's right, title and interest in and to such Exchangeable Note(s) or RCR Note(s), as applicable.

(b) DTC. The Exchangeable Notes and the RCR Notes, as applicable, shall be exchangeable on the books of DTC for the Exchangeable Notes or RCR Notes, as applicable, at any time on or after the Closing Date, in the combinations set forth on Exhibit I-1 hereto and in accordance with the terms and conditions set forth in, and otherwise in accordance with the procedures specified in, Section 9 hereof.

(c) Subject to Debt Agreement. The Exchangeable Notes and RCR Notes exchanged pursuant to this Agreement shall have the characteristics set forth in the Debt Agreement, and shall be subject to the terms and provisions set forth therein.

(d) Available Combinations. The Exchangeable Notes may be exchanged, in whole or in part, for the RCR Notes and vice versa in accordance with the Combinations and subject to the constraints set forth on Exhibit I-1.

(e) No Limitation. There shall be no limitation on the number of exchanges authorized pursuant to this Agreement, and, except as provided below, no fee or other charge shall be payable to the Exchange Administrator or DTC in connection therewith.

Section 9. Procedures for Exchange.

(a) Notice to Exchange Administrator. In order to effect an exchange of Exchangeable Notes, the Noteholder shall notify the Exchange Administrator in writing, substantially in the form of Exhibit J hereto, by e-mail at [ctsspexchange@wellsfargo.com](mailto:ctsspexchange@wellsfargo.com), and in accordance with the requirements set forth herein, no later than two Business Days before the proposed exchange date. The exchange date with respect to any exchange can be any Business Day other than the first or last Business Day of the month, the Payment Date, the Record Date related to the next Payment Date or the Business Day following such Record Date. The notice must be on the Noteholder's letterhead, carry a medallion stamp guarantee and set forth the following information: (i) the CUSIP number of each Exchangeable Note or Notes (as applicable) to be exchanged and of each Exchangeable Note or Notes and/or RCR Note or Notes (as applicable) to be received; (ii) the outstanding Class Principal Balance (or Class Notional Amount) and the original Class Principal Balance (or Class Notional Amount) of the Exchangeable Note or Notes and/or RCR Note or Notes to be exchanged; (iii) the Noteholder's DTC participant numbers to be debited and credited; and (iv) the proposed exchange date. After receiving the notice, the Exchange Administrator will e-mail the Noteholder with wire payment instructions relating to the exchange fee. The Noteholder will utilize the "Deposit and

Withdrawal System" at DTC to exchange the Exchangeable Notes and/or RCR Notes. A notice becomes irrevocable on the second Business Day before the proposed exchange date.

(b) Exchange Fee. Notwithstanding any other provision herein set forth, a fee equal to \$5,000 shall be payable by the exchanging Noteholder to the Exchange Administrator in connection with each exchange. Such fee must be received by the Exchange Administrator no later than one Business Day prior to the exchange date or such exchange will not be effected. In addition, any Holder wishing to effect an exchange must pay any other expenses related to such exchange, including any fees charged by DTC.

(c) Notice to Global Agent. The Exchange Administrator shall notify the Global Agent with respect to any exchanges of Exchangeable Notes for RCR Notes (and vice versa) at the time of such exchange.

(d) Record Date for Exchange. The Global Agent will make the first distribution on an Exchangeable Note or RCR Note received in an exchange transaction on the Payment Date in the month following the exchange to the Noteholder of record as of the close of business on the last day of the month of the exchange.

(e) Notice to Securities Exchange. Upon each exchange of Exchangeable Notes for RCR Notes (and vice versa), the Exchange Administrator shall provide a notice, substantially in the form of Exhibit I-2, to each Securities Exchange, with all expenses in connection with such notice to be reimbursed to the Exchange Administrator by the Issuer.

#### Section 10. Representations.

(a) Issuer's Representations and Warranties. The Issuer represents and warrants to the Global Agent that the issuance and delivery of the Notes have been duly and validly authorized by the Issuer and that the Notes, when executed, countersigned for authentication and delivered pursuant hereto, will constitute the valid and legally binding obligations of the Issuer.

(b) Global Agent's Representations and Warranties. The Global Agent represents and warrants that it has duly authorized and properly executed this Agreement, is currently in compliance with this Agreement and with the rules and procedures of DTC, is authorized to act as a custodian for DTC for any DTC Note relating to the Notes, and to serve in all capacities set forth in this Agreement.

(c) Exchange Administrator's Representations and Warranties. The Exchange Administrator represents and warrants that it has duly authorized and properly executed this Agreement, is currently in compliance with this Agreement and is authorized to serve in all capacities set forth in this Agreement.

#### Section 11. Conditions of Global Agent's and Exchange Administrator's Obligations and Changes in Agents and Administrators.

(a) Conditions of Global Agent's and Exchange Administrator's Obligations. Each of the Global Agent and the Exchange Administrator accepts its obligations as set forth herein, upon the terms and conditions hereof, including the following, to all of which the Issuer agrees.

References to the Global Agent or the Exchange Administrator in (i)-(vii) below shall apply, *mutatis mutandis*, to any agent appointed hereunder.

(i) Compensation and Expenses. The Issuer agrees to promptly pay the Global Agent all compensation as set forth in Exhibit H hereto, or as otherwise agreed upon with the Issuer in writing and to reimburse the Global Agent for the reasonable out-of-pocket expenses (including but not limited to reasonable counsel fees and expenses) incurred by the Global Agent for all services rendered hereunder during the term of this Agreement. The obligations of the Issuer under this Section 11(a)(i) shall survive the assignment or termination of this Agreement, including any termination of this Agreement pursuant to any applicable bankruptcy or insolvency law, and any termination or resignation of the Global Agent.

(ii) Indemnification. Wells Fargo Bank, N.A., in its individual capacity and its capacities as Global Agent and Exchange Administrator hereunder, and each of its directors, officers, employees and agents shall be indemnified and held harmless by, and entitled to reimbursement from, the Issuer for any claim, loss, liability, damage, cost, or expense reasonably incurred in connection with any actions or omissions of the Global Agent or the Exchange Administrator under this Agreement, the Debt Agreement or the Notes (except any such claim, loss, liability, damage, cost or expense caused by the negligence or willful misconduct or bad faith of any such indemnified party, in each case, as determined by a court of competent jurisdiction pursuant to final order or verdict not subject to appeal), including without limitation any legal fees and expenses and court costs and any extraordinary or unanticipated expense, incurred or expended in connection with (i) investigating, preparing for, defending itself or themselves against or prosecuting for itself or themselves any legal proceeding, whether pending or threatened, related to this Agreement, the Debt Agreement or the Notes (including without limitation the initial offering, any secondary trading and any transfer and exchange of the Notes), (ii) pursuing enforcement (including without limitation by means of any action, claim, or suit brought by the Global Agent and Exchange Administrator for such purpose) of any indemnification or other obligation of Issuer (with the indemnification afforded under this clause (ii) to include, without limitation, any legal fees, costs and expenses incurred by the Global Agent and Exchange Administrator in connection therewith) and (iii) the performance of any and all of its or their duties or responsibilities and the exercise or lack of exercise of any and all of its or their powers, rights or privileges hereunder or thereunder, including without limitation (A) complying with any new or updated law or regulation directly related to the performance by it of its obligations under this Agreement (with such costs to be allocated on a reasonable basis among all affected transactions) and (B) addressing any bankruptcy-related matters arising in connection with the transaction; including, as applicable, all costs incurred in connection with the use of default specialists within or outside of Wells Fargo Bank, N.A. (in the case of Wells Fargo Bank, N.A. personnel, such costs to be calculated using standard market rates). The indemnification obligations set forth in this Section shall survive the assignment or discharge of this Agreement and the termination or resignation of the Global Agent and/or the Exchange Administrator.

(iii) Documents. The Global Agent and the Exchange Administrator may conclusively rely upon, shall be fully protected in its reliance upon, and shall incur no liability for or in respect of any action taken, omitted to be taken or suffered to be taken in reliance upon, any Note, opinion, notice, direction, consent, certificate, affidavit, statement or other paper or document (including facsimile or electronic mail transmission) reasonably believed by it to be genuine and to have been signed or submitted by the proper parties. The Global Agent and the Exchange Administrator may conclusively rely upon, and shall be fully protected in its reliance upon, written instructions (which shall include any instructions given or confirmed in writing by facsimile or through a time-sharing terminal) given by the Issuer pursuant to this Agreement which the Global Agent or the Exchange Administrator, as applicable, believes in good faith to have been given by an Authorized Officer.

(iv) No Liability for Interest. Neither the Global Agent nor the Exchange Administrator shall be under any liability for interest on any monies at any time received or held by it pursuant to any of the provisions of this Agreement or of any of the Notes.

(v) No Liability for Invalidity. The representations of the Issuer contained herein, in the Debt Agreement and in the Prospectus (except in the Global Agent's certificates of authentication of the Notes) shall be taken as the statements of the Issuer, and neither the Global Agent nor the Exchange Administrator assumes any responsibility for the correctness of the same. Neither the Global Agent nor the Exchange Administrator makes any representation as to the validity or sufficiency of this Agreement or the Notes except for its respective due authorization to execute this Agreement. None of the Global Agent, the Exchange Administrator or any other agent of the Issuer shall be accountable for the use or application by the Issuer of the proceeds of any Notes authenticated and delivered by the Global Agent or exchanged by the Exchange Administrator in conformity with the provisions of this Agreement and of the Notes.

(vi) No Implied Obligations. Each of the Global Agent and the Exchange Administrator shall be obligated to perform such duties and only such duties as are set forth herein and in the Debt Agreement and no implied duties or obligations shall be read into this Agreement or any of the Notes against the Global Agent or the Exchange Administrator. Any permissive right of the Global Agent or the Exchange Administrator set forth in this Agreement shall not be construed as a duty. Neither the Global Agent nor the Exchange Administrator shall be under any obligation to risk or expend its own funds or take any action hereunder which may tend to involve it in any expense or liability the payment or indemnification of which within a reasonable time is not, in its reasonable opinion, assured to it. Neither the Global Agent nor the Exchange Administrator shall be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(vii) Account of Issuer. Each of the Global Agent and the Exchange Administrator, in acting under this Agreement and in connection with the Notes, is acting solely as agent of the Issuer and does not assume any obligation or relationship of agency

or trust for or with any of the Holders of the Notes. All funds held by the Global Agent or any other agent of the Issuer for payment of principal of, premium (if any), or interest on the Notes shall be held for the benefit of Holders thereof but need not be segregated from other funds except as required by law and as required in this Agreement or the Notes, and shall be applied as set forth herein and in the Debt Agreement; provided, however, that subject to applicable state escheatment law, any funds paid by the Issuer and held by the Global Agent in respect of the principal of, or premium (if any), or interest on any Notes that remain unclaimed at the end of one year after such principal, premium or interest shall have become due and payable shall be repaid to the Issuer by the Global Agent; and provided, further, that the Global Agent shall not be required to repay to the Issuer any monies claimed by a Holder of Notes and paid to such Holder prior to the receipt by the Global Agent of express written instructions from the Issuer to repay such unclaimed monies. Upon such repayment, Global Agent's obligations with respect to such funds shall terminate and all obligation of the Global Agent with respect to such monies shall thereupon cease and the Holder of any such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof.

(viii) Forwarding of Notices. If the Global Agent or the Exchange Administrator or any other agent shall receive any notice or demand addressed to the Issuer by any Holder of a Note, the Global Agent or the Exchange Administrator or such other agent, as applicable, shall promptly forward such notice or demand to the Issuer in the manner provided under Section 12(d) hereof. The Global Agent shall give notices to Holders of Notes to the extent required by the terms of such Notes or the provisions of this Agreement and, in each case, as directed by and pursuant to written instructions of the Issuer. Such notices shall be given in the name of and at the expense of the Issuer.

(ix) Consultation with Counsel; Officer's Certificate of Issuer.

(A) Each of the Global Agent and the Exchange Administrator may consult with counsel satisfactory to it in its reasonable judgment and any advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, omitted to be taken or suffered by the Global Agent or the Exchange Administrator, as applicable, in the performance of its duties hereunder in accordance with such advice or opinion of counsel; provided, that no such duties shall be reduced, eliminated or otherwise impaired, irrespective of such advice or opinion of counsel.

(B) In connection with any request that the Global Agent or the Exchange Administrator take any action or refrain from taking any action, the Global Agent or the Exchange Administrator, as applicable, shall be entitled to request and conclusively rely upon, and shall be protected in acting or refraining from acting upon, an officer's certificate or opinion of counsel of the Issuer. Any opinion of counsel requested by the Global Agent or the Exchange Administrator shall be an expense of the Person requesting the Global Agent or the Exchange Administrator, as applicable, to act or refrain from acting or otherwise may be an expense of the Issuer.

(x) Communication from Issuer. Unless otherwise provided herein, any order, certificate, notice, request, direction or other communication from the Issuer made or given by it under any provisions of this Agreement shall be deemed sufficient if signed by an Authorized Officer of the Issuer.

(xi) Damages. Anything in this Agreement to the contrary notwithstanding, in no event shall the Global Agent or the Exchange Administrator be personally liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits).

(xii) Reliance on Reports. Except as expressly provided herein, nothing herein shall be construed to impose an obligation on the part of the Global Agent to recalculate, evaluate or otherwise verify the accuracy of any report, certificate or information received by it from the Issuer or to otherwise monitor the activities of the Issuer.

(xiii) Force Majeure. In no event shall the Global Agent or the Exchange Administrator be liable for any failure or delay in the performance of its obligations hereunder caused directly or indirectly by an event or condition beyond the control of such party, including without limitation strikes, work stoppages, acts of war, terrorism, civil or military disturbances, nuclear catastrophes, fires, floods, earthquakes, storms, hurricanes or other natural catastrophes and interruptions, loss or failures of mechanical, electronic or communication systems; provided, that such party uses reasonable efforts consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(xiv) No Action in Violation of Applicable Law. Neither the Global Agent nor the Exchange Administrator shall be under any obligation to take any action in the performance of its duties hereunder or under the Debt Agreement that would be in violation of applicable law.

(xv) Validity. The recitals contained herein and in the Notes (other than the signature and authentication of the Global Agent on the Notes) shall not be taken as the statements of the Global Agent or the Exchange Administrator and neither the Global Agent nor the Exchange Administrator assumes any responsibility for their correctness. Neither the Global Agent nor the Exchange makes any representations as to the validity, enforceability or sufficiency of this Agreement (other than its execution of this Agreement), the Notes or of the related documents except as expressly set forth herein or therein.

(xvi) Not Responsible for Other Parties. Neither the Global Agent nor the Exchange Administrator shall be responsible for any act or omission of any other party to this Agreement (except to the extent the same legal entity is serving in more than one such role).

(xvii) Imputation of Knowledge. Except as otherwise expressly set forth in this Agreement, knowledge or information acquired by (i) Wells Fargo in any of its respective capacities hereunder or under any other document related to this transaction shall not be

imputed to Wells Fargo in any of its other capacities hereunder or under such other documents, and (ii) any affiliate of Wells Fargo shall not be imputed to Wells Fargo in any of its respective capacities hereunder and vice versa.

(xviii) Knowledge of Responsible Officer. Other than with respect to any information that the Global Agent or the Exchange Administrator has an express duty hereunder to review, neither the Global Agent nor the Exchange Administrator shall be deemed to have knowledge of any fact or matter for purposes of this Agreement unless a Responsible Officer of the Global Agent or the Exchange Administrator, as applicable, (i) has actual knowledge thereof or (ii) receives written notice with respect thereto.

(xix) Action at Direction of Holders or Issuer.

(A) Neither the Global Agent nor the Exchange Administrator shall be under any obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Holders pursuant to this Agreement or the Debt Agreement, unless such request or direction is made by the percentage of Holders required hereunder or thereunder (or if no percentage is specified, by a majority of the Holders), and such Holders shall have offered to such party security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(B) Neither the Global Agent nor the Exchange Administrator shall be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Issuer or of Holders of a majority in principal balance of Notes (or, if a lower or higher percentage of Holders is expressly permitted or required to authorize such action, such lower or higher percentage); provided, that each of the Global Agent and the Exchange Administrator shall take reasonable action to correct any errors in the performance of its respective obligations hereunder.

(xx) Each of the Global Agent and the Exchange Administrator shall be entitled to perform any of their respective duties hereunder either directly or by and through agents; provided, that each such party shall be liable for such performance through agents to the same extent as if performed by such party. Notwithstanding the foregoing proviso, with respect to the Tax Agent appointed by the Global Agent pursuant to Section 6(g)(ii) hereof to perform tax reporting for the Class 2B Notes, the total liability of the Global Agent to the Issuer for any damages resulting from, or arising out of or related to, services performed by the Tax Agent, as a result of breach of contract, negligence or other tort committed by the Tax Agent (regardless of the theory of liability asserted), shall be limited to the aggregate amount specified in a writing between the Global Agent and the Issuer entered into on or before the Closing Date; provided, however, that the limitation on liability of the Global Agent under this Section 11(a)(xx) shall not limit any indemnification amounts otherwise owed by the Global Agent to the Issuer (*i.e.*, indemnification amounts not related to any action or inaction of the Tax Agent) pursuant to the indemnification provided by the Global Agent under Section 6(g).



(b) Changes in Agents and Administrators.

(i) Appointment and Termination of Appointment. The Issuer may at any time appoint additional or alternative agents to provide the service(s) to be provided by the Global Agent or the Exchange Administrator hereunder. The Issuer may terminate the appointment of (A) the Global Agent or any part of such agency or any other agent by giving to the Global Agent or such other agent at least 30 calendar days' written notice to such effect or (B) the Exchange Administrator by giving to the Exchange Administrator at least 30 calendar days' written notice to such effect. The Issuer may replace the Global Agent and/or the Exchange Administrator in any of its roles hereunder and appoint one or more other authenticating agents, paying agents, transfer agents, registrars or calculation agents for any issuance of the Notes or for the exchange of Exchangeable Notes and RCR Notes as the Issuer may determine in its sole discretion; provided, however, that until all of the Notes have been delivered to the Global Agent for cancellation and destruction, or monies sufficient to pay the principal and interest, if any, on such Notes have been made available for payment and either paid or returned to the Issuer as provided herein, the Issuer will at all times maintain a paying agent; provided further, in the event Wells Fargo is removed as Global Agent or as Exchange Administrator, it shall also be removed in such other capacity.

(ii) Resignation. Each of the Global Agent and the Exchange Administrator may resign any appointment hereunder by giving the Issuer at least 60 days' written notice to such effect.

(iii) Conditions to Resignation and Termination. Subject to paragraph 11(b)(v) below, no resignation or termination of the Global Agent or the Exchange Administrator shall take effect until a new agent or exchange administrator has been appointed and has accepted such appointment and no resignation or termination of an agent shall take effect if there would not then be agents as required by the Terms of any Notes. The Issuer shall use its best efforts to appoint a new agent not later than 30 calendar days after (A) the Issuer's receipt of the notice of resignation delivered by the Global Agent or Exchange Administrator, as applicable, in accordance with paragraph 11(b)(ii) above or (ii) the delivery by the Issuer of notice of termination delivered to the Global Agent or Exchange Administrator, as applicable, in accordance with paragraph 11(b)(i) above. The Issuer agrees with the Global Agent that if the Issuer fails to appoint a successor within such period, the Global Agent may (i) select a bank to act as the new Global Agent hereunder or (B) petition a court of competent jurisdiction to appoint a successor Global Agent (with all costs associated with such petition to be paid by the Issuer) and the Issuer shall accept the appointment of such bank as the successor to the Global Agent. The Issuer agrees with the Exchange Administrator that if the Issuer fails to appoint a successor within such period, the Exchange Administrator may (i) select a bank to act as the new Exchange Administrator hereunder or (B) petition a court of competent jurisdiction to appoint a successor Exchange Administrator (with all costs associated with such petition to be paid by the Issuer) and the Issuer shall accept the appointment of such bank as the successor to the Exchange Administrator.

(iv) Other Agents and Administrators.

(A) The Global Agent may, with the express written consent (which may be in e-mail form) of the Issuer (which consent shall not be unreasonably withheld or delayed), appoint by an instrument or instruments in writing one or more agents to act hereunder and, upon written notice with such consent, vary or terminate any such appointment. The Issuer (by written notice to the Global Agent and any agent whose appointment is to be terminated) may also terminate any such appointment at any time. With respect to any agent the Global Agent appoints, the Global Agent shall remain obligated and liable to the Issuer and the Holders of the Notes for the performance of its obligations under this Agreement.

(B) The Exchange Administrator may, with the express written consent (which may be in e-mail form) of the Issuer (which consent shall not be unreasonably withheld or delayed), appoint by an instrument or instruments in writing one or more agents to act hereunder and, upon written notice with such consent, vary or terminate any such appointment. The Issuer (by written notice to the Exchange Administrator and any agent whose appointment is to be terminated) may also terminate any such appointment at any time. In its acceptance of such appointment, each such agent shall agree to act as an agent pursuant to and be bound by this Agreement and the Terms of the Notes. With respect to any agent the Exchange Administrator appoints, the Exchange Administrator shall remain obligated and liable to the Issuer and the Holders of the Notes for the performance of its obligations under this Agreement.

(v) Change of Office. If the Global Agent or the Exchange Administrator changes the address of its specified Corporate Trust Office, it shall give the Issuer at least 60 calendar days' written notice of the change, such notice to provide the new address and the date on which such change is to take effect.

(vi) Automatic Termination. The appointment of the Global Agent or the Exchange Administrator, as applicable, shall immediately terminate if it becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all or a substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, if a resolution is passed or an order is made for the winding up or dissolution of the Global Agent or Exchange Administrator, as applicable, a receiver, administrator or other similar official is appointed with respect to all or a substantial part of the Global Agent's or Exchange Administrator's property, as applicable, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the Global Agent or the Exchange Administrator, as applicable, or its respective property or affairs for the purpose of rehabilitation, conservation or liquidation.

(vii) Delivery of Records.

(A) If the Global Agent resigns or is terminated, it shall, on the date on which the resignation or termination takes effect, forward to any new agent any

amount held by it for payment in respect of the Notes and deliver to such new agent the records kept by it and all certificates and other records necessary for the administration of, and performance of its duties with respect to, the Notes held by it pursuant to this Agreement; provided, however, that the Global Agent may retain a copy of such records in order to comply with any applicable law, rule or regulation or its own document retention policies.

(B) If the Exchange Administrator resigns or is terminated, it shall, on the date on which the resignation or termination takes effect, forward to any new administrator the records kept by it and all Exchangeable Notes and other records necessary for the administration of, and performance of its duties with respect to this Agreement; provided, however, that the Exchange Administrator may retain a copy of such records in order to comply with any applicable law, rule or regulation or its own document retention policies.

(viii) Merger. Any successor bank or other entity into which the Global Agent or Exchange Administrator is merged or converted or with which it is consolidated or which results from any merger, conversion or consolidation to which it is a party, or any entity which succeeds to all or substantially all of the corporate trust business of the Global Agent or Exchange Administrator, as applicable, shall, to the extent permitted by applicable law, be deemed the Global Agent or the Exchange Administrator, as applicable, under this Agreement. Such Global Agent or Exchange Administrator shall promptly notify the Issuer of any such event.

(ix) Written Notices. The Global Agent or the Exchange Administrator, as applicable, shall give Holders of Notes at least 30 calendar days' written notice of any proposed appointment, termination, resignation or change under paragraphs (i) through (vii) of this Section of which a Responsible Officer of the Global Agent or Exchange Administrator, as applicable, has actual knowledge and, as soon as practicable, written notice of any succession under paragraph (viii) above of which it is aware. The Issuer shall give Holders of Notes written notice of any change under paragraph (v) of which it is aware within 30 calendar days of such change.

(x) Risk Retention Reporting.

- 1) The Global Agent shall make available on the Global Agent Website (via a separate "Risk Retention" tab) to the Issuer, each Noteholder, and to Bloomberg, Intex Solutions, Inc., or other similar vendor chosen by the Issuer, any information of the Issuer regarding compliance with its risk retention obligations (such information, collectively, the "Risk Retention Information"), but only to the extent such Risk Retention Information is delivered to the Global Agent by electronic mail to TrustAdministrationGroup@wellsfargo.com, specifically with a subject reference of "CAS 2016-C07 Risk Retention Information". The Global Agent shall post any such Risk Retention Information

to the Global Agent Website within (3) Business Days following its receipt thereof.

- 2) The Global Agent shall provide a mechanism to notify any Noteholder each time the Global Agent posts additional Risk Retention Information to the Global Agent Website. In connection with providing access to the Global Agent Website, the Global Agent may require registration and the acceptance of a disclaimer.
- 3) The Global Agent shall have no duty to verify, confirm or otherwise determine whether any Risk Retention Information is accurate, complete, or conforms to the requirements of this Agreement or of applicable law or regulation. The Global Agent assumes no responsibility for any Risk Retention Information and makes no representation or warranty as to the accuracy or completeness of any Risk Retention Information. The Global Agent shall be entitled to rely fully upon such Risk Retention Information, and shall not be held liable in connection with posting such Risk Retention Information to the Global Agent Website in accordance with this Agreement. The Global Agent shall not be deemed to have obtained actual knowledge of any Risk Retention Information by virtue of its receipt and posting of the same to the Global Agent Website.
- 4) Notwithstanding anything to the contrary herein, in the event the Issuer determines that any Risk Retention Information previously posted to the Global Agent Website should not have been posted thereto pursuant to the terms of this Agreement, the Issuer shall direct the Global Agent in writing to remove such Risk Retention Information from the Global Agent Website; provided, that such direction specifies in sufficient detail the Risk Retention Information to be so removed. The Global Agent shall have no liability in connection with removing any such Risk Retention Information from the Global Agent Website pursuant to such written direction

Section 12. Miscellaneous.

(a) Amendments. This Agreement may be amended or supplemented by the Issuer, the Global Agent and the Exchange Administrator, with prior written notice to each NRSRO, and without the consent of the Holder of any Note, for the purpose of curing any ambiguity or of correcting or supplementing any provision contained herein which may be defective or inconsistent with any other provision contained herein, in the Debt Agreement or in the Prospectus, or in any other manner that the Issuer may deem necessary or desirable and that will not, in the reasonable opinion of the Issuer, materially adversely affect the interests of the Holders of the Notes. Each of the Global Agent and the Exchange Administrator may, but shall have no obligation to, agree to any amendment or supplement which adversely affects its

respective rights, privileges, immunities or obligations. Each of the Global Agent and the Exchange Administrator shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that (i) the execution of any amendment is authorized or permitted by this Agreement and (ii) that all conditions precedent have been satisfied. The cost of any amendment entered into pursuant to this Section 12(a) shall be paid by the Issuer.

(b) Execution of Additional Agreements. In executing or accepting the agencies created by any additional agreement permitted by this Agreement, or any modification of the agencies created by this Agreement, each of the Global Agent and the Exchange Administrator shall be entitled conclusively to rely upon a written opinion of counsel provided by the Issuer stating that the execution of such additional agreement is authorized or permitted by this Agreement, that all conditions precedent to such additional agreement have been satisfied and that such additional agreement constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms and subject to customary exceptions.

(c) Governing Law, Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the United States. Insofar as there may be no applicable precedent and insofar as to do so would not frustrate the purposes of the Federal National Mortgage Association Charter Act or any provision of this Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States. The parties agree that any judicial proceedings in relation to any matter arising under this Agreement may be instituted against any party to this Agreement in the United States federal courts located in the Borough of Manhattan in such manner as may be permitted by applicable law. EACH PARTY HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(d) Notices. Any notices pursuant to, or communications with respect to, this Agreement shall be deemed to have been given when delivered in person, or by first class registered or certified mail, postage prepaid, or by facsimile or e-mail transmission; provided, however, in the case of any communication by facsimile or e-mail, written confirmation is dispatched within 24 hours by overnight courier, in the case of the Global Agent or the Exchange Administrator, to:

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, Maryland 21045  
Attention: Client Manager – CONN-AVE 2016-C07

with copies to:

Wells Fargo Bank, N.A.  
Corporate Trust Services  
MAC N9300-070  
600 South Fourth Street, 7th Floor  
Minneapolis, Minnesota 55479

Attention: Corporate Trust Services – CONN-AVE 2016-C07

and, in the case of the Issuer, to:

Fannie Mae  
3900 Wisconsin Avenue, NW  
Washington, DC 20016  
Attention: Vice-President, Structured Transactions, Capital Markets  
Email: structured\_transactions@fanniemae.com

with copies to:

Fannie Mae, Legal Department, Securitization Group  
3900 Wisconsin Avenue, NW  
Washington, DC 20016  
Attention: Vice-President, Deputy General Counsel, Securitization

or such other address, telephone, facsimile or e-mail as shall be specified in writing by the party in question to the other party hereto.

(e) Counterparts. This Agreement may be executed in separate counterparts, and by each party separately on a separate counterpart, each such counterpart, when so executed and delivered, to be an original. Such counterparts shall together constitute but one and the same instrument.

(f) Cancellation of Unissued Notes. Upon the written request of the Issuer, the Global Agent shall cancel and return to the Issuer all unissued Notes in its possession at the time of such request.

(g) Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(h) Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, their successors and assigns and the Holders of Notes and no other Person shall acquire or have any right hereunder by virtue hereof.

(i) Severability. In case any provision in this Agreement or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) Entire Agreement. This Agreement, together with the exhibits attached hereto, constitutes the entire agreement between the Global Agent, the Exchange Administrator and the Issuer with respect to the subject matter hereof and supersedes in all respects all prior proposals, negotiations, communications, discussions and agreements between the parties concerning the subject matter of this Agreement.

(k) Waiver. No failure or delay on the part of any party in exercising any power or right under this Agreement shall operate as a waiver, nor does any single or partial exercise of

any power or right preclude any other or further exercise, or the exercise of any other power or right. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given.

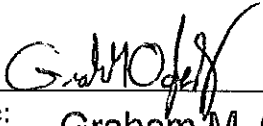
(l) Assignment. Subject to Section 11(b), neither this Agreement nor any right or obligation hereunder may be assigned or transferred by one party to any third party without the express written consent of the other party to this Agreement. Any purported assignment or transfer not in compliance with this provision shall be void and of no force or effect.

(m) Patriot Act. The parties hereto acknowledge that in accordance with requirements established under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and its implementing regulations (collectively, the "Patriot Act"), each of the Global Agent and the Exchange Administrator, in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Global Agent or the Exchange Administrator, as applicable. Each party hereby agrees that it shall provide the Global Agent and the Exchange Administrator, as applicable, with such information in its possession as the Global Agent or the Exchange Administrator may request from time to time in order to comply with any applicable requirements of the Patriot Act.

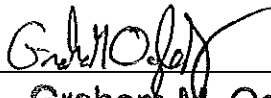
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IN WITNESS WHEREOF, this Agreement has been entered into as of the date hereinabove set forth.

**WELLS FARGO BANK, N.A.,**  
as Global Agent

By:   
Name: **Graham M. Oglesby**  
Title: **Vice President**

**WELLS FARGO BANK, N.A.,**  
as Exchange Administrator

By:   
Name: **Graham M. Oglesby**  
Title: **Vice President**



**FANNIE MAE,**  
as Issuer

By: 

Name: Renee Schutz  
Title: Senior Vice President  
for Capital Markets

DEBT AGREEMENT

Exhibit A

**FEDERAL NATIONAL MORTGAGE ASSOCIATION**  
**Connecticut Avenue Securities,**  
**Series 2016-C07**

**DEBT AGREEMENT**

**DEBT AGREEMENT**, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, this "Agreement"), between the Federal National Mortgage Association ("Fannie Mae") and the Holders of the Notes (each as defined below).

Whereas:

(a) Fannie Mae is a government-sponsored enterprise chartered by Congress in 1938 pursuant to the Federal National Mortgage Association Charter Act (the "Charter Act"), with full power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

(b) Pursuant to Section 304(b) of the Charter Act, Fannie Mae is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any time, obligations having such maturities and bearing such rate or rates of interest as may be determined by Fannie Mae with the approval of the Secretary of the Treasury;

(c) To permit Fannie Mae to engage in activities consistent with its statutory purposes, Fannie Mae has authorized the issuance of unsecured general obligations of Fannie Mae; and

(d) Pursuant to this Agreement, Fannie Mae is issuing the Connecticut Avenue Securities, Series 2016-C07, Class 2M-1 Notes, Class 2M-2 Notes, Class 2M-2A Notes, Class 2M-2I Notes, Class 2M-2R Notes, Class 2M-2S Notes, Class 2M-2T Notes, Class 2M-2U Notes, Class 2M-2B Notes and Class 2B Notes (the "Notes").

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement shall govern the Notes and the rights and obligations of Fannie Mae and Holders with respect to the Notes.

**ARTICLE I**  
**Definitions**

Whenever used in this Agreement, the following words and phrases shall have the following meanings, unless the context otherwise requires.

"Accrual Period" means, with respect to each Payment Date, the period beginning on and including the prior Payment Date (or, in the case of the first Payment Date, the Closing Date) and ending on and including the day preceding such Payment Date.

"Agreement" has the meaning specified in the preamble.

"Beneficial Owner" means the entity or individual that beneficially owns a Note.

"Business Day" means a day other than (i) a Saturday or Sunday or (ii) a day on which the Corporate Trust Offices of the Global Agent (currently located at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Client Manager – CONN-AVE 2016-C07), DTC, the Federal Reserve Bank of New York or banking institutions in the City of New York are authorized or obligated by law or executive order to be closed.

"Charter Act" has the meaning specified in the preamble.

"Class" means any class of Notes issued under this Agreement or a class of Reference Tranche established under this Agreement, as the case may be.

"Class Coupon" means, with respect to each Class of Notes for any Accrual Period, the coupon specified for such Class of Notes set forth in Appendix I hereto or in Exhibit I-1 to the Global Agency Agreement.

"Class Notional Amount" means:

(i) for any Payment Date and each Reference Tranche, a notional amount equal to the initial notional amount of such Reference Tranche, minus the aggregate amount of Senior Reduction Amounts and/or Subordinate Reduction Amounts allocated to such Reference Tranche on such Payment Date and all prior Payment Dates, minus the aggregate amount of Tranche Write-down Amounts allocated to reduce the notional amount of such Reference Tranche on such Payment Date and on all prior Payment Dates, and plus the aggregate amount of Tranche Write-up Amounts allocated to increase the notional amount of such Reference Tranche on such Payment Date and on all prior Payment Dates; and

(ii) for the Interest Only RCR Notes, the outstanding Class Principal Balance of the related Exchangeable Note, as the context may require.

"Class Principal Balance" means, with respect to each Class of Notes (other than the Interest Only RCR Notes) and as of any Payment Date, the maximum dollar amount of principal to which the Holders of the related Class of Notes are then entitled, with such amount being equal to the initial Class Principal Balance of the related Class of Notes, minus the aggregate amount of principal paid by Fannie Mae on the related Class of Notes on such Payment Date and all prior Payment Dates, minus the aggregate amount of Tranche Write-down Amounts allocated to reduce the Class Principal Balance of the related Class of Notes on such Payment Date and on all prior Payment Dates, and plus the aggregate amount of Tranche Write-up Amounts allocated to increase the Class Principal Balance of the related Class of Notes on such Payment Date and on all prior Payment Dates (in each case without regard to any exchanges of Exchangeable Notes for RCR Notes). The Class Principal Balance of each Class of Notes shall at all times equal the Class Notional Amount of the Reference Tranche that corresponds to such Class of Notes. For the avoidance of doubt, no Tranche Write-up Amount or Tranche Write-down Amount will be applied twice on the same Payment Date. In each case, principal amounts that are payable on the related Exchangeable Notes will be allocated to and payable on any outstanding RCR Notes that are entitled to principal.

"Clearstream" means Clearstream Banking, société anonyme, which holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

"Closing Date" means December 8, 2016.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combination" means any one of the available combinations and recombinations of Exchangeable Notes to be exchanged for RCR Notes, and vice versa, shown in Exhibit I-1 to the Global Agency Agreement.

"Common Depository" means the common depository for Euroclear, Clearstream and/or any other applicable clearing system, which will hold Common Depository Notes on behalf of Euroclear, Clearstream and/or any such other applicable clearing system.

"Common Depository Notes" means Notes that are deposited with a Common Depository and that will clear and settle through the systems operated by Euroclear, Clearstream and/or any such other applicable clearing system other than DTC.

"Corporate Trust Office" means the principal corporate trust office of the Global Agent at which, at any particular time, its corporate trust business with respect to this Agreement is conducted, which office at the date of the execution of this Agreement is located at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951, Attention: Client Manager – CONN-AVE 2016-C07, and for Note transfer purposes is located at MAC N9300-070, 600 South Fourth Street, 7th Floor, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services – CONN-AVE 2016-C07, or at such other address as the Global Agent may designate from time to time by written notice to the Holders of the Notes and Fannie Mae.

"Corresponding Class of Reference Tranche" means, with respect to (i) the Class 2M-1 Notes, the Class 2M-1 Reference Tranche; (ii) the Class 2M-2A Notes, the Class 2M-2A Reference Tranche; (iii) the Class 2M-2B Notes, the Class 2M-2B Reference Tranche; and (iv) the Class 2B Notes, the Class 2B Reference Tranche.

"CPR" or "Constant Prepayment Rate" means a model of measuring prepayments on the Reference Obligations that assumes that the outstanding principal balance of the Reference Pool prepays at a specified constant annual rate.

"Credit Event" means, with respect to any Payment Date on or before the related Termination Date and any Reference Obligation, the first to occur of any of the following events during the related Reporting Period, as reported by the servicer to Fannie Mae, if applicable: (i) a short sale is settled, (ii) the related mortgaged property is sold to a third party during the foreclosure process, (iii) an REO disposition occurs, (iv) a mortgage note sale is executed on a loan that is 12 or more months delinquent when offered for sale or (v) the related mortgage note is charged off. With respect to any Credit Event Reference Obligation, there can only be one occurrence of a Credit Event; provided, that one additional separate Credit Event can occur with respect to each instance of such Credit Event Reference Obligation becoming a Reversed Credit Event Reference Obligation.

Notwithstanding the foregoing, Fannie Mae at its option may amend this Agreement to provide that either (x) the mortgage note sales referred to in clause (iv) above will thereafter be prohibited with respect to the Reference Obligations or (y) the mortgage note sales referred to in clause (iv) above will thereafter be treated as Reference Pool Removals rather than as Credit Events.

"Credit Event Amount" means, with respect to any Payment Date, the aggregate amount of the Credit Event UPBs of all Credit Event Reference Obligations for the related Reporting Period.

"Credit Event Net Gain" means, with respect to any Credit Event Reference Obligation, an amount equal to the excess, if any, of:

(a) the related Net Liquidation Proceeds over

(b) the sum of:

(i) the related Credit Event UPB;

(ii) the total amount of prior principal forgiveness modifications, if any, on the related Credit Event Reference Obligation; and

(iii) delinquent accrued interest thereon, calculated at the related Current Accrual Rate from the related last-paid interest date through the date such Reference Obligation has been reported as a Credit Event Reference Obligation.

"Credit Event Net Loss" means, with respect to any Credit Event Reference Obligation, an amount equal to the excess, if any, of:

(a) the sum of:

(i) the related Credit Event UPB;

(ii) the total amount of prior principal forgiveness modifications, if any, on the related Credit Event Reference Obligation; and

(iii) delinquent accrued interest thereon, calculated at the related Current Accrual Rate from the related last-paid interest date through the date such Reference Obligation has been reported as a Credit Event Reference Obligation, over

(b) the related Net Liquidation Proceeds.

"Credit Event Reference Obligation" means, with respect to any Payment Date, any Reference Obligation with respect to which a Credit Event has occurred.

"Credit Event UPB" means, with respect to any Credit Event Reference Obligation, the unpaid principal balance thereof as of the end of the Reporting Period related to the Payment Date that it became a Credit Event Reference Obligation.

"Current Accrual Rate" means, with respect to any Payment Date and Reference Obligation, the current mortgage rate (as adjusted for any Modification Event), less the greater of (x) the related servicing fee rate and (y) 35 basis points.

"CUSIP Number" means, with respect to each Class of Notes, the unique nine-character designation assigned to such Class of Notes by the CUSIP Service Bureau and used to identify such Class of Notes on the records of the DTC.

"Cut-off Date" means the close of business on September 30, 2016.

"Cut-off Date Balance" means approximately \$22,515,197,663, which is the aggregate unpaid principal balance of the Reference Obligations as of the Cut-off Date.

"Delinquency Test" means, for any Payment Date, a test that will be satisfied if

(a) the sum of the Distressed Principal Balance for the current Payment Date and each of the preceding five Payment Dates, divided by six, is less than

(b) 40% of the excess of (i) the product of (x) the Subordinate Percentage and (y) the aggregate UPB of the Reference Obligations as of the preceding Payment Date over (ii) the Principal Loss Amount for the current Payment Date.

"Depository" means DTC or any successor.

"Designated Page" has the meaning specified in Section 3.05.

"Distressed Principal Balance" means, for any Payment Date, the aggregate UPB of the Reference Obligations that are 90 days or more delinquent or are otherwise in foreclosure, bankruptcy or REO status.

"DTC" means The Depository Trust Company, a limited-purpose trust company, which holds securities for DTC Participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

"DTC Participants" means participants in the DTC System.

"DTC Notes" means Notes cleared, settled and maintained on the DTC System, registered in the name of a nominee of DTC. All of the Notes will be DTC Notes at issuance.

"DTC System" means the book-entry system of DTC.

"Early Redemption Date" means the Payment Date on which the Notes are redeemed by Fannie Mae pursuant to the Early Redemption Option.

"Early Redemption Option" means Fannie Mae's right to redeem the Notes on any Payment Date on or after the earlier to occur of (a) the Payment Date in November 2026 and (b) the Payment Date on which the aggregate unpaid principal balance of the Reference Obligations

is less than or equal to 10% of the Cut-off Date Balance, in each case by paying an amount equal to the outstanding Class Principal Balance, after allocation of any Tranche Write-down Amount or Tranche Write-up Amount for such Payment Date, of each of the Class 2M-1 Notes, Class 2M-2A Notes, Class 2M-2B Notes and Class 2B Notes, plus accrued and unpaid interest on such Notes and any related unpaid fees and expenses of the Global Agent pursuant to Section 3.08.

"Eligibility Criteria" means, with respect to each Mortgage Loan included as a Reference Obligation, the following:

- (a) is a fully amortizing, fixed rate, first-lien mortgage loan secured by a one- to four-family dwelling unit, townhouse, individual condominium unit, individual unit in planned unit development, individual cooperative unit or manufactured home, with an original term of 301 to 360 months;
- (b) was acquired by Fannie Mae between January 1, 2016 and April 30, 2016;
- (c) has not been 30 or more days delinquent from the date of acquisition to the Cut-off Date and has been current on each of the three consecutive payment dates immediately preceding the Cut-off Date (with delinquency calculated based on the MBA Delinquency Method);
- (d) was not originated under Fannie Mae's Refi Plus program (which includes but is not limited to the Home Affordable Refinance Program);
- (e) has an original combined loan-to-value ratio that is less than or equal to 97%;
- (f) as of the Cut-off Date, is not subject to an Origination Rep and Warranty Settlement;
- (g) is not subject to any form of risk sharing with the loan seller (other than limited seller indemnification in certain cases);
- (h) was not originated under certain non-standard programs of Fannie Mae;
- (i) is a conventional loan (i.e., is not guaranteed by the Federal Housing Administration or the U.S. Department of Veterans Affairs);
- (j) has an original loan-to-value ratio that is (i) greater than 80% and (ii) less than or equal to 97%; and
- (k) (i) is not covered by pool insurance and (ii) is covered by private mortgage insurance as of the Cut-off Date or was covered by private mortgage insurance at the time of acquisition that has since been cancelled or otherwise eliminated by the borrower as permitted under Fannie Mae's Servicing Guide or in the case of certain Reference Obligations secured by mortgaged properties in the State of New York, was not covered by private mortgage insurance at the time of acquisition as permitted under Fannie Mae's Selling Guide.

"Eligibility Defect" means any failure of a mortgage loan to conform to all applicable underwriting requirements or the breach of a representation or warranty with respect to a mortgage loan that Fannie Mae determined to be significant enough to warrant issuing a repurchase request to the related loan seller or servicer (and for which the related loan seller or servicer was unable to provide Fannie Mae with a sufficient rebuttal that warranted withdrawal of the repurchase request).

"Euroclear" means Euroclear System, a depository that holds securities for its participants and clears and settles transactions between its participants through simultaneous



electronic book-entry delivery against payment.

"Event of Default" has the meaning specified in Section 5.01.

"Exchange Administrator" means the entity selected by Fannie Mae to act as administrator for exchanges of Exchangeable Notes for RCR Notes and vice versa, which as of the Closing Date is Wells Fargo Bank, N.A. Wells Fargo Bank, N.A. will perform its duties as Exchange Administrator through its Corporate Trust Services division.

"Exchangeable Notes" means the Class 2M-2A Notes and Class 2M-2B Notes.

"Fannie Mae" means the Federal National Mortgage Association, a stockholder-owned company chartered by Congress pursuant to the Charter Act.

"FHFA" means the Federal Housing Finance Agency.

"Final Tax Determination" has the meaning specified in Section 6.03.

"Global Agency Agreement" means the Global Agency Agreement, dated as of December 8, 2016, between Fannie Mae and Wells Fargo Bank, N.A., as Global Agent and Exchange Administrator.

"Global Agent" means the entity selected by Fannie Mae to act as its global, calculating, transfer, authenticating and paying agent for the Notes, which as of the Closing Date is Wells Fargo Bank, N.A. Wells Fargo Bank, N.A. will perform its duties as Global Agent hereunder through its Corporate Trust Services division.

"Holder" means, in the case of (i) DTC Notes, DTC or its nominee; (ii) Common Depository Notes, the depository, or its nominee, in whose name the Notes are registered on behalf of a related clearing system; and (iii) Notes in definitive registered form, the person or entity in whose name such Notes are registered in the Register.

"ICE" has the meaning specified in Section 3.05.

"ICE Method" means the method used to calculate One-Month LIBOR, as described in Section 3.05.

"Interest Accrual Amount" means, with respect to each outstanding Class of Notes and any Payment Date, an amount equal to the accrued interest at the Class Coupon on the Class Principal Balance (or Class Notional Amount, as applicable) of each Class of Notes immediately prior to such Payment Date.

"Interest Only RCR Notes" means the Class 2M-2I Notes.

"Interest Payment Amount" means, for a Class of Notes and a Payment Date, the Interest Accrual Amount for that Class of Notes, less any Modification Loss Amount for that Payment Date allocated to reduce the Interest Payment Amount for that Class of Notes.

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Junior Reference Tranche" means the Class 2B Reference Tranche and the Class 2B-H Reference Tranche.

"LIBOR Adjustment Date" means, with respect to any Payment Date, the second business day before the related Accrual Period begins. For this purpose, a "business day" is a day on which banks are open for dealing in foreign currency and exchange in London, New York City and Washington, D.C.

"Liquidation Proceeds" means, with respect to a Credit Event Reference Obligation, all cash amounts (including sales proceeds, net of selling expenses) received in connection with the liquidation of the Credit Event Reference Obligation.

"Maturity Date" means the Payment Date in May 2029.

"MBA Delinquency Method" means the method by which a determination of delinquency is made with respect to any Reference Obligation; under this method, a loan due on the first day of the month is considered 30 days delinquent when all or part of one or more payments remains unpaid as of close of business on the last day of such month.

"Mezzanine Reference Tranche" means each of the Class 2M-1, Class 2M-1H, Class 2M-2A, Class 2M-AH, Class 2M-2B and Class 2M-BH Reference Tranches.

"Minimum Credit Enhancement Test" means, with respect to any Payment Date, a test that will be satisfied if the Subordinate Percentage (solely for purposes of such test, rounded to the sixth decimal place) is greater than or equal to 4.250000%.

"Modification Event" means, with respect to any Reference Obligation, a forbearance or certain mortgage rate modifications relating to such Reference Obligation, it being understood that in the absence of a forbearance or certain mortgage rate modifications, a term extension on a Reference Obligation will not constitute a Modification Event. In addition, a mortgage rate modification that results in an increased mortgage rate with respect to any Reference Obligation (after giving effect to all scheduled mortgage rate modifications thereon) will not constitute a "Modification Event." For example, in the case of a mortgage rate modification that provides for a mortgage rate reduction from 4% to 2% followed by a future step-up in the mortgage rate from 2% to 5%, the modification will not be treated as a "Modification Event." By contrast, in the case of a mortgage rate modification that provides for a mortgage rate reduction from 4% to 2% followed by a future step-up in the mortgage rate from 2% back to 4%, the modification will be treated as a "Modification Event."

"Modification Loss Amount" means, with respect to each Payment Date and any Reference Obligation that has experienced a Modification Event, the excess, if any, of:

(a) one-twelfth of the Original Accrual Rate multiplied by the UPB of such Reference Obligation, over

(b) one-twelfth of the Current Accrual Rate multiplied by the interest bearing UPB of such Reference Obligation.

"Mortgage Insurance Credit Amount" means, with respect to any Credit Event Reference Obligation, the full amount, if any, that may be claimed as contractual proceeds of any mortgage insurance covering such Reference Obligation at the time such Reference Obligation became a Credit Event Reference Obligation, without regard to whether such amount or any portion thereof is actually received by or reimbursed to Fannie Mae from the applicable mortgage insurer, servicer or any other source. For the avoidance of doubt, the "Mortgage Insurance Credit Amount" will not include amounts that otherwise may have been claimed to the extent the related mortgage insurance coverage has been rescinded, has been denied or curtailed due to origination or servicing breaches.

"Mortgage Loan" means a first mortgage, deed of trust or similar security instrument securing a Mortgage Note.

"Mortgage Note" means a promissory note or other similar evidences of indebtedness evidencing a Reference Obligation.

"Mortgaged Property" means any residential property consisting of a one- to four-family dwelling unit, a townhouse, an individual condominium unit, an individual unit in a planned unit development, an individual cooperative unit or a manufactured home.

"Net Liquidation Proceeds" means, with respect to any Credit Event Reference Obligation, the sum of the related Liquidation Proceeds, any Mortgage Insurance Credit Amount, and any proceeds received from the related servicer in connection with such Credit Event Reference Obligation, less related expenses and credits, including but not limited to taxes and insurance, legal costs, maintenance and preservation costs, in each case during the period including the month in which such Reference Obligation became a Credit Event Reference Obligation together with the immediately following three-month period.

"Notes" has the meaning specified in the preamble.

"NRSRO" means, as of any date, each nationally recognized statistical rating organization that has been engaged by Fannie Mae to provide a rating on the Notes and is then rating the Notes.

"One-Month LIBOR" has the meaning specified in Section 3.05.

"Original Accrual Rate" means, with respect to any Reference Obligation, the mortgage rate as of the Cut-off Date, less the greater of (x) the related servicing fee and (y) 35 basis points.

"Origination Rep and Warranty Settlement" means any settlement relating to claims arising from breaches of origination/selling representations and warranties that Fannie Mae enters into with a loan seller or servicer in lieu of requiring such loan seller or servicer to repurchase a specified pool of mortgage loans that includes one or more Reference Obligations, whereby Fannie Mae has received the agreed-upon settlement proceeds from such loan seller or servicer. For the avoidance of doubt, any settlement that Fannie Mae may enter into with a

servicer in connection with a breach by such servicer of its servicing obligations to Fannie Mae with respect to Reference Obligations will not be included in any Origination Rep and Warranty Settlement. Moreover, a Reference Obligation subject to an Origination Rep and Warranty Settlement that is not a Credit Event Reference Obligation may be subsequently repurchased by the related loan seller or servicer due to certain breaches of representations and warranties, such as a breach of a representation or warranty relating to fraud or property title. Any amounts collected by Fannie Mae due to such subsequent repurchases will be allocated to the applicable Reference Tranches as Unscheduled Principal.

"Overcollateralization Amount" means an amount equal to (a) the aggregate amount of Write-up Excesses for such Payment Date and all prior Payment Dates, minus (b) the aggregate amount of Overcollateralization Amounts used to offset Tranche Write-down Amounts on all prior Payment Dates.

"Payment Date" means the 25th day of each calendar month (or, if not a Business Day, the following Business Day), commencing in December 2016.

"Preliminary Principal Loss Amount" means, for a Payment Date, an amount equal to the Principal Loss Amount computed without giving effect to clause (d) of the definition of Principal Loss Amount.

"Preliminary Tranche Write-down Amount" means, for a Payment Date, an amount equal to the Tranche Write-down Amount computed using the Preliminary Principal Loss Amount instead of the Principal Loss Amount.

"Preliminary Tranche Write-up Amount" means, for a Payment Date, an amount equal to the Tranche Write-up Amount computed using the Preliminary Principal Loss Amount instead of the Principal Loss Amount.

"Preliminary Class Notional Amount" means, for a Payment Date, an amount equal to the Class Notional Amount of a Reference Tranche immediately prior to such Payment Date after the application of the Preliminary Tranche Write-down Amount in accordance with the priorities set forth in Section 3.03(d) and after the application of the Preliminary Tranche Write-up Amount in accordance with the priorities set forth in Section 3.03(e).

"Principal Loss Amount" means, with respect to any Payment Date, the sum of:

(a) the aggregate amount of Credit Event Net Losses for all Credit Event Reference Obligations for the related Reporting Period;

(b) the aggregate amount of court-approved principal reductions ("cramdowns") on the Reference Obligations in the related Reporting Period;

(c) subsequent losses on any Reference Obligation that became a Credit Event Reference Obligation on a prior Payment Date and with respect to which Net Liquidation Proceeds have already been determined; and

(d) amounts included in Sections 3.03(f)(ii), (v), (vi) and (viii).

"Principal Recovery Amount" means, with respect to any Payment Date, the sum of:

(a) the aggregate amount of Credit Event Net Losses for all Reversed Credit Event Reference Obligations for the related Reporting Period;

(b) subsequent recoveries on any Reference Obligation that became a Credit Event Reference Obligation on a prior Payment Date and with respect to which Net Liquidation Proceeds have already been determined;

(c) the aggregate amount of the Credit Event Net Gains of all Credit Event Reference Obligations for the related Reporting Period;

(d) the aggregate amount of Rep and Warranty Settlement Amounts for the Reporting Period for such Payment Date and Credit Event Reference Obligations; and

(e) the Projected Recovery Amount on the Termination Date.

"Projected Recovery Amount" means, as of the Termination Date, the aggregate amount of subsequent recoveries, net of expenses and credits, projected to be received on the Reference Pool, calculated based on a formula to be derived by Fannie Mae from the actual net recovery experience for the Reference Pool during the 30-month period immediately preceding the Termination Date, plus any additional amount determined by Fannie Mae in its sole discretion to be appropriate for purposes of the foregoing projection in light of then-current market conditions. Information regarding the formula and results of the related calculations will be provided to Holders through Payment Date Statements (as defined in the Global Agency Agreement) in advance of the Termination Date. In the absence of manifest error, Fannie Mae's determination of the Projected Recovery Amount will be final.

"Prospectus" means the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 Prospectus, dated December 6, 2016 (including any amendments thereto).

"Qualified Institutional Buyer" means:

(i) Any of the following entities, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity:

(A) Any insurance company as defined in section 2(13) of the Securities Act;

Note: A purchase by an insurance company for one or more of its separate accounts, as defined by section 2(a)(37) of the Investment Company Act, which are neither registered under section 8 of the Investment Company Act nor required to be so registered, shall be deemed to be a purchase for the account of such insurance company.

(B) Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act;

(C) Any "Small Business Investment Company" licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended;

(D) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(E) Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended;

(F) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in sub-clauses (D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans.

(G) Any business development company as defined in section 202(a)(22) of the Investment Advisers Act;

(H) Any organization described in section 501(c)(3) of the Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and

(I) Any investment adviser registered under the Investment Advisers Act.

(ii) Any dealer registered pursuant to section 15 of the Exchange Act, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(iii) Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a Qualified Institutional Buyer;

Note: A registered dealer may act as agent, on a non-discretionary basis, in a transaction with a Qualified Institutional Buyer without itself having to be a Qualified Institutional Buyer.

(iv) Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other Qualified Institutional Buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. Family of investment companies means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment

companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this sub-clause:

(A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

(B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(v) Any entity, all of the equity owners of which are Qualified Institutional Buyers, acting for its own account or the accounts of other Qualified Institutional Buyers; and

(vi) Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the Rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

"RCR Notes" means the Class 2M-2 Notes, Class 2M-2I Notes, Class 2M-2R Notes, Class 2M-2S Notes, Class 2M-2T Notes and Class 2M-2U Notes.

"Record Date" means, with respect to any Payment Date, (i) the Business Day immediately preceding such Payment Date, with respect to Notes issued in global form, and (ii) the last Business Day of the calendar month preceding the calendar month of such Payment Date, with respect to definitive Notes.

"Recovery Principal" means, with respect to any Payment Date, the sum of:

(a) the excess, if any, of the Credit Event Amount for such Payment Date, over the Tranche Write-down Amount for such Payment Date; plus

(b) the Tranche Write-up Amount for such Payment Date.

"Reference Obligations" means the related FNMA 2016-C07 Mortgage Loans identified on <http://www.ctslink.com/SelectSeries.do?shelfType=MBS&shelfId=FNMA#2016>.

"Reference Pool" means all of the Reference Obligations, collectively.

"Reference Pool Removal" means the removal of a Reference Obligation from the Reference Pool upon the occurrence of any of the following: (i) the Reference Obligation becomes a Credit Event Reference Obligation; (ii) the Reference Obligation is paid in full; (iii)

the Reference Obligation is seized pursuant to an eminent domain proceeding with respect to the underlying mortgage loan; (iv) the related loan seller or servicer repurchases the Reference Obligation, enters into a full indemnification agreement with Fannie Mae with respect to the Reference Obligation or pays a fee in lieu of repurchase with respect to the Reference Obligation; (v) Fannie Mae elects to sell (A) a delinquent Reference Obligation that is less than 12 months delinquent at the time it is offered for sale or (B) a Reference Obligation that previously had been seriously delinquent and is current at the time it is offered for sale; (vi) Fannie Mae determines that as a result of a data correction the Reference Obligation does not meet certain Eligibility Criteria; or (vii) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation has declared bankruptcy or has been put into receivership and an Eligibility Defect is identified that could otherwise have resulted in a repurchase. A Reference Obligation will be removed from the Reference Pool if a data change occurs that causes the Reference Obligation to no longer meet one or more of the criteria set forth in clauses (a), (e), (f), (g), (j) or (k) of the definition of Eligibility Criteria.

"Reference Tranches" means the nine classes of hypothetical tranches deemed to be backed by the Reference Obligations, referred to as the Class 2A-H, Class 2M-1, Class 2M-1H, Class 2M-2A, Class 2M-AH, Class 2M-2B, Class 2M-BH, Class 2B and Class 2B-H Reference Tranches, with the following initial Class Notional Amounts:

<u>Classes of Reference Tranches</u>	<u>Initial Class Notional Amount</u>
Class 2A-H	\$21,614,589,756
Class 2M-1	\$192,504,000
Class 2M-1H	\$10,132,779
Class 2M-2A	\$139,031,000
Class 2M-AH	\$7,317,785
Class 2M-2B	\$310,146,000
Class 2M-BH	\$16,324,366
Class 2B	\$60,000,000
Class 2B-H	\$165,151,976

"Register" means a register of the Holders of Notes maintained by the Global Agent.

"Registrar" means Wells Fargo Bank, N.A. or its successor in interest.

"Rep and Warranty Settlement Amount" means, for each Reference Obligation that is part of an Origination Rep and Warranty Settlement (including any Reference Obligation that may previously have been removed from the Reference Pool due to a Credit Event), the portion of the settlement amount determined to be attributable to such Reference Obligation, such determination to be made by Fannie Mae at or about the time of settlement. After completion of an Origination Rep and Warranty Settlement that includes any Reference Obligations, Fannie Mae will engage an independent third party to conduct an annual review to validate that the Rep and Warranty Settlement Amount corresponding to each Reference Obligation matches Fannie Mae's records for such settlement.



"Rep and Warranty Settlement Coverage Amount" means, with respect to any Payment Date and (i) any Reference Obligation that was included in an Origination Rep and Warranty Settlement and that became a Credit Event Reference Obligation during the related Reporting Period and (ii) any Reference Obligation that became a Credit Event Reference Obligation during a previous Reporting Period and that was first included in an Origination Rep and Warranty Settlement during the related Reporting Period, the sum of the related Rep and Warranty Settlement Amounts for all such Reference Obligations.

"Reporting Period" means, for any Payment Date and for purposes of making calculations with respect to the hypothetical structure and Reference Tranches, the second calendar month preceding the month of such Payment Date.

"Reversed Credit Event Amount" means, with respect to any Payment Date, the aggregate amount of the Credit Event UPB of all Reversed Credit Event Reference Obligations for the related Reporting Period.

"Reversed Credit Event Reference Obligation" means, with respect to each Payment Date, a Reference Obligation formerly in the Reference Pool that became a Credit Event Reference Obligation in a prior Reporting Period and with respect to which (i) the related loan seller or servicer repurchases the Reference Obligation, enters into a full indemnification agreement with Fannie Mae or provides a fee in lieu of repurchase for the Reference Obligation, (ii) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation has declared bankruptcy or has been put into receivership and an Eligibility Defect is identified that could otherwise have resulted in a repurchase or (iii) Fannie Mae determines that as a result of a data correction, the Reference Obligation does not meet certain Eligibility Criteria.

"Scheduled Principal" means, with respect to any Payment Date, the sum of all monthly scheduled payments of principal due (whether with respect to the related Reporting Period or any prior Reporting Period) on the Reference Obligations and reported to Fannie Mae and collected by the related servicer during the related Reporting Period.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Percentage" means, with respect to any Payment Date, the percentage equivalent of a fraction, the numerator of which is the Class Notional Amount of the Class 2A-H Reference Tranche immediately prior to such Payment Date and the denominator of which is the aggregate unpaid principal balance of the Reference Obligations at the end of the previous Reporting Period.

"Senior Reduction Amount" means, with respect to any Payment Date, either:

(a) if either of the Minimum Credit Enhancement Test or the Delinquency Test is not satisfied, the sum of:

- (i) the Senior Percentage of the Scheduled Principal for such Payment Date,
- (ii) 100% of the Unscheduled Principal for such Payment Date, and

(iii) 100% of the Recovery Principal for such Payment Date; or

(b) if both the Minimum Credit Enhancement Test and the Delinquency Test are satisfied, the sum of:

(i) the Senior Percentage of the Scheduled Principal for such Payment Date,

(ii) the Senior Percentage of the Unscheduled Principal for such Payment Date, and

(iii) 100% of the Recovery Principal for such Payment Date.

"Subordinate Percentage" means, with respect to any Payment Date, the percentage equal to 100% minus the Senior Percentage for such Payment Date. On the Closing Date, the Subordinate Percentage will be 4.00%.

"Subordinate Reduction Amount" means, with respect to any Payment Date, the sum of the Scheduled Principal, the Unscheduled Principal and the Recovery Principal for such Payment Date, less the Senior Reduction Amount for such Payment Date.

"Termination Date" means the earliest of (i) the Maturity Date, (ii) the Early Redemption Date, and (iii) the Payment Date on which the initial Class Principal Balances (without giving effect to any allocations of Tranche Write-down Amounts or Tranche Write-up Amounts on such Payment Date and all prior Payment Dates) and accrued and unpaid interest due on the Notes, plus related fees and expenses of the Global Agent, have otherwise been paid in full.

"Tranche Write-down Amount" means, with respect to any Payment Date, the excess, if any, of the Principal Loss Amount for such Payment Date over the Principal Recovery Amount for such Payment Date.

With respect to any Payment Date, the Class Notional Amount for the Class 2A-H Reference Tranche will be increased by the excess, if any, of the Tranche Write-down Amount for such Payment Date over the Credit Event Amount for such Payment Date.

"Tranche Write-up Amount" means, with respect to any Payment Date, the excess, if any, of the Principal Recovery Amount for such Payment Date over the Principal Loss Amount for such Payment Date.

"Unscheduled Principal" means, with respect to each Payment Date:

(a) all partial principal prepayments on the Reference Obligations collected during the related Reporting Period; plus

(b) the aggregate unpaid principal balance of all Reference Obligations that become subject to Reference Pool Removals during the related Reporting Period other than (i) Credit Event Reference Obligations and (ii) the portions of any prepayments in full that consist of scheduled principal collections; plus

(c) decreases in the unpaid principal balance of all Reference Obligations as the result of loan modifications or data corrections; plus

(d) all scheduled principal collections, if any, for any Reference Obligations that have been removed from the related Fannie Mae Guaranteed Mortgage Pass-Through Certificates (MBS) pools; minus

(e) increases in the unpaid principal balance of all Reference Obligations as the result of modifications or data corrections.

In the event the amount in clause (e) above exceeds the sum of the amounts in clauses (a) through (d) above, the Unscheduled Principal for the applicable Payment Date will be zero, and the Class Notional Amount for the Class 2A-H Reference Tranche will be increased by the amount of such excess. In the event that Fannie Mae were to ever employ a policy that permitted or required principal forgiveness as a loss mitigation alternative, any principal that may be forgiven with respect to a Reference Obligation will decrease the unpaid principal balance of such Reference Obligation pursuant to clause (c) above.

"UPB" means, for a Reference Obligation, the unpaid principal balance as of any date of determination.

"Write-up Excess" means, for a Payment Date, the amount by which the Tranche Write-up Amount on such Payment Date exceeds the Tranche Write-up Amount allocated on such Payment Date.

## **ARTICLE II**

### **Authorization; Certain Terms**

**Section 2.01. Authorization.** The Notes shall be issued by Fannie Mae in accordance with the authority vested in Fannie Mae by Section 304(b) of the Charter Act. The indebtedness represented by the Notes shall be unsecured general obligations of Fannie Mae.

**Section 2.02. Notes Held or Acquired by Fannie Mae.** Fannie Mae shall have the right to purchase and hold for its own account any Note and to otherwise acquire (either for cash or in exchange for newly-issued Notes) all or a portion of the Notes. Notes of any particular Class held or acquired by Fannie Mae shall have an equal and proportionate benefit to Notes of the same Class held by other Holders, without preference, priority or distinction, except that in determining whether the Holders of the required percentage of the outstanding principal amount of the Notes have given any required demand, authorization, notice, consent or waiver under this Agreement, any Notes owned by Fannie Mae or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Fannie Mae shall be disregarded and deemed not to be outstanding for the purpose of such determination.

## **ARTICLE III**

### **Payments to Holders; Maturity; Early Redemption; Selling Restrictions**

**Section 3.01. General.**

(a) General. Payments in respect of the Notes shall be made in immediately available funds to DTC, Euroclear, Clearstream or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Such payments shall be made in U.S. dollars. All payments to or upon the order of the Holder of Note shall be valid and effective to discharge the liability of Fannie Mae in respect of such Note. Ownership positions within each system shall be determined in accordance with the normal conventions observed by such system. Fannie Mae, the Global Agent and the Registrar shall not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

All payments on Notes are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, payments in respect of the related Notes shall be made at the office of any paying agent in the United States.

(b) Withholding Requirements. In the event that any jurisdiction imposes any withholding or other tax on any payment made by Fannie Mae (or its agent or any other person potentially required to withhold) with respect to a Note, Fannie Mae (or its agent or such other person) will deduct the amount required to be withheld from such payment, and Fannie Mae (or its agent or such other person) will not be required to pay additional interest or other amounts, or redeem or repay the Notes prior to the Maturity Date, as a result.

(c) Tax Reporting. The Global Agent shall furnish or make available, at such times as required by applicable law, to each Holder or Beneficial Owner of Notes such information as may be required to be provided under applicable law to enable Holders and Beneficial Owners to prepare their U.S. federal income tax returns, if applicable. In addition, for the purpose of projecting cash flows, the Exchange Administrator shall assume a Constant Prepayment Rate of 10% and a One-Month LIBOR rate of 0.64889% such that the interest projections for each variable rate will be a fixed rate equal to the value of the variable rate as of the Closing Date.

(d) Determination Final. The determination by Fannie Mae or the Global Agent of the Class Coupon on the Notes and the determination of any payment on any Note (or any interim calculation in the determination of any such interest rate, index or payment) shall, absent manifest error, be final and binding on all parties. If a principal or interest payment error occurs, Fannie Mae or the Global Agent may correct it by adjusting payments to be made on later Payment Dates or in any other manner Fannie Mae or the Global Agent considers appropriate. If the source of One-Month LIBOR changes in format, but Fannie Mae or the Global Agent determines that the source continues to disclose the information necessary to determine the related Class Coupon substantially as required, Fannie Mae will amend the procedure for obtaining information from that source to reflect the changed format. All One-Month LIBOR values used to determine interest payments are subject to correction within 30 days from the applicable payment. The source of a corrected value must be the same source from which the original value was obtained. A correction might result in an adjustment on a later date to the amount paid to the Holder.

**Section 3.02. Interest Payments.** The amount of interest that will accrue on a given Class of Notes during each Accrual Period is equal to (a) the Class Coupon for such Class of Notes for such Accrual Period; multiplied by (b) the Class Principal Balance or Class Notional Amount of such Class of Notes immediately prior to such Payment Date; multiplied by (c) the actual number of days in the related Accrual Period; divided by (d) 360. Interest shall be payable in arrears. There will be no calculation of interest made with respect to any of the Reference Tranches.

**Section 3.03. Hypothetical Structure and Reference Tranches.**

(a) General. Solely for purposes of making the calculations for each Payment Date of (i) principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) or Modification Events on the Reference Obligations, (ii) any reduction in interest amounts on the Notes as a result of Modification Events on the Reference Obligations and (iii) principal payments required to be made on the Notes by Fannie Mae, a hypothetical structure, consisting of nine (9) classes of Reference Tranches deemed to be backed by the Reference Obligations is hereby established. Each Reference Tranche will have the initial Class Notional Amount set forth in the definition of "Reference Tranches" in Article I (Definitions) in this Agreement, and the aggregate of the initial Class Notional Amounts of all the Reference Tranches will equal the Cut-off Date Balance.

(b) Allocation of Senior Reduction Amount to the Reference Tranches. On each Payment Date on or prior to the Termination Date, the Senior Reduction Amount will be allocated to reduce the Class Notional Amount of each Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) first, to the Class 2A-H Reference Tranche,

(ii) second, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) third, to the Class 2M-2A and Class 2M-AH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iv) fourth, to the Class 2M-2B and Class 2M-BH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(v) fifth, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date.

(c) Allocation of Subordinate Reduction Amount to the Reference Tranches. On each Payment Date on or prior to the Termination Date, the Subordinate Reduction Amount will be allocated to reduce the Class Notional Amount of each Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) first, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*,

based on their Class Notional Amounts immediately prior to such Payment Date,

(ii) second, to the Class 2M-2A and Class 2M-AH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) third, to the Class 2M-2B and Class 2M-BH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iv) fourth, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(v) fifth, to the Class 2A-H Reference Tranche (up to the amount of any remaining unallocated Tranche Write-down Amounts less the amount attributable to clause (d) of the definition of "Principal Loss Amount").

(d) Allocation of Tranche Write-down Amounts to the Reference Tranches. On each Payment Date on or prior to the Termination Date, after allocation of the Senior Reduction Amount and Subordinate Reduction Amount, the Tranche Write-down Amount, if any, for such Payment Date, will be allocated, first, to reduce any Overcollateralization Amount for such Payment Date until the Overcollateralization Amount is reduced to zero, and, second, to reduce the Class Notional Amount of each Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) first, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts,

(ii) second, to the Class 2M-2B and Class 2M-BH Reference Tranches, *pro rata*, based on their Class Notional Amounts,

(iii) third, to the Class 2M-2A and Class 2M-AH Reference Tranches, *pro rata*, based on their Class Notional Amounts,

(iv) fourth, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts, and

(v) fifth, to the Class 2A-H Reference Tranche.

For the avoidance of doubt, no Tranche Write-down Amount will be applied twice on the same Payment Date.

(e) Allocation of Tranche Write-up Amounts to the Reference Tranches. On each Payment Date on or prior to the Termination Date, after allocation of the Senior Reduction Amount, Subordinate Reduction Amount and Tranche Write-down Amounts, the Tranche Write-up Amount, if any, for such Payment Date will be allocated to increase the Class Notional Amount of each Reference Tranche in the following order of priority until the cumulative Tranche Write-up Amount allocated to each such Reference Tranche is equal to the cumulative

Tranche Write-down Amount previously allocated to such Reference Tranche on or prior to such Payment Date:

- (i) first, to the Class 2A-H Reference Tranche,
- (ii) second, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts,
- (iii) third, to the Class 2M-2A and Class 2M-AH Reference Tranches, *pro rata*, based on their Class Notional Amounts,
- (iv) fourth, to the Class 2M-2B and Class 2M-BH Reference Tranches, *pro rata*, based on their Class Notional Amounts, and
- (v) fifth, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts.

For the avoidance of doubt, no Tranche Write-up Amount will be applied twice on the same Payment Date.

(f) Allocation of Modification Loss Amounts to the Reference Tranches. On each Payment Date on or prior to the Termination Date, the Preliminary Principal Loss Amount, Preliminary Tranche Write-down Amount, Preliminary Tranche Write-up Amount and Preliminary Class Notional Amount will be computed prior to the allocation of the Modification Loss Amount. On each Payment Date on or prior to the Termination Date, the Modification Loss Amount, if any, for such Payment Date will be allocated in the following order of priority:

- (i) first, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, until the amount allocated to the Class 2B Reference Tranche is equal to the Class 2B Notes Interest Accrual Amount;
- (ii) second, to the Class 2B and Class 2B-H Reference Tranches, *pro rata*, based on the Preliminary Class Notional Amounts for such Payment Date, until the amount allocated to the Class 2B and Class 2B-H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class 2B and Class 2B-H Reference Tranches for such Payment Date;
- (iii) third, to the Class 2M-2B and Class 2M-BH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, until the amount allocated to the Class 2M-2B Reference Tranche is equal to the Class 2M-2B Notes Interest Accrual Amount;
- (iv) fourth, to the Class 2M-2A and Class 2M-AH Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, until the amount allocated to the Class 2M-2A Reference Tranche is equal to the Class 2M-2A Notes Interest Accrual Amount;

(v) fifth, to the Class 2M-2B and Class 2M-BH Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts for such Payment Date, until the aggregate amount allocated to the Class 2M-2B and Class 2M-BH Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class 2M-2B and Class 2M-BH Reference Tranches for such Payment Date;

(vi) sixth, to the Class 2M-2A and Class 2M-AH Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts for such Payment Date, until the aggregate amount allocated to the Class 2M-2A and Class 2M-AH Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class 2M-2A and Class 2M-AH Reference Tranches for such Payment Date;

(vii) seventh, to the Class 2M-1 and Class 2M-1H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Payment Date, until the amount allocated to the Class 2M-1 Reference Tranche is equal to the Class 2M-1 Notes Interest Accrual Amount; and

(viii) eighth, to the Class 2M-1 and Class 2M-1H Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts for such Payment Date, until the aggregate amount allocated to the Class 2M-1 and Class 2M-1H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class 2M-1 and Class 2M-1H Reference Tranches for such Payment Date.

Any amounts allocated to the Class 2B, Class 2M-2B, Class 2M-2A or Class 2M-1 Reference Tranches in Sections 3.03(f)(i), (iii), (iv) or (vii) above will result in a corresponding reduction of the Interest Payment Amount of the Class 2M-1, Class 2M-2A, Class 2M-2B or Class 2B Notes, as applicable (without regard to any exchanges of Exchangeable Notes for RCR Notes for such Payment Date).

Any amounts allocated to the Class 2B, Class 2M-2B, Class 2M-2A or Class 2M-1 Reference Tranches in Sections 3.03(f)(ii), (v), (vi) or (viii) above will be included in the calculation of the Principal Loss Amount.

If any RCR Notes are held by Holders, any Modification Loss Amount that is allocable in Sections 3.03(f)(iii) or (iv) above on any Payment Date to the related Exchangeable Notes will be allocated to reduce the Interest Payment Amount of the applicable RCR Notes in accordance with the exchange proportions applicable to the related Combination.

#### **Section 3.04. Principal Payments and Other Allocations on Notes.**

(a) Reductions in Class Principal Balances of the Notes. On each Payment Date on or prior to the Termination Date, the Class Principal Balance of each Class of Notes (without regard to any exchanges of Exchangeable Notes for RCR Notes for such Payment Date) will be reduced, without any corresponding payment of principal, by the amount of the reduction, if any, in the Class Notional Amount of the Corresponding Class of Reference Tranche due to the allocation of the Tranche Write-down Amounts to such Class of Reference Tranche on such Payment Date pursuant to Section 3.03(d) above. If any RCR Notes are held by Holders, any



Tranche Write-down Amount that is allocable to the related Exchangeable Notes will be allocated to decrease the Class Principal Balance or Class Notional Amount, as applicable, of the RCR Notes.

(b) Increases in Class Principal Balances of the Notes. On each Payment Date on or prior to the Termination Date, the Class Principal Balance of each Class of Notes (without regard to any exchanges of Exchangeable Notes for RCR Notes for such Payment Date) will be increased by the amount of the increase, if any, in the Class Notional Amount of the Corresponding Class of Reference Tranche due to the allocation of the Tranche Write-up Amounts to such Class of Reference Tranche on such Payment Date pursuant to Section 3.03(e) above. If any RCR Notes are held by Holders, any Tranche Write-up Amount that is allocable to the related Exchangeable Notes will be allocated to increase the Class Principal Balance or Class Notional Amount, as applicable, of the RCR Notes.

(c) Principal Payments on the Notes. On each Payment Date on or prior to the Termination Date, Fannie Mae will pay principal on each Class of Notes (without regard to any exchanges of Exchangeable Notes for RCR Notes for such Payment Date) in reduction of its Class Principal Balance in an amount equal to the portion of the Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable, allocated to reduce the Class Notional Amount of the Corresponding Class of Reference Tranche on such Payment Date pursuant to Sections 3.03(b) and (c) above. If any RCR Notes are held by Holders, any such reduction that is allocable to the related Exchangeable Notes will be allocated to reduce the Class Principal Balance or Class Notional Amount, as applicable, of the RCR Notes.

**Section 3.05. Determination of One-Month LIBOR.** Pursuant to the terms of the Global Agency Agreement, the Global Agent shall calculate the Class Coupons for the Notes for each Accrual Period (after the first Accrual Period) on the applicable LIBOR Adjustment Date.

"One-Month LIBOR" will be determined by using the "Interest Settlement Rate" for U.S. dollar deposits with a maturity of one month set by ICE Benchmark Administration ("ICE") as of 11:00 a.m. (London time) on the LIBOR Adjustment Date (the "ICE Method").

ICE's Interest Settlement Rates are currently displayed on the ICE Secure File Transfer Protocol service or on the Reuters Screen LIBOR01 Page. That page, or any other page that may replace the ICE Secure File Transfer Protocol service or the Reuters Screen LIBOR01 Page on that service or any other service ICE nominates as the information vendor to display ICE's Interest Settlement Rates for deposits in U.S. dollars, is a "Designated Page." ICE's Interest Settlement Rates currently are rounded to six decimal places (and rounded up to five decimal places where the sixth digit is five or greater).

If ICE's Interest Settlement Rate does not appear on the Designated Page as of 11:00 a.m. (London time) on a LIBOR Adjustment Date, or if the Designated Page is not then available, One-Month LIBOR for that date will be the most recently published Interest Settlement Rate. If ICE no longer sets an Interest Settlement Rate, Fannie Mae will designate an alternative index taking into account general compatibility with ICE's Interest Settlement Rate and other factors.

### **Section 3.06. Payment Procedures; Record Date.**

(a) Procedures. Payments of principal and interest due to Holders of Classes maintained on the DTC System shall be paid by Fannie Mae (or the Global Agent) to DTC in immediately available funds. DTC shall be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with its normal procedures. Payments with respect to Common Depository Notes shall be credited to Euroclear participants, Clearstream participants or participants of any other applicable clearing system in accordance with the relevant system's rules and procedures.

Payments to a Holder of a definitive Note shall be made by electronic transfer of funds not later than the applicable Payment Date to a bank account designated by such Holder; provided, however, that the final payment on any definitive Note shall be made only upon presentation and surrender of the Holder's Note at the office of the Global Agent or other paying agent, as described in Section 4.04.

In the event of a principal or interest payment error, Fannie Mae, in its sole discretion, may effect corrections by the adjustment of payments to be made on future Payment Dates or in such other manner as it deems appropriate.

(b) Record Date. Any payment made on a Class on any Payment Date shall be made to the Holders of record of such Class as of the related Record Date.

**Section 3.07. Maturity.** On the Maturity Date, Fannie Mae shall pay 100% of the Class Principal Balance as of such date to the Holders of each Class of Notes (without regard to any exchanges of Exchangeable Notes for RCR Notes), after taking into account any allocations of any Tranche Write-down Amounts and Tranche Write-up Amounts applicable to such Classes for such Payment Date. If on the Maturity Date a Class of RCR Notes is outstanding, all amounts payable on the Exchangeable Notes that were exchanged for such RCR Notes will be allocated to and payable on the applicable RCR Notes entitled to receive those amounts

### **Section 3.08. Early Redemption Option.**

(a) Fannie Mae may redeem the Class 2M-1 Notes, Class 2M-2 and Class 2B Notes on any Payment Date on or after the earlier to occur of (a) the Payment Date in November 2026 and (b) the Payment Date on which the aggregate unpaid principal balance of the Reference Obligations is less than or equal to 10% of the Cut-off Date Balance, in each case by paying an amount equal to the outstanding Class Principal Balance, after allocation of any Tranche Write-down Amount or Tranche Write-up Amount for such Payment Date, of each of the Class 2M-1 Notes, Class 2M-2A, Class 2M-2B and Class 2B Notes, plus accrued and unpaid interest on such Notes and any related unpaid fees and expenses of the Global Agent. If on the Early Redemption Date a Class of RCR Notes is outstanding, all principal and interest amounts that are payable by Fannie Mae on the Exchangeable Notes that were exchanged for such RCR Notes will be allocated to and payable on the applicable RCR Notes.

(b) Notice of optional redemption shall be given (i) by Fannie Mae to the Global Agent not less than ten Business Days nor more than 65 calendar days prior to the Payment Date of the redemption in the manner provided in Section 10(d) of the Global Agency Agreement, and

(ii) by the Global Agent to Holders of the related Notes not less than five Business Days nor more than 60 calendar days prior to the Payment Date of the redemption in the manner provided in Section 6.08.

**Section 3.09. Projected Recovery Amount.** On the Termination Date, the Projected Recovery Amount will be included in the calculation of the Principal Recovery Amount.

**Section 3.10. Selling Restrictions.** Subject to Fannie Mae's written consent to an exception in connection with the initial sale of the Notes (which consent may be provided or withheld in Fannie Mae's sole discretion), each purchaser of a Note, in making its purchase, will be deemed to have acknowledged, represented and agreed as follows:

(a) Such purchaser (i) is a Qualified Institutional Buyer and (ii) is purchasing for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are Qualified Institutional Buyers). Such purchaser is aware that it (or any account for which it is purchasing) may be required to bear the economic risk of an investment in the Notes for an indefinite period, and it (or such account) is able to bear such risk for an indefinite period.

(b) No sale, pledge or other transfer of any Note may be made by any person unless (i) such sale, pledge or other transfer is made to Fannie Mae or (ii) such sale, pledge or other transfer is made to a person whom the seller reasonably believes after due inquiry is a Qualified Institutional Buyer acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are Qualified Institutional Buyers) to whom notice is given that the sale, pledge or transfer of the Note is restricted to Qualified Institutional Buyers.

(c) The Notes will bear the following legends (and such legends will satisfy the notice requirement referred to in (b)(ii) above), unless Fannie Mae determines otherwise in accordance with applicable law:

SUBJECT TO LIMITED EXCEPTIONS IN CONNECTION WITH THE INITIAL SALE OF THE NOTES AS PROVIDED IN THE DEBT AGREEMENT, BY ITS ACCEPTANCE OF THIS NOTE THE HOLDER OF THIS NOTE IS DEEMED TO REPRESENT THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS SUCH TERM IS DEFINED IN THE DEBT AGREEMENT, DATED DECEMBER 8, 2016) AND IS ACQUIRING SUCH NOTE FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS.

NO SALE, PLEDGE OR OTHER TRANSFER OF THIS NOTE MAY BE MADE BY ANY PERSON UNLESS (I) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO FANNIE MAE OR (II) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A QUALIFIED INSTITUTIONAL BUYER ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR

AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE OR TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS. ANY ATTEMPTED TRANSFER IN CONTRAVENTION OF THE IMMEDIATELY PRECEDING RESTRICTIONS WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEROR WILL CONTINUE TO BE TREATED AS THE OWNER OF THE NOTES FOR ALL PURPOSES.

BY ITS PURCHASE OF A NOTE (OR A BENEFICIAL INTEREST THEREIN), THE PURCHASER THEREOF WILL REPRESENT OR WILL BE DEEMED TO REPRESENT AND WARRANT EITHER THAT (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF: (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

### **Section 3.11. RCR Notes.**

(a) Exchangeable Notes may be exchanged, in whole or in part, for the related RCR Notes and vice versa at any time on or after the Closing Date. Exhibit I-1 to the Global Agency Agreement describes the characteristics of the Exchangeable Notes and RCR Notes and the available Combinations of those Notes, as well as the applicable exchange procedures and fees. The specific Classes of Exchangeable Notes and RCR Notes that are outstanding at any given time, and the outstanding Class Principal Balances or Class Notional Amounts of those Classes, will depend on payments on or write-ups or write-downs of those Classes and any exchanges that have occurred. Exchanges of Exchangeable Notes for RCR Notes, and vice versa, may occur repeatedly. RCR Notes receive interest payments from their related Exchangeable Notes at their applicable Class Coupons. If on the Maturity Date or any Payment Date a Class of RCR Notes that is entitled to principal is outstanding, all principal amounts that are payable by Fannie Mae on Exchangeable Notes that were exchanged for such RCR Notes will be allocated to, and payable on, such RCR Notes.

(b) Holders of RCR Notes will be entitled to exercise all the voting or direction rights that are otherwise allocated to the related Exchangeable Notes; *provided, however*, that Holders of any outstanding Class 2M-2R, Class 2M-2S, Class 2M-2T and Class 2M-2U Notes will be entitled to exercise their pro rata shares of 99% of the voting or direction rights that are otherwise allocated to the related Class 2M-2A Notes and Holders of Class 2M-2I Notes will be entitled to exercise 1% of the voting or direction rights that are otherwise allocated to the related Class 2M-2A Notes.

## **ARTICLE IV**

### **Form; Clearance and Settlement Procedures; Minimum Denominations; Definitive Notes**

#### **Section 4.01. Form of Notes.**

(a) General. Notes shall be deposited with (i) a custodian for, and registered in the name of a nominee of, DTC, or (ii) a Common Depositary, and registered in the name of such Common Depositary or a nominee of such Common Depositary. In the case of an exchange of an Exchangeable Note and an RCR Note, the Exchange Administrator shall direct the Global Agent under the Global Agency Agreement to facilitate such exchange with DTC.

(b) Title. The person in whose name a Note is registered in the Register shall be the Holder of such Note. Beneficial interests in a Note shall be represented, and transfers thereof shall be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Note, as a direct or indirect participant in the applicable clearing system for such Note.

Fannie Mae, the Global Agent and the Registrar may treat the Holders as the absolute owners of Notes for the purpose of making payments and for all other purposes, whether or not such Notes shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Note shall not be considered by Fannie Mae, the Global Agent or the Registrar as the owner or Holder of such Note and, except as provided in Section 4.04(a), shall not be entitled to have Notes registered in their names and shall not receive or be entitled to receive definitive Notes. Any Beneficial Owner shall rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Notes.

(c) Global Agent. The Global Agent acts solely as an agent of Fannie Mae and does not assume any obligation or relationship of agency or trust for or with any Holder of a Note, except that any moneys held by the Global Agent for payment on a Note shall be held in trust for the Holder.

(d) Registrar. In acting under the Global Agency Agreement, the Registrar does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Note.

(e) No Reliance. Each Holder, by its acceptance of a Note, hereby represents that it has, independently and without reliance upon any party to this Agreement, the Global Agent or upon any other person, and based upon such documents and information as it has deemed appropriate, made its own investment decision in respect of such Note. Each Holder also hereby represents that it shall, independently and without reliance upon any party to this Agreement, the Global Agent or upon any other person, and based upon such documents and information as it deems appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement in connection with the Notes.

#### **Section 4.02. Clearance and Settlement Procedures.**

(a) General. Notes distributed solely within the United States shall clear and

settle through the DTC System, and Notes distributed solely outside of the United States shall clear and settle through the systems operated by Euroclear, Clearstream and/or any other designated clearing system or, in certain cases, DTC.

(b) Primary Distribution.

(i) General. On initial issue, the Notes shall be credited through one or more of the systems specified below.

(ii) DTC. DTC Participants acting on behalf of investors holding DTC Notes shall follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement System. DTC Notes shall be credited to DTC Participants' securities accounts following confirmation of receipt of payment to Fannie Mae on the Closing Date.

(iii) Euroclear and Clearstream. Investors holding Common Depository Notes through Euroclear, Clearstream or any other designated clearing system shall follow the settlement procedures applicable to conventional Eurobonds in registered form. Such Common Depository Notes shall be credited to Euroclear, Clearstream or such other clearing system participants' securities accounts either on the Closing Date or on the settlement day following the Closing Date against payment in same-day funds (for value on the Closing Date).

(c) Secondary Market Transfers. Transfers of beneficial interests in Notes within the various systems that may be clearing and settling interests therein shall be made in accordance with the usual rules and operating procedures of the relevant system.

(d) Limitation on Liability. None of Fannie Mae, the Registrar or the Global Agent shall bear any responsibility for the performance of any system of any depository, or the performance of any such system's respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing such system's operations.

**Section 4.03. Minimum Denominations.** The Notes shall be issued and maintained in the minimum denominations and incremental denominations set forth in Appendix I.

**Section 4.04. Exchange for Definitive Notes.**

(a) Issuance of Definitive Notes. Beneficial interests in Notes issued in global form shall be subject to exchange for definitive Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Note, DTC notifies Fannie Mae (or its agent) that it is no longer willing or able to discharge properly its responsibilities as depository with respect to such DTC Note, or ceases to be a "clearing agency" registered under the Securities Exchange Act of 1934, as amended (if so required), or is at any time no longer eligible to act as such, and in each case Fannie Mae is unable to locate a successor within 90 calendar days of receiving such notice on the part of DTC; (ii) in the case of any Common Depository Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently

closed for business or have announced an intention permanently to cease business and in any such situations Fannie Mae is unable to locate a single successor within 90 calendar days of such closure; or (iii) an Event of Default has occurred and continues unremedied and a majority of the Holders of DTC Notes advise Fannie Mae and DTC through the DTC Participants in writing that the continuation of a book-entry system through DTC is no longer in the best interests of such Holders. In such circumstances, Fannie Mae shall cause sufficient definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Fannie Mae receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Notes. A person having an interest in a DTC Note or Common Depository Note issued in global form shall provide Fannie Mae or the Global Agent with a written order containing instructions and such other information as Fannie Mae or the Global Agent may require to complete, execute and deliver such definitive Notes in authorized denominations.

In the event that definitive Notes are issued in exchange for Notes issued in global form, such definitive Notes shall have terms identical to the Notes for which they were exchanged except as described below.

(b) Title. The person in whose name a definitive Note is registered in the Register shall be the "Holder" of such definitive Note.

(c) Payments. Payments of principal and interest on a definitive Note shall be made by wire transfer of immediately available funds with a bank designated by such Holder that is acceptable to Fannie Mae; provided, that such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Fannie Mae to any liability, requirement or unacceptable charge. In order for a Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at their offices from such Holder (i) in the case of payments on a Payment Date, a written request therefor not later than the close of business on the related Record Date or (ii) in the case of the final principal payment (on the Maturity Date or the Early Redemption Date) the related definitive Note not later than two Business Days prior to such Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by any other method acceptable to the relevant paying agent. Any such request shall remain in effect until the relevant paying agent receives written notice to the contrary.

All payments on definitive Notes shall be subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related definitive Notes may be made at the office of any paying agent in the United States.

(d) Transfer and Exchange. Definitive Notes shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by Fannie Mae, the Registrar or the Global Agent, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not

be effective unless, and until, recorded in the Register.

A transfer or exchange of a definitive Note shall be effected upon satisfying the Global Agent with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Fannie Mae may from time to time agree with the Global Agent. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Notes may be transferred or exchanged in whole or in part only in the authorized denominations of the DTC Notes or other Notes issued in global form for which they were exchanged. In the case of a transfer of a definitive Note in part, a new Note in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Notes also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Note to be issued upon transfer of such a definitive Note, as well as the definitive Note issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Global Agent.

Any Note in definitive form that becomes mutilated, destroyed, stolen or lost shall be replaced by Fannie Mae at the expense of the Holder upon delivery to Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Fannie Mae and the Global Agent. Upon the issuance of any substituted definitive Note, Fannie Mae or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

## **ARTICLE V**

### **Events of Default and Remedies**

#### **Section 5.01. Events of Default.**

(a) An "Event of Default" with respect to the Notes shall consist of any one of the following cases:

(i) any failure by Fannie Mae (or its agent) to pay to Holders of the Notes any required interest or principal payment that continues unremedied for 30 days;

(ii) any failure by Fannie Mae to perform in any material respect any other obligation under this Agreement, which failure continues unremedied for 60 days after the receipt of notice of such failure by Fannie Mae from the Holders of at least 25% of the outstanding Class Principal Balance of the Notes (with the outstanding Class Principal Balances of the Classes of Exchangeable Notes to be determined without regard to any exchanges for RCR Notes);

(iii) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Fannie Mae in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, or sequestrator (or other similar official) of Fannie Mae or for all or substantially all of its property, or order the winding up or



liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(iv) Fannie Mae shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Fannie Mae or any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

(b) The appointment of a conservator (or other similar official) by a regulator having jurisdiction over Fannie Mae, whether or not Fannie Mae consents to such appointment, will not constitute an Event of Default.

(c) Holders of RCR Notes will be entitled to exercise all the voting or direction rights that are otherwise allocated to the related Exchangeable Notes, subject to the limitations set forth in Section 3.11(b).

#### **Section 5.02. Rights Upon Event of Default.**

(a) As long as an Event of Default under this Agreement remains unremedied, Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes (with the outstanding Class Principal Balances of the Classes of Exchangeable Notes to be determined without regard to any exchanges for RCR Notes) to which such Event of Default relates may, by written notice to Fannie Mae, declare such Notes due and payable and accelerate the maturity of such Notes. Upon such acceleration, the Class Principal Balance of such Notes and the interest accrued thereon shall be due and payable.

(b) Prior to or after the institution of any action or proceeding relating to the Notes, the Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes to which an Event of Default relates (with the outstanding Class Principal Balances of the Classes of Exchangeable Notes to be determined without regard to any exchanges for RCR Notes) may waive such Event of Default as it relates to such Class at any time, whether or not it has resulted in a declaration of an acceleration of the maturity of the Notes, and may rescind and annul any previously declared acceleration.

(c) No Holder has any right under this Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless:

(i) the Holder previously has given written notice to Fannie Mae of an Event of Default and the continuance thereof;

(ii) the Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes to which such Event of Default relates (with the outstanding Class Principal Balances of the Classes of Exchangeable Notes to be determined without regard to any exchanges for RCR Notes) have given Fannie Mae

written notice of the Event of Default; and

(iii) the Event of Default continues uncured for 60 days following such notice.

(d) Whenever in this Agreement it is provided that the Holders of a specified percentage in outstanding Class Principal Balance of the Notes may take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

(e) No Holder of a Note has any right in any manner whatsoever by virtue of or by availing itself of any provision of this Agreement to affect, disturb or prejudice the rights of any other such Holder, or to obtain or seek to obtain preference or priority over any other such Holder or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the ratable and common benefit of all such Holders.

## **ARTICLE VI**

### **Miscellaneous Provisions**

**Section 6.01. Limitations on Liability of Fannie Mae and Others.** Neither Fannie Mae nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this Agreement or for errors in judgment. This provision will not protect Fannie Mae or any other related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Fannie Mae and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable, or Fannie Mae or such related persons have been advised of the possibility of such loss, damage, liability or claim. Fannie Mae and such related persons may rely in good faith on any document or other communication of any kind properly submitted by any person (in writing or electronically) with respect to any matter arising under this Agreement.

In performing its responsibilities under this Agreement, Fannie Mae may employ agents or independent contractors. Except upon an Event of Default, Fannie Mae and any such agents shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Fannie Mae shall be under no obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Fannie Mae may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Fannie Mae.

**Section 6.02. Binding Effect of this Agreement.** By receiving and accepting a Note, each Holder, financial intermediary and Beneficial Owner of such Note unconditionally agrees,

without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

This Agreement shall be binding upon and inure to the benefit of any successor to Fannie Mae.

**Section 6.03 Tax Treatment of the Notes.**

(a) By purchasing Class 2M-1 Notes or exchanging for or purchasing Exchangeable Notes, the Holders and Beneficial Owners agree to treat such Notes as indebtedness of Fannie Mae for U.S. federal income tax purposes, unless such Holders or Beneficial Owners are required to treat such Notes in some other manner pursuant to a final determination by the U.S. Internal Revenue Service or by a court of competent jurisdiction (each, a "Final Tax Determination"). Holders and Beneficial Owners further agree to prepare their U.S. federal income tax returns on the basis that such Notes will be treated as indebtedness of Fannie Mae and to report items of income, deduction, gain or loss with respect to such Notes in a manner consistent with the information reported to them pursuant to Section 3.01(c), unless otherwise required pursuant to a Final Tax Determination

(b) Fannie Mae will treat the Class 2B Notes as notional principal contracts for U.S. federal income tax purposes (except for U.S. withholding tax purposes) and, as a result, as (i) a deemed loan and (ii) an on-market swap, each of which is tax accounted for in the manner described in the Prospectus, unless required to treat the Class 2B Notes in some other manner pursuant to a Final Tax Determination.

**Section 6.04. Limitation of Rights of Holders.** The death or incapacity of any person having an interest, beneficial or otherwise, in a Note shall not operate to terminate this Agreement, nor entitle the legal representatives or heirs of such person or any Holder for such person to claim an accounting, take any action or bring any proceeding in any court for a termination of any Notes, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

**Section 6.05. Conditions to Payment, Transfer or Exchange.** Fannie Mae, its agent or any other person potentially required to withhold with respect to payments on a Note shall have the right to require a Holder of a Note, as a condition to payment of principal of or interest on such Note, or as a condition to transfer or exchange of such Note, to present at such place as Fannie Mae, its agent or such other person shall designate, a certificate in such form as Fannie Mae, its agent or such other person may from time to time prescribe, to enable Fannie Mae, its agent or such other person to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Fannie Mae, the Global Agent or such other person, as the case may be, may be required to deduct or withhold from payments in respect of such Note under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof; and (ii) any reporting or other requirements under such laws, regulations or interpretations. Fannie Mae, its agent or such other person shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no

certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

#### **Section 6.06. Amendment.**

(a) Fannie Mae may modify, amend or supplement this Agreement and the terms of the Notes, without the consent of the Holders or Beneficial Owners, but with the written consent of the Global Agent (which consent shall not be unreasonably withheld, conditioned or delayed) and with prior written notice to each NRSRO, (i) to cure any ambiguity, to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Note that are not inconsistent with any other provision of this Agreement or the Note if the amendment does not materially and adversely affect any Holder; (ii) to conform the terms of this Agreement to the terms of the Prospectus; (iii) to add to the covenants of Fannie Mae for the benefit of the Holders or surrender any right or power conferred upon Fannie Mae; (iv) to evidence the succession of another entity to Fannie Mae and its assumption of the covenants of Fannie Mae; (v) to conform the terms of an issue of Notes or cure any ambiguity or discrepancy resulting from any changes in the book-entry rules or any regulation or document that are applicable to book-entry securities of Fannie Mae; or (vi) in any other manner that Fannie Mae may determine and that will not, in the opinion of Fannie Mae, adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement. Notwithstanding these rights, Fannie Mae will not be permitted to make any amendment to the Debt Agreement or the terms of the Notes unless Fannie Mae has received an opinion of nationally-recognized tax counsel to the effect that, and subject to customary assumptions, qualifications and exclusions, Holders will not recognize income, gain or loss as a result of such amendment.

(b) In addition, with the written consent of the Holders of at least 50% of the aggregate then outstanding Class Principal Balance of the Notes (determined without regard to any exchanges of Exchangeable Notes for RCR Notes), excluding any such Notes owned by Fannie Mae, and with the written consent of the Global Agent (which consent shall not be unreasonably withheld, conditioned or delayed) and with prior written notice to each NRSRO, Fannie Mae may, from time to time and at any time, modify, amend or supplement the terms of the Notes for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Notes or modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of an affected Note: (A) change the Maturity Date or any monthly Payment Date of such Note; (B) materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, such Note; (C) reduce the Class Principal Balance of (other than as provided for in this Agreement), delay the principal payment of (other than as provided for in this Agreement), or materially modify the rate of interest or the calculation of the rate of interest on, such Note; or (D) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the Notes.

A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding Class Principal Balance of the affected Notes (determined without regard to any exchanges of Exchangeable Notes for RCR

Notes) called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding Class Principal Balance of the affected Notes (determined without regard to any exchanges of Exchangeable Notes for RCR Notes), in both cases excluding any Notes owned by Fannie Mae. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change.

(c) Fannie Mae may establish a record date for the determination of Holders entitled to grant any consent in respect of Notes and to notify with respect to any such consent.

(d) Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note or any Note issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Notes shall be conclusive and binding on all Holders of Notes affected thereby, whether or not they have given such consent (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Notes.

**Section 6.07. Persons Deemed Owners.** Fannie Mae, the Registrar, DTC and the Common Depositories (or any agent of any of them), may deem and treat the Holder as the absolute owner of a Note for the purpose of receiving payment of principal or interest and for all other purposes, and none of Fannie Mae, the Registrar, DTC and the Common Depositories, nor any agent of any of them, shall be affected by any notice to the contrary. All such payments so made to any such Holder or upon such Holder's order shall be valid, and, to the extent of the sum or sums paid, effectual to satisfy and discharge the duty for monies payable by Fannie Mae upon the Holder's Note. A Holder is not necessarily the beneficial owner of a Note. The rights of a beneficial owner of a Note with respect to Fannie Mae and the Registrar may be exercised only through the Holder. The rights of a beneficial owner of a Note with respect to DTC and the Common Depositories may be exercised only through the applicable DTC Participant. Neither Fannie Mae nor the Registrar shall have any direct obligation to a beneficial owner that is not also the Holder of a Note. DTC and the Common Depository will have no direct obligation to a beneficial owner that is not also a DTC Participant, with respect to such Note.

**Section 6.08. Notice.**

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as (i) such Holder's name and address may appear in the Register, (ii) in the case of a Holder of a DTC Note, by transmission to such Holder through the DTC communication system or (iii) in the case of a Common Depository Note, by transmission to such Holder through the Common Depository system. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Except as set forth in Section 4.04 of this Agreement, any notice, demand or

other communication which by any provision of this Agreement is required or permitted to be given to or served upon Fannie Mae shall be given in writing addressed (until another address is published by Fannie Mae) as follows: Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892, Attention: General Counsel and Secretary. Such notice, demand or other communication to or upon Fannie Mae shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Fannie Mae.

**Section 6.09. Governing Law.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FANNIE MAE WITH RESPECT TO THE NOTES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE UNITED STATES. INsofar AS THERE MAY BE NO APPLICABLE PRECEDENT, AND INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF THE CHARTER ACT OR ANY PROVISION OF THIS AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY, THE LAWS OF THE STATE OF NEW YORK SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES.

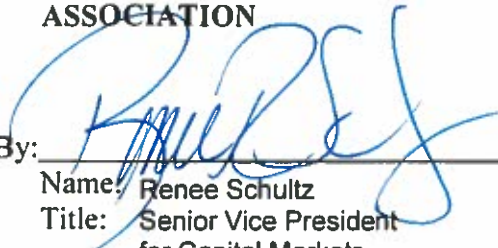
**Section 6.10. Headings.** The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

**Section 6.11. Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors, including any successor by operation of law, and permitted assigns.

[Signature page follows]

RECEIPT AND ACCEPTANCE OF A NOTE ISSUED HEREUNDER BY OR ON BEHALF OF A HOLDER, WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE HOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH NOTE OF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE AGREEMENT OF FANNIE MAE, SUCH HOLDER AND SUCH OTHERS THAT THOSE TERMS AND PROVISIONS SHALL BE BINDING, OPERATIVE AND EFFECTIVE AS BETWEEN FANNIE MAE AND SUCH HOLDER AND SUCH OTHERS.

**FEDERAL NATIONAL MORTGAGE  
ASSOCIATION**

By:   
Name: Renee Schultz  
Title: Senior Vice President  
for Capital Markets

## CONNECTICUT AVENUE SECURITIES, SERIES 2016-C07

## NOTE TERMS

\$701,681,000

<b>Class of Notes</b>	<b>Initial Class Principal Balance</b>	<b>CUSIP Number</b>	<b>Maturity Date</b>	<b>Minimum Denominations</b>	<b>Incremental Denominations</b>
2M-1	\$192,504,000	30711XDZ4	May 2029	\$10,000	\$1
2M-2	\$449,177,000	30711XEC4	May 2029	\$10,000	\$1
2B	\$60,000,000	30711XEJ9	May 2029	\$10,000	\$1

The Notes bear interest as shown in the following table. The initial Class Coupons apply only to the first Accrual Period. The Global Agent determines One-Month LIBOR using the ICE Method as described in Section 3.05.

<b>Class</b>	<b>Initial Class Coupon</b>	<b>Class Coupon*</b>
2M-1	1.94889%	One-Month LIBOR + 1.30%
2M-2	4.99889%	One-Month LIBOR + 4.35%
2B	10.14889%	One-Month LIBOR + 9.50%

\* Subject to a minimum rate of 0.00%.



FORM OF NOTE

**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XDZ4**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-1**

**Original Note Amount: \$192,504,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

THIS NOTE IS AN OBLIGATION OF FANNIE MAE ONLY. THE NOTES, INCLUDING ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES AND DO NOT CONSTITUTE DEBT OR OBLIGATIONS OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OTHER THAN FANNIE MAE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OF SUCH NOTE OR ITS AGENT (THE "ISSUER") FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SUBJECT TO LIMITED EXCEPTIONS IN CONNECTION WITH THE INITIAL SALE OF THE NOTES AS PROVIDED IN THE DEBT AGREEMENT, BY ITS ACCEPTANCE OF THIS NOTE THE HOLDER OF THIS NOTE IS DEEMED TO REPRESENT THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS SUCH TERM IS DEFINED IN THE DEBT AGREEMENT, DATED DECEMBER 8, 2016) AND IS ACQUIRING SUCH NOTE FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS.

NO SALE, PLEDGE OR OTHER TRANSFER OF THIS NOTE MAY BE MADE BY ANY PERSON UNLESS (I) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO THE ISSUER OR (II) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A QUALIFIED INSTITUTIONAL BUYER ACTING FOR ITS OWN

ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE OR TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS. ANY ATTEMPTED TRANSFER IN CONTRAVENTION OF THE IMMEDIATELY PRECEDING RESTRICTIONS WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEROR WILL CONTINUE TO BE TREATED AS THE OWNER OF THE NOTES FOR ALL PURPOSES.

BY ITS PURCHASE OF A NOTE (OR A BENEFICIAL INTEREST THEREIN), THE PURCHASER THEREOF WILL REPRESENT OR WILL BE DEEMED TO REPRESENT AND WARRANT EITHER THAT (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF: (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975I(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

The Federal National Mortgage Association or Fannie Mae ("Issuer"), for value received, hereby promises to pay to Cede & Co., or its registered assigns, with respect to the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 represented hereby ("Notes"), the principal and interest amounts due on each Payment Date and the Maturity Date, unless earlier redeemed or repaid, in accordance with the terms of the Securities Documents (as defined herein), until the principal and interest due on the Notes represented hereby is paid in full or made available for payment.

The terms of (i) the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 Prospectus, dated December 6, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Prospectus"), (ii) the Debt Agreement, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Debt Agreement"), and (iii) the Global Agency Agreement, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Global Agency Agreement"), and collectively with the Prospectus and the Debt Agreement, the "Securities Documents"), between the Issuer and Wells Fargo Bank, N.A., as global agent (the "Global Agent") and as exchange administrator (the "Exchange Administrator"), are incorporated by reference herein verbatim. Capitalized terms used in this Note and not otherwise defined herein have the meanings assigned in the applicable Securities Document.

This Note may not be exchanged for a Note in bearer form.

**This Note is an obligation of the Issuer only. This Note, including any interest thereon, is not guaranteed by the United States and does not constitute a debt or obligation of the United States or any agency or instrumentality of the United States other than the Issuer.**

This Note is a valid and binding obligation of the Issuer.

The Holder of this Note is entitled to the benefit of, and is deemed to have notice of, all of the provisions of the Securities Documents. This Note is a master security representing the above-reference Class of Notes, which are duly authorized securities of the Issuer issued pursuant to the Securities Documents and identified on the records of the Global Agent (which records are maintained by Wells Fargo Bank, N.A., as Global Agent) as being represented by this Note with the issue date, maturity date, redemption, repayment and other provisions specified in the Securities Documents, and bearing interest on such principal amount at the rate of interest specified in such Securities Documents.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate definitive certificates evidencing each obligation evidenced by this Note under the circumstances and subject to the terms set forth in the Securities Documents. As of the date any such definitive certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Note.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

---

(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

---

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Note, in every particular, without alteration or enlargement or any change whatsoever. Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEC4**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2**

**Original Note Amount: \$449,177,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OF SUCH NOTE OR ITS AGENT (THE "ISSUER") FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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TRANSFER IN CONTRAVENTION OF THE IMMEDIATELY PRECEDING RESTRICTIONS WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEROR WILL CONTINUE TO BE TREATED AS THE OWNER OF THE NOTES FOR ALL PURPOSES.

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IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

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WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEAS**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2A**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

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WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XED2**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2R**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

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WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

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(name, address, and taxpayer identification number of assignee)

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(Signature)

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**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEE0**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2S**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OF SUCH NOTE OR ITS AGENT (THE "ISSUER") FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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This Note is a valid and binding obligation of the Issuer.

The Holder of this Note is entitled to the benefit of, and is deemed to have notice of, all of the provisions of the Securities Documents. This Note is a master security representing the above-reference Class of Notes, which are duly authorized securities of the Issuer issued pursuant to the Securities Documents and identified on the records of the Global Agent (which records are maintained by Wells Fargo Bank, N.A., as Global Agent) as being represented by this Note with the issue date, maturity date, redemption, repayment and other provisions specified in the Securities Documents, and bearing interest on such principal amount at the rate of interest specified in such Securities Documents.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate definitive certificates evidencing each obligation evidenced by this Note under the circumstances and subject to the terms set forth in the Securities Documents. As of the date any such definitive certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Note.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016



TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEF7**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2T**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

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By: \_\_\_\_\_

Dated: December 8, 2016

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(name, address, and taxpayer identification number of assignee)

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEG5**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2U**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

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By: \_\_\_\_\_

Dated: December 8, 2016

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**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEH3**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2I**

**Original Note Amount: \$0**

**Maximum Note Amount: \$139,031,000<sup>1</sup>**

**Date of Initial Issue: December 8, 2016**

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<sup>1</sup> Class Notional Amount. The Class Notional Amount of this Note at any time will be the related exchange proportion of the Class Principal Balance of the related Exchangeable Note set forth in the Prospectus at such time.

ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE OR TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS. ANY ATTEMPTED TRANSFER IN CONTRAVENTION OF THE IMMEDIATELY PRECEDING RESTRICTIONS WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEROR WILL CONTINUE TO BE TREATED AS THE OWNER OF THE NOTES FOR ALL PURPOSES.

BY ITS PURCHASE OF A NOTE (OR A BENEFICIAL INTEREST THEREIN), THE PURCHASER THEREOF WILL REPRESENT OR WILL BE DEEMED TO REPRESENT AND WARRANT EITHER THAT (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF: (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975I(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

IT IS EXPECTED THAT THE CLASS NOTIONAL AMOUNT OF THIS NOTE WILL BE REDUCED FROM TIME TO TIME AS SET FORTH HEREIN. ACCORDINGLY, THE CLASS NOTIONAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

The Federal National Mortgage Association or Fannie Mae ("Issuer"), for value received, hereby promises to pay to Cede & Co., or its registered assigns, with respect to the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 represented hereby ("Notes"), the interest amounts due on each Payment Date and the Maturity Date, unless earlier redeemed or repaid, in accordance with the terms of the Securities Documents (as defined herein), until the interest due on the Notes represented hereby is paid in full or made available for payment.

The terms of (i) the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 Prospectus, dated December 6, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Prospectus"), (ii) the Debt Agreement, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Debt Agreement"), and (iii) the Global Agency Agreement, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Global Agency Agreement"), and collectively with the Prospectus and the Debt Agreement, the "Securities Documents"), between the Issuer and Wells Fargo Bank, N.A., as global agent (the "Global Agent") and as exchange administrator (the "Exchange Administrator"), are incorporated by reference herein verbatim. Capitalized terms used in this Note and not otherwise defined herein have the meanings assigned in the applicable Securities Document.

This Note may not be exchanged for a Note in bearer form.

**This Note is an obligation of the Issuer only. This Note, including any interest thereon, is not guaranteed by the United States and does not constitute a debt or obligation of the United States or any agency or instrumentality of the United States other than the Issuer.**

This Note is a valid and binding obligation of the Issuer.

The Holder of this Note is entitled to the benefit of, and is deemed to have notice of, all of the provisions of the Securities Documents. This Note is a master security representing the above-reference Class of Notes, which are duly authorized securities of the Issuer issued pursuant to the Securities Documents and identified on the records of the Global Agent (which records are maintained by Wells Fargo Bank, N.A., as Global Agent) as being represented by this Note with the issue date, maturity date, redemption, repayment and other provisions specified in the Securities Documents, and bearing interest on such notional amount at the rate of interest specified in such Securities Documents.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate definitive certificates evidencing each obligation evidenced by this Note under the circumstances and subject to the terms set forth in the Securities Documents. As of the date any such definitive certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Note.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Note, in every particular, without alteration or enlargement or any change whatsoever. Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or the Global Agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or to such other entity as is requested by an authorized representative of DTC, (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.



**FEDERAL NATIONAL MORTGAGE ASSOCIATION**

**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEB6**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2M-2B**

**Original Note Amount: \$0**

**Maximum Note Amount: \$310,146,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OF SUCH NOTE OR ITS AGENT (THE "ISSUER") FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SUBJECT TO LIMITED EXCEPTIONS IN CONNECTION WITH THE INITIAL SALE OF THE NOTES AS PROVIDED IN THE DEBT AGREEMENT, BY ITS ACCEPTANCE OF THIS NOTE THE HOLDER OF THIS NOTE IS DEEMED TO REPRESENT THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS SUCH TERM IS DEFINED IN THE DEBT AGREEMENT, DATED DECEMBER 8, 2016) AND IS ACQUIRING SUCH NOTE FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS.

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The Federal National Mortgage Association or Fannie Mae ("Issuer"), for value received, hereby promises to pay to Cede & Co., or its registered assigns, with respect to the Fannie Mae Connecticut Avenue Securities, Series 2016-C07 represented hereby ("Notes"), the principal and interest amounts due on each Payment Date and the Maturity Date, unless earlier redeemed or repaid, in accordance with the terms of the Securities Documents (as defined herein), until the principal and interest due on the Notes represented hereby is paid in full or made available for payment.

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This Note is a valid and binding obligation of the Issuer.

The Holder of this Note is entitled to the benefit of, and is deemed to have notice of, all of the provisions of the Securities Documents. This Note is a master security representing the above-reference Class of Notes, which are duly authorized securities of the Issuer issued pursuant to the Securities Documents and identified on the records of the Global Agent (which records are maintained by Wells Fargo Bank, N.A., as Global Agent) as being represented by this Note with the issue date, maturity date, redemption, repayment and other provisions specified in the Securities Documents, and bearing interest on such principal amount at the rate of interest specified in such Securities Documents.

At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate definitive certificates evidencing each obligation evidenced by this Note under the circumstances and subject to the terms set forth in the Securities Documents. As of the date any such definitive certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Note.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Note, in every particular, without alteration or enlargement or any change whatsoever. Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION**  
**CONNECTICUT AVENUE SECURITIES**

**Series 2016-C07**

**Certificate Number: R-1**

**CUSIP Number: 30711XEJ9**

**Class Coupon: See Prospectus**

**Holder: CEDE & CO**

**Note Class: 2B**

**Original Note Amount: \$60,000,000**

**Date of Initial Issue: December 8, 2016**

**Maturity Date: May 2029**

**Initial Payment Date: December 27, 2016**

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At the request of the registered owner, the Issuer shall promptly issue and deliver one or more separate definitive certificates evidencing each obligation evidenced by this Note under the circumstances and subject to the terms set forth in the Securities Documents. As of the date any such definitive certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Note.



IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: December 8, 2016

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

---

(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

---

(Signature)

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FORM OF INCUMBENCY CERTIFICATE

The following individual has been selected for, and continues to hold, the position referred to below and the specimen facsimile signature below represents his/her genuine facsimile signature:

Name and Title

Renee Schultz  
Senior Vice President  
for Capital Markets

Signature

A blue ink facsimile signature of Renee Schultz, written in a cursive style. The signature is positioned to the right of the 'Name and Title' text.

## FORM OF DEFINITIVE NOTE

## FEDERAL NATIONAL MORTGAGE ASSOCIATION

## CONNECTICUT AVENUE SECURITIES

Series 2016-C07

Note Class: \_\_\_\_

Certificate Number: R-1

Original Note Amount: \$ \_\_\_\_

CUSIP Number: \_\_\_\_\_

Date of Initial Issue: \_\_\_\_\_, 20\_\_

Class Coupon: See Prospectus

Maturity Date: May 2029

Holder: \_\_\_\_\_

Initial Payment Date: December 27, 2016

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BEHALF OF: (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975I(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

**[For Notes other than Class 2M-2I Notes:** THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.] **[For Class 2M-2I Notes only:** IT IS EXPECTED THAT THE CLASS NOTIONAL AMOUNT OF THIS NOTE WILL BE REDUCED FROM TIME TO TIME AS SET FORTH HEREIN. ACCORDINGLY, THE CLASS NOTIONAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.]

This Note is issued pursuant to the Debt Agreement dated as of December 8, 2016 (as amended, supplement or otherwise modified from time to time in accordance with its terms, the “Debt Agreement”), as supplemented by a Prospectus applicable to the Notes, copies of which are on file and available for inspection at the Corporate Trust Office of Wells Fargo Bank, N.A., as Global Agent (the “Global Agent”). The Holder of this Note is entitled to the benefit of, is bound by and is deemed to have notice of, all the provisions of the Debt Agreement. Capitalized terms used in this Note and not otherwise defined herein have the meanings assigned in the Debt Agreement.

Fannie Mae, for value received, hereby promises to pay the Holder all payments due under the Debt Agreement in accordance with Article III thereof.

As used herein, the term “Holder” means the person in whose name a Note is registered in the Register (as defined in the Debt Agreement).

In accordance with Section 4.04(d) of the Debt Agreement, definitive Notes shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by Fannie Mae, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not be effective unless, and until, recorded in the Register.

A transfer or exchange of a definitive Note shall be effected upon satisfying the Global Agent with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Fannie Mae may from time to time agree with the Global Agent. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Notes may be transferred or exchanged in whole or in part only in the authorized denominations of the DTC Notes or other Notes issued in global form for which they were exchanged. In the case of a transfer of a definitive Note in part, a new Note in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Notes also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Note to be issued upon transfer of such a definitive Note, as well as the definitive Note issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Global Agent.

Any Note in definitive form that becomes mutilated, destroyed, stolen or lost shall be replaced by Fannie Mae at the expense of the Holder upon delivery to Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Fannie Mae and the Global Agent. Upon the issuance of any substituted definitive Note, Fannie Mae or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

Reference is hereby made to the further provision of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Terms used but not defined or stated on the face hereof are used as defined in the Debt Agreement.

Unless the certificate of authentication hereon has been executed by the Global Agent by signature of one of its authorized officers, this Note shall not be entitled to any benefits under the Debt Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, Fannie Mae has caused this instrument to be duly executed.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

Certificate of Authentication

This is the Note for the obligations designated on the face hereof and referred to in the within-mentioned Securities Documents.

WELLS FARGO BANK, N.A.,  
as Authenticating Agent

By: \_\_\_\_\_

Dated: \_\_\_\_\_



TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

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(name, address, and taxpayer identification number of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Note, in every particular, without alteration or enlargement or any change whatsoever. Such signature must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or the Global Agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or to such other entity as is requested by an authorized representative of DTC, (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

FORM OF WIRING INSTRUCTIONS  
FOR NOTE TRANSFERS AND EXCHANGES

Account Name:  
Wire Amount: \$  
ABA#:  
Account #:  
Ref:  
Attn:

ISSUANCE REFERENCE POOL FILE and MONTHLY REFERENCE POOL FILE  
(Contents of)

<b>Position</b>	<b>Data Element</b>
1	REFERENCE POOL ID
2	LOAN IDENTIFIER
3	MONTHLY REPORTING PERIOD
4	ORIGINATION CHANNEL
5	SELLER NAME
6	SERVICER NAME
7	MASTER SERVICER
8	ORIGINAL INTEREST RATE
9	CURRENT INTEREST RATE
10	ORIGINAL UPB
11	UPB AT ISSUANCE
12	CURRENT ACTUAL UPB
13	ORIGINAL LOAN TERM
14	ORIGINATION DATE
15	FIRST PAYMENT DATE
16	LOAN AGE
17	REMAINING MONTHS TO LEGAL MATURITY
18	ADJUSTED MONTHS TO MATURITY
19	MATURITY DATE
20	ORIGINAL LOAN TO VALUE RATIO (LTV)
21	ORIGINAL COMBINED LOAN TO VALUE RATIO (CLTV)
22	NUMBER OF BORROWERS
23	ORIGINAL DEBT TO INCOME RATIO
24	BORROWER CREDIT SCORE AT ORIGINATION
25	CO-BORROWER CREDIT SCORE AT ORIGINATION
26	FIRST TIME HOME BUYER INDICATOR
27	LOAN PURPOSE
28	PROPERTY TYPE
29	NUMBER OF UNITS
30	OCCUPANCY TYPE
31	PROPERTY STATE
32	METROPOLITAN STATISTICAL AREA
33	ZIP CODE SHORT
34	PRIMARY MORTGAGE INSURANCE PERCENT
35	PRODUCT TYPE
36	PREPAYMENT PREMIUM MORTGAGE FLAG
37	INTEREST ONLY INDICATOR

- 38 FIRST PRINCIPAL AND INTEREST PAYMENT DATE FOR INTEREST ONLY PRODUCTS
- 39 MONTHS TO AMORTIZATION FOR INTEREST ONLY PRODUCTS
- 40 CURRENT LOAN DELINQUENCY STATUS
- 41 LOAN PAYMENT HISTORY
- 42 MODIFICATION FLAG
- 43 MORTGAGE INSURANCE CANCELLATION INDICATOR
- 44 ZERO BALANCE CODE\*
- 45 ZERO BALANCE EFFECTIVE DATE\*
- 46 UPB AT THE TIME OF REMOVAL FROM THE REFERENCE POOL\*
- 47 REPURCHASE DATE\*
- 48 SCHEDULED PRINCIPAL CURRENT\*
- 49 TOTAL PRINCIPAL CURRENT\*
- 50 UNSCHEDULED PRINCIPAL CURRENT\*
- 51 LAST PAID INSTALLMENT DATE\*
- 52 FORECLOSURE DATE\*
- 53 DISPOSITION DATE\*
- 54 FORECLOSURE COSTS\*
- 55 PROPERTY PRESERVATION AND REPAIR COSTS\*
- 56 ASSET RECOVERY COSTS\*
- 57 MISCELLANEOUS HOLDING EXPENSES AND CREDITS\*
- 58 ASSOCIATED TAXES FOR HOLDING PROPERTY\*
- 59 NET SALES PROCEEDS\*
- 60 CREDIT ENHANCEMENTS PROCEEDS\*
- 61 REPURCHASES MAKE WHOLE PROCEEDS\*
- 62 OTHER FORECLOSURE PROCEEDS\*
- 63 NON INTEREST BEARING UPB\*
- 64 PRINCIPAL FORGIVENESS AMOUNT\*
- 65 ORIGINAL LIST START DATE\*
- 66 ORIGINAL LIST PRICE\*
- 67 CURRENT LIST START DATE\*
- 68 CURRENT LIST PRICE\*
- 69 BORROWER CREDIT SCORE AS OF THE AT-ISSUANCE DATE
- 70 CO-BORROWER CREDIT SCORE AS OF THE AT-ISSUANCE DATE
- 71 BORROWER CURRENT CREDIT SCORE\*
- 72 CO-BORROWER CURRENT CREDIT SCORE\*

\*Applicable to the Monthly Reference Pool File only.

WELLS FARGO BANK, N.A. ACCOUNT FOR PAYMENTS

Direct to: Wells Fargo Bank, N.A.  
Wells Fargo ACH Company ID: WFCTSPACS  
Bank Number ABA: 091000019  
Beneficiary Account #: 3970771416  
Beneficiary Account Name: SAS Clearing  
Reference: 77146100 CONN-AVE 2016-C07

SCHEDULE OF FEES

Acceptance Fee: \$20,000

Annual Fee: \$230,000 payable in monthly installments of \$19,166.66

**CONNECTICUT AVENUE SECURITIES, SERIES 2016-C07**  
**RCR NOTES**  
**AVAILABLE COMBINATIONS AND RECOMBINATIONS**

Combination	Class of Exchangeable Note	Original Balance (\$)	Class Coupon (%)	CUSIP Number	Expected Ratings (Fitch/KBRA)	Exchange Proportions (%) <sup>(1)</sup>	Class of RCR Note	Maximum Original Balance / Notional Amount (\$)	Exchange Proportions (%) <sup>(1)</sup>	Class Coupon (%)	CUSIP Number	Expected Ratings (Fitch/KBRA)
1	2M-2A	\$139,031,000	1mL + 4.35%	30711XEA8	BB+sf/BBB-(sf)	30.9523862531%	2M-2	\$449,177,000	100%	1mL + 4.35%	30711XEC4	Bsf/B+(sf)
	2M-2B	\$310,146,000	1mL + 4.35%	30711XEB6	Bsf/B+(sf)	69.0476137469%						
2	2M-2A	\$139,031,000	1mL + 4.35%	30711XEA8	BB+sf/ BBB-(sf)	100%	2M-2R	\$139,031,000	100%	1mL + 2.65%	30711XED2	BB+sf/BBB-(sf)
							2M-2I	\$73,860,219 <sup>(2)</sup>	53.125%	3.20%	30711XEH3	BB+sf/BBB-(sf)
3	2M-2A	\$139,031,000	1mL + 4.35%	30711XEA8	BB+sf/ BBB-(sf)	100%	2M-2S	\$139,031,000	100%	1mL + 2.15%	30711XEE0	BB+sf/BBB-(sf)
							2M-2I	\$95,583,813 <sup>(2)</sup>	68.750%	3.20%	30711XEH3	BB+sf/BBB-(sf)
4	2M-2A	\$139,031,000	1mL + 4.35%	30711XEA8	BB+sf/ BBB-(sf)	100%	2M-2T	\$139,031,000	100%	1mL + 1.65%	30711XEF7	BB+sf/BBB-(sf)
							2M-2I	\$117,307,406 <sup>(2)</sup>	84.375%	3.20%	30711XEH3	BB+sf/BBB-(sf)
5	2M-2A	\$139,031,000	1mL + 4.35%	30711XEA8	BB+sf/ BBB-(sf)	100%	2M-2U	\$139,031,000	100%	1mL + 1.15%	30711XEG5	BB+sf/BBB-(sf)
							2M-2I	\$139,031,000 <sup>(2)</sup>	100%	3.20%	30711XEH3	BB+sf/BBB-(sf)

<sup>(1)</sup> Exchange proportions are constant proportions of the original Class Principal Balances or Class Notional Amounts, as applicable, of the Class or Classes of Exchangeable Notes or RCR Notes being exchanged. In accordance with the exchange proportions, Holders of Exchangeable Notes may exchange those Notes for RCR Notes, and vice versa.

<sup>(2)</sup> This Class is an interest only class with a Class Notional Amount as of any Payment Date equal to the outstanding Class Principal Balance of the Class 2M-2A Notes. Holders of Class 2M-2I Notes will receive shares of the interest amounts payable on the Class 2M-2A Notes represented by the exchange proportions shown in this table.

## Exchanges

We permit any exchange of Classes within a Combination, subject to the following constraints:

- The Classes must be exchanged in the applicable "exchange proportions" shown above. As described below, these are based on the original Class Principal Balances (or original Class Notional Amounts, if applicable) of the Exchangeable or RCR Notes, as applicable.
- The aggregate Class Principal Balance (rounded to whole dollars) of the Notes received in the exchange, immediately after the exchange, must equal that of the Notes surrendered for exchange immediately before the exchange (for this purpose, the Class Notional Amount of any Interest Only RCR Note always equals \$0).
- The aggregate "Annual Interest Amount" (rounded to whole dollars) of the Notes received in the exchange must equal that of the Notes surrendered for exchange. The "**Annual Interest Amount**" for any Note equals its outstanding Class Principal Balance or Class Notional Amount multiplied by its Class Coupon. The Annual Interest Amount for the Classes received and the Classes surrendered must be equal at all levels of LIBOR.

We base the "exchange proportions" on the original, rather than on the outstanding, Class Principal Balance or Class Notional Amount of the Classes.



FORM OF NOTICE TO SECURITIES EXCHANGE

**Company Announcement**

**For immediate release**

\_\_\_\_\_, 20\_\_

[Securities Exchange contact information to be provided by the Issuer]

**FANNIE MAE (THE ISSUER)  
CONNECTICUT AVENUE SECURITIES,  
Series 2016-C07 Notes Due May 2029**

[*classes affected by the exchange*]  
**(the Notes)**

**Re: Exchangeable and Combinable Notes:**

The Issuer wishes to advise that as at today's date the following notes are outstanding:

<b>Class</b>	<b>Notes Outstanding</b>
Class 2M-2	
Class 2M-2A	
Class 2M-2B	
Class 2M-2I	
Class 2M-2R	
Class 2M-2S	
Class 2M-2T	
Class 2M-2U	

For further information please contact:

[*name and phone number*]

**FORM OF EXCHANGE LETTER**

**Noteholder Letterhead**

\_\_\_\_\_, 20\_\_

Wells Fargo Bank, N.A.  
Corporate Trust Operations  
MAC N9300-070  
600 South Fourth Street, 7th Floor  
Minneapolis, Minnesota 55479  
Attention: Connecticut Avenue Securities, Series 2016-C07

Re: Fannie Mae Connecticut Avenue Securities, Series 2016-C07

Ladies and Gentlemen:

Pursuant to the terms of that certain Global Agency Agreement, dated as of December 8, 2016 (the "Global Agency Agreement"), between FEDERAL NATIONAL MORTGAGE ASSOCIATION ("Fannie Mae"), as issuer (the "Issuer"), and WELLS FARGO BANK, N.A., a national banking association organized under the laws of the United States of America, as agent, registrar, authenticating agent, calculation agent, paying agent and transfer agent (collectively in such capacities, the "Global Agent") and as exchange administrator (in such capacity, the "Exchange Administrator"), we hereby present and surrender the [Exchangeable Note(s)] [RCR Note (s)] specified on Schedule I attached hereto [(the "Exchangeable Notes") [(the "RCR Notes")]] and transfer, assign, set over and otherwise convey, all of our rights, title and interest in and to the [Exchangeable Notes] [RCR Notes] including all payments of interest thereon received after \_\_\_\_\_, 20\_\_, in exchange for the [RCR Notes][Exchangeable Notes] specified on Schedule I attached hereto.

We agree that upon such exchange the portions of the [Exchangeable Notes] [RCR Notes] designated for exchange shall be deemed exchanged and replaced by the [RCR Notes] [Exchangeable Notes] issued in exchange therefor, and we further agree that our rights to receive payments in respect of such [Exchangeable Notes][RCR Notes] will be replaced with rights to receive payments in respect of [RCR Notes][Exchangeable Notes].

We confirm that we have paid a fee of \$5,000 to the Exchange Administrator in connection with such exchange.

[Remainder of Page Intentionally Left Blank]

We hereby represent that we are the holder of 100% of the [Exchangeable Notes] [RCR Notes] to be exchanged hereunder.

Sincerely,

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
Signature must be guaranteed by an eligible guarantor institution which is a participant in the Securities Transfer Agent's Medallion Program (STAMP) or similar signature guarantee program.

\_\_\_\_\_  
Notice: The signature(s) on this assignment must correspond with the name(s) as it appears on the face of the within Note in every particular, without alteration or enlargement or any change whatsoever

\_\_\_\_\_  
(Authorized Officer)

Acknowledged by:

WELLS FARGO BANK, N.A.,  
as Exchange Administrator

By: \_\_\_\_\_

Name:

Title:

Schedule I to Exchange Letter

Surrendered Class(es) of [Exchangeable Notes] and/or [RCR Notes]			In Exchange For Class(es) of [RCR Notes] and/or [Exchangeable Notes]		
CUSIP Number	Class(es) of [Exchangeable Notes] / [RCR Notes]	Exchange Proportions	CUSIP Number	Class(es) of [RCR Notes] / [Exchangeable Notes]	Exchange Proportions
[ ]	[Exchangeable Note]	[ ]%	[ ]	RCR Note]	[ ]%
[ ]	[Exchangeable Note]	[ ]%			
[ ]	[Exchangeable Note]	[ ]%	[ ]	[RCR Note]	[ ]%
			[ ]	[RCR Note]	[ ]%